



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

Oct. 21, 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

- One utility concept (Ques. 3)
- Electric Rate Support Fund (Ques. 4)
- Follow up discussion (if needed):
Nov. 4th Board Meeting

No Board decisions requested today

Multiple Systems Reporting Structure

- External requirements
 - Regulatory reporting
 - Power/Transmission Sales Contracts
 - Bonds/Loans/Grants
- Internal reporting
 - Rates/Cost of Service Analysis
 - Strategic Plans
 - Financial Policies – District/Business Line Targets

One Utility Concept

- Reporting and decision structure with all utilities combined
 - Accounting may be at system level
 - Decisions at the utility wide level
- District has ability to act as one utility
 - State law authorizes PUDs to combine separate utility functions
 - Consolidated reporting structure
 - External view

One Utility Tools

- Targeted funding
 - Capital projects
 - Cash sources
- Public Power Benefit
 - Annual allocation to projects
- New programmatic support defined through strategic planning
 - Adjusted financial metrics and/or reporting
 - Annual budget funding

Electric Rate Support Fund

- Adopted in 2020-2024 Strategic Plan
 - Annual deposits from incremental electric rate revenue
 - Held to stabilize rates over the long term
- Balances
 - Current \$14 million
 - 2024 YE \$24 million
- Rate plan proposal
 - If continued, future growth \$12 - \$15 million annually

Future Use Options

- Mitigate isolated debt service coverage pressure
 - \$50 million Bond defined “Rate Stabilization Fund”
 - Replenish from Rate Support Fund
- Targeted one time expenses
 - Projects that occur in current years but reduce spending in future years
- Targeted asset investment
 - Select capital projects to avoid external debt costs

Next Steps

- Nov. 4: Follow-up
 - Additional discussion needs from Oct. 7 and 21
 - Seeking guidance on Electric Rate Support Fund continuation
- Nov. 18: If applicable, Board rate resolution
- Dec. 2: Budget resolution