



Public Rate Hearing

Electric, Water, Wastewater

Chelan PUD Service Center
Sept. 16, 2024 – 10:15 am



Outreach schedule

- ✓ Aug. 19 – Preview of rate and outreach plan
- ✓ Aug. 20 to Sept. 13 – Public notices, including legal notice of rate hearing in newspapers, email, social media, PUD website
- ✓ Public meetings:
 - Service Center Aug. 26 at 5:30 p.m.
 - Leavenworth Office Aug. 27 at 5:30 p.m.
 - Chelan Office Sep. 4 at 5:30 p.m.
- ☐ *Today – Rate Hearing; public comment summary*
- ☐ Prior to budget approval – Resolution seeking adoption
 - Customer notice by 30 days after approval

Proposed Rate Plan

- Continue current rate plan an additional 2 years in recognition of rising operating costs
 - 4% Water
 - 4% Wastewater
 - 3% Electric (Incremental revenues held in Electric Rate Support Fund)
- Proposed rate adjustments effective June 1, 2025 and June 1, 2026
- Allows time for Strategic Visioning to progress and inform future plans

Examples of Average Residential Bills

Monthly Average Residential Bills	Start	June 1, 2025	June 1, 2026
Electric (Single phase)	\$66	\$68	\$70
Average monthly increase		\$2	\$2
Water (5/8" service)	\$64	\$67	\$70
Average monthly increase		\$3	\$3
Wastewater (per ERU)	\$93.35	\$97.10	\$101.00
Monthly increase		\$3.75	\$3.90
<i>Low income senior/disabled discount (per month)</i>			
<i>Electric</i>	<i>\$10.70</i>	<i>\$11.00</i>	<i>\$11.50</i>
<i>Water</i>	<i>\$11.55</i>	<i>\$12.00</i>	<i>\$12.50</i>
<i>Wastewater</i>	<i>\$12.30</i>	<i>\$13.00</i>	<i>\$13.50</i>

Stewardship of Customer Interests

- Work to protect low rates - keep increases small over time; reducing risk of large, unexpected changes
- Strive to maintain and improve reliability
- Decrease wildfire risk and impact
- Protect the environment/waterways
- Improve operations through modern customer and operational technologies
- Increase customer access to information
- Develop large load power supply options

Common System Cost Impacts

The average cost growth in all systems is ~6% per year

Recent inflation has averaged 4.2% for 2020 to 2024¹

Non-payroll insurance cost increase of 35.5% from 2023 to 2024

Negotiated labor cost increases averaged 5.4% per year for 2020 to 2024

Supply chain post-COVID cost increases vary; distribution transformer cost has tripled

¹ Based on: Consumer Price Index for All Urban Consumers (CPI-U), High 7.036% (2021), Low 1.362% (2020)

System Specific Cost Impacts



Electric

- Increasing hydro facility investments for long-term sustainability
- Tree trimming efforts doubled to mitigate wildfire risk
- Capital investments increase to support community growth (substations, feeder)²



Water

- Regional Water System has been increasing wholesale water rate 10% each year
- Capital investments increase to support community growth (water reservoirs, pump stations, water main)²



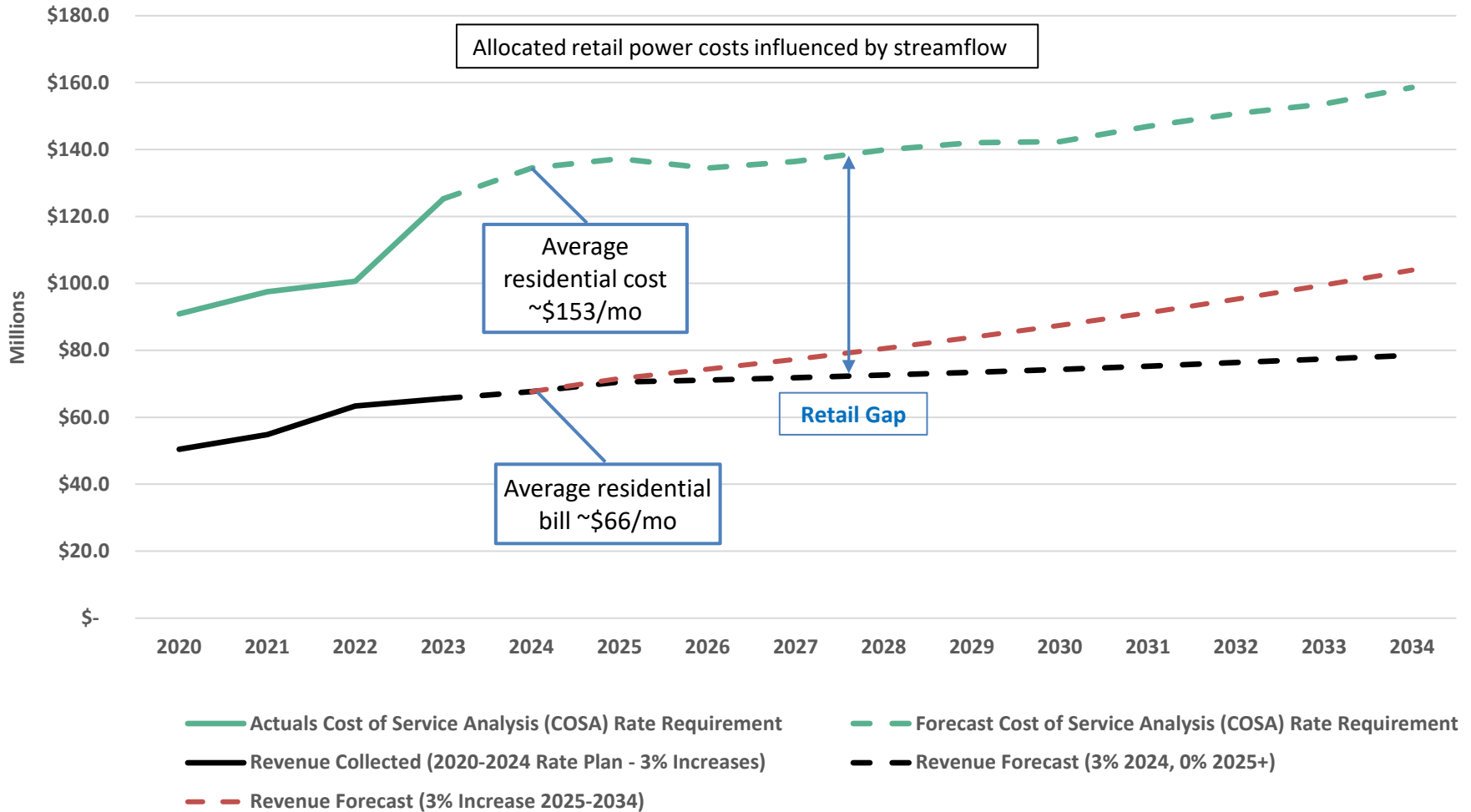
Wastewater

- Increased cost of plant operation, including one employee, for upgraded WW treatment plants
- Capital investments increase to support community growth (plant capacity evaluation)²

² Incremental costs and debt service partially covered by system development charges for new connections

Electric Rate Gap

Electric Cost vs Revenue Collected Comparison
(All Rate Classes)



Water & Wastewater Rate Gap

Business Lines	Water	Waste water	Fiber	Water	Waste water	Fiber
<i>Based on June 30, 2024 Forecast</i>	Forecast for 2024			Forecast for 2029		
Operating Cover Percentage (target)	>104%	>62%	>80%	102.4%	84.0%	90.0%
Operating Cover Percentage (forecast)	98.6%	58.2%	79.6%	95.1%	51.8%	99.5%
Cash Reserves (target)	>\$1.25M	>\$200K	>\$2.0M	>\$1.25M	>\$200K	>\$2.0M
Cash Reserves (forecast)	\$4.4M	\$1.3M	\$19.3M	(\$12.5M)	(\$4.3M)	\$17.0M
Debt Service as a % of Rev (target)	<12.0%	<2.0%	<10.0%	<10.0%	<10.0%	<10.0%
Debt Service as a % of Rev (forecast)	9.0%	18.5%	---	2.4%	16.0%	---

Metric being met

Metric within 10% of target

Metric not being met

2024 - targets based on forecast at 2020 budget

2029 - targets adopted per resolution

Rate Gap Takeaways

- Operating costs and investments in assets to support county growth and reliability continue to grow in all systems
- Absent rate increases, the gap will continue to widen further
- Increasing gap adds future rate pressure and adds risk of larger rate increases later
- Puts more pressure and reliance on the wholesale market revenues, PPB, and other financial resources to cover costs

Other Rate Items

Peshastin Water System Rate Equalization Charge

- Defer next steps of adopted plan by 2 years, if the District's proposed 2-year, 4% rate plan is adopted

Schedule 5 – Irrigation Power Service

- Rate schedule language clean-up to reflect monthly billing

Rate 3, 30, 33 – Industrial Primary Power Service

- Excess energy surcharge recalculated based on current market forecasts to 9.261 cents/kWh

Information Meeting Summary

- Low turnout but engaged discussion and questions to understand current proposal, generally neutral feedback
- Discussion of retail gap/customer benefit and need for rate adjustments
 - Customer preference for small, incremental increases over time (2020-2024 Strategic Plan)
- Concerns regarding large load customer/contract impact to retail customer rates
 - Guiding Principles on Large Load (July 15, 2024 Board meeting) – contracts should be neutral-to-positive benefit to other customers
- Request to either cancel Peshastin Rate Equalization, or continue with existing charges without deferral, and then sunset
 - Resolution specified the first 3-years of equalization charge increases to approximate prior water district rates, does not address sunseting

Board Discussion & Public Comment Opportunity

Outreach schedule

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Appendix

Electric Rate Proposals

Rate Schedule	Rate Description	Rate Component	Current Rate	Effective 6/1/2025	Effective 6/1/2026
1	Residential Electric	Basic Charge - Single Phase	\$ 16.45	\$ 16.60	\$ 17.60
1	Residential Electric	Basic Charge - Three Phase	\$ 22.10	\$ 22.30	\$ 23.65
1	Residential Electric	Energy Charge	\$ 0.0270	\$ 0.0280	\$ 0.0285
101	Residential Electric - Stehekin	Basic Charge	\$ 20.45	\$ 21.05	\$ 21.70
101	Residential Electric - Stehekin	Energy Charge 0 - 400 kWh	\$ 0.0420	\$ 0.0430	\$ 0.0450
101	Residential Electric - Stehekin	Energy Charge 401 - 750 kWh	\$ 0.0580	\$ 0.0600	\$ 0.0610
101	Residential Electric - Stehekin	Energy Charge 751+ kWh	\$ 0.1160	\$ 0.1200	\$ 0.1220
Discount	Low-income Senior / disabled	Residential discount for qualifying customers	\$ 10.70	\$ 11.00	\$ 11.50
2 A-2	General Service Part A-2	Basic Charge - Single Phase (0-39kW)	\$ 19.80	\$ 20.20	\$ 21.00
2 A-2	General Service Part A-2	Basic Charge - Three Phase (0-39kW)	\$ 29.70	\$ 30.30	\$ 31.50
2 A-2	General Service Part A-2	Basic Charge - Single Phase (40+ kW)	\$ 19.80	\$ 20.20	\$ 21.00
2 A-2	General Service Part A-2	Basic Charge - Three Phase (40+ kW)	\$ 29.70	\$ 30.30	\$ 31.50
2 A-2	General Service Part A-2	Demand Charge (40+ kW)	\$ 2.80	\$ 2.90	\$ 3.00
2 A-2	General Service Part A-2	Energy Charge (0 -39 kW)	\$ 0.0310	\$ 0.0315	\$ 0.0330
2 A-2	General Service Part A-2	Energy Charge (40+ kW)	\$ 0.0275	\$ 0.0285	\$ 0.0290
2 B-23	General Service Part B-23	Basic Charge	\$ 29.70	\$ 30.30	\$ 31.50
2 B-23	General Service Part B-23	Demand Charge	\$ 2.55	\$ 2.60	\$ 2.70
2 B-23	General Service Part B-23	Energy Charge	\$ 0.0275	\$ 0.0285	\$ 0.0290

Electric Rate Proposals

Rate Schedule	Rate Description	Rate Component	Current Rate	Effective 6/1/2025	Effective 6/1/2026
102	General Service - Stehekin Part A	Basic Charge	\$ 13.40	\$ 13.80	\$ 14.20
102	General Service - Stehekin Part A	Energy Charge (0-400 kWh)	\$ 0.0490	\$ 0.0505	\$ 0.0520
102	General Service - Stehekin Part A	Energy Charge (401 - 750 kWh)	\$ 0.0675	\$ 0.0695	\$ 0.0715
102	General Service - Stehekin Part A	Energy Charge (751+ kWh)	\$ 0.1350	\$ 0.1390	\$ 0.1430
102	General Service - Stehekin Part B	Basic Charge	\$ 26.80	\$ 27.60	\$ 28.40
102	General Service - Stehekin Part B	Demand Charge (>5kW)	\$ 10.80	\$ 11.15	\$ 11.50
102	General Service - Stehekin Part B	Energy Charge	\$ 0.1160	\$ 0.1195	\$ 0.1230
3	Primary Power Service	Basic Charge	\$ 142.00	\$ 147.00	\$ 151.00
3	Primary Power Service	Demand Charge	\$ 3.60	\$ 3.70	\$ 3.80
3	Primary Power Service	Energy Charge	\$ 0.0160	\$ 0.0165	\$ 0.0170
3	Primary Power Service	Excess Energy Surcharge	\$ 0.0361	\$ 0.0926	TBD
30	Primary Power Service TOU	Basic Charge	\$ 142.00	\$ 147.00	\$ 151.00
30	Primary Power Service TOU	Demand Charge	\$ 3.60	\$ 3.70	\$ 3.80
30	Primary Power Service TOU	Energy Charge On-Peak	\$ 0.0180	\$ 0.0185	\$ 0.0195
30	Primary Power Service TOU	Energy Charge Off-Peak	\$ 0.0120	\$ 0.0125	\$ 0.0125
30	Primary Power Service TOU	Excess Energy Surcharge	\$ 0.0361	\$ 0.0926	TBD
33	Primary Power Transition Rate	Basic Charge	\$ 29.70	\$ 30.30	\$ 31.50
33	Primary Power Transition Rate	Demand Charge	\$ 2.55	\$ 2.60	\$ 2.70
33	Primary Power Transition Rate	Energy Charge	\$ 0.0275	\$ 0.0285	\$ 0.0290

Electric Rate Proposals

Rate Schedule	Rate Description	Rate Component	Current Rate	Effective 6/1/2025	Effective 6/1/2026
35	High Density Load	Basic Charge 0-300 kW	\$ 155.00	\$ 160.00	\$ 165.00
35	High Density Load	Basic Charge 300 kW - <1MW	\$ 650.00	\$ 670.00	\$ 690.00
35	High Density Load	Basic Charge 1MW - <5MW	\$ 995.00	\$ 1,025.00	\$ 1,055.00
35	High Density Load	Demand Charge	\$ 6.40	\$ 6.60	\$ 6.80
35	High Density Load	Energy Charge	\$ 0.0313	\$ 0.0322	\$ 0.0332
36	Data Centers & Similar Loads	Basic Charge (up to 300kW)	\$ 155.00	\$ 160.00	\$ 165.00
36	Data Centers & Similar Loads	Basic Charge (300kW - < 1MW)	\$ 650.00	\$ 670.00	\$ 690.00
36	Data Centers & Similar Loads	Basic Charge (1MW - <3MW)	\$ 995.00	\$ 1,025.00	\$ 1,055.00
36	Data Centers & Similar Loads	Demand Charge (Non-Residential)	\$ 6.40	\$ 6.60	\$ 6.80
36	Data Centers & Similar Loads	Demand Charge (Residential)	\$ 16.85	\$ 17.35	\$ 17.90
36	Data Centers & Similar Loads	Energy Charge (Class Load < 10MW)	\$ 0.0313	\$ 0.0322	\$ 0.0332
36	Data Centers & Similar Loads	Market Energy Adder	\$ 0.0310	\$ 0.0319	\$ 0.0329
5	Irrigation Service	Basic Charge - Single Phase	\$ 11.00	\$ 11.35	\$ 11.65
5	Irrigation Service	Basic Charge - Three Phase	\$ 16.85	\$ 17.40	\$ 17.90
5	Irrigation Service	Demand Charge - per HP	\$ 4.13	\$ 4.26	\$ 4.40
5	Irrigation Service	Energy Charge	\$ 0.0190	\$ 0.0195	\$ 0.0200

Electric Rate Proposals

Rate Schedule	Rate Description	Rate Component	Current Rate	Effective 6/1/2025	Effective 6/1/2026
6	Frost Protection	Basic Charge	\$ 24.40	\$ 25.10	\$ 26.50
6	Frost Protection	Demand Charge	\$ 2.80	\$ 2.90	\$ 2.95
6	Frost Protection	Energy Charge	\$ 0.0280	\$ 0.0290	\$ 0.0295
7	Street Light - District Pole	Customer Owned, District Maintained	\$ 9.30	\$ 9.60	\$ 9.90
7M	Street Light - District Pole	Municipal Owned, District Maintained	\$ 6.75	\$ 6.95	\$ 7.15
7EO	Street Light - Energy Only	Customer Owned, non-District Maintained Light	\$ 0.0340	\$ 0.0350	\$ 0.0360
15	EV Chargers	Basic Charge	\$ 42.45	\$ 43.80	\$ 45.10
15	EV Chargers	Demand Charge	\$ 5.40	\$ 5.55	\$ 5.75
15	EV Chargers	Energy Charge	\$ 0.0330	\$ 0.0340	\$ 0.0350

Water Rate Proposals

Rate Schedule	Rate Description	Rate Component	Current Rate	Effective 6/1/2025	Effective 6/1/2026
111, 311, 511, 711, 811	Residential Service	Basic Charge 5/8"	\$ 40.50	\$ 42.10	\$ 43.80
	Residential Service	Basic Charge 1"	\$ 48.60	\$ 50.50	\$ 52.60
	Residential Service	Basic Charge 1 1/2"	\$ 64.80	\$ 67.40	\$ 70.10
	Residential Service	Basic Charge 2"	\$ 89.10	\$ 92.60	\$ 96.40
	Residential Service	Basic Charge 3"	\$ 291.60	\$ 303.10	\$ 315.40
	Quantity Rate - Gallons per month	0 - 3,000 gallons	\$ 3.20	\$ 3.35	\$ 3.45
		3,001 - 10,000 gallons	\$ 4.25	\$ 4.45	\$ 4.60
		> 10,000 gallons	\$ 5.30	\$ 5.50	\$ 5.75
Discount	Low-income Senior / disabled	Residential discount for qualifying customers	\$ 11.55	\$ 12.00	\$ 12.50
	Chelan Ridge Privately owned lots (no meter)	Monthly Charge	\$ 40.40	\$ 42.00	\$ 43.70
121, 131, 321, 871, 521	Commercial & Industrial Service	Basic Charge 5/8"	\$ 73.00	\$ 76.00	\$ 79.00
	Commercial & Industrial Service	Basic Charge 1"	\$ 88.00	\$ 91.00	\$ 95.00
	Commercial & Industrial Service	Basic Charge 1 1/2"	\$ 110.00	\$ 114.00	\$ 119.00
	Commercial & Industrial Service	Basic Charge 2"	\$ 161.00	\$ 167.00	\$ 174.00
	Commercial & Industrial Service	Basic Charge 3"	\$ 526.00	\$ 547.00	\$ 569.00
	Commercial & Industrial Service	Basic Charge 4"	\$ 664.00	\$ 692.00	\$ 719.00
	Commercial & Industrial Service	Basic Charge 6"	\$ 978.00	\$ 1,018.00	\$ 1,059.00
	Commercial & Industrial Service	Basic Charge 8"	\$ 1,367.00	\$ 1,422.00	\$ 1,480.00
	Quantity Rate	Per 1,000 gallons per month	\$ 4.10	\$ 4.25	\$ 4.45
		Each Additional Unit	\$ 25.50	\$ 26.50	\$ 27.60

Water Rate Proposals

Rate Schedule	Rate Description	Rate Component	Current Rate	Effective 6/1/2025	Effective 6/1/2026
181, 381, 581	First Sprinkler Service Rate	Monthly Charge 2"	\$ 38.00	\$ 39.50	\$ 41.00
	First Sprinkler Service Rate	Monthly Charge 3"	\$ 52.00	\$ 54.00	\$ 56.50
	First Sprinkler Service Rate	Monthly Charge 4"	\$ 63.50	\$ 66.00	\$ 69.00
	First Sprinkler Service Rate	Monthly Charge 6"	\$ 130.00	\$ 135.00	\$ 141.00
	First Sprinkler Service Rate	Monthly Charge 8"	\$ 195.00	\$ 203.00	\$ 211.00
	First Sprinkler Service Rate	Monthly Charge 10"	\$ 255.00	\$ 265.00	\$ 276.00
	First Sprinkler Service Rate	Monthly Charge 12"	\$ 322.00	\$ 335.00	\$ 348.00
	Quantity Rate	Per 1,000 gallons per month	\$ 4.10	\$ 4.25	\$ 4.45
182, 382, 582, 882	Private Fire Hydrant Service Rate	Monthly Charge	\$ 15.00	\$ 15.60	\$ 16.20
141, 142, 341, 342, 541	Hydrant Valve Charges	Hydrant Valve Use Daily Charge	\$ 23.75	\$ 24.70	\$ 25.70
542, 841, 842	Hydrant Valve Charges	Fire Hydrant Use Daily Charge	\$ 23.75	\$ 24.70	\$ 25.70
	Quantity Rate	Per 1,000 gallons per month	\$ 4.10	\$ 4.25	\$ 4.45
	Peshastin Rate Equalization Charge	Residential	\$ 3.00	\$ 3.00	\$ 3.00
	Peshastin Rate Equalization Charge	Commercial & Industrial (excluding 8" meter)	\$ 7.00	\$ 7.00	\$ 7.00
	Peshastin Rate Equalization Charge	Commercial & Industrial (8" meter only)	\$ 600.00	\$ 600.00	\$ 600.00
	Peshastin Industrial Monthly Tank Surcharge	Small Warehouse	\$ 210.36	\$ 210.36	\$ 210.36
	Peshastin Industrial Monthly Tank Surcharge	Large Warehouse	\$ 5,721.36	\$ 5,721.36	\$ 5,721.36

Wastewater Rate Proposals

Rate Schedule	Rate Description	Rate Component	Current Rate	Effective 6/1/2025	Effective 6/1/2026
783, 785, 71, 72, 792, 795	Residential & Small General Service	Basic Charge	\$ 93.35	\$ 97.10	\$ 101.00
		Additional ERU's	\$ 93.35	\$ 97.10	\$ 101.00
787, 798, 75	Large General Service	Basic Charge	\$ 93.35	\$ 97.10	\$ 101.00
		Additional ERU's	\$ 93.35	\$ 97.10	\$ 101.00
	Quantity Rate	Per 1,000 gallons	\$ 12.35	\$ 12.85	\$ 13.35
Discount	Low-income Senior / disabled	Residential discount for qualifying customers	\$ 12.30	\$ 13.00	\$ 13.50

Detail of Other Rate Items

Peshastin Water System Rate Equalization Charge

- Charge was established for the Peshastin service area such that rate revenues would be approximately equal to revenues forecast under previous Peshastin Water District rate plans (4% annually)
- Propose deferring adopted plan by 2 years, if the proposed 2-year, 4% rate plan is adopted

Current	6/1/24	6/1/25	6/1/26
Residential	\$3.00	\$6.00	\$9.00
Commercial and Industrial (excluding 8")	\$7.00	\$15.00	\$24.00
Commercial and Industrial (8" meter only)	\$600.00	\$800.00	\$1,000.00

Proposed	6/1/24	6/1/25	6/1/26	6/1/27	6/1/28
Residential	\$3.00	\$3.00	\$3.00	\$6.00	\$9.00
Commercial and Industrial (excluding 8")	\$7.00	\$7.00	\$7.00	\$15.00	\$24.00
Commercial and Industrial (8" meter only)	\$600.00	\$600.00	\$600.00	\$800.00	\$1,000.00

Detail of Other Rate Items

Schedule 5 – Irrigation

- Installation of new meters has allowed the District to read irrigation meters monthly, not limited by seasonal access and weather
- Energy use in the off-season is no longer accrued and billed at the beginning of the next season, but billed in the month of use
- Rate schedule language requires clean-up to reflect this, with no change in the total annual bill (beyond existing rate proposal)

Detail of Other Rate Items

Rate 3, 30, 33 – Industrial Primary Power Service

- The excess energy surcharge for industrial power consumption over 5 aMW has not been updated in 10 years
- Based on market price as detailed in the rate schedules

Propose adjusting the Fixed Rate Energy Surcharge based on current market forecasts for Jan. 1 to Dec. 31, 2025:

$$\begin{aligned} \text{Mid C Flat Index} &= \$0.08053 / \text{kWh} \\ + 15\% \text{ admin fee} & \$0.01208/\text{kWh} \\ &= \$0.09261/\text{kWh} \end{aligned}$$

Business Line Financial Policies

Forecast as of 6/30/24

Cash Reserves (\$000)	2024	2025	2026	2027	2028	2029
Water	4,438	840	(2,194)	(6,860)	(9,463)	(12,464)
Wastewater	1,264	880	(219)	(1,380)	(2,982)	(4,333)
Fiber	19,292	12,730	13,163	14,133	16,623	18,665

Debt (\$000)	2024	2025	2026	2027	2028	2029
Water	3,170	2,383	1,769	1,201	971	738
Wastewater	2,594	2,452	2,309	2,164	2,018	1,869

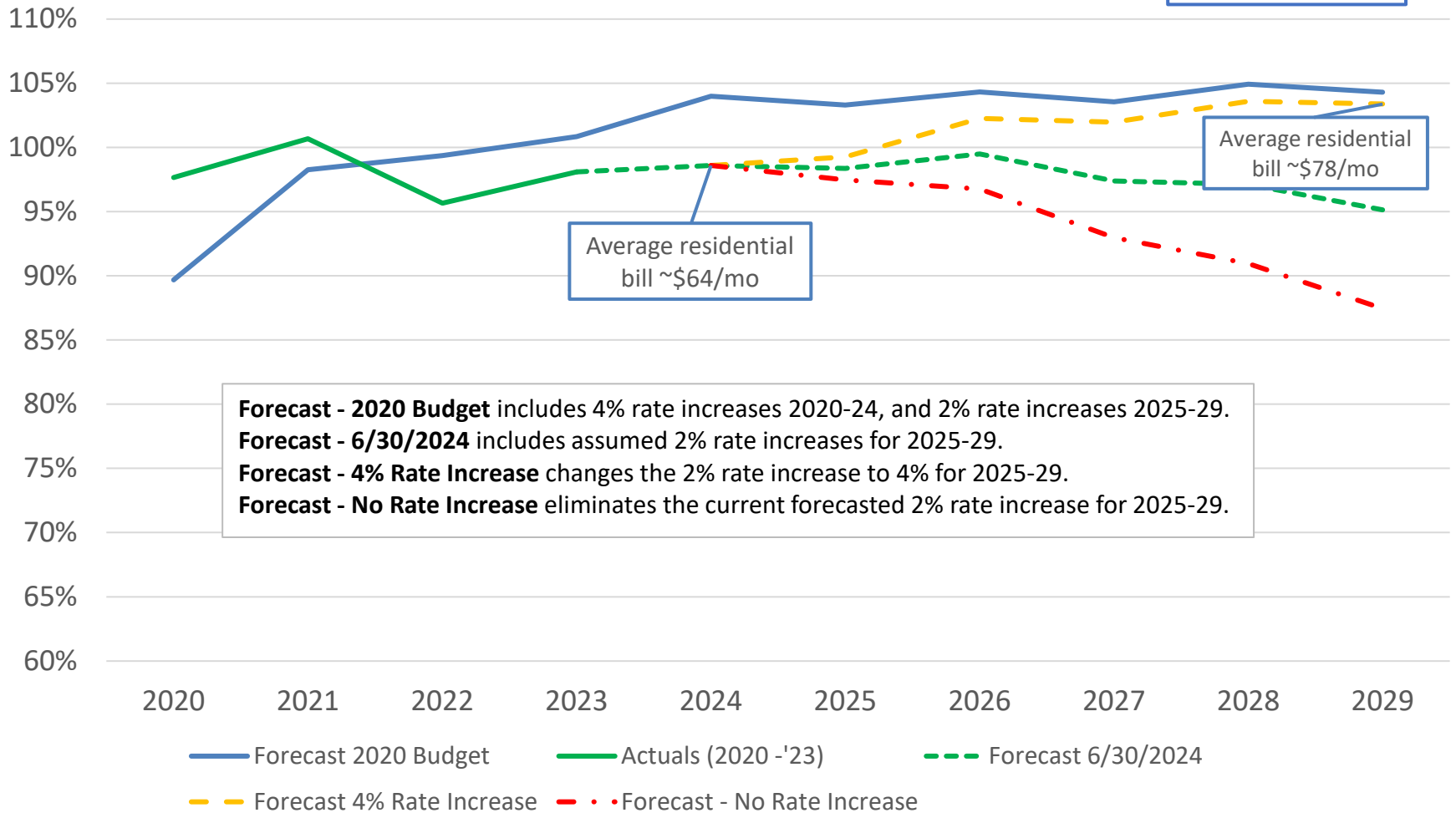
Debt Service as a % of Revenues	2024	2025	2026	2027	2028	2029
Water	9.0%	8.9%	6.7%	6.0%	2.5%	2.4%
Wastewater	18.5%	17.8%	17.3%	16.9%	16.5%	16.0%

Bottom Line (\$000)	2024	2025	2026	2027	2028	2029
Water	3,255	539	548	192	13	(330)
Wastewater	(515)	(699)	(740)	(823)	(922)	(1,028)
Fiber	(427)	(1,784)	(666)	3	457	743

Water - Operating Ratio

(Revenues/Operating Expenses)

2029 target:
100% + debt service



Wastewater - Operating Ratio

(Revenues/Operating Expenses)

2029 target:
68% + debt service

