



General Rate Plan Proposal: Continued Discussion Electric, Water, Wastewater

Oct. 7, 2024

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.
- ✓ Sep. 16 – Rate Hearing; public comment summary
- Continued Board discussion
- Seeking Board direction prior to budget approval

9/16/24 Public Hearing Summary

Questions identified in Board discussion and public comment:

1. How large, in total dollars, is the rate “gap” for each system?
2. How much support has already been provided to the non-electric systems?
3. Should the District consider a one-utility concept?
4. What is the electric Rate Support Fund and how much is available?
5. Has the District considered tiered residential rates?

Additional public concern since hearing:

6. Would the District address seasonal billing concerns for frost protection customers, in addition to irrigation?

Today's discussion

- System rate gaps (Ques. 1)
- System support provided since 2007 (Ques. 2)
- Residential tiered rates (Ques. 5)
- Frost protection and irrigation (Ques. 6)
- Remainder of questions: Oct. 21st Board Meeting

No Board decisions requested today

System Rate Gaps

Rate Gap: the difference between system retail rate revenue and associated cost allocated in the cost-of-service model, given the current forecast assumptions

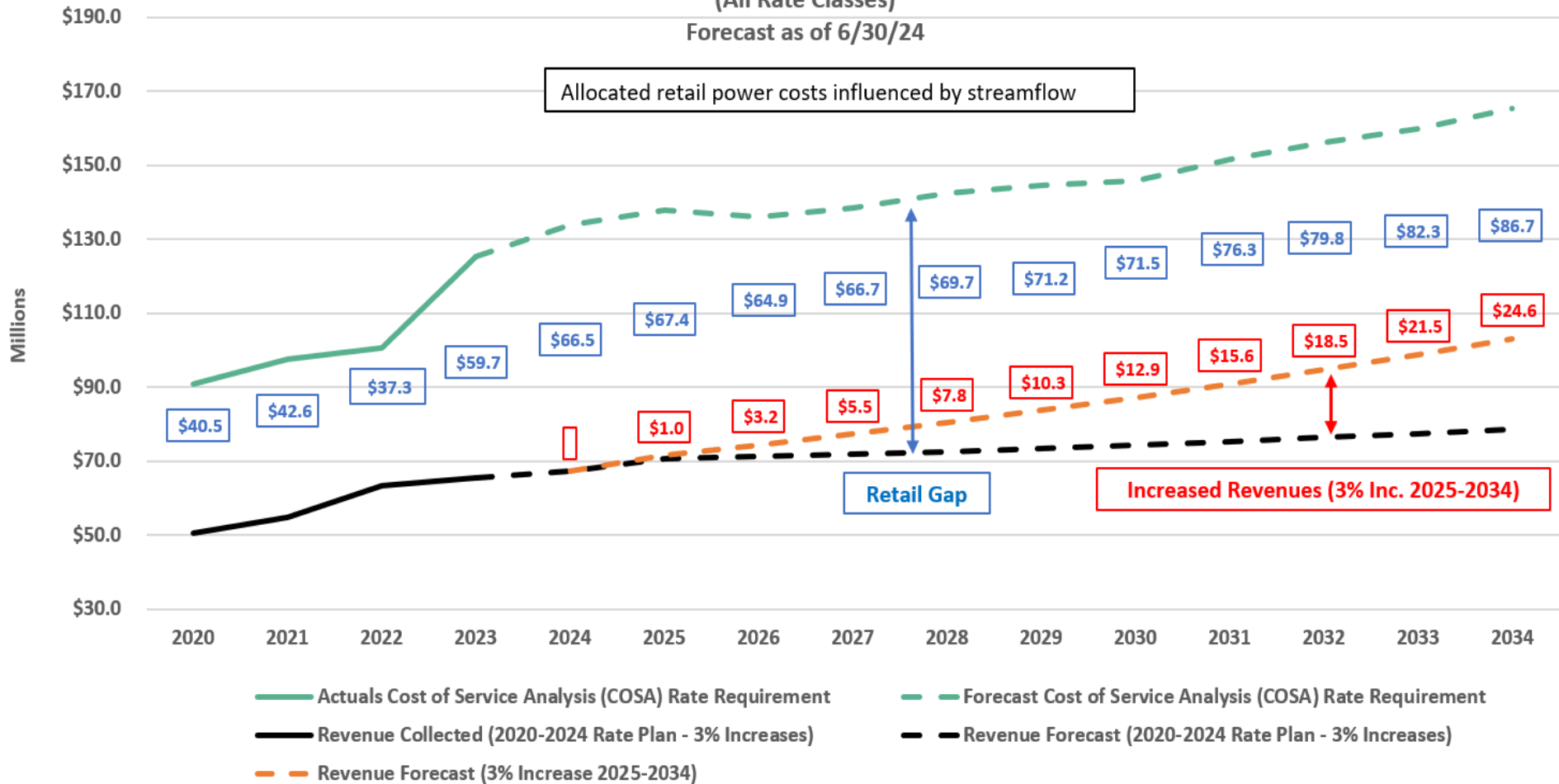
Current assumptions:

- W/WW rate increases in line with pre-2020 inflation (2% annually)
- Streamflow impacts on power cost included
- Does not consider debt costs for future capital
- 2029 targets (without debt considerations) set at 100% water and 68% wastewater by Res. 20-14438; electric historically ~50%

Question: What is the actual dollar comparison of cost of service to revenue (“gap”) for Water, Wastewater and Electric System?

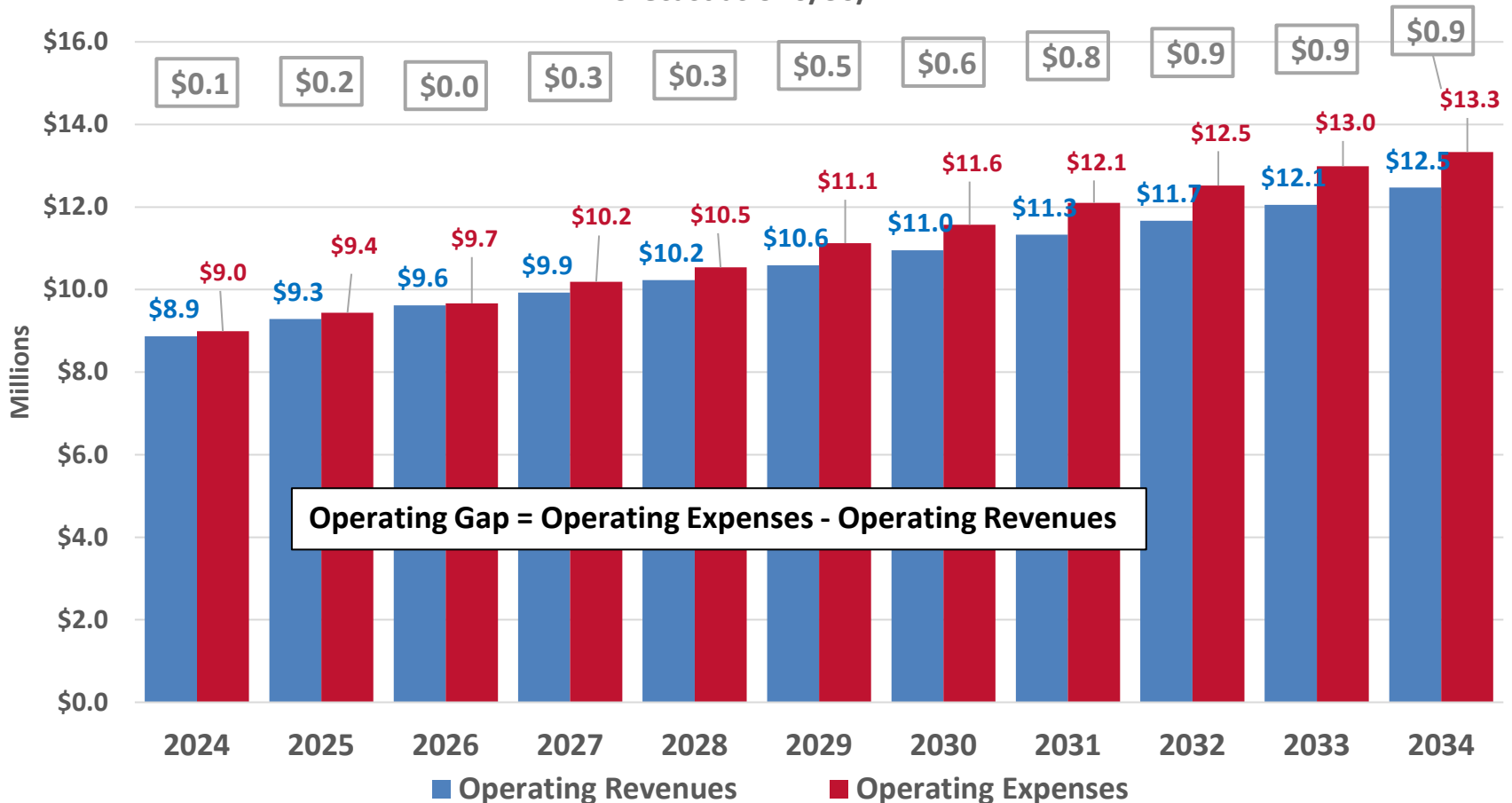
Electric Local Retail Cost and Revenue

Electric Cost vs Revenue Collected Comparison
(All Rate Classes)
Forecast as of 6/30/24



Water System Cost and Revenue

Water Operating Revenues & Expenses Forecast as of 6/30/24

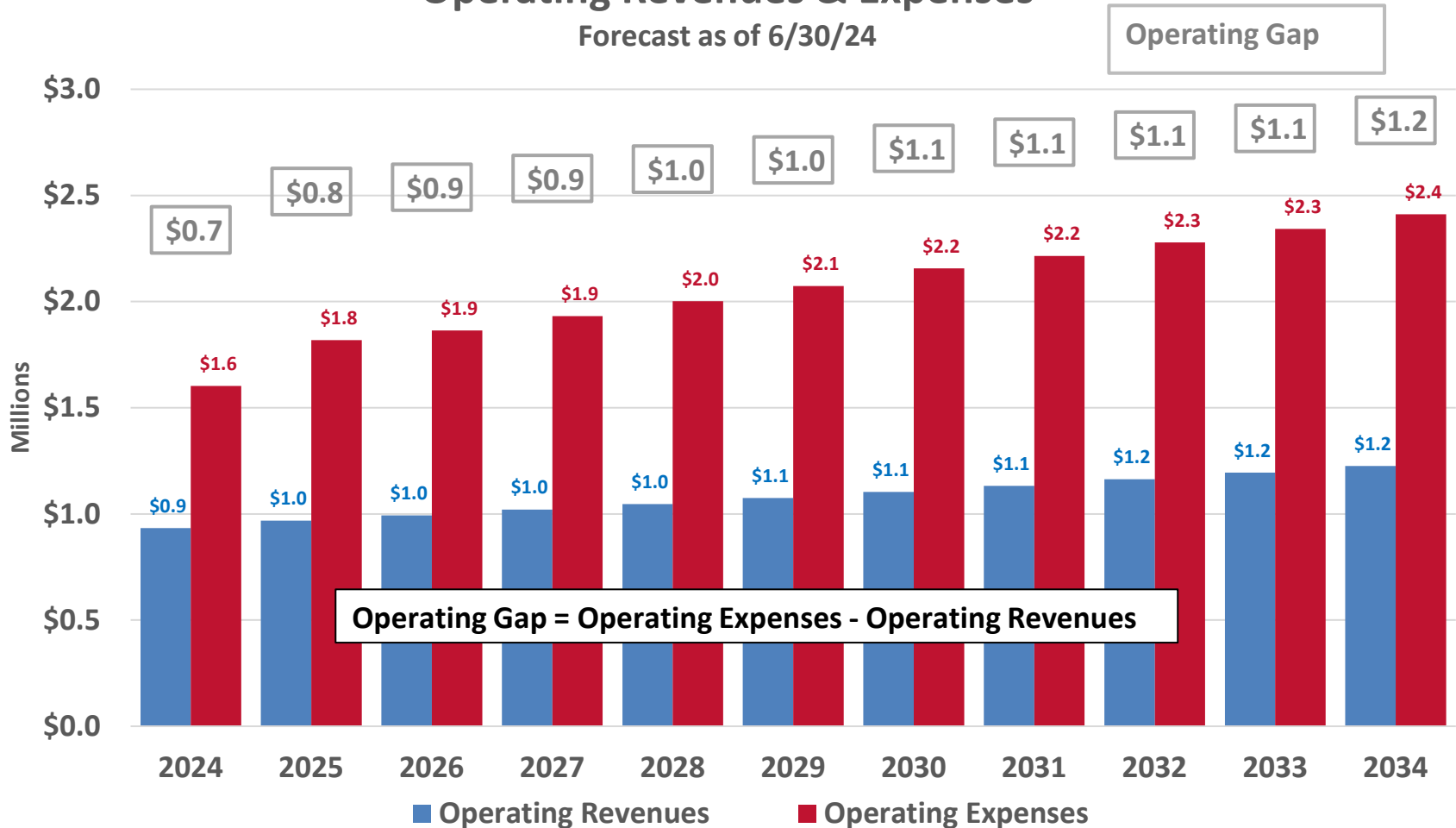


Includes a 2% inflationary rate/revenue placeholder only

Wastewater System Cost and Revenue

Wastewater Operating Revenues & Expenses

Forecast as of 6/30/24



Includes a 2% inflationary rate/revenue placeholder only

Supporting Systems Progress in Self-Sustainability

2007-2024	Funding	End-Users (2023 Year-end)	Funding per End-User
Water	\$ 31.11 M	6,593	\$ 4,719
Wastewater	\$ 8.07 M	532	\$ 15,169
Fiber	\$ 149.31 M	22,037	\$ 6,775

- Relief from internal loans and obligations
- Funding of capital plans (wastewater treatment plant environmental compliance, fiber system expansion, replacement of aging water assets, etc.)
- Additional relief from shared asset costs not included in the above such as Service Center construction and billing system upgrade

Has the District considered residential tiered rates?

- The District had residential tiered rates prior to 2012
- Following a time of surcharges, the District moved away from residential tiers as they were confusing for customers, not beneficial to low-income customers, and the difference between the tiers wasn't enough to incent conservation behaviors
- More effective for cost savings opportunities would be time of use rates which allow users to shift their energy use to lower priced times versus reducing load entirely
 - With new advanced meters, the District will have the opportunity to evaluate data for more advanced rate structures in the future

Seasonal billing concerns for frost protection customers

- Off-season use of energy for frost protection meters is “not available” per the current rate schedule
- Leaves responsibility to customer to disconnect from service (customer breaker or disconnect request to District)
- Advances in the technology installed, such as temperature monitoring and automatic starts, have resulted in small amounts of use in the off-season resulting in proportionally large bills
- Staff proposes updating both Frost Protection and Irrigation electric rate schedules for off-season billing to energy only, unless demand exceeds 40 KW in which case all charges would apply

Seasonal Billing Proposal – Frost and Irrigation

OFF-SEASON (new)	Less than 40 kW demand	More than 40 kW demand
Basic Charge	No	Yes
Energy Charge	Yes	Yes
Demand Charge	No	Yes

IN-SEASON (no change)	Less than 40 kW demand	More than 40 kW demand
Basic Charge	Yes	Yes
Energy Charge	Yes	Yes
Demand Charge	Yes	Yes

Next Steps

- Oct. 21: Board discussion
 - Electric rate support fund
 - Other sources of funding and potential future support options while one-utility concept is explored through strategic visioning
- Nov. 4: Follow-up on additional discussion needs from Oct. 7 and 21
- Nov. 18: If applicable, Board rate resolution
- Dec. 2: Budget resolution