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WA-18

KPUD is Refinancing Debt



On page 28 is information on debt refinancing Klickitat PUD has recently completed. The board is focusing on reducing customer-funded debt, and I am excited about the direction we are going.

KPUD has planned and implemented many major changes in the past 10 years that have put us in a position to meaningfully reduce our debt consistently in the coming years. The board's ultimate goal is to reduce electric rates below where they have historically been, in a sustainable manner.

Debt on our McNary Hydroelectric generation project—completed in 2005 in partnership with Northern Wasco PUD—was paid off in 2019. The debt on our White Creek Wind project, completed in 2007, was paid for in 2019 as well. The debt on our renewable natural gas project will be paid off by 2028.

As these projects are paid off, KPUD no longer has to pay for the cost to build them and our net revenues increase. Some of these net revenues are used to pay down our remaining long-term debt and some is used to offset electric rates.

The refinancing discussed in the article will allow the board and your Klickitat PUD management team more flexibility in balancing debt repayment and long-term rate stability, with the potential for rate decisions to be made sooner.

These are good times for your PUD and we look forward to continuing improvements in our financial base to allow us to continue to provide safe, reliable electric, water and wastewater service.

Jim Smith
General Manager