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WA-18

2017 Financial Outlook

Following a public hearing on December 13, 2016, the Klickitat PUD Board of Commissioners adopted the 2017 budget. It forecasts \$50.1 million in net revenues—an increase of just over 1 percent compared to the 2016 budget of \$49.5 million.

The majority of revenues continue to be derived from electric rates. However, our transmission and generation business lines account for 27 percent of our total revenues.

As we have talked about in previous Ruralite articles, generation revenues are down due to oversupplied surplus electric markets. Enhancing and protecting the value of our power sales is an area of significant focus for staff.

Water and wastewater revenues are totals for the 13 individual systems we operate. They each have their own financials and are stand-alone entities.

Aid in construction is funds paid by new customers to build their services and related equipment we provide.

The 2017 budget sets expenditures at \$49.7 million. This is a decrease of less than 2 percent compared to the 2016 expense budget of \$50.6 million.

On a year-by-year basis, some costs are difficult for us to control, such as wholesale power—which is power needed to sell to our customer; depreciation and amortization of existing equipment; interest expense on our debt; and taxes.

Those costs make up 67 percent of our budget. That leaves 33 percent of our budget that staff can directly impact each year in our day-to-day work activities.

Given that interest and debt are significant portions of our costs, we continually look for ways to reduce our debt and this expense. This is also a focus in our strategic planning.

The budget for 2017 includes an estimated 5 percent increase in the cost of wholesale power we buy from the Bonneville Power Administration. Wholesale power includes the cost to operate the McNary Hydroelectric

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2017 Budget Revenue Sources

