

STATE OF THE UTILITY - 2023

WAHAKIAKUM PUD

Mission

**The Mission of Public Utility District No. 1 of Wahkiakum County
is to provide the most reliable electric and water service at the
most reasonable cost along with quality customer service to the
District's ratepayers**

&

Maintaining a Safe and Healthy Workplace is a Top Priority

PRESENTATION AREAS OF FOCUS

- ▶ Finance
- ▶ Power Supply/BPA
- ▶ Infrastructure
- ▶ System Reliability Statistics
- ▶ Staff
- ▶ Review 2023 and look ahead to 2024

Introduction

- ▶ Re-establishing our new “normal”
 - ▶ Being challenged and uncomfortable makes us grow and be stronger
 - ▶ Funding opportunities had us change direction from a year ago
 - ▶ People, Pipes, and Poles – We accomplished a lot in 2023!
- ▶ Continue to see challenges from inflation to supply chain challenges that affect each customer and utility
- ▶ Recap 2023 and a look forward to 2024
- ▶ Thank you to the Commission for supporting the staff and work we do to serve the community
- ▶ Huge Thank You to all the Staff for all their hard work throughout the year and in help in preparing this Year in Review!!

Cost Structure

Labor & Benefits = 35.4%

Cost of Power & Water = 34.6%

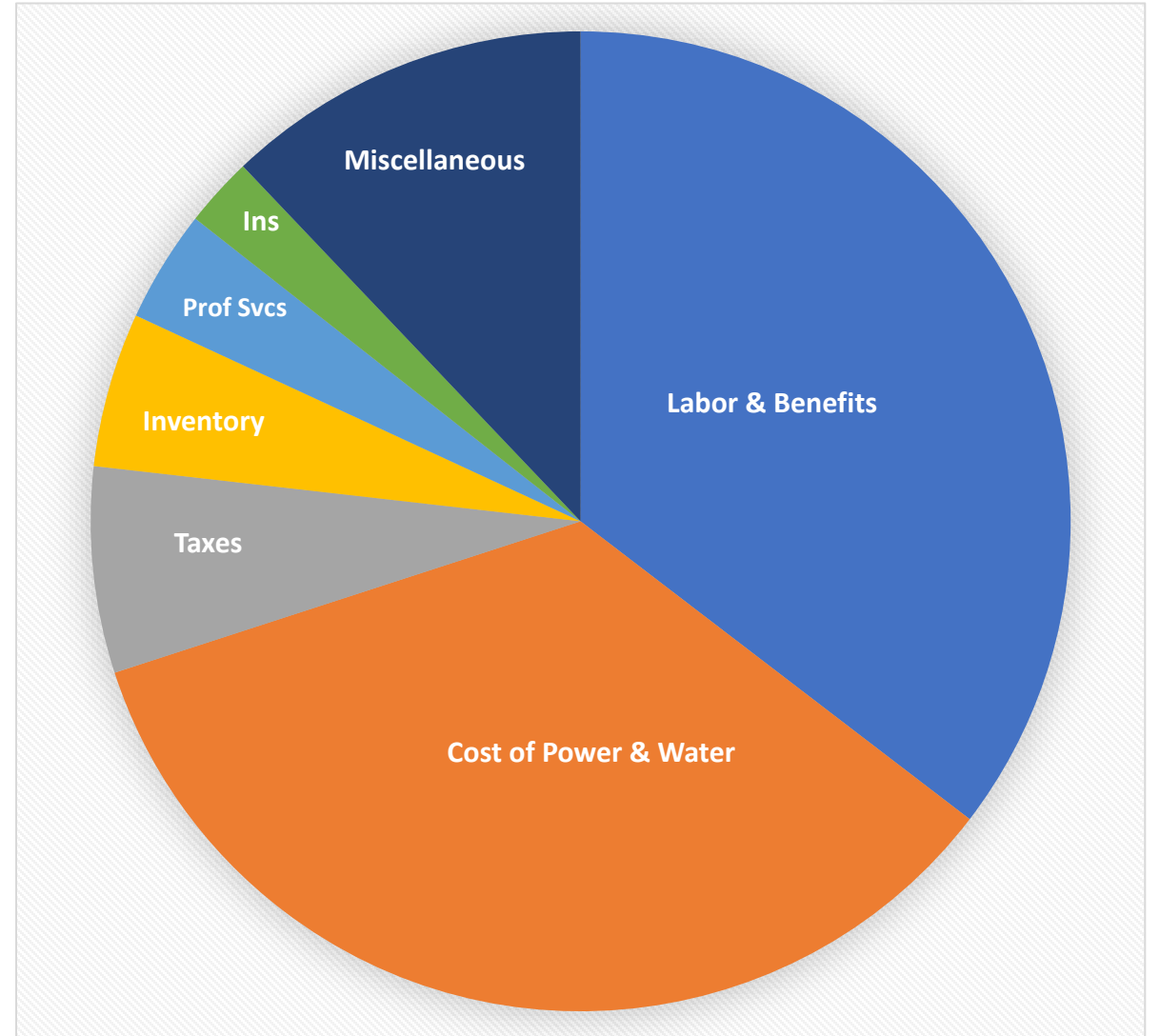
Taxes = 6.8%

Inventory/Transformers/Meters = 5.1%

Professional Services = 3.7%

Insurance (liability/property) = 2.3%

Miscellaneous = 12.1%



FINANCIAL METRICS

Net Power Supply Costs

- 2023 \$35.51 MWh Average (thru Nov)
- 2022 \$33.58 MWh Average
- 2021 \$35.51 MWh Average
- 2020 \$35.42 MWh Average

Completed Work Orders

2023

Electric

Customer = 40 PUD = 49

PIWS

Customer = 5 PUD = 0

WWWS

Customer = 6 PUD = 7

Customer Counts

2023

- Electric 2,777 = 1.7% Growth
- Water 975 = 1.9% Growth

2022

- Electric 2,730 = 1.8% Growth
- Water 957 = .7% Growth

2021

- Electric 2,683 = 2.5% Growth
- Water 950 = 1.9% Growth

Bad Debt Write-offs

The District's bad
debt write-offs
remain
less than 1%
of revenues

5-Year Capital Plan and Cash Reserve Targets

- ▶ **We continue to work on a cash reserve methodology and formally develop a 5-Year Capital Plan**
- ▶ Proposed System Infrastructure Projects
 - ▶ Pole Replacements from PT&T and aging reports
 - ▶ Underground Distribution Replacements (\$150K/mile per year)
 - ▶ Overhead to Underground Conductor Conversion for Wildfire Mitigation and improve inaccessible areas
 - ▶ Proposed Cathlamet Substation Updates
 - ▶ Water mainline replacement and new installation

RISKS – Cost Pressures and Operational Challenges

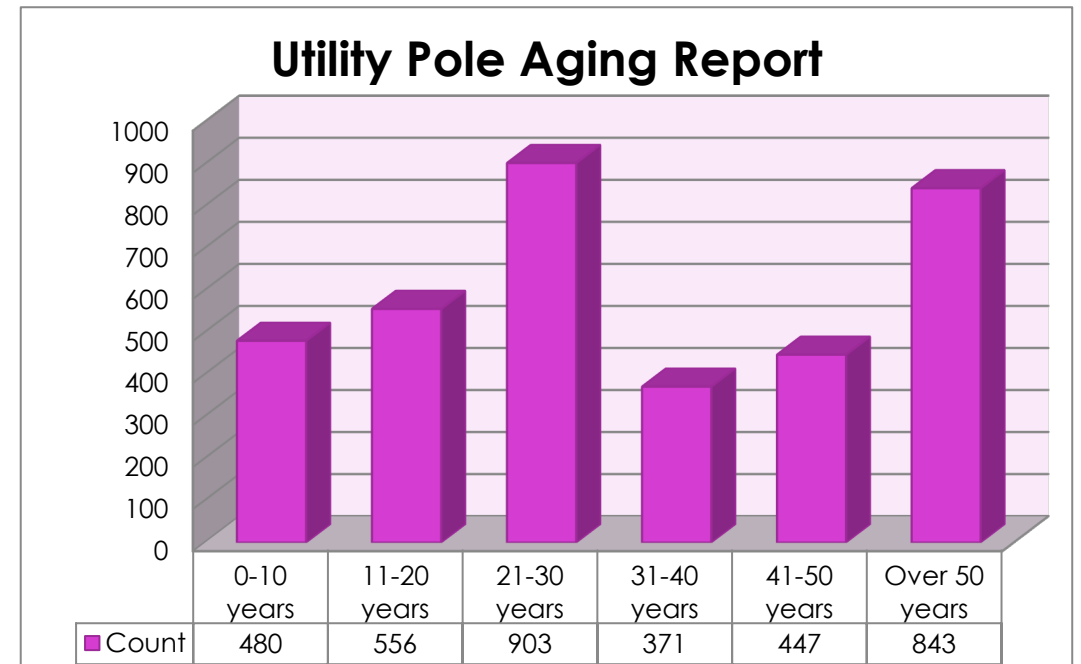
- ▶ Uncontrollable – Environmentally Focused Legislation
 - ▶ CETA Costs – Clean Energy and Carbon
 - ▶ Electrification – EVs, Heat pumps, etc.
 - ▶ Wildfire Mitigation
 - ▶ BPA/Cost of Power
- ▶ Directly Controllable
 - ▶ Infrastructure Projects
 - ▶ Staffing Levels and Succession Planning
 - ▶ Cyber Security
 - ▶ Inventory levels (Supply Chain challenges)
 - ▶ Aging Assets, Facilities and Fleet

BPA – Recap

- ▶ **Wahkiakum PUD is a full-requirements, load following customer.**
 - ▶ BPA serves all of WPUD load. WPUD has no generation resources.
- ▶ **In 2024, BPA will release the Draft Provider of Choice 2028 contracts. Discussing system size, allocation, high water marks**
 - ▶ This is for maximizing the low-cost Tier 1 power. Utilities responsible for load growth – Tier 2
- ▶ **Customers generally want low, stable, and certain rates**
 - ▶ RDC vs. CRAC!
- ▶ **Other areas of concern - Electrification (load growth), AHWM, Environmental attributes, LDD, Non-federal generation resource integration**
- ▶ **Shifting costs - Growth, flat, etc.**
- ▶ **Other BPA Costs – Program/Capital costs, Fish and Wildlife, Columbia River Trty, etc.**
 - ▶ Many items do not have a direct line item on BPA bill.
- ▶ **Contracts for 20 years**
- ▶ **Importance of being engaged. One voice – public power**

Electric – POLES

- ▶ The PUD has 3600 poles
 - ▶ 23% are over 50 years old
 - ▶ 36% are over 40 years old
- ▶ The District's plan is to test poles on a 10-year cycle.
- ▶ Industry average is 40 year service life but extended with PT&T
- ▶ The District's goal is to replace at least 75 poles per year.



FACILITIES

- ▶ Currently evaluating the facility in our long-range plans
- ▶ Current and future projects
 - ▶ Commission room remodel/upgrade
 - ▶ Improve facilities security
 - ▶ Potential covered fleet and material storage

Reliability Statistics & Performance Metrics

Electric System

- ▶ Based on IEEE Standard 1366 which is to facilitate uniformity in distribution service reliability indices and to aid in consistent reporting practices related to distribution systems, substations, circuits, and defined regions
- ▶ Reliability statistics are relevant to our utility (compare to ourselves)
- ▶ Outage tracking now allows us identify areas that are more greatly affected

Water System

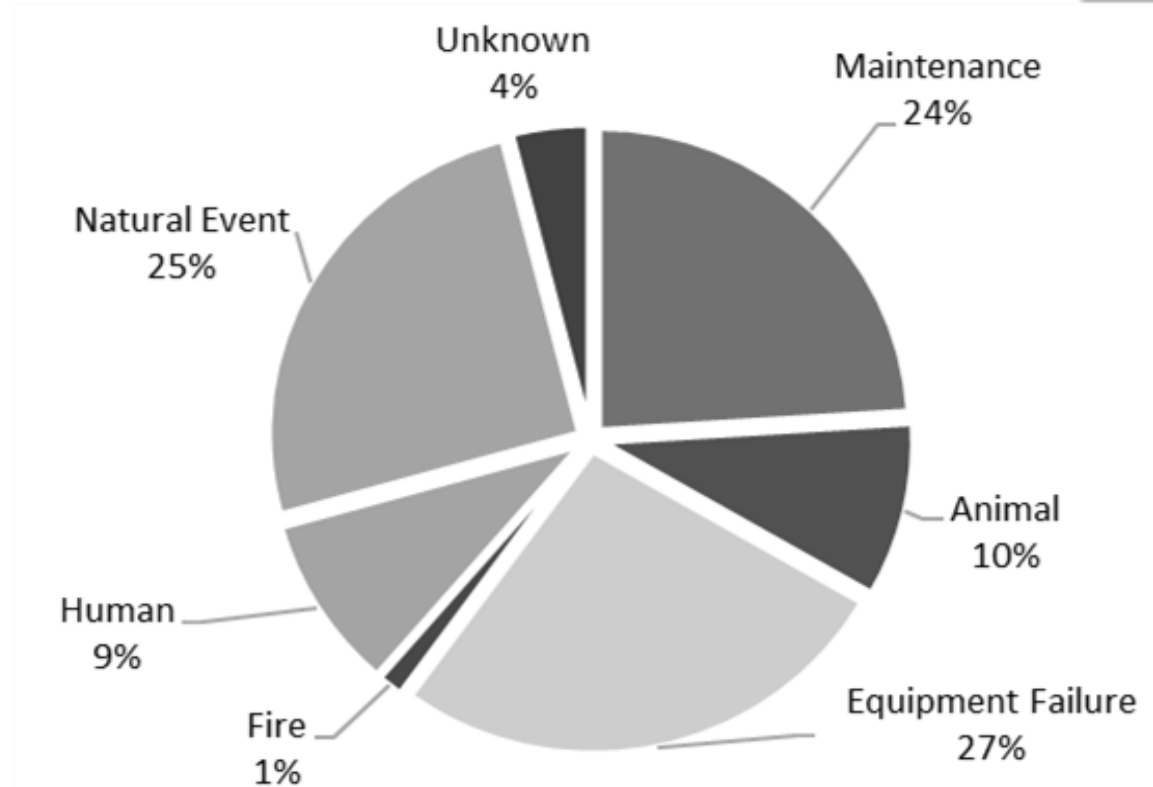
- ▶ DSL - Loss Goals – Industry standard/DOH recommendation is 10%. Very rural is 20%
- ▶ Puget Island (PIWS) 4.33% annual avg
- ▶ Skamokawa (SWS) 12.33% annual avg
- ▶ Western Wahkiakum (WWWS) 19.91% annual average

Water loss statistics will continue to improve with continued infrastructure improvement projects and leak detection programs

January – November 2023

Reliability
(cont'd) –
Update

Gathering Data
**Frequency, Duration
and Location**



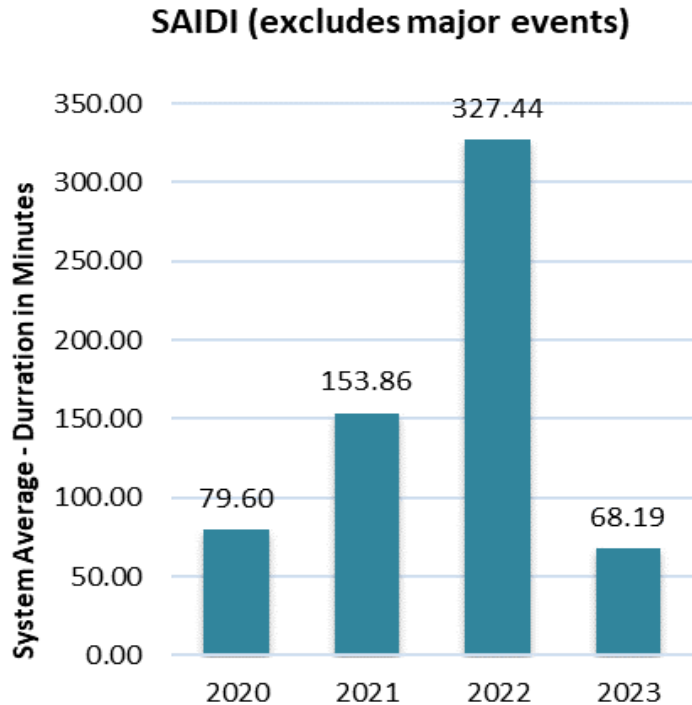
Events			Planned	Unscheduled					
Year	Total	Excluding Major Events	Maintenance	Animal	Equipment Failure	Fire	Human	Natural Event	Unknown
2020	36	35	0	1	13	0	4	17	0
2021	42	39	0	0	16	7	3	13	0
2022	70	67	10	2	22	2	6	25	0
2023	83	77	18	7	20	1	7	21	3

Reliability (cont'd) – Update

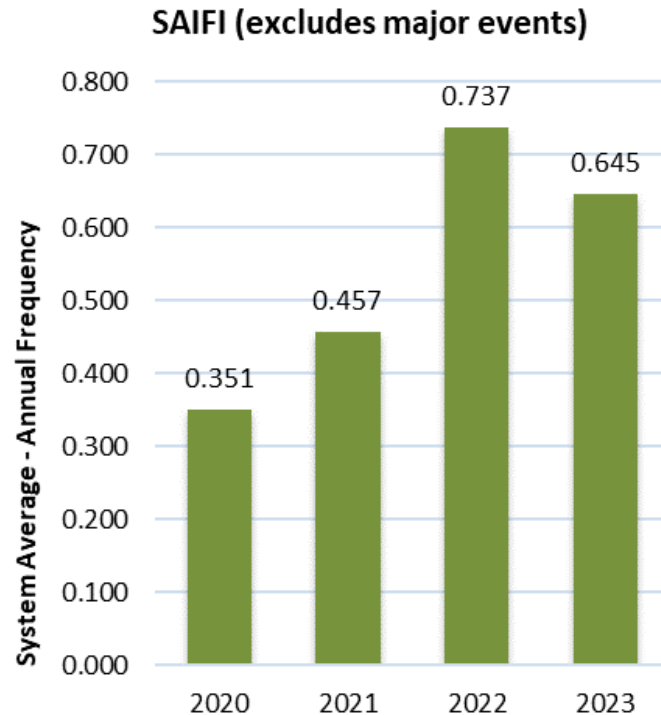
Assessing Data

2022 VS 2023

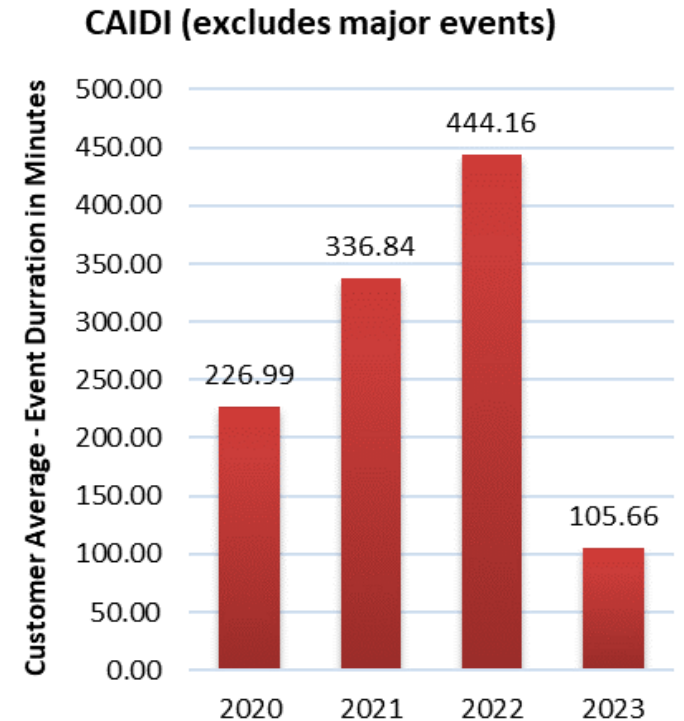
SAIDI: **District** average **duration** reduced by 79%



SAIFI: **District** average **frequency** reduced by 15%



CAIDI: **customer** average **frequency** reduced by 75%



Reliability (cont'd) – Update

Using Data

Looking Forward

- ▶ System improvements in mapping software will reduce interruption duration, reduce frequency and improve response times by identifying outages and identifying engineering opportunities.
- ▶ Regularly scheduled maintenance such as tree trimming will reduce frequency of interruption events.

TREE TRIMMING

- ▶ Trees and vegetation are the #1 major outage cause
- ▶ In 2023, Davey Tree Surgery was awarded and successfully completed the first tree trimming contract in 11 years.
- ▶ To increase reliability and reduce outages, reduce wildfire exposure, and mitigate potential future legislation, the staff will request at least \$100K per year on contracted vegetation management
- ▶ Volume and Quality
- ▶ This allows our crews to focus on the necessary infrastructure projects.

STAFF

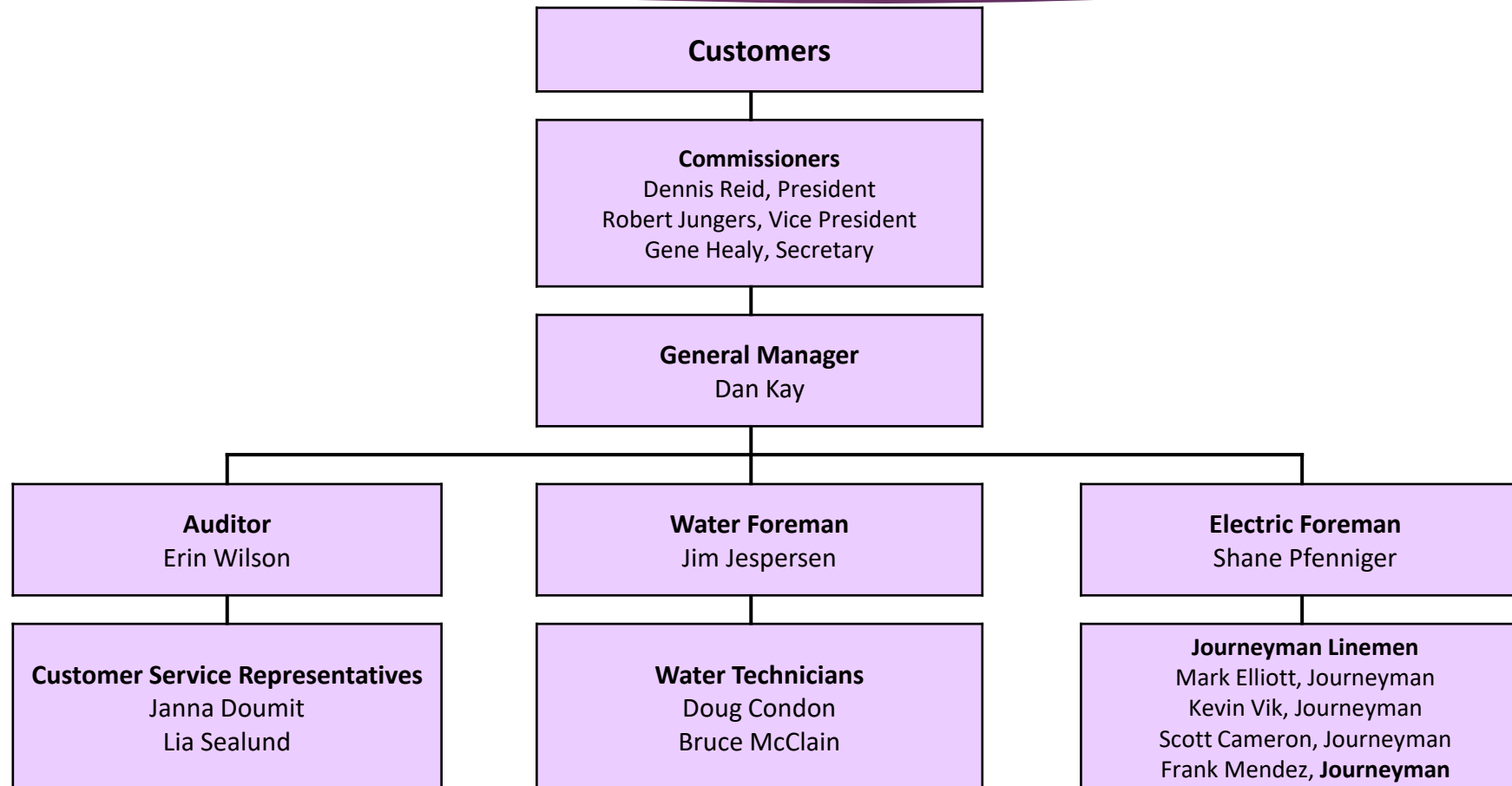
THEN



NOW



CURRENT STAFF



Always here to
help!

We provide
exceptional
customer care with
courtesy and
professionalism



Drink it up!



1st on Scene of Accident



SUCCESSION PLANS

- ▶ Currently there is **241** years of combined industry and institutional knowledge at the District!!
- ▶ Potentially 3 retirements in 2024.
- ▶ Currently assessing current District needs, staffing levels, jobs descriptions, processes, staff career objectives
- ▶ Continue to train employees for potential advancement opportunities
- ▶ Expect some funding double-up during the transition and training process
- ▶ Potentially use internships/summer positions to augment short term District needs
- ▶ Potential staffing needs if the Town of Cathlamet consolidation moves forward

2023 Completed Projects GSD

▶ ***Celebrate Wins – Got Stuff Done!***

- ▶ 88 Poles Replaced or Removed – Goal is 75
 - ▶ Completed all the Priority Poles from the 2021 east county report.
- ▶ 9,600+ feet on Underground Primary Line Replaced
- ▶ 6,100+ Feet of Water Mainline Replaced
- ▶ 55 New Customer Installations
 - ▶ 40 Electric
 - ▶ 15 Water
- ▶ Collected \$398,454 in Advance for Construction Funds Through November
 - ▶ Electric = \$235,697
 - ▶ Water = \$162,757

2023 Completed Projects (cont'd)

- ▶ Internal Training (ongoing)
 - ▶ Frank Mendez passed his journeyman exam. Bruce and Dan passed their CCS exams. Dan passed the WDM1 exam.
- ▶ Federal and State funding changed our direction in 2023. Significant awards for water projects throughout the county.
- ▶ Received a Clean SAO Financial and Accountability Audit
- ▶ **Approved 2024 Budget With No Rate Increases**

SR 4 & Altoona Pillar Rd

- Pole replacement
- Challenging traffic control
- Most of our equipment and all of our cones



Having the right
tools to get the
job done!



Always there to
make the repair

Responsive crews
maintaining
reliable service



There's an old underground power line in there

Cross country line replaced along
customer's driveway



Which side of the road is it on?

Joint cross country water and electric line
underground replacement

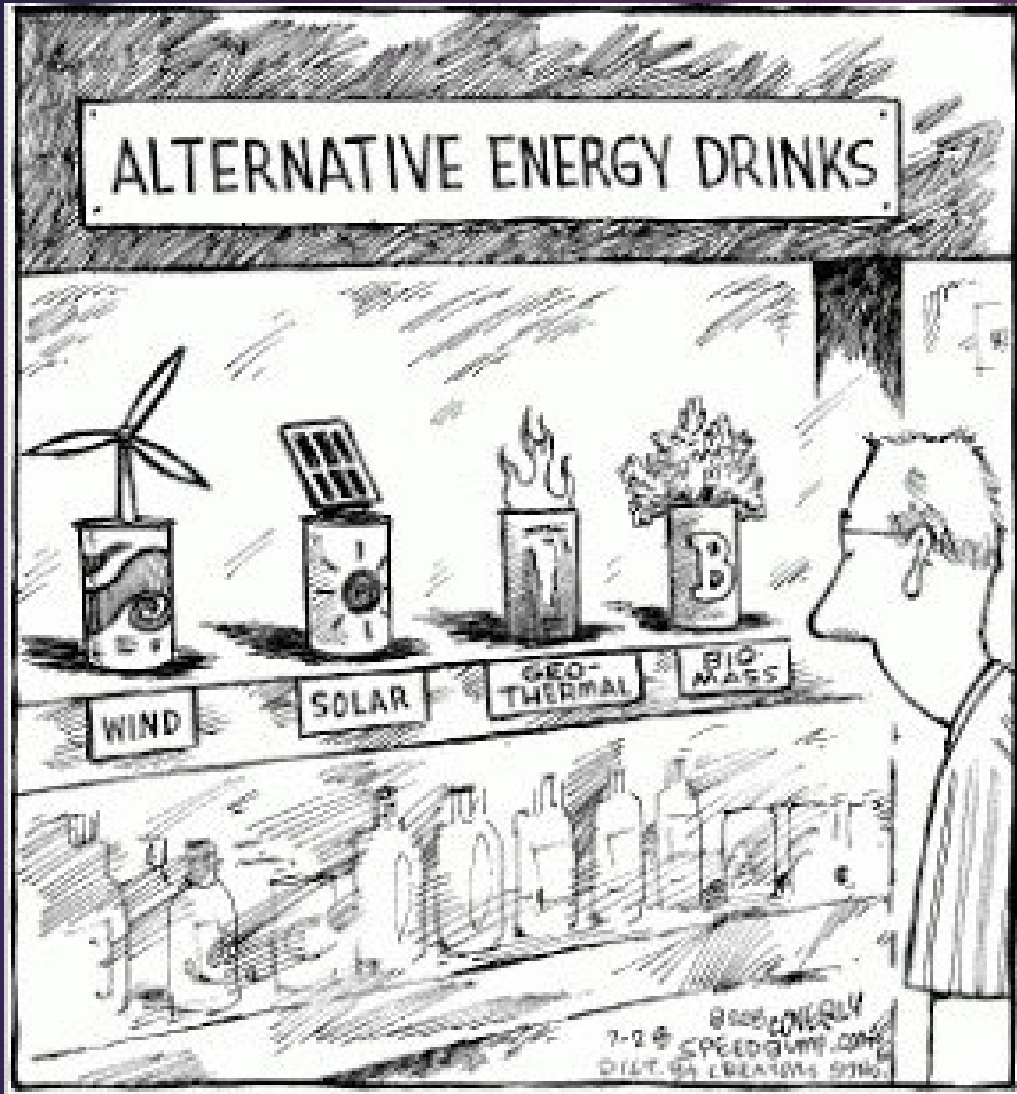


What about 2024 – Our Roadmap Ahead

- ▶ **Continue to serve our Customers – our #1 Priority**
- ▶ 2024 will be the year of water infrastructure projects!
 - ▶ Crossdike and W. Little Island Road – 80% grant funded – using in-house crew
 - ▶ N. Hull Creek extension – 50% grant funded – using in-house crew
 - ▶ SR 4 – East Skamokawa – 50% grant funded – using in-house crew
 - ▶ WWWS – SR 4 – WTP plant to Fairview – 84% grant funded – Gray & Osborne
 - ▶ PIWS – Test well and preliminary engineering – 50-80% to be funded – G&O
 - ▶ Town of Cathlamet water and waste water consolidation feasibility study – 100% grant funded – Gray & Osborne
- ▶ Other grant projects - Cybersecurity assessment, EV Charger

What about 2024? – Our Roadmap Ahead

- ▶ Continue to navigate the BPA Provider of Choice and contract discussions
- ▶ Continue to train our employees and prepare for upcoming retirements
- ▶ Continue to develop and bring forth Long Term Financial Planning Policies – Reserves and 5-year plan
- ▶ Continue to engage in the 2024 Legislative Session
- ▶ Begin our mapping program and plant asset inventory
- ▶ Continue to research and apply for funding opportunities
- ▶ And continue to monitor cost pressures



THANK
YOU!