Exit Conference
Public Utility District No. 1 of Benton County

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August 10th, 2021

Disclaimer: This presentation is intended to be viewed in conjunction with the complete packet of exit materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing PublicRecords@sao.wa.gov.
Results that Matter

- Increased trust in government
- Independent, transparent examinations
- Improved efficiency and effectiveness of government

Pat McCarthy
State Auditor
Accountability Audit Results

January 1st, 2020 through December 31st, 2020

Results in Brief

This report describes the overall results and conclusions for the areas we examined.

In those selected areas, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.
Accountability Audit Results

Using a risk-based audit approach, for the District, we examined the following areas during the period:

• Payroll – gross wages, overtime, and incentive payments
• Compliance with revenue bond debt covenants
• Contract compliance – cash receipting and deposit timeliness
• Compliance with public work projects – change orders
• Procurement – public works, purchases and professional services
• Accounts payable – general disbursements
• Self-Insurance for unemployment and short term disability
Tracker: A clear path to all your audit information

Using tracker, your government can:

• Get up to speed more quickly when turnover occurs
• Better and more quickly prepare for upcoming audits
• More easily identify and resolve issues
• Enter a status update at the time of the change
• Show quickly that it resolved an issue – and get the credit for that expedient resolution
Closing Remarks

- Audit costs were modified due to additional identified risks in payroll and procurement. This matter was brought to the attention and approved by District management.

- Next audit: 2022
  - Accountability for public resources

An estimated cost for the next audit has been provided in our exit packet
Report Publication

✓ Audit reports are published on our website.

✓ Sign up to be notified by email when audit reports are posted to our website:

https://sao.wa.gov/about-sao/sign-up-for-news-alerts/

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.
Thank You!

- We thank District officials and staff for timely communications throughout the audit process.
- In particular, we would like to thank Kent Zirker, Manager of Accounting, for his assistance all throughout the audit process.
Questions?

Contact Ginny Waltman, Audit Manager,
Ginny.Waltman@sao.wa.gov
(509) 734-7104
June 2021 Heat Sets Peak Power Record
Power demand exceeds previous record by 53 megawatts

New Record = 490 MW
Previous Record = 437 MW (Jul 2020)

Tue 6/29/21
5 - 6 pm
Total System Hourly Load and Hourly Temperature

For the 7 days from Friday June 25, 2021 through Thursday July 1, 2021
Total System Load vs. Temperature

Trend line of 2017-2020 loads on weekdays, excluding holidays

System Peak
105°F, 437 MW
7/30/20 6 PM
Total System Load vs. Temperature

Trend line of 2017-2020 loads on weekdays, excluding holidays compared to June 28-30, 2021 loads

System Peak: 110 °F, 490 MW 6/29/21 6 PM

System Peak: 105 °F, 437 MW 7/30/20 6 PM
BPUD T&D Losses = 18.4 MW (3.75%)

Irrigated Agriculture Drove New System Peak (39% of Total Demand)
Snake River
Ice Harbor Dam
Critical to BPA
Tri-Cities Transmission Operations
BP-22 FINAL RATES UPDATE
**BPA Power Costs**

- **≈$1.4M Annual Savings**
- 2022 cost impact – BP-22 vs. BP-20 rates: 2.7% decrease

**BPA Transmission Costs**

- **≈$0.8M Annual Savings**
- 2022 cost impact – BP-22 vs. BP-20 rates: 4.7% increase

**Total cost impact – BP-22 vs. BP-20 rates:** 1.6% decrease
POWER SUPPLY UPDATE
Three times the monthly average prices since 2011 for June and July

Realized benefit of 50 MW
HLH financial hedges: $0.8M

Realized benefit of 65 MW
HLH financial hedges: $2.3M

Over twice the monthly average price since 2011 through the first week of August
Low water year results in minimal above critical Slice generation for Q2 and Q3.
Total System - Average Hourly Demand by Year and Day of Month

Current year, last year, and previous years with dates of monthly maximums

Select Filters:
- Measure: Average Hourly Demand
- Year: (All)
- Quarter: (All)
- Season: (All)
- Month: (Multiple values)
- Hour Type: (All)

<table>
<thead>
<tr>
<th>Month</th>
<th>Load:</th>
<th>above budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr</td>
<td>15 aMW</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>29 aMW</td>
<td></td>
</tr>
<tr>
<td>Jun</td>
<td>30 aMW</td>
<td></td>
</tr>
<tr>
<td>Jul</td>
<td>28 aMW</td>
<td></td>
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</tbody>
</table>
Most days required between 100 MW and 150 MW of market purchases and Frederickson output for peak hours
Current Financial Hedges by Counterparty (as of 08/03/2021)

Peak MW

- 2021:
  - BPEC: 65
  - CITI: 45

- 2022:
  - EPFT: 50
  - EDFT: 50
  - ME: 50

- 2023:
  - MCG: 25
  - MCG: 25
  - MCG: 25

Off-Peak MW

- Aug: -10
- Sep: -15
- Oct: -10
- Nov: -10
- Dec: -10
- Jan: -10
- Feb: -10
- Mar: -10
- Apr: 10
- May: 10
- Jun: 10
- Jul: 10
- Aug: 10
- Sep: 10