

PRE-AGENDA
FOR THE REGULAR MEETING OF
CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
BOARD OF COMMISSIONERS
OCTOBER 10, 2022 AT 1:30 PM

Zoom meeting: <https://clallampud-net.zoom.us/j/82263074221?pwd=aFVBOTJlOTlvNXJlNK1RpSnhMa3VtZz09>

Meeting ID: 822 6307 4221 | **Passcode:** 816387

One tap mobile: +12532158782,,82263074221#,,,,*816387# US (Tacoma)

- **Consent Agenda Items**

The Commissioners will consider approving Consent Agenda items.

- **Clallam County Economic Development Board Appointment**

Commissioners will discuss appointing General Manager Sean Worthington to the Clallam County Economic Development Board.

Staff requests a motion, second, and vote: to nominate General Manager Sean Worthington to serve on the Clallam County Economic Development Board.

- **2023 Budget**

Staff will present the draft 2023 Budget to Commissioners.

- **Jamestown Response to Water Mitigation Plan**

Staff will report on Jamestown S'Klallam Tribe's response to the District's Draft Water Mitigation Plan

- **BPA Post-2028 Contract Discussion**

Commissioners and staff will discuss recent developments of the BPA post-2028 contract.

The Commissioners will also consider the customary business matters associated with approval of payments, minutes of the previous meeting, reports from Commissioners and staff, comments from the public, and other items of information or general business. Items may be added to, or removed from, the agenda at the meeting.

AGENDA
FOR THE REGULAR MEETING OF
CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
BOARD OF COMMISSIONERS
OCTOBER 10, 2022 AT 1:30 PM

Join Zoom Meeting: <https://clallampud-net.zoom.us/j/87945208490?pwd=TDRHc0dDeWkvR1puaGITS1BtY2F6UT09>

Meeting ID: 879 4520 8490 | **Passcode:** 100750

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- 1. CALL TO ORDER**
- 2. COMMENTS FROM THE PUBLIC**
- 3. AGENDA REVISIONS**
- 4. APPROVAL OF CONSENT AGENDA**
 - a. Minutes of the September 26 regular meeting;
 - b. Claim vouchers for September 26 through October 3, 2022 for a total of \$727,561.50;
 - c. Payroll vouchers for the period of September 16 through September 30;
 - d. Removal of delinquent accounts from the October 2022 active accounts receivable totaling \$7,117.03 including a 30% collection fee; and
 - e. Removal of invoices from October active accounts receivable in the amount of \$12,074.89.
- 5. BUSINESS ITEMS**
 - a. Appointing General Manager to EDC Board Sean Worthington
 - b. 2023 Budget Presentation Ruth Kuch, Sarah Canepa
 - c. BPA Post-2028 contract discussion Commissioners, Staff
- 6. CORRESPONDENCE/COMMUNICATIONS**
- 7. COMMISSIONER REPORTS**
- 8. STAFF REPORTS**
 - a. Review of JST Draft Mitigation Plan Comments Bowen Kendrick
- 9. BOARD ACTIONS FOR STAFF**
- 10. COMMENTS FROM THE PUBLIC**
- 11. EXECUTIVE SESSION**
- 12. ADJOURN**

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1

Minutes of the Regular Meeting of the Board of Commissioners

Main Office | 104 Hooker Road | Sequim, WA 98382

September 26, 2022 at 1:30 PM - This meeting was held remotely via ZOOM

Commissioners Present

Will Purser, President

Rick Paschall, Vice President

Jim Waddell, Secretary

Staff Present via Zoom

Sean Worthington, General Manager

John Purvis, Assistant General Manager

Jamie Spence, HR Manager

Lori Carter, Controller/Auditing Officer

Ruth Kuch, Finance Manager/Treasurer

Teresa Lyn, Executive Assistant

Doug Adams, Transmission and Substation

Tom Martin, WWW Manager

Travis McClain, WWW Coordinator

Bowne Kendrick, WWW Superintendent

Nicole Hartman, Communications Manager

Jenean Keate, Contracts Coordinator

Mary Doran, Senior Accountant

Mike Hill, Engineering Manager

Sarah Canepa, Financial Analyst II

Chelsey Jung, Payroll Coordinator

Shawn Delplain, Broadband Supervisor

Tyler King, Power Analyst

Julie Metzger, Power Systems Project

Coordinator

Others Present as Identified

Janet Marx

Christine Stallard

Ken Hays

Katherine, last name not provided

The meeting commenced at 1:30 PM.

PUBLIC COMMENT

There was no public comment.

AGENDA REVISIONS

Item F will be presented before item E.

CONSENT AGENDA

Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved the following consent agenda items:

- A. Minutes of the September 12 regular meeting;
- B. Claim vouchers for September 12 through September 19, 2022 for a total of \$3,037,153.72;
- C. Payroll vouchers for the period of August 16 through September 15, 2022; and
- D. August 2022 Treasurer's Report.

BUSINESS ITEMS STARTING AT

- A. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board authorized the District to re-solicit formal bids for Bid. No. 220806 for the purchase of one (1) 3-phase, 12MVA power transformer without load tap changer, for the Neah Bay substation. Proposals for this bid were over the allowed 15% of engineer's estimate of \$320,000 (not including WSST) per RCW 54.04.080. Bids are to be published on September 28, 2022 in the Daily Journal of Commerce and by such other means as determined by staff to be prudent inviting sealed bids, with the engineer's increased estimate of \$480,000.
- B. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board passed Resolution 2246-22 Adopting the District's Travel Policy and Rescinding Resolution 2157-19.
- C. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board passed Resolution 2251-22 decreasing the current electric system rate, authorizing suspension of transformer capacity charge and amending Resolution 2206-21.
- D. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board passed Resolution 2252-22 Establishing Titles and Monthly Salary Ranges for Staff Employees and Rescinding Resolution 2235-22.
- E. Water/Wastewater Manager Tom Martin requested that the Commissioners consider adopting Resolution 2250-22 to execute a MOU between Clallam County PUD No. 1 and Clallam County regarding Carlsborg water supply. A lengthy discussion ensued. There is concern that approving the MOU at this time would make it appear as though we are giving preference to a new development on Mill Road over the residents of the Local Utility District LUD. WWW Manager Martin replied that the MOU is not legally binding and is a first step towards understanding stakeholder interests which are outlined in the MOU, as well as a path forward towards developing solutions to regional water supply issues which could result in a future interlocal agreement between the District and the County. The Board decided to table this Resolution until they have had an opportunity to hear from the people who currently live in District's LUD at a public session.
- F. Water/Wastewater Coordinator Travis McClain discussed plans for an upcoming public session regarding Carlsborg water rights and service area expansion, which now will include a brief introduction of the proposed MOU. He advised that the County is wanting the District to serve more properties within the UGA. The District is also wanting to move forward with getting mitigation approved by the Department of Ecology. WWW Manager Martin advised that getting LUD buy-in on the MOU is very important, but may delay things significantly if changes to the MOU are made. Assistant Manager John Purvis advised that the LUD residents will be largely focused on the specific application or allocation of water rights, and since that is not outlined in the MOU, he does not expect it (the public meeting) to result in changes to the MOU. It was agreed to expedite

a public meeting with LUD residents within the next few weeks so as to mitigate further delay.

G. There was no discussion today of the BPA Post-2028 contract.

CORRESPONDENCE/COMMUNICATIONS

There were no correspondence/communication items.

COMMISSIONER REPORTS

Commissioner Paschall attended virtual WPUA meetings. Topics were: renegotiation of the Columbia River Treaty; the effects of climate change causing increased transmission demands; and aging distribution infrastructure.

Commissioner Purser attended Energy Northwest meetings. Topics were: not banning natural gas until it is no longer needed; Tribal concerns about new transmission corridors throughout the State; new BPA contracts and efficiency and conservation; the Western energy market and how the Southwest power pool competing with CAISO for that; Snake River dams. Also discussed were possible new bills that might come before the legislature for: requiring that any new utility project must have an ecological gain; new working conditions for outside workers to take a half-hour break each hour when the temperature exceeds 90 degrees; a bill that would not allow utilities to shut off power if the temperature exceeds 90 degrees;. and a Department of Commerce idea to collect a tax on the utilities and then distribute the money back out for low-income assistance.

STAFF REPORTS

There were no staff reports.

BOARD ACTION ITEMS

A. Expedite coordination of the Carlsborg water stakeholder meeting.

COMMENTS FROM THE PUBLIC

There was no public comment.

ADJOURN

There being no further business to come before the board, the meeting adjourned at 2:19 PM.

ATTEST:

President

Vice President

Secretary

A detailed transcript of this meeting via audio recording is available to the public on the Commission Meetings page of the PUD website here: <https://clallampud.net/commission-meetings/>.

September 26, 2022

SUMMARY VOUCHER APPROVAL
PUBLIC UTILITY DISTRICT #1 OF CLALLAM COUNTY
OPERATING FUND

We certify, under penalty of perjury, that the materials have been furnished, the services rendered, or the labor performed as described herein, and that the attached list of claims are a just, due and unpaid obligation against Public Utility District No. 1 of Clallam County, and that we are authorized to authenticate and certify said claims.

SIGNED *Joni Carter* DATE 10/4/22
AUDITING OFFICER

[Signature] DATE 10/4/22
GENERAL MANAGER

Vouchers audited and certified by the Auditing Officer and the General Manager have been recorded on the attached list(s) which has been made available to the Board of Commissioners of Public Utility District No. 1 of Clallam County. We, the undersigned Board of Commissioners of Public Utility District No. 1 of Clallam County, approve for payment those vouchers included on the attached list(s):

Summary for Voucher Lists Dated 9/26/2022–10/3/2022

Checks	\$	472,329.91
Wire Transfers		236,613.07
E-Payment		10,982.77
Prepays		7,635.75
Total	\$	727,561.50

COMMISSIONER

COMMISSIONER

COMMISSIONER

PUD#1 OF CLALLAM COUNTY, WASHINGTON

**OCTOBER 2022
DELINQUENT ACCOUNTS TO BE REMOVED
FROM ACTIVE ACCOUNTS RECEIVABLE**

Delinquent accounts listed for electricity and water on the attached pages are approved to be removed from the active accounts receivable. All accounts to be removed are grouped and total as follows:

09/01/22	Clallam Bay – Evergreen	\$	356.07
09/01/22	Forks – Evergreen	\$	899.53
09/01/22	Port Angeles – Evergreen	\$	3,052.99
09/01/22	Sequim – Evergreen	\$	1,153.33
09/01/22	All Area-Direct W/O Bankruptcy	\$	-
09/01/22	All Area-Direct W/O Deceased	\$	-
09/01/22	All Area-Direct W/O Small Balance	\$	16.54
	SUBTOTAL	\$	<u>5,478.46</u>
09/01/22	30% Collection Fee	\$	1,638.57
	TOTAL	\$	<u><u>7,117.03</u></u>
	Previous Debt Collected in September 2022	\$	3,608.89
	Previous Debt Collected Year To Date 2022	\$	15,050.21

Dated this _____ day of _____, 20_____.

President

Secretary

Vice-President

SW:kw

Attachments

These lists comply with our CIS software which removes accounts from the active accounts receivable when placed with a collection agency (classifies them as bad debt). The exceptions are bankruptcies, deceased customers and customer accounts with small balances under \$20. These are removed under the categories of All-Area Direct W/O, but not placed with a collection agency.

OCTOBER 2022

INVOICES TO BE REMOVED FROM ACTIVE MISCELLANEOUS ACCOUNTS RECEIVABLE -- IN-HOUSE WRITE OFF

NAME LAST or ORGANIZATION	NAME FIRST	DATE ISSUED	INVOICE NO	DATE PLACED WITH EFS	BALANCE of INVOICE	30% FEE	TOTAL INCLUDING FEE
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
					\$ -		\$ -



INVOICES TO BE REMOVED FROM ACTIVE MISCELLANEOUS ACCOUNTS RECEIVABLE -- TO BE SENT TO EVERGREEN FINANCIAL SERVICES FOR

NAME LAST	NAME FIRST	DATE ISSUED	INVOICE NO	DATE PLACED WITH EFS	BALANCE of INVOICE	30% FEE	TOTAL INCLUDING FEE
SANDE	JUSTIN	12/31/19	13036	10/12/22	\$ 1,595.13	\$ 478.54	\$ 2,073.67
SHIVERS	CHARLES	04/01/22	14540	10/12/22	\$ 1,218.41	\$ 365.52	\$ 1,583.93
AVERY	ZACCHEAUS	04/26/22	14601	10/12/22	\$ 6,474.84	\$ 1,942.45	\$ 8,417.29
							\$ -
							\$ -
							\$ -
					\$ 9,288.38	\$ 2,786.51	\$ 12,074.89

GRAND TOTALS: \$ 9,288.38 \$ 2,786.51 \$ 12,074.89

President, Board of Commissioners

Vice-President, Board of Commissioners

Secretary, Board of Commissioners

Date: _____

PUD #1 of Clallam County
2023 Budget Proposal

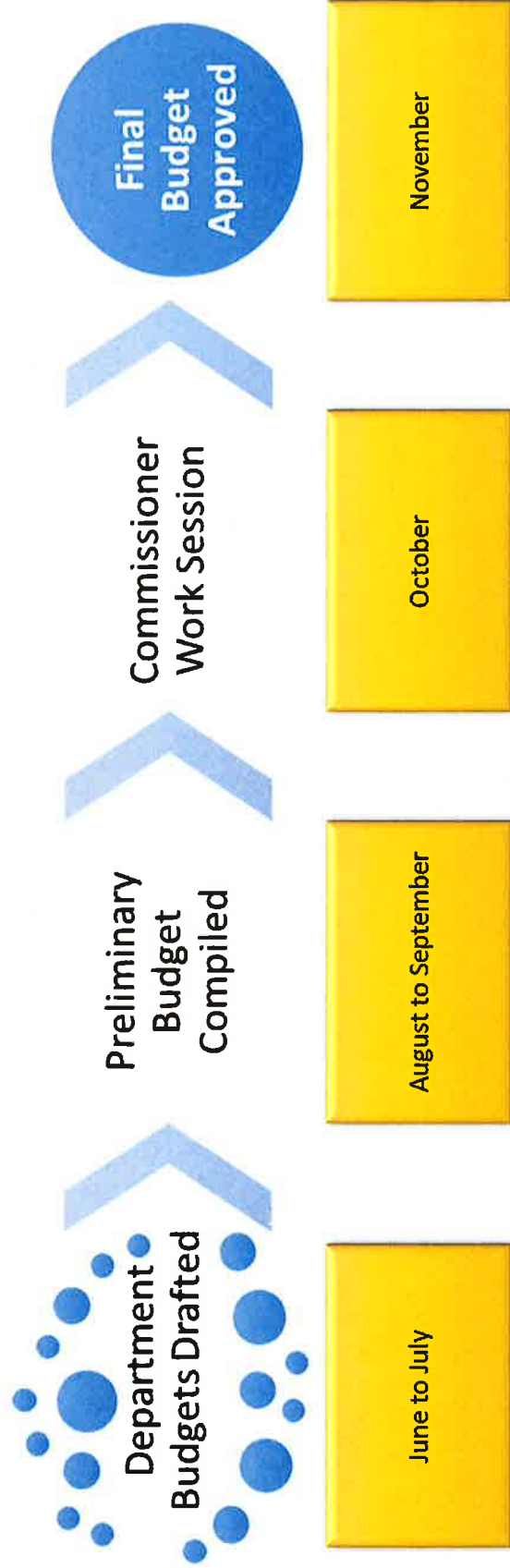
October 10, 2022



Presenters

- Ruth Kuch – Finance Manager/Treasurer
- Sarah Canepa – Financial Analyst/Deputy Treasurer

Budget Timeline

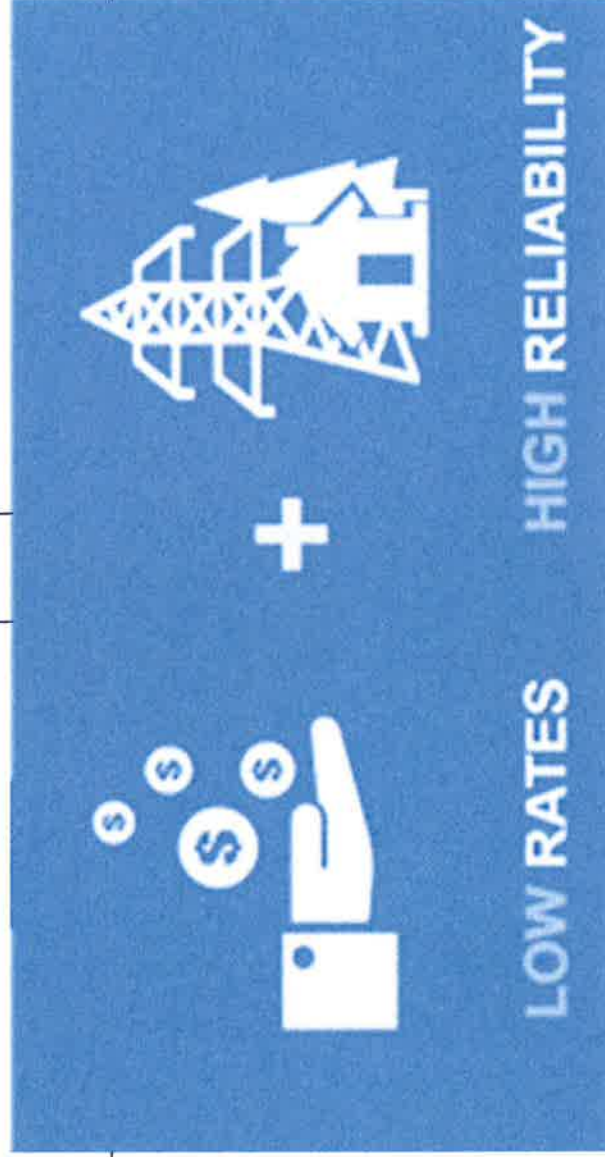


Budget Objectives:

- Provide Stable Rates
 - Small annual rate adjustments
- Be Financially Responsible
- Ensure Reliable Supply
 - Favorable ROI projects
 - Strategically assess capital needs
- Financial Policy Objectives:
 - Cash Reserves 180 days
 - Debt Ratio $\leq 40\%$
 - DSCR $\geq 2.0x$

Budget Challenges:

- Changing kWh sales
- Weather
 - Highly variable/Less predictable
- Increasing Costs
- Capital
 - System Improvements
 - Replacements
- Regulatory Costs
 - CETA
 - WSDOT (Fish passage)



2022 Year End Assumptions:

- **Inflows/Revenues**
 - Electric Sales – flat kWh usage and 0.75% meter growth
 - Customer Contributions – higher
 - BPA EEI funds – higher
 - 2022 Bond Proceeds – used by year end
- **Outflows/Expenses**
 - Assume normal operations and maintenance costs
 - Assume normal personnel costs
 - Power costs proportional to retail sales
- **Capital**
 - Year end capital based on staff projections

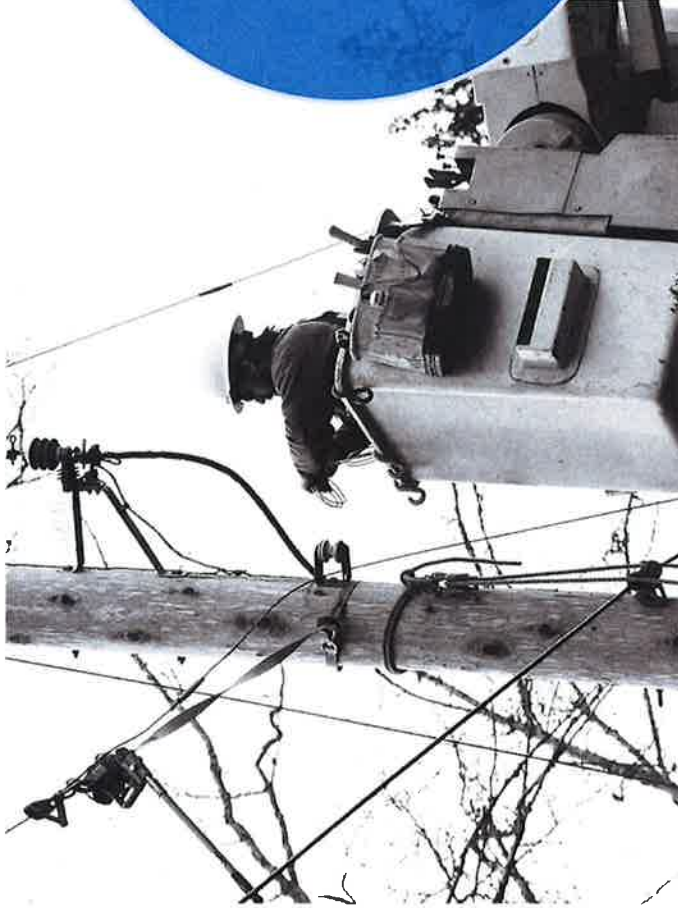
2023 Budget Assumptions:

- **General**
 - BPA assumptions and forecast based on BP-24
 - **Customer Growth:**
 - Electric 0.75%
 - Water 0.69%
 - Conservation related expenses per 2021 CPA
 - PERS Contribution - 10.25%
 - **Insurance Increases (budget over budget):**
 - 56% increase on Cyber
 - 59% increase in Liability
 - Increase in Healthcare
 - **Personnel increases inflation driven**
 - **Approved Rate Changes:**
 - Electric rates, 1.00%. decrease to kWh rate, eff. Apr. 1
 - Water rates, 4.20% increase, eff. Feb. 1
 - Wastewater rates, 5.90% increase, eff. Feb. 1
 - **Meet adopted Financial Policy metrics**

CETA Assumptions:

- **CETA Decarbonization Fund**
 - Continue rate funding 2023 to 2030 - \$575,000/yr
- **CETA Low Income Fund – Mitigate Energy Assistance Need (EAN)**
 - July 31, 2021 – Program Implemented
 - Eliminated current discount program
 - Pay overhead to OlyCAP for administrative costs
 - Adjust line item assessment on bill to match new funding amount (\$1.17 eff. Oct.1, 2023)
 - 2023 funding = \$435,051 (includes overheads of \$30k)

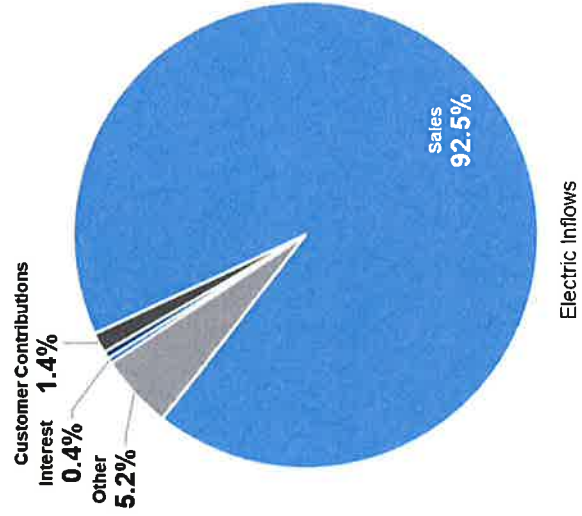
Electric System



Inflow and Outflow Overview

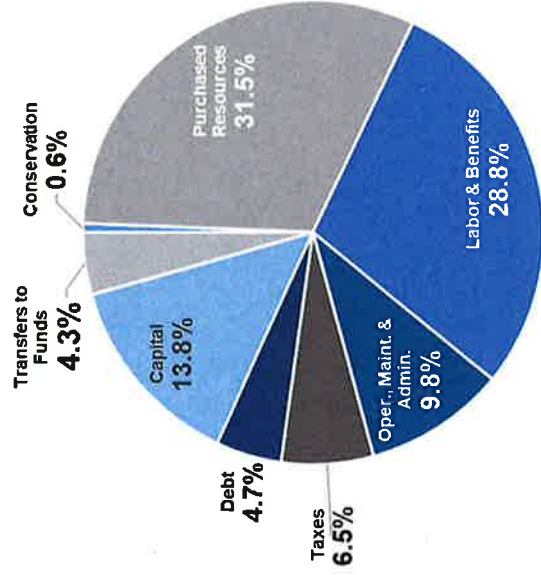
Inflow Analysis (Modified Cash Basis)

	2023	2022	2021
	Budget	Projected	Actual
Sales	72,093,050	72,155,169	68,808,440
Other	4,027,628	5,283,507	3,432,123
Interest	295,000	275,408	148,598
FEIMA	386,000	499,440	294,900
Customer Contributions	1,098,000	1,768,860	2,065,798
Bond Proceeds	-	8,050,339	852,271
Rural Economic Funds	-	-	67,272
Total	77,899,678	88,032,722	75,669,402



Outflow Analysis (Modified Cash Basis)

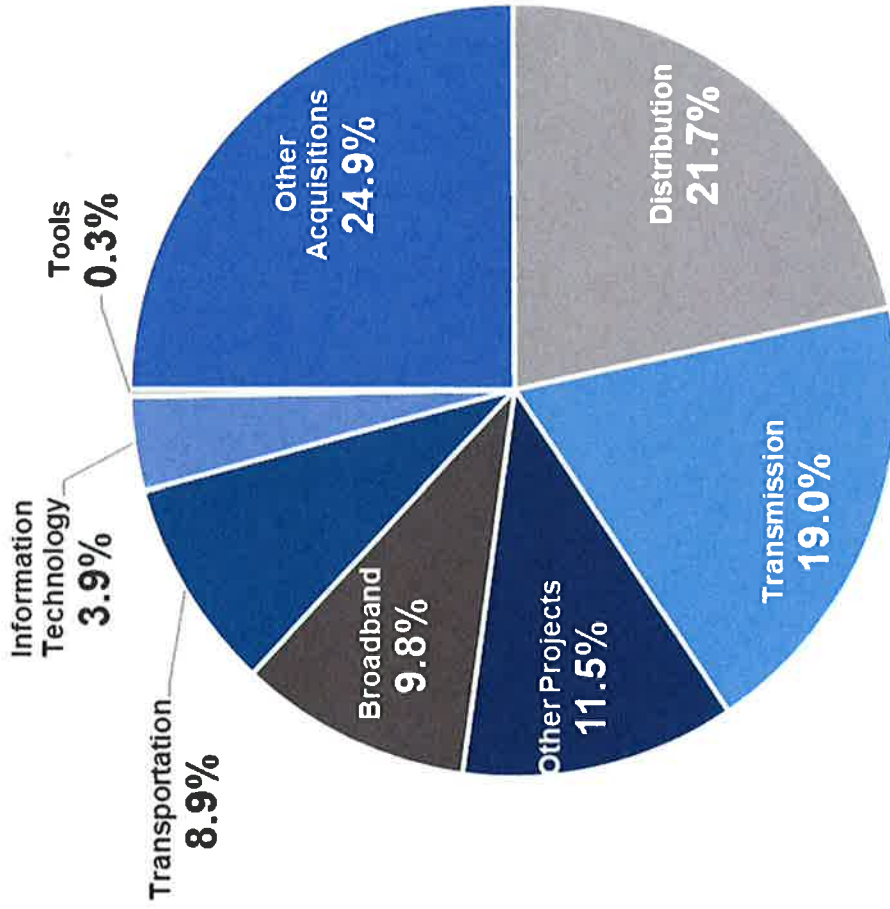
	2023	2022	2021
	Budget	Projected	Actual
Conservation	471,800	533,055	455,827
Purchased Resources	23,826,376	29,359,430	28,153,935
Labor & Benefits	21,762,032	20,151,095	20,140,434
Oper., Maint. & Admin.	7,417,204	6,615,247	6,589,577
Taxes	4,886,803	4,820,405	4,552,940
Debt	3,533,916	3,516,489	3,763,050
Capital	10,408,949	8,501,088	7,511,816
Transfers to Funds	3,278,261	10,227,811	2,510,476
Total	75,585,341	83,724,620	73,678,055



Electric Outflows

Budget Comparison by Department					
	2023		2022		2021
	Budget	% Change	Budget	% Change	Budget
Accounting	743,065	-23.20%	967,580	10.05%	879,209
Auto Shop	2,923,118	91.97%	1,522,727	12.16%	1,357,631
Billing	563,293	1.91%	552,740	1.07%	546,875
Board of Commissioners	509,963	90.40%	267,835	12.60%	237,869
Broadband	1,792,910	107.78%	862,877	23.67%	697,713
Communications & Records	785,244	99.32%	393,960	11.17%	354,390
Customer Service	1,780,137	9.72%	1,622,383	1.94%	1,591,480
Facilities	1,870,352				
Finance	12,161,805	26.29%	9,630,430	-1.08%	9,735,576
General Engineering	2,740,658	4.14%	2,631,721	27.86%	2,058,345
General Manager	1,110,492	-26.74%	1,515,794	12.39%	1,348,750
Human Resources	741,926	26.32%	587,356	24.49%	471,796
Information Technology	2,773,470	8.89%	2,547,013	16.00%	2,195,740
Materials & Warehousing	4,337,808	40.74%	3,082,213	-0.31%	3,091,915
Operations	10,533,458	-13.09%	12,120,110	1.67%	11,920,568
Power Supply	24,523,803	-14.95%	28,835,599	-0.56%	28,997,926
Risk Management	700,500	8.89%	643,282	22.93%	523,282
Safety	454,760	-23.07%	591,119	38.94%	425,442
Transmission Engineering	3,783,811	16.91%	3,236,501	-15.71%	3,839,871
Utility Services	754,768	-4.08%	786,872	-7.88%	854,189
Grand Total	75,585,341	4.40%	72,398,111	1.78%	71,128,567

Capital Overview



Distribution Capital	
Project Description	Budgeted Cost
Road Projects (Not Itemized)	830,000
Engineered Cable Replacement Projects	520,000
Distribution Poles & Structures Replace or Remove	464,000
Distribution Underground Replace or Remove	224,000
Sequim Dungeness to Three Crabs 1/0 Upgrade	185,000
Lake Sutherland V-Phase Extension & Upgrade	155,000
Cedar Street Alley Reconductor	140,000
Small Capital Emergent & NESC	120,000
All Other Distribution Projects	443,000
Total	\$3,081,000

**Note: Includes direct internal personnel costs*



Transmission Capital

Project Description	Budgeted Cost
Neah Bay Transformer Replacement	555,000
PA Switchyard & Circuit Switchers	500,000
Forks Rebuild & Reconsolidation	365,000
Hwy 101 – Sappho to Forks	272,000
AP to BPA Transmission Rebuild & 115KV Upgrade	233,000
Gunstone Transmission Rebuild	176,000
Beaver Camp Regulator Replacement	126,000
Neah Bay Circuit Switcher Replacement	115,000
All Other Transmission Projects	351,500
Total	\$2,693,500

*Note: Includes direct internal personnel costs

Other Electric Capital

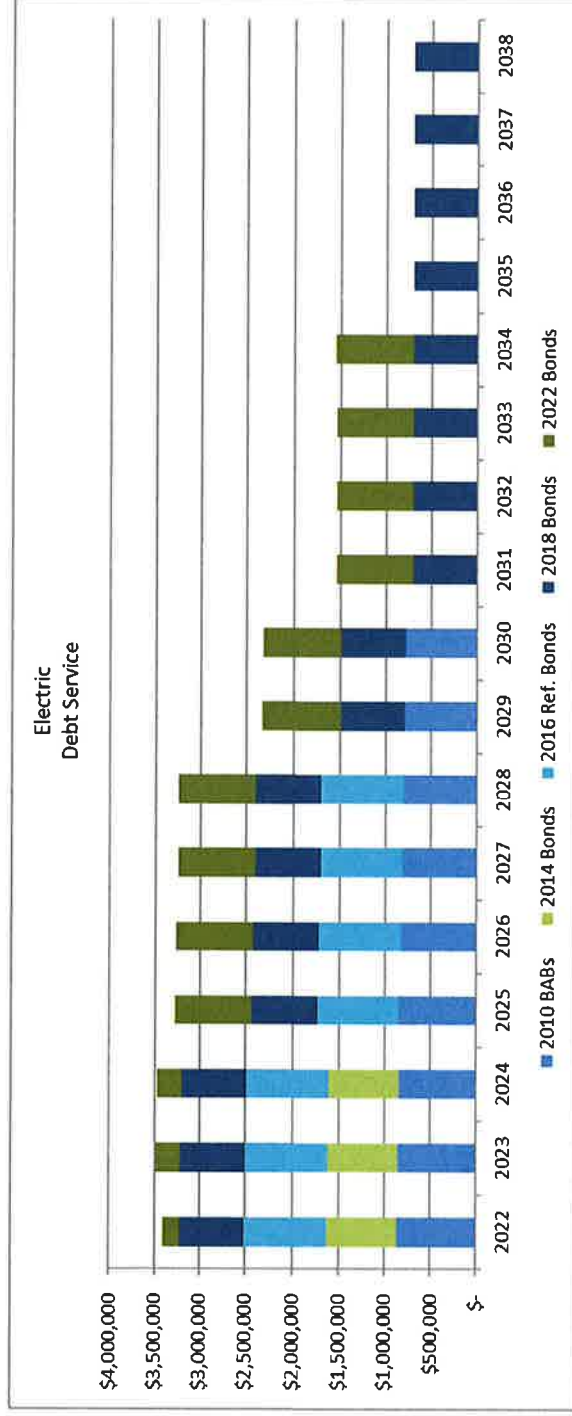
Project Description	Budgeted Cost
Vehicles and Equipment	1,257,540
Customer Requested Projects	900,000
Forks Operations Equipment Shed	350,000
Sequim Microgrid Project	150,000
Deer Park Substation Yard Expansion & Retaining Wall	120,000
Broadband - Internet Backbone to West End (NTIA MMG)	1,278,109
All other Broadband Projects	112,740
Information Technology	558,500
AMI, Transformers & Regulators	3,450,000
Capital Tools	44,000
All Other Capital Acquisitions	86,000
All Other Capital Projects	118,700
Total	\$8,425,589
Total Electric Capital	\$14,200,089

**Note: Includes direct internal personnel costs*

Debt Overview

2023 Debt Payment Schedule

Debt	Principal	Interest	Payment
2010 Build America Bonds	595,000	266,831	861,831
2014 Electric Revenue Bonds	700,000	54,250	754,250
2016 Electric Revenue Refunding Bonds	725,000	164,775	889,775
2018 Electric Revenue Bonds	350,000	354,900	704,900
2022 Electric Revenue Bonds	-	277,400	277,400
Total	\$ 2,370,000	\$ 1,118,156	\$ 3,488,156





Personnel Overview



Personnel Highlights:

- **Position Changes:**
 - 2 Apprentice Linemen to Journey Linemen
 - Apprentice Tree Trimmer to Tree Trimmer
 - Moved Operations positions to NEW Facilities Department
 - Communications & Government Relations Manager over Records
 - Eliminated Records Supervisor; added Records Coordinator
 - Water Accountant moved to Accounting
 - Payroll moved to Human Resources
 - Eliminating W/WW Superintendent and added Civil Engineer; Coordinator promoted to Supervisor
 - Succession Planning in several departments
- **Position Additions:**
 - Electrician (will eliminate contracted electrician work)
 - Human Resources Administrative Assistant
 - Customer Service Support Specialist
 - Water Helper/Meter Reader
 - Added two Custodians in 2022 (after eliminating janitorial contract)
- **Other Highlights:**
 - Large healthcare premium increases anticipated in 2023
 - Negotiated CBA wage and benefit increases effective May 1, 2023

Electric Summary and 10 Year Outlook

2023 2022 2021

Inflows	Budget	Projected	Actual
Sales	72,093,050	72,155,169	68,808,440
Other	4,027,628	5,283,507	3,432,123
Interest	295,000	275,408	148,598
FEMA	386,000	499,440	294,900
Customer Contributions	1,098,000	1,768,860	2,065,798
Bond Proceeds	-	8,050,339	852,271
Rural Economic Funds	-	-	67,272
	77,899,678	88,032,722	75,669,402
Outflows			
Conservation	471,800	533,055	455,827
Purchased Resources	23,826,376	29,359,430	28,153,935
Labor & Benefits	21,762,032	20,151,095	20,140,434
Oper., Maint. & Admin.	7,417,204	6,615,247	6,589,577
Taxes	4,886,803	4,820,405	4,552,940
Debt	3,533,916	3,516,489	3,763,050
Capital	10,408,949	8,501,088	7,511,816
Fund Transfers <small>(net, incl. interest allocated)</small>	3,278,261	10,227,811	2,510,476
	75,585,341	83,724,620	73,678,055
Net Change in Operating Fund	2,314,337	4,308,102	1,991,347

10 Year Outlook:

Year	Proposed Rate Increase	Operating Reserve Balance	Days Cash on Hand	Debt Coverage Ratio
2023	0.00%	\$ 32,838,093	208	5.6
2024	0.00%	\$ 35,054,734	199	4.2
2025	0.00%	\$ 35,388,658	197	3.9
2026	3.00%	\$ 38,014,426	202	3.9
2027	3.25%	\$ 38,027,727	196	3.8
2028	3.25%	\$ 37,208,444	183	3.9
2029	3.25%	\$ 36,637,180	176	5.5
2030	3.50%	\$ 36,206,429	166	5.9
2031	3.50%	\$ 37,915,655	170	9.0
2032	3.50%	\$ 39,241,280	167	9.4

Analysis Assumptions

BPA Increase:	For BP-24 (Oct 2023 – Sept 2025): 0% for power/transmission; October 2025 – future: 5% for power and 8% for transmission
Increase in kWh:	0.0% / year
Meter Growth:	0.75% / year
Labor Inflation:	4.0% / year
Material Inflation:	3.0% / year

2023 Rate Impact: Residential

Electric	2022		2023		Change in Monthly Bill	
					2022	2023
Basic Charge	\$	40.50	\$	40.50	\$	40.50
kWh Charge	\$	0.0778	\$	0.0770	\$	96.28
	\$		\$		\$	136.78
					\$	(0.97)

Avg Monthly Usage 1250



Water and Sewer Systems

Water Assumptions:

- Pre-approved 5 year plan to achieve a uniform “postage stamp” rate structure.
 - Rate increase - 4.2% effective February 1
 - Growth - 0.69% residential, 0.87% commercial
- Cost of Service currently underway to address large Sekiu infrastructure upgrades and impacts of Sekiu slide disaster.
- Ongoing capital needs.

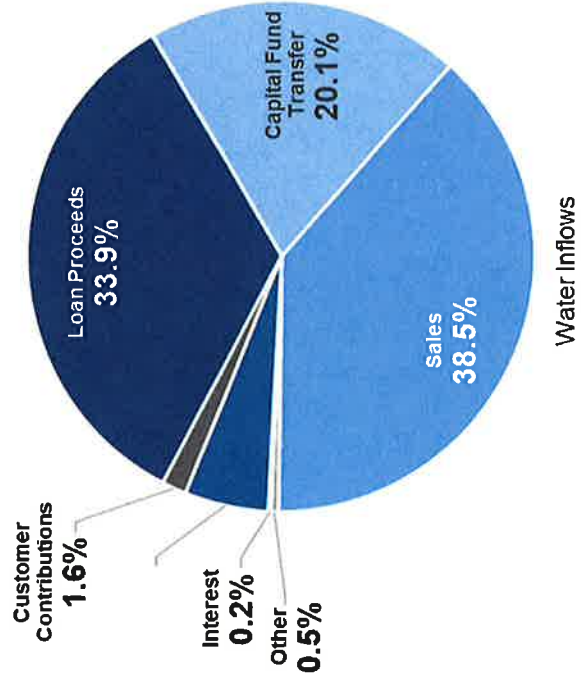
Waste Water Assumptions:

- Pre-approved 5 year plan to achieve a uniform “postage stamp” rate structure.
 - Rate increase - 5.9% effective February 1
 - Growth - 0.00%

Inflow and Outflow Overview

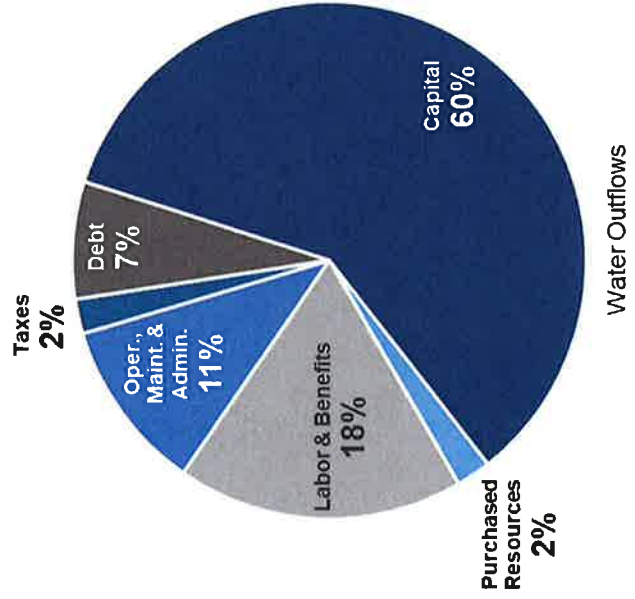
Inflow Analysis (Modified Cash Basis)

	2023	2022	2021
	Budget	Projected	Actual
Sales	5,116,606	4,950,231	4,931,622
Other	61,767	52,425	47,751
Interest	24,000	44,861	11,219
FEMA	702,092	25,981	-
Customer Contributions	206,130	131,035	110,525
Loan Proceeds	4,500,000	689,488	418,435
Capital Fund Transfer	2,670,000	907,194	-
Total	13,280,595	6,801,215	5,519,552



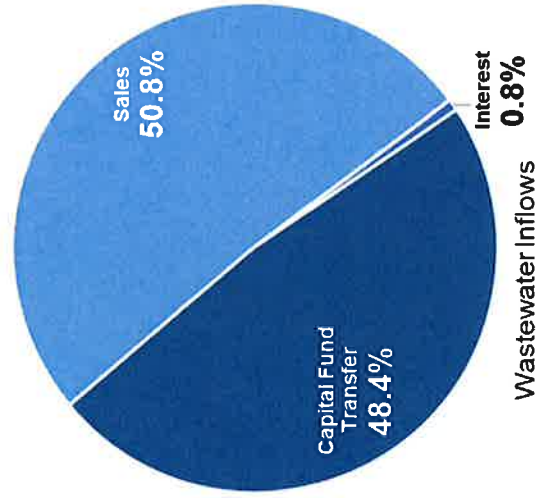
Outflow Analysis (Modified Cash Basis)

	2023	2022	2021
	Budget	Projected	Actual
Purchased Resources	285,000	257,615	269,371
Labor & Benefits	2,348,490	1,955,220	2,017,699
Oper., Maint. & Admin.	1,401,912	1,099,335	1,162,619
Taxes	282,070	253,095	260,506
Debt	954,734	756,948	677,783
Capital	7,757,610	2,207,008	1,354,859
Total	13,029,816	6,529,220	5,742,837



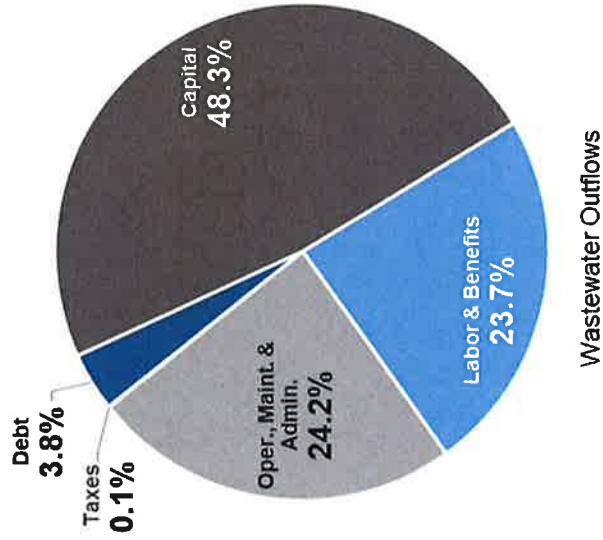
Inflow Analysis (Modified Cash Basis)

	2023	2022	2021
	Budget	Projected	Actual
Sales	79,831	78,931	73,808
Other	-	147	404
Interest	1,200	1,696	268
Capital Fund Transfer	76,000	-	-
Total	157,031	80,774	74,480

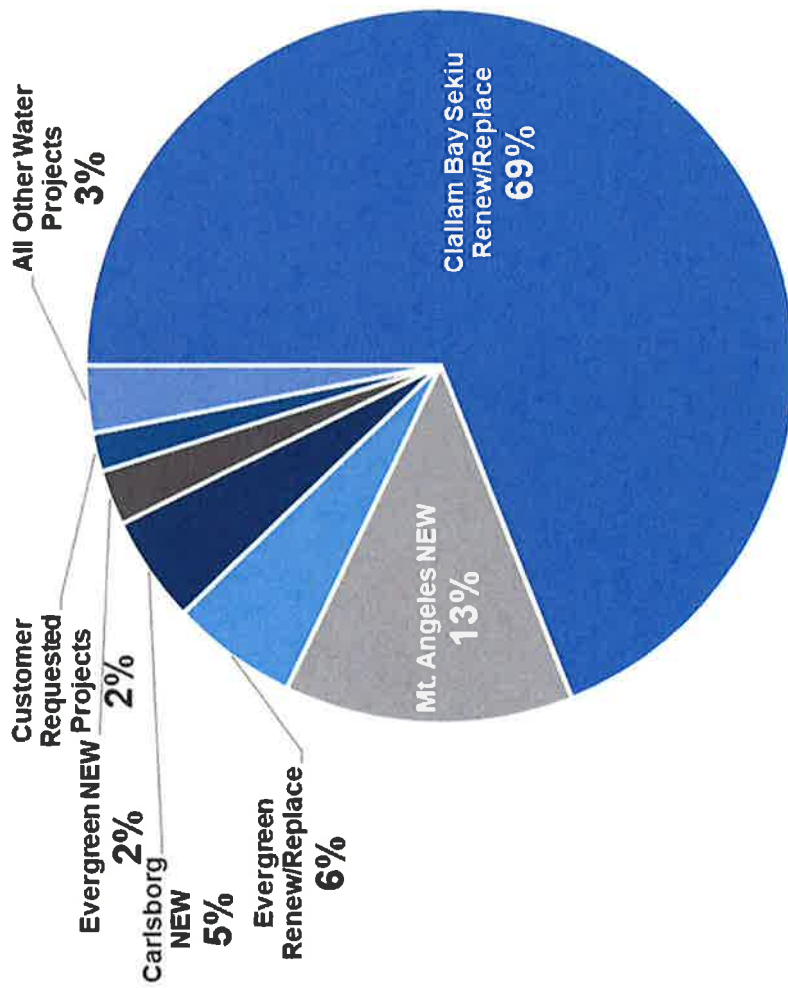


Outflow Analysis (Modified Cash Basis)

	2023 Budget	2022 Projected	2021 Actual
Labor & Benefits	37,207	29,396	32,450
Oper., Maint. & Admin.	37,923	22,084	25,847
Taxes	100	434	342
Debt	5,984	6,049	6,113
Capital	75,755	108	185
Total	156,969	58,071	64,937



Capital Overview



Water Capital

Project Description	Budgeted Cost
Clallam Bay Sekiu Renew/Replace	5,539,626
Mt. Angeles NEW	1,056,234
Evergreen Renew/Replace	460,826
Carlsborg NEW	389,294
Evergreen NEW	201,806
Customer Requested Projects	139,778
All Other Water Projects	245,251
Total Water Capital	\$8,032,815

Sewer Capital

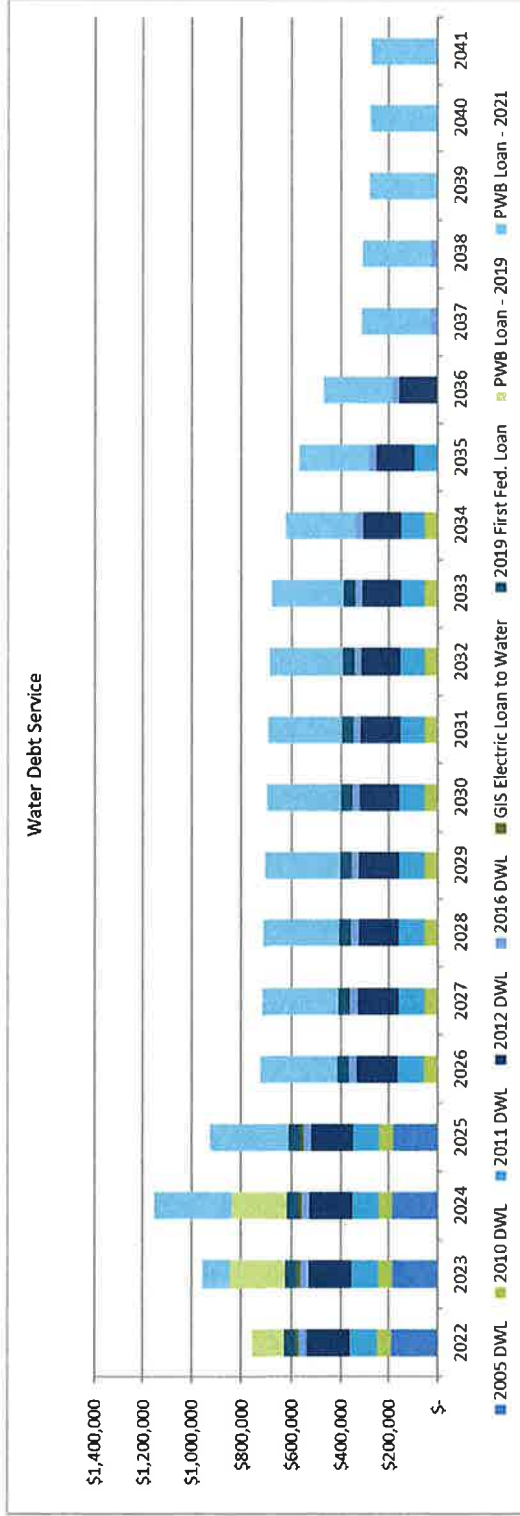
Project Description	Budgeted Cost
Sunshine I: Lower Lift Station	73,060
Miscellaneous Capital	12,000
Total Sewer Capital	\$85,060

**Note: Includes direct internal personnel costs*

Debt Overview

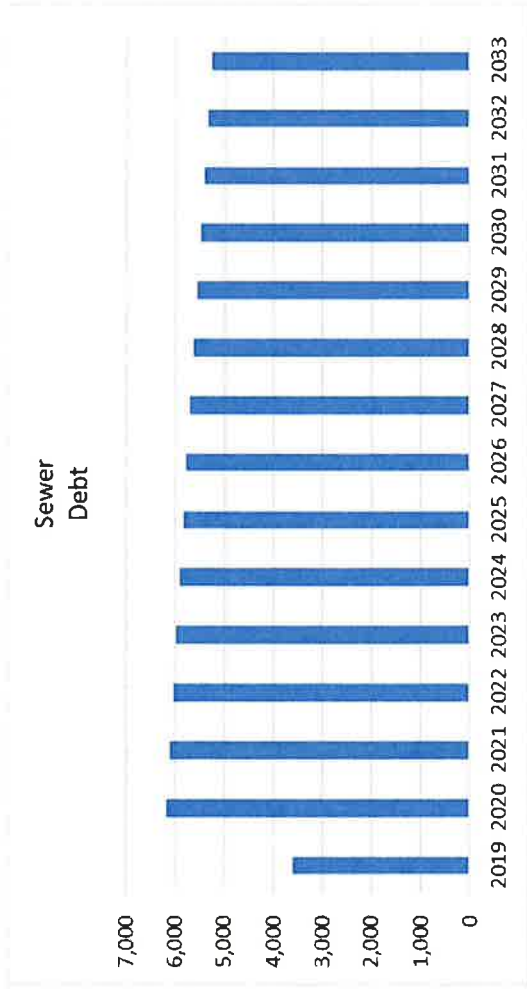
2023 Debt Payment Schedule

Debt	Principal	Interest	Payment
2005 Drinking Water Loan	181,431	5,443	186,874
2010 Drinking Water Loan	51,188	6,143	57,331
2011 Drinking Water Loan	93,564	18,245	111,809
2012 Drinking Water Loan	153,200	21,448	174,648
2016 Drinking Water Loan	26,727	6,415	33,142
2019 First Federal Loan	34,000	13,110	47,110
GIS Note Payable to Electric	12,125	727	12,852
Public Works Board Loan 2019 (est)	220,253	2,775	223,029
Public Works Board Loan 2021 (est.)	105,263	3,186	108,449
Total	\$ 877,753	\$ 77,491	\$ 955,244



2023 Debt Payment Schedule

Debt	Principal	Interest	Payment
2019 Note Payable to Water	4,413	1,571	5,984
Total	\$ 4,413	\$ 1,571	\$ 5,984



Water / WW Summary

	2023	2022	2021
Inflows	Budget	Projected	Actual
Sales	5,116,606	4,950,231	4,931,622
Other	61,767	52,425	47,751
Interest	24,000	44,861	11,219
FEMA	702,092	25,981	-
Customer Contributions	206,130	131,035	110,525
Loan Proceeds	4,500,000	689,488	418,435
Capital Fund Transfer	2,670,000	907,194	-
	13,280,595	6,801,215	5,519,552
Outflows			
Purchased Resources	285,000	257,615	269,371
Labor & Benefits	2,348,490	1,955,220	2,017,699
Oper., Maint. & Admin.	1,401,912	1,099,335	1,162,619
Taxes	282,070	253,095	260,506
Debt	954,734	756,948	677,783
Capital	7,757,610	2,207,008	1,354,859
	13,029,816	6,529,220	5,742,837
<i>Net Change in Operating Fund</i>	250,779	271,995	(223,285)

2023 Rate Impact: Residential

Water

All Other Systems	2022		2023		Change in Monthly Bill	
					2023	2023
Monthly Charge	\$	45.74	\$	47.58	\$	47.58
Volume Charge (per 100 cf)	\$	4.10	\$	4.28	\$	31.24
Volume Charge (per 100 cf)	\$	4.71	\$	4.92	\$	78.82
					\$	3.16

Island View	2022		2023		Change in Monthly Bill	
					2023	2023
Monthly Charge	\$	43.58	\$	46.50	\$	46.50
Volume Charge (per 100 cf)	\$	3.88	\$	4.18	\$	30.52
Volume Charge (per 100 cf)	\$	4.47	\$	4.81	\$	77.02
					\$	5.10

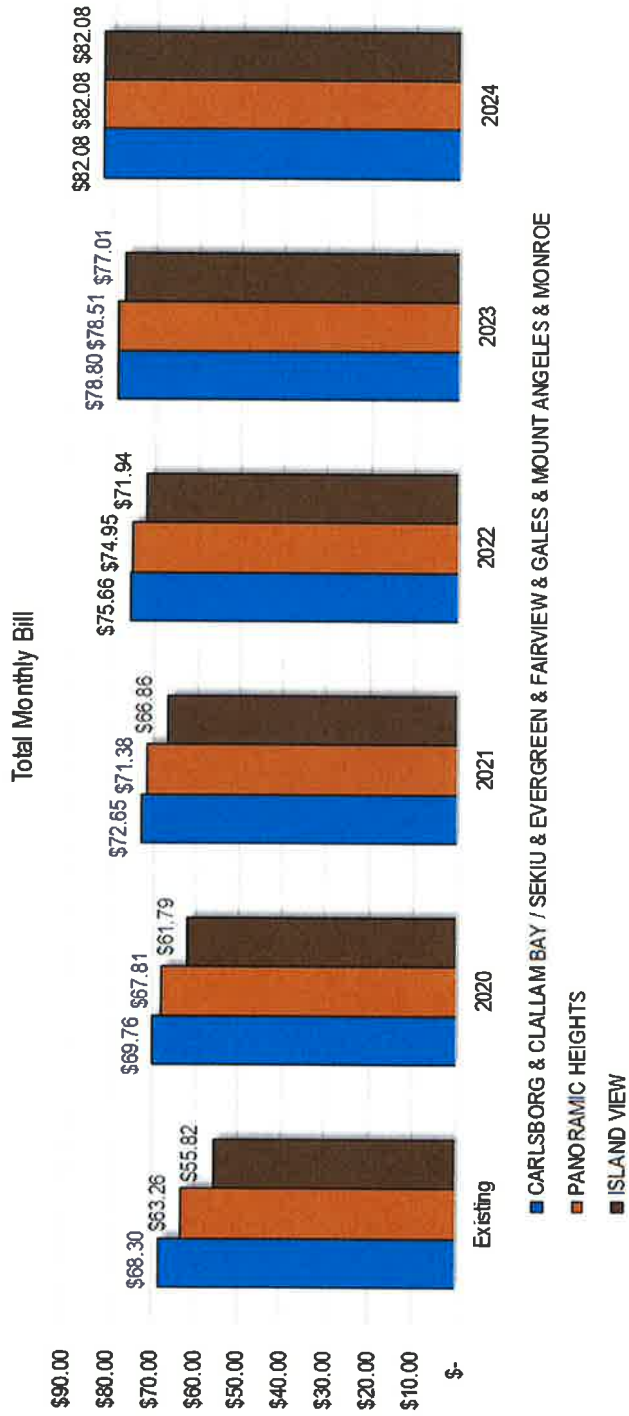
Panoramic Heights	2022		2023		Change in Monthly Bill	
					2023	2023
Monthly Charge	\$	45.74	\$	47.58	\$	47.58
Volume Charge (per 100 cf)	\$	4.00	\$	4.24	\$	30.94
Volume Charge (per 100 cf)	\$	4.60	\$	4.87	\$	78.52
					\$	3.58

Monthly cf Usage

700

Block Ceilings (ccf)

Block 1	0 - 500 cf
Block 2	501 - 900 cf
Block 3	901 - 1,600 cf
Block 4	>1,600 cf



2023 Rate Impact: Residential

Wastewater

	2022	2023	Change in Monthly Bill
Sunshine Acres I			
Monthly Charge	\$ 73.68	\$ 80.43	\$ 73.68 \$ 80.43
Capital Maintenance Fund	\$ 7.19	\$ 7.62	\$ 7.19 \$ 7.62
	\$ 80.87	\$ 88.05	\$ 80.87 \$ 88.05

	2022	2023	Change in Monthly Bill
View Ridge			
Monthly Charge	\$ 73.68	\$ 80.43	\$ 73.68 \$ 80.43
Capital Maintenance Fund	\$ 5.91	\$ 7.35	\$ 5.91 \$ 7.35
	\$ 79.59	\$ 87.78	\$ 79.59 \$ 87.78

	2022	2023	Change in Monthly Bill
Sunshine Acres I			
Monthly Charge	\$ 73.68	\$ 80.43	\$ 73.68 \$ 80.43
Capital Maintenance Fund	\$ 4.84	\$ 6.45	\$ 4.84 \$ 6.45
	\$ 78.52	\$ 86.88	\$ 78.52 \$ 86.88

	2022	2023	Change in Monthly Bill
Southern View Estates			
Monthly Charge	\$ 97.00	\$ 92.96	\$ 97.00 \$ 92.96
Capital Maintenance Fund	\$ 4.73	\$ 6.40	\$ 4.73 \$ 6.40
	\$ 101.73	\$ 99.36	\$ 101.73 \$ 99.36

System Summary

Electric Summary (Modified Cash Basis)

Inflows	2023 Budget
Sales	72,093,050
Other	4,027,628
Interest	295,000
FEMA	386,000
Customer Contributions	1,098,000
Bond Proceeds	-
Capital Fund Transfer	77,899,678

Outflows	
Conservation	471,800
Purchased Resources	23,826,376
Labor & Benefits	21,762,032
Oper., Maint. & Admin.	7,417,204
Taxes	4,886,803
Debt	3,533,916
Capital	10,408,949
Fund Transfers	3,278,261
	<u>75,585,341</u>

Net Change in Op. Reserves	2,314,337
Ending Op. Reserves	<u>\$33,031,015</u>

Water Summary (Modified Cash Basis)

Inflows	2023 Budget
Sales	5,116,606
Other	61,767
Interest	24,000
FEMA	702,092
Customer Contributions	206,130
Loan Proceeds	4,500,000
Capital Fund Transfer	2,670,000
	<u>13,280,595</u>

Outflows	
Purchased Resources	285,000
Labor & Benefits	2,348,490
Oper., Maint. & Admin.	1,401,912
Taxes	282,070
Debt	954,734
Capital	7,757,610
	<u>13,029,816</u>

Net Change in Op. Reserves	250,779
Ending Op. Reserves	<u>\$1,484,741</u>

Sewer Summary (Modified Cash Basis)

Inflows	2023 Budget
Sales	79,831
Other	-
Interest	1,200
Loan Proceeds	-
Capital Fund Transfer	76,000
	<u>157,031</u>

Outflows	
Labor & Benefits	37,207
Oper., Maint. & Admin.	37,923
Taxes	100
Debt	5,984
Capital	75,755
	<u>156,969</u>

Net Change in Op. Reserves	62
Ending Op. Reserves	<u>\$93,593</u>



Questions & Discussion