

# Public Rate Hearing

## Electric System Rates

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July 28, 2020



# Ponderay Newsprint Company

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# PNC History & Structure

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- Washington General Partnership
- 1986 Entered into two Power Contracts with PUD
- Exclusive Load Service Through 2027 (85 aMW)
- Rights to District Hydro Resources
- Liquidated Damages

# PNC Closure

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- Failure to pay June 22 invoice
- Notice of Breach June 23
- WARN Act Notice June 26 permanent plant closure
- Chapter 7 Bankruptcy filed June 26

# District Background



# Production & Electric Systems

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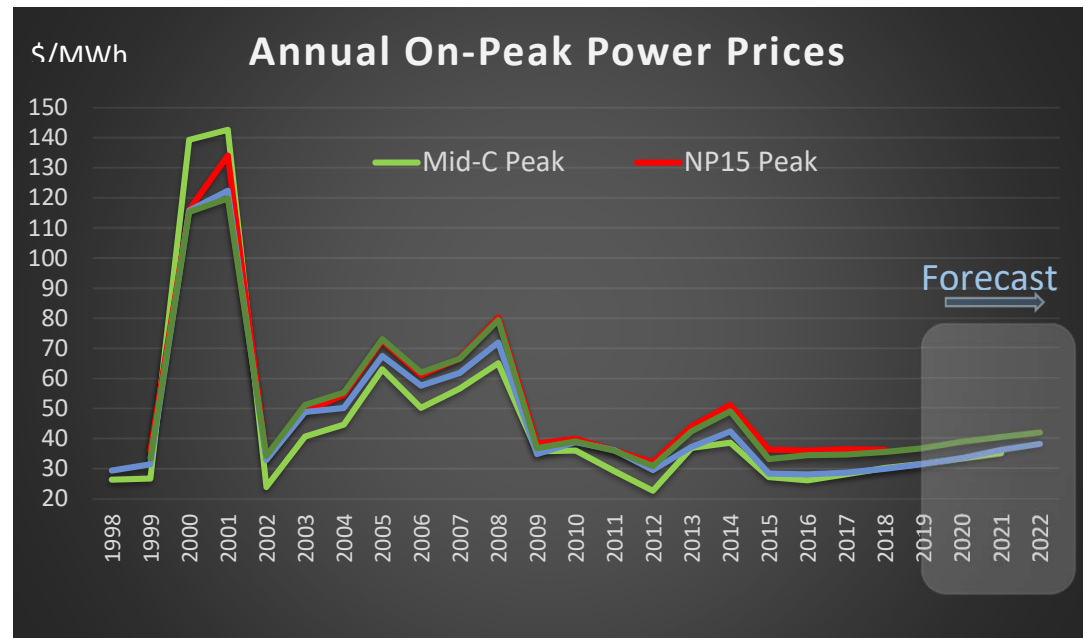
- The Production System produces hydroelectric power from the Box Canyon Project, which output is sold at cost to the Electric System.
  - Current Box Resource - 430,948,444 (kWh)
  - Forecasted Expenses - \$21MM
- The Electric System receives approximately 38% of its energy from the Box Canyon Production System, 31% from the Boundary Hydroelectric Project, 18% from Bonneville and 13% from other sources.

# Power Supply



## Year-to-Date Generation & Cost

Source	Energy (kWh)	Cost (\$)	Mill Rate
Box Canyon Dam	182,168,800	\$8,585,016	\$47.13
Calispell Power Plant	1,625,000	\$22,209	\$13.67
BPA Purchases	98,202,000	\$3,526,797	\$35.91
Boundary Purchases	144,263,000	\$1,086,805	\$7.53
Other Purchases	50,403,100	\$759,527	\$15.07



# Impact Mitigation

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# Impact Mitigation



Option:	A	B	C
Collateral Drawdown	\$3,500,000	\$5,000,000	\$4,000,000
Box Canyon Cash Drawdown	\$1,200,000	\$1,200,000	\$1,800,000
Electric Cash Drawdown	\$1,310,000	\$150,000	\$700,000
Cost Reductions	\$780,000	\$1,530,000	\$2,000,000
Capital Reductions	\$1,000,000	\$1,000,000	\$1,000,000
Increase to Revenues	\$1,000,000	\$680,000	\$443,000
<b>% Increase to Annual Revenue</b>	<b>16.0%</b>	<b>10.0%</b>	<b>6.5%</b>

Resulting Cash Balances:	A	B	C
Collateral Cash Balance	\$6,500,000	\$5,000,000	\$6,000,000
Box Canyon Cash Balance	\$11,540,000	\$11,540,000	\$10,940,000
<i>Days Cash on Hand</i>	<i>210</i>	<i>210</i>	<i>199</i>
Electric Cash Balance	\$13,490,000	\$14,650,000	\$14,090,000
<i>Days Cash on Hand</i>	<i>262</i>	<i>285</i>	<i>275</i>
<b>Total Cash</b>	<b>\$31,530,000</b>	<b>\$31,190,000</b>	<b>\$31,030,000</b>

# Rate Structure Options



Option:	A	B	C
Basic Rate	\$35.50	\$35.50	\$35.50
New kWh rate	\$0.0604	\$0.0568	\$0.0542
<b>% Increase to kWh rate</b>	<b>16.5%</b>	<b>9.6%</b>	<b>4.5%</b>

Option:	A	B	C
Basic Rate	\$30.50	\$30.50	\$30.50
New kWh rate	\$0.0630	\$0.0594	\$0.0567
<b>% Increase to kWh rate</b>	<b>21.6%</b>	<b>14.7%</b>	<b>9.5%</b>

# Impact to Customers



Current	
kWh Rate	\$0.0518
Basic Rate	\$30.50

Option A	
\$0.0630	\$0.0604
\$30.50	\$35.50

Option B	
\$0.0594	\$0.0568
\$30.50	\$35.50

Option C	
\$0.0567	\$0.0542
\$30.50	\$35.50

## Monthly Residential Bill

kWh Usage	Current
1,000	\$82.30
2,000	\$134.10
3,000	\$185.90

Option A			
\$93.50	14%	\$95.90	17%
\$156.50	17%	\$156.30	17%
\$219.50	18%	\$216.70	17%

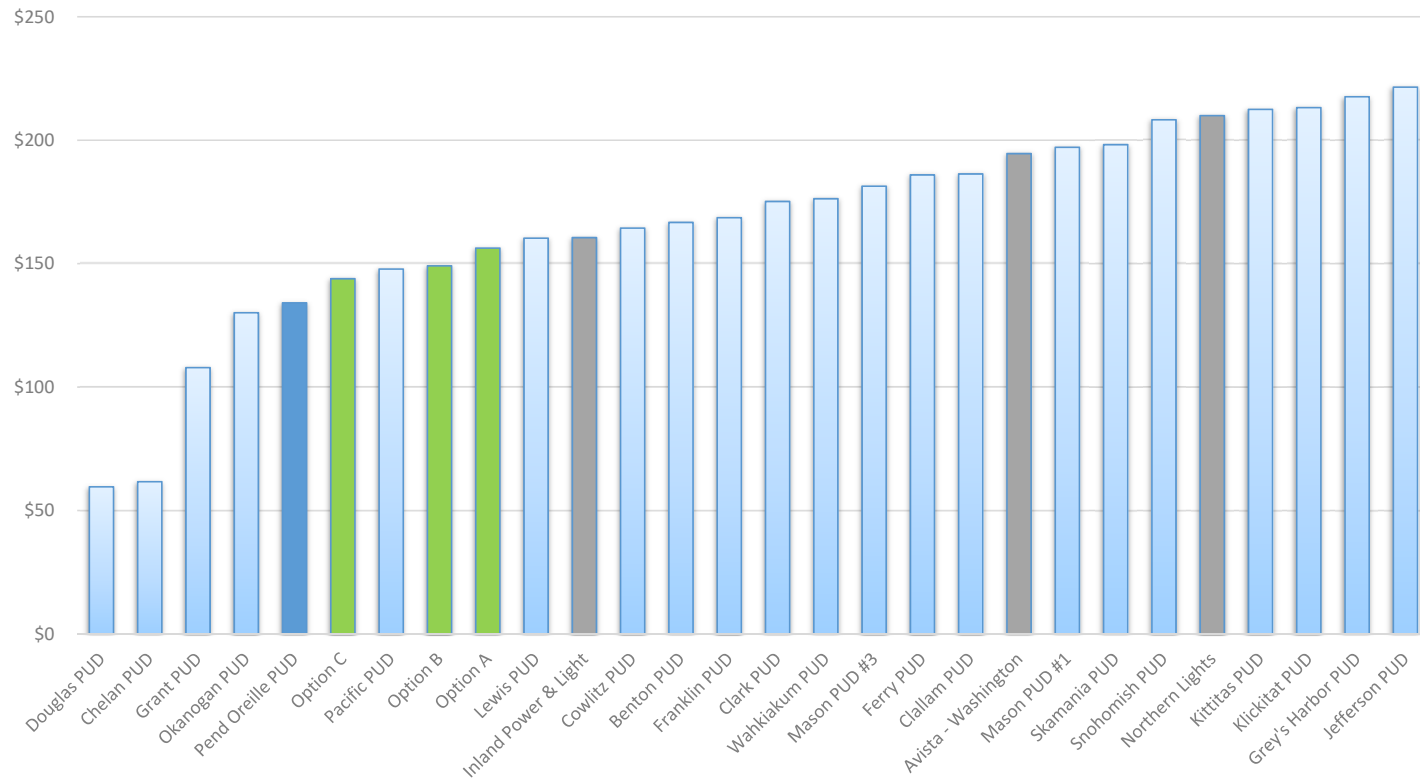
Option B			
\$89.90	9%	\$92.30	12%
\$149.30	11%	\$149.10	11%
\$208.70	12%	\$205.90	11%

Option C			
\$87.20	6%	\$87.70	9%
\$143.90	7%	\$143.90	7%
\$200.60	8%	\$198.10	6%

# Rate Comparison



Residential Monthly Electric Bill  
based on 2,000 kilowatt hours per month



# Public Feedback

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## Comments and/or Questions?

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