

## Klickitat PUD Year End Review

I recently completed my first year as manager at Klickitat PUD (KPUD). A number of changes have occurred during the past 12 months. A number of things have stayed the same. Klickitat County continues to show growth, mostly rural residential. Unfortunately, the economy continues to stagnate, with Goldendale Aluminum's presence sorely missed.

On a more positive note, the future looks promising. There are a number of initiatives on the horizon that we hope will come to fruition soon. Wind development is the brightest star, but many other smaller—but no less important—business opportunities are being proposed.

We see our role as that of support, as we continue to supply your utility infrastructure needs. This requires a careful balance between supporting new development and being as cost-effective and reliable as possible to our existing customers. We are well positioned to provide this support.

With our power generation initiatives, KPUD is one of the few utilities with power reserves to draw on to provide for growing loads at rates comparable to the Bonneville Power Administration.

We are building water and wastewater systems to allow for orderly growth, and long-term updated services for our existing customers.

Rates are currently stable.

We have a newly elected commissioner, Ray Mosbrucker. He replaces Harold Hill after Harold's 30 years of service.

The water/wastewater department has been restructured to bolster our ability to tackle an ambitious infrastructure update program, while maintaining quality service from our dedicated staff.

I want to thank our commissioners for their continued support and our staff for their commitment and hard work. Their efforts allow KPUD to continue to grow in a positive direction.

What's on the horizon for this year? Improvements are scheduled at the landfill to advance and enhance generation at the H.W. Hill Landfill gas-to-energy facility. We will prepare for expansion of that facility. Gas production is increasing to the point where more generation will be needed.

The White Creek wind project near Roosevelt will apply for a permit to construct, with groundbreaking tentatively scheduled for the end of 2005. Transmission will be a focus in preparing for integration of wind projects.

We anticipate another big year for new customers. Line extensions for these new services will take up the lion's share of the line crews' time. A major change we plan to implement is bringing our tree-trimming in house, as opposed to using out of county contractors. This will not only save money, but provide additional in-house coverage year-round. It will make a difference when those major storms roll in and cause outages and other weather-related issues.

Best wishes to each of you for 2005.

**Tom Svendsen , General Manager**