

KPUD Adopts 2005 Budgets

Electric

KPUD again has held the line on rate increases. The KPUD Board of Commissioners adopted a \$29.2 million budget for 2005.

As expected, KPUD's largest source of cash is from rates. The reserves being used for construction projects come from past bond sales.

KPUD's largest cost is power. Approximately 89 percent of KPUD's power comes from the Bonneville Power Administration (BPA). The remaining 11 percent comes from McNary Dam. KPUD is a 50 percent partner in the dam, along with Northern Wasco County PUD.

Operations, maintenance and projects are the second largest cost for KPUD. The plan is for KPUD to spend \$4.1 million on upgrading, extending, or replacing transmission and distribution lines. An additional \$1.3 million will be spent on upgrades to the gas generation plant and \$200,000 on wind generation projects.

Approximately 4 percent of KPUD's total sources of cash go to state taxes. KPUD has approximately \$48 million in outstanding bonds. The principle and interest payment for 2005 will be approximately \$4.4 million.

Water-Wastewater

Each of the 13 water-wastewater systems' finances is managed separately.

The finances for each system are always open to review and are announced periodically to various community councils and KPUD's water advisory committee. The annual budgets for the individual systems range in size from \$20,000

to \$165,000.

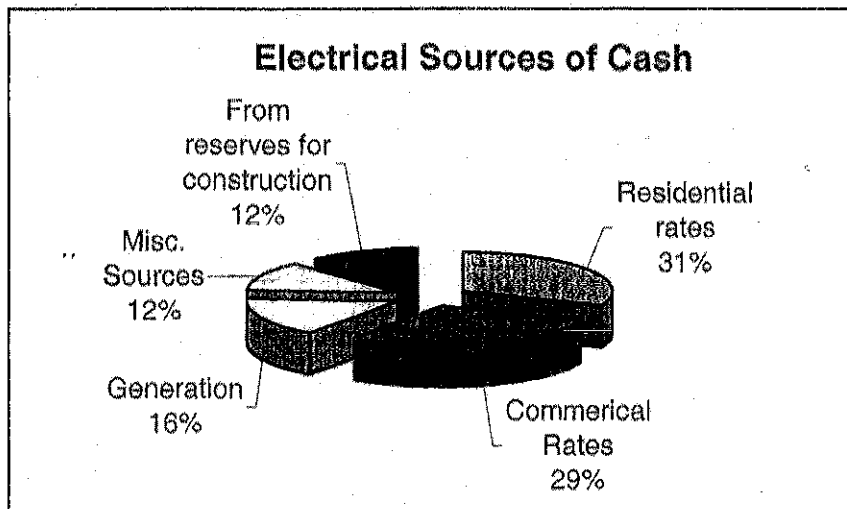
A major line item in most of the water-wastewater systems is debt payment, which sometimes is as high as 52 percent of revenue.

In each of the systems, KPUD struggles with funding depreciation, operating reserves and emergency reserves. Creating funding cushions helps the individual systems in the long run, but are diffi-

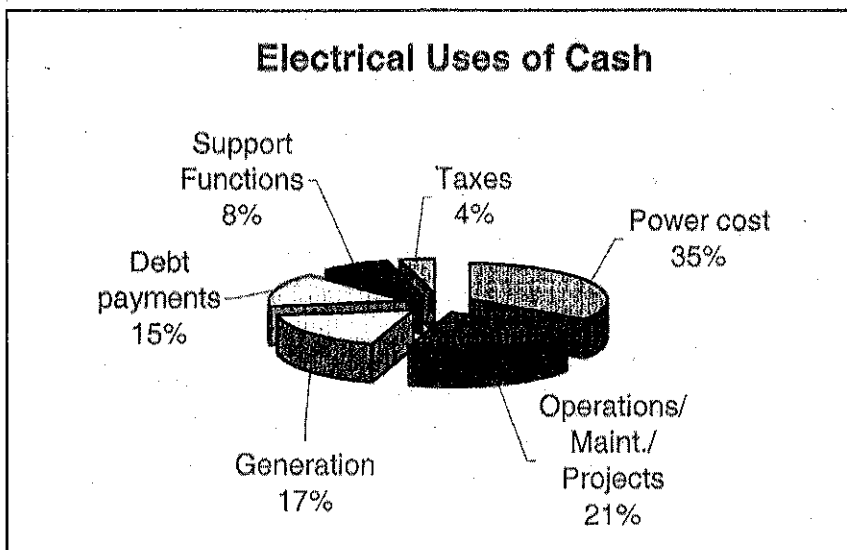
cult to adjust to in the short term. The systems that have been able to make the transition to funding the "policy goals" are seeing financial benefits.

Rates for the water/wastewater systems will be reviewed in the spring.

The Water Advisory Committee will meet in April to discuss possible rate adjustments. ■



Where the sources of cash come from are shown above.



How cash is used is shown above.

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