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WA-18

## Manager's Message

March begins the season when we start to visit our local communities and get a chance to involve our customers, answer questions and give updates on what is happening at Klickitat PUD.

As you know, in addition to our electric businesses, we also provide water and wastewater services. In fact, we own and operate 17 water and wastewater systems on behalf of customers in specific service areas. Each water and wastewater system is a separate utility. As such, each has its own rates, and we keep separate financial books for each system.

Because these systems are small, ranging from 23 to 250 customers, we involve those communities in the planning. To do this, we attend a community meeting in each service territory prior to setting water and wastewater rates for the coming year. These meetings, held February through April of each year, culminate in a public hearing at a normal PUD Board of Commissioners' meeting in May. This year, that meeting is Tuesday, May 28, at our Goldendale office.

Small systems can be challenging to operate. If we have a pump that goes bad and the repair is \$2,500, for some systems that is \$100 per customer. So how do we plan for this type of situation?

In our financials, we detail each expenditure category, from labor and materials to vehicles and chemicals, and electric use to debt service. We also include capital expansion costs and equipment replacement according to a multiyear system plan we develop and keep for each system. All of this results in a budget for each system.

We then look at cash flows, net cash from operating activities and the trends,

and set rates and cash-reserve requirements that result in as stable of a system as possible. These cash reserves help small systems ride through the ups and downs of operations, maintenance and expansion costs.



There are many trade-offs in developing these budgets. As small changes can result in large impacts in such small systems, we discuss these budgets and our plans with each community council prior to setting their rates. We typically adjust rates in small increments on an annual basis as required. This forms the basis for our discussions at our spring meetings.

We also try to visit each community we serve with electric power to talk with our customers. While we cannot get to each community every year, we try to schedule visits as regularly as we can. If we have not been to your community recently and you would like us to attend one of our meetings, please contact Kathy Loveland at (509) 773-7606.

I also attend many community service group meetings, from Rotary and Kiwanis to Chambers of Commerce. I am interested in visiting with your group as well, if we have not done so already. If you would like to talk with us, please give Kathy a call.

I hope you take the time to work with your local community councils, and I hope to see you at our upcoming meetings. The dates and times of these meetings are posted in local newspapers.

**Jim Smith, General Manager**