

PRE-AGENDA
FOR THE REGULAR MEETING OF
PUBLIC UTILITY DISTRICT #1 OF CLALLAM COUNTY
BOARD OF COMMISSIONERS
June 12, 2023 AT 1:30 PM - THIS IS A HYBRID MEETING

Join Zoom Meeting: <https://clallampud-net.zoom.us/j/84721624204?pwd=Q0pCaVRLWXFqeWpONVYafM0UFB2UT09>
Meeting ID: 847 2162 4204 | **Passcode:** 718170

- **Consent Agenda Items**
The Board will consider approving Consent Agenda items.

- **RESOLUTION 2275-23 Declaring an Emergency and Authorizing Certain Emergency Work**
The Board will consider approving RESOLUTION 2275-23 Declaring an Emergency and Authorizing Certain Emergency Work for Water Main Repair Near Sekiu.

Staff requests a motion, second, and a vote to: approve RESOLUTION 2275-23 declaring an emergency and authorizing certain emergency work, without formal bid, for water main repair and restoration of State Route 112 near Sekiu.

- **RESOLUTION 2274-23 Declaring an Emergency and Authorizing the Purchase of Three Phase Transformers Without Formal Bid**
The Board will consider approving RESOLUTION 2274-23 Declaring an Emergency and Authorizing the Purchase of Three Phase Transformers Without Formal Bid.

Staff requests a motion, second, and a vote to: approve RESOLUTION 2274-23 declaring an emergency and authorizing the purchase of three phase transformers, without formal bid, for immediate and necessary District needs and supply.

- **RESOLUTION 2273-23 Authorizing the Disposal of Surplus Property**
The Board will consider approving RESOLUTION 2273-23 Authorizing the Disposal of Surplus Property.

Staff requests a motion, second, and a vote to: approve RESOLUTION 2273-23 authorizing the disposal of surplus property consisting of various vehicles, equipment, and materials for a total estimated resale value of 21,030.

- **Water/Wastewater Cost of Service Analysis (COSA) Results**
Sergey Tarasov of FCS Consulting will present the results of the Water and Wastewater Cost of Service Analysis (COSA).

- **BPA Post-2028 Contract Discussion**
Board and staff will discuss recent BPA post-2028 contract negotiations.

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.

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- 1. CALL TO ORDER**
- 2. PUBLIC COMMENT #1: AGENDA-SPECIFIC COMMENTS**
- 3. AGENDA REVISIONS**
- 4. APPROVAL OF CONSENT AGENDA**
 - A. Minutes of the May 8, 2023 regular meeting;
 - B. Claim vouchers for May 8 through June 5, 2023 for a total of \$6,69,212.61;
 - C. Payroll vouchers for the period of May 1 through May 31, 2023;
 - D. Removal of delinquent accounts from June active accounts receivable in the amount of \$10,647.09 including a 30% collection fee; and
 - E. Contractor prequalification for Wright Tree Service, inc., in the amount of \$5,000,000.00 for the upcoming calendar year.
- 5. BUSINESS ITEMS**
 - A. RESOLUTION 2275-23 Declaring an Emergency and Authorizing Certain Emergency Work, Without Formal Bid, for Water Main Repair and Restoration of State Route 112 Near Sekiu Bowen Kendrick
 - B. RESOLUTION 2274-23 Declaring an Emergency and Authorizing the Purchase of Three Phase Transformers, Without Formal Bid, for Immediate and Necessary District Needs and Supply Kaylie Hunter
 - C. RESOLUTION 2273-23 Authorizing the Disposal of Surplus Property Kaylie Hunter
 - D. Water/Wastewater Cost of Sales Analysis (COSA) Results Sergey Tarasov, FCS Consulting
 - E. BPA post-2028 contract discussion Commissioners, Staff
- 6. CORRESPONDENCE/COMMUNICATIONS**
 - A. Customer Satisfaction Survey Sean Worthington
- 7. COMMISSIONER REPORTS**
- 8. STAFF REPORTS**
 - A. Power Supply Update Tyler King
- 9. BOARD ACTION ITEMS FOR STAFF**
- 10. PUBLIC COMMENT #2: GENERAL COMMENTS**
- 11. 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

May 8, 2023 at 1:30 PM - This was a hybrid meeting

Commissioners Present

Jim Waddell, District 3 Commissioner, President

Ken Hays, District 1 Commissioner, Vice President

John Purvis III, District 2 Commissioner, Secretary

Staff Present (in person or via Zoom):

Sean Worthington, General Manager

Lori Carter, Controller/Auditing Officer

Ruth Kuch, Finance Manager/Treasurer

Ben Phillips, Engineer III

Bill Decker, Forks Ops Superintendent

Bowen Kendrick, WWW Manager

Terry Lind, PA Ops Superintendent

Eric Jacobson, Business Analyst

Teresa Lyn, Executive Assistant

Alan Plasch, Sr. Power Systems Coordinator

Chelsey Jung, Payroll Coordinator

Greg Thompson, Engineering Technician II

Jamie Spence, HR Manager

Jason Siebel, Carlsborg Ops Superintendent

Jenean Keate, Contracts Coordinator

Kaylie Hunter, Procurement/Facilities Supvr

Mary Doran, Senior Accountant

Mike Hill, Engineering Manager

Nicole Hartman, Communications Manager

Sarah Canepa, Financial Analyst II

Shanee Wimberly, Utility Services Advisor I

Shawn Delplain, IT Manager

Tara Gray, Customer Information Specialist

Tyler King, Power Analyst

Xanthius Christianson, Engineer II

Others Present as Identified (in person or via Zoom):

Katie Woodin, LWVCLA observer

Patti Morris

Sanders (first name not provided)

The meeting commenced at 1:30 PM.

AGENDA-SPECIFIC PUBLIC COMMENT

No public comment.

AGENDA REVISIONS

Business Items B and C will be presented by Port Angeles Superintendent Terry Lind in lieu of Forks Superintendent Bill Decker.

APPROVAL OF CONSENT AGENDA

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

- A. Minutes of the April 17, 2023 regular meeting;
- B. Minutes of the April 24, 2023 regular meeting;
- C. Claim vouchers for April 24 through May 1, 2023 for a total of \$1,725,728.36;
- D. Payroll vouchers for the period of April 16 through April 30, 2023; and
- E. Removal of delinquent accounts from May active accounts receivable in the amount of \$8,577.46 including a 30% collection fee.

BUSINESS ITEMS

District 3 Commissioner/Board President Jim Waddell welcomed newly appointed District 2 Commissioner John Purvis to the Board.

- A. Upon recommendation of staff, and upon motion from Commissioner Hays seconded by Commissioner Purvis and carried, the Board authorized Acceptance Memo of Completion Bid No. 221003 with RHD Enterprises, Inc., for the fabrication and delivery of components required for the Liberty Station substation. The total contract cost of this project is \$78,027.34, including WSST.
- B. Upon recommendation of staff, and upon motion from Commissioner Purvis seconded by Commissioner Hays and carried, the Board authorized authorize District staff to proceed with solicitation and negotiations in the open market, as allowed in RCW 54.04.080 for public utilities (as no bids were received) for a responsible contractor to provide helicopter born aerial saw services with a project cost not-to-exceed \$170,000.
- C. Upon recommendation of staff, and upon motion from Commissioner Hays seconded by Commissioner Purvis and carried, the Board authorized District staff to award Bid No. 230802 to Pacific Pole Inspection, LLC., for inspection, treatment, and reporting of electrical transmission and distribution poles for a not-to-exceed amount of \$141,250.
- D. Upon recommendation of staff, and upon motion from Commissioner Hays seconded by Commissioner Purvis and carried, the Board approved RESOLUTION 2272-23 Appointing Two Deputy Auditors, Defining the Responsibilities of the Deputy Auditor, and Rescinding Resolution 2232-22.
- E. After a brief Commissioner discussion, Commissioner Purvis made a motion to elect the Commissioners to the board officer positions as follows: President to District 3 Commissioner Jim Waddell; Vice President to District 2 Commissioner Ken Hays; and Secretary to District 2 Commissioner John Purvis III. Commissioner Hays seconded the motion, which carried. All Commissioners voted aye. These board-elected positions will be reviewed in January 2024.
- F. After Commissioner discussion, Commissioner Hays made a motion which was seconded by Commissioner Purvis, voted on, and approved unanimously to approve 2023 Committee and Organization Membership delegate alterations as follows:
 - a. **Northwest Open Access Network (NoaNet):** Board Director: Shawn Delplain; Alternate: Sean Worthington.
 - b. **Northwest Public Power Association (NWPPA):** Primary: John Purvis; Alternate: Ken Hays.
 - c. **Port Angeles Business Association (PABA):** Primary: John Purvis; Alternate: Jim Waddell.
 - d. **Washington PUD Association (WPUA):**
 - i. **Board of Directors:** Primary: Jim Waddell; Alternate: Ken Hays.
 - ii. **Energy Committee:** add John Purvis as an alternate.
 - iii. **Water Committee:** Add Ken Hays as the 2nd Alternate.

- iv. Remove delegates from the **Manager's Committee** (not applicable or needed)
- e. **Western Public Agencies Group (WPAG):** add Jim Waddell as a second alternate.

G. Commissioners and staff discussed BPA post-2028 contract negotiations.

CORRESPONDENCE/COMMUNICATIONS

General Manager Sean Worthington reminded the Board that our joint meeting with the County Commissioners is scheduled for next Monday, May 15th at 1 PM. This meeting will be held at the Port Angeles County Courthouse and will take the place of our regularly scheduled May 22nd Board meeting.

General Manager Sean Worthington asked the Board to clarify the desired qualities and skill set they wished to convey to WPUA in regards to selection of its new Executive Director.

COMMISSIONER REPORTS

Commissioner Waddell attended a WPAG meeting. Topics were: the Columbia Generating Stations planned outage.

Commissioner Hays attended an Energy Northwest Joint Executive Board meeting. Main topics were: the Northwest Power Plan update and the BPA Transmission Interconnection and Infrastructure Report.

Commissioner Purvis attended a WPAG meeting. Topics were: a Western interconnect market discussion, a Southern power pool proposed market; a CAISO extended day ahead market (EDAM), and a TC25 transmission tariff. He shared that there will be no more Provider of Choice meetings until after the draft policy release in July, and peak net requirements. He also participated in the Clallam County Broadband team meeting. Topics were digital equity, and struggles to get mapping information from the County of existing broadband. He also attended an NODC meeting regarding PNNL receiving a grant associated with green energy to make marine energy microgrids in our territory.

STAFF REPORTS

No staff reports.

BOARD ACTION ITEMS FOR STAFF

- A. Reach out to Jefferson PUD to see if we can leverage our concurrent needs in order to reach a budget threshold that would make our aerial treatment project more attractive;
- B. Respond back to Field Hall in PA that while the PUD fully supports their new Performing Arts Center, as a public company we cannot support it financially by becoming a sponsor; and
- C. Update the Organization/Membership List with current delegates.

GENERAL PUBLIC COMMENT

No public comment.

ADJOURN

There being no further business to come before the Board, the meeting adjourned at 2:43 PM.

Submitted by Teresa Lyn, Executive Assistant.

ATTEST:

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/>.

May 8, 2023

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  DATE 6/6/23
AUDITING OFFICER,

 DATE 6/7/23
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 5/8/2023–6/5/2023

Checks	\$	2,880,076.63
Wire Transfers		3,711,410.82
E-Payment		83,223.30
Prepays		15,501.86
Total	\$	6,690,212.61

COMMISSIONER

COMMISSIONER

COMMISSIONER

PUD#1 OF CLALLAM COUNTY, WASHINGTON

JUNE 2023

**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:

06/01/23	Clallam Bay – Evergreen	\$	319.00
06/01/23	Forks – Evergreen	\$	1,631.33
06/01/23	Port Angeles – Evergreen	\$	1,583.70
06/01/23	Sequim – Evergreen	\$	4,646.18
06/01/23	All Area-Direct W/O Bankruptcy	\$	-
06/01/23	All Area-Direct W/O Deceased	\$	-
06/01/23	All Area-Direct W/O Small Balance	\$	12.82
	SUBTOTAL	\$	8,193.03
06/01/23	30% Collection Fee	\$	2,454.06
	TOTAL	\$	10,647.09

Previous Debt Collected in May 2023 \$ 5,122.31
Previous Debt Collected Year To Date 2023 \$ 12,584.22

Dated this _____ day of _____, 20____.

President

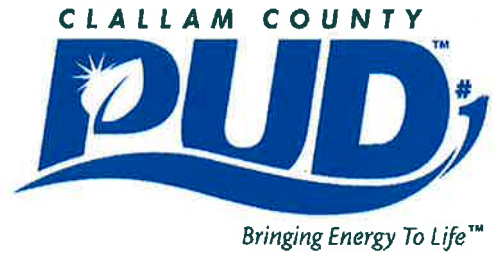
Secretary

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.



MEMORANDUM

Date: June 12, 2023
To: Sean Worthington, General Manager
From: Jenean Keate, Contracts Coordinator
Re: CONTRACTOR PREQUALIFICATION APPLICATIONS

The contractor on the following list is requesting approval for prequalification for the upcoming calendar year. Ruth Kuch, Treasurer/Finance Manager, has examined the financial data submitted with the application as well as the bonding letter from their surety and/or bonding company and has recommended the prequalification amount as indicated:

Contractor	Previously-Approved Amount	Recommended Amount
Wright Tree Service, Inc	First Time Applicant	\$5,000,000

Approved by Board of Commissioners at meeting of: _____, 20____.

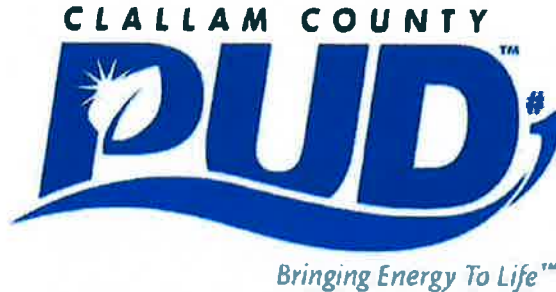
Sean Worthington, General Manager

District Use Only: MH JA TL BD RK JS GD

Previous Pre-Qual Amount: \$5,000,000 New Pre-Qual Amount: _____

References checked by: Terry Lind (on new contractors only) Date: 5/9/2023

Date To Board: June 12, 2023



**APPLICATION FOR PREQUALIFICATION TO BID ON
CONSTRUCTION OR IMPROVEMENT OF ELECTRICAL FACILITY**

Contractors wishing to apply to the PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY for designation as a pre-qualified bidder for construction or improvement of any electrical facility shall complete the following questionnaire and submit all the information requested.

As used herein, the term "construction or improvement of any electrical facility" shall mean the construction, the moving, maintenance, modification, or enlargement of facilities primarily used or to be used for the transmission or distribution of electricity at voltages above seven hundred fifty volts, including structures directly supporting transmission or distribution conductors but not including site preparation, housing, or protective fencing associated with but not included in a contract for such construction, moving, modification, maintenance, or enlargement of such facilities.

1. Name of Business: Wright Tree Service, Inc.
2. Address -- Mailing: 5930 Grand Ave. West Des Moines, Iowa 50266
Business: 5930 Grand Ave. West Des Moines, Iowa 50266
Telephone Number: 515-277-6291
FAX Number: _____
E-Mail Address: contractadmin@wrighttree.com
U.B.I. Number: 600114608
Contractor Registration No: WRIGHTS925K8
WA Employment Security No: 603417-00
Dept. of Revenue State Excise Tax No: N/A, B&O Tax
Company Federal Tax ID No: 42-0860402
Sole Proprietorship Partnership Incorporation

capable of undertaking? \$ 1.3M

12. Set forth the name and address of Applicant's bank, including the branch and name of the individual in said bank to be contacted for financial reference.

J.P. Morgan Chase 5550 Wild Rose Lane, Ste. #400 West Des Moines, Iowa

Chad Schaller (515) 802-4618

13. Set forth the names and addresses of three (3) clients who will act as references.

PacifiCorp: Brian King 503-502-8332 | 825 NE Multnomah St. Portland, OR

Clark County PUD: Paul Wienecke 360-992-8863 | P.O. Box 8900 Vancouver, WA

Chelan County PUD: Bill Sanborn 509-669-0390 | 327 N Wenatchee Ave. Wenatchee, WA

14. Attach your last fiscal year's complete financial statement (**Balance Sheet and Income Statement**). You must also submit a letter from your bonding/surety company that identifies their capacity in aggregate and by project.

Note: Application for Pre-qualification will not be considered without last fiscal year's complete financial statement.

15. Affirm that Applicant will pay wages and benefits for craftsmen employed on work that prevail in the locality of the work, as determined by the Department of Labor and Industries. affirm
(Please write "affirm", if you agree)

16. Affirm that Applicant will comply with government regulations regarding non-discrimination of employment and employment practices on the basis of sex, race, color, or national origin. affirm
(Please write "affirm", if you agree)

17. APPLICANT RECOGNIZES AND AGREES THAT UNDER THE PROVISIONS OF RCW 54.04.085, IF THE DISTRICT COMMISSION DETERMINES THAT A PREQUALIFIED CONTRACTOR NO LONGER MEETS ALL OF THE REQUIREMENTS FOR PREQUALIFICATION STATUS, THE DISTRICT MAY REFUSE TO FURNISH THAT CONTRACTOR WITH A CONTRACT PROPOSAL FORM AND MAY REJECT ANY BID PROPOSAL SUBMITTED BY THAT CONTRACTOR. affirm
(Please write "affirm", if you agree)

18. List all OSHA citations received over the past three years including:

- Violation type
- Date
- Outcome and brief description of citation
- Any fatal accidents
- **MUST ATTACH OSHA 300 LOG FOR THE PREVIOUS 3 YEAR PERIOD**

Not Applicable.

19. Applicant confirms they are not on any State or Federal Suspended/Debarment lists. If for any reason applicant is placed on any State or Federal Suspended/Debarment lists, applicant must inform the District immediately and is banned from bidding on any project until the Suspension/Debarment is lifted and at the discretion of the District.

For which of the following classes of work are you seeking prequalification? *Indicate by use of "X" in proper square.*

A. DISTRIBUTION

- 1. Hot Work - Overhead
- 2. Overhead Construction
- 3. Underground - Primary
- 4. Underground - Secondary
- 5. Plowing
- 6. Trenching

B. TRANSMISSION

- 1. Wood or Fiberglass Poles
- 2. Steel Tower
- 3. Steel or Concrete Poles
- 4. Underground
- 5. Stringing and Sagging Conductor

C. POLE AND WOOD PRODUCT INSPECTION

- 1. Inspection and Treatment of Poles in Place
- 2. Inspection of New Crossarms and Poles

D. SUBSTATION

- 1. Complete Installation
- 2. Control Wiring and Metering
- 3. Maintenance

E. AREA AND STREET LIGHTING

- 1. Installation
- 2. Maintenance

F. TREE TRIMMING AND BRUSHING

- 1. Involving "Hot" Lines
- 2. Not involving "Hot" Lines

G. RIGHT-OF-WAY CLEARING

H. ENVIRONMENTAL CLEANUP SERVICES

I. MISCELLANEOUS (List any special class not covered above)

I certify that information herein and/or attached is correct, true, and complete.

SIGNED this 27th day of March, 2023

Richard W Bonifas

Signature of Applicant

Richard Bonifas, Senior Vice President

Name and Title (Typed or Printed)

STATE OF Iowa)
County of Polk) ss.

Signed or attested before me on this 27th day of March, 2023 by

Richard Bonifas

Michelle Pfantz
NOTARY PUBLIC in and for the

State of Iowa

My Commission Expires: June 29, 2023

[Notary Seal]



3. If Applicant is a corporation:

a. State of incorporation: Iowa

b. Name and address of registered agent: CT Corporation System

711 Capitol Way South, Ste. 20 Olympia, WA 98501

c. Names and addresses of officers of the corporation and their length of time with corporation. Indicate by an "*" those authorized to sign contracts:

*CEO- Scott Packard, 24 Years years in the industry working with Wright Tree Service.

*President- Wade Myers, 36 years in the industry and working for Wright Tree Service.

*Senior Vice President- Richard Bonifas, 17 years working with Wright Tree Service and 38 years in the industry.

d. Number of years the corporation has been in business: 90

4. If Applicant is a partnership, state -

a. Names and addresses of all partners:

b. Length of time partnership has been in business: _____

5. If Applicant is a sole proprietorship, how long have you been in business? _____

6. Number of years Applicant has performed the type of work for which Applicant is bidding: 90

7. Has the Applicant paid all current license fees to the State of Washington:

(circle one) YES NO

License type: Electrical _____ Electrical License # _____

General Construction General License # WRIGHTS925K8

8. Attach a **general résumé** setting forth applicant's experience, technical qualifications, and organization's ability to perform the proposed construction.

9. Attach a **list of your supervisory personnel, their qualifications, and years of experience.** Also list the number and type of craftsmen available, and list equipment available for work.

10. Attach a **list of clients served over the last three (3) years** including their names, addresses, location of the jobs performed, and contract amounts of the larger contracts. Be sure to include all work done with other Washington public utility districts.

11. What is the maximum amount of work, expressed in dollars, which you consider you are

Public Utility District No. 1 of Clallam County
Treasurer's Report
April 30, 2023

	3/31/23			Receipts			Disbursements			4/30/23	4/30/22
	Cash	Transfers	Investments	Cash	Transfers	Investments	Cash	Transfers	Investments		
Electric Funds											
Electric Operating Fund	16,572,727.80	9,124,003.38	780,397.53				7,602,228.75	1,562,549.01		17,312,350.95	9,478,072.23
Temporary Investments	17,255,081.79	72,090.77								17,327,172.56	20,997,470.74
Safekeeping Account	5,124.37	0.61					6.00			5,118.98	4,606.52
Working Funds	3,200.00									3,200.00	3,350.00
Escrow in Lieu of Bond Fund											
Rate Stabilization Fund	4,325,583.00									4,325,583.00	4,145,145.24
2022 Construction Fund											4,616,549.94
Rural Economic Dev. Fund											
CETA Decarbonization Fund	7,697,316.02	28,054.67								7,725,370.69	577,437.29
Debt Service Funds	2,954,675.00		294,346.89				2,954,575.00			294,346.89	294,929.17
Debt Service Reserve Fund	1,898,144.46									1,898,144.46	2,016,067.39
Water Funds	50,711,752.44	9,224,149.43	1,074,744.42				10,556,809.75	1,562,549.01		48,891,287.53	42,133,648.52
Water Operating Fund	2,371,206.70	8,642.42	1,260,742.36					822,471.48		2,818,120.00	910,966.79
Water Capital Fund	3,560,540.08	12,977.22	44,100.29							3,617,617.59	4,952,506.19
Debt Service Fund - 2019 Loan	15,700.83		3,925.00							19,625.83	19,625.00
Sewer Funds	5,947,447.61	21,619.64	1,308,767.65					822,471.48		6,455,363.42	5,863,097.98
Sewer Operating Fund	90,660.82	330.43	7,677.09					6,805.57		91,862.77	72,128.40
Sewer Capital Fund	153,746.59	560.37	636.90							154,943.85	143,611.04
	244,407.41	890.80	8,313.99					6,805.57		246,806.63	215,739.44
Totals	56,903,607.46	9,246,659.87	2,391,826.06				10,556,809.75	2,391,826.06		55,593,457.58	48,232,485.94

	Interest		
	Current Month	2023	2022
Electric Funds	166,075.73	374,403.71	51,117.53
Water Funds	21,619.64	47,561.66	7,233.48
Sewer Funds	890.80	1,912.13	262.52
Total	208,586.17	423,867.50	58,613.53

	Cash & Investments	
	4/30/23	4/30/22
FF/Gesa/Sound Accounts	38,257,966.04	27,227,058.68
LGIP	-	-
Working Funds	3,200.00	3,350.00
Safekeeping	5,118.98	4,606.52
Investments	17,327,172.56	20,997,470.74
Total	55,593,457.58	48,232,485.94

Cash & Investments

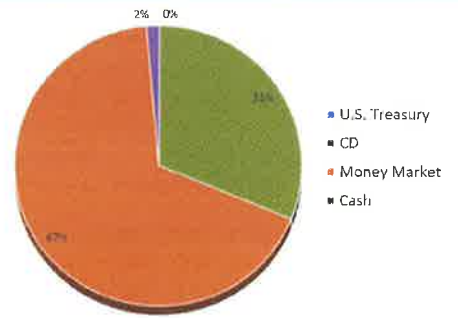
April 30, 2023

Avg. Weighted Yield - Money Market	5.04%
Avg. Weighted Yield - Investments	5.13%
Avg. Days to Maturity	495

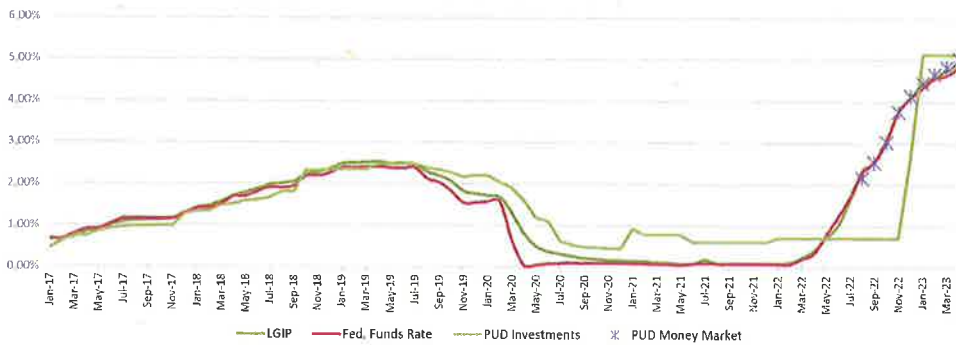
Cash & Investment Portfolio

Electric	Investment Instrument	Yield/Rate	Term	Maturity Date	Balance
Gesa CU	CD	5.20%	13 MO.	2/29/2024	3,077,304.95
Gesa CU	CD	5.20%	13 MO.	2/29/2024	3,077,212.65
Gesa CU	CD	5.00%	36 MO.	12/8/2025	5,097,184.90
Sound	CD	5.20%	13 MO.	2/26/2024	6,075,470.06
				Subtotal	17,327,172.56
All Systems					
LGIP		N/A			-
FF Money Market		5.03%			34,064,372.99
Sound Money Market		5.10%			3,385,493.67
Cash**		Varied			816,418.36
				Subtotal	38,266,285.02
				Total	\$ 55,593,457.58

**Cash held at FF, Sound, Gesa and US Bank (incl. Working Funds), excl. Money Market.



Rate History: LGIP, Fed Funds Rate, & PUD Investment Portfolio



Public Utility District No. 1 of Clallam County
Treasurer's Report April 30, 2023

Cash Receipts

Electric	Collections	9,038,073.70	
	Allocated Interest	85,929.68	
	Subtotal	9,124,003.38	
Temp. Investments	Bond Income	-	
	CD Interest	72,090.77	
	Subtotal	72,090.77	
Safekeeping	Treasury Bond Interest	-	
	Safekeeping Interest	0.61	
	Subtotal	0.61	
CETA Decarbonization Fund	Allocated Interest	28,054.67	
Water	Collections	-	
	Allocated Interest	8,642.42	
	Subtotal	8,642.42	
Water Capital Fund	Allocated Interest	12,977.22	
Sewer	Collections	-	
	Allocated Interest	330.43	
	Subtotal	330.43	
Sewer Capital Fund	Allocated Interest	560.37	
	Total	9,246,659.87	

Cash Disbursements

Electric	Checks Iss'd/Fees	7,602,228.75	
	Subtotal	7,602,228.75	
Safekeeping Account	Fees	6.00	
Debt Service Fund - 2010	Principal & Interest	736,225.00	
Debt Service Fund - 2014	Principal & Interest	735,875.00	
Debt Service Fund - 2016	Principal & Interest	812,825.00	
Debt Service Fund - 2018	Principal & Interest	530,950.00	
Debt Service Fund - 2022	Principal & Interest	138,700.00	
	Subtotal	2,954,575.00	
Water	Debt Service Fund - 2019 Loan	-	
	Total	10,556,809.75	

Transfers In

Electric	From Water Op warehouse rent	1,990.00	
	From Water Op GIS Loan Payment	-	
	From Wat/Sew Op shared services	40,255.18	
	From Wat/Sew Op Current Month Payroll	147,943.45	
	Intercompany Trfs. - fleet, materials OH, etc. (WS)	17,853.94	
	From Wat/Sew Current Month Voucher & RnV	572,354.96	
	From Working Funds	-	
	Subtotal	780,397.53	
CETA Decarbonization Fund	From Elec Op	-	
Rate Stabilization Fund	From Elec Op	-	
Debt Service Funds	From Electric Op monthly debt service transfers	294,346.89	
Water	From Electric Op for Current Month Receipts	1,259,279.85	
	Intercompany Trfs. - fleet, materials OH, etc. (ES)	1,462.51	
	From Sewer Op promissory note pymt.	-	
	From Water Op	-	
	Subtotal	1,260,742.36	
Water Capital Fund	From Water Op for charges billed	44,100.29	
	From Water Op Transfer	-	
	Subtotal	44,100.29	
Debt Service Fund - 2019 Loan	From Water Op	3,925.00	
Sewer	From Electric Op for Current Month Receipts	7,677.09	
	Intercompany Trfs. - fleet, materials OH, etc. (EW)	-	
	Subtotal	7,677.09	
Sewer Capital Fund	From Sewer Op for charges billed	636.90	
	Total	2,391,826.06	

Transfers Out

Electric	To 2010 Electric Debt Service Fund	72,184.38	
	To 2014 Electric Debt Service Fund	64,312.50	
	To 2016 Electric Debt Service Fund	75,325.00	
	To 2018 Electric Debt Service Fund	59,408.34	
	To 2022 Electric Debt Service Fund	23,116.67	
	To CETA Fund	-	
	To Rate Stabilization Fund	-	
	To Wat/Sew Op Current Month Receipts	1,266,956.94	
	Intercompany Trfs. - fleet, materials OH, etc. (S)	-	
	Intercompany Trfs. - fleet, materials OH, etc. (W)	1,245.18	
	Subtotal	1,562,549.01	
Debt Service Reserve Fund	To Electric Op	-	
Water	To Electric Op Current Month Payroll	143,063.82	
	To Electric Op warehouse rent	1,990.00	
	To Electric Oper shared services	39,889.11	
	To Electric Op Current Month Vouchers & RnV	570,749.32	
	To Electric Op GIS Loan Payment	-	
	Intercompany Trfs. - fleet, materials OH, etc. (E)	17,853.94	
	To Water Capital Fund charges billed	44,100.29	
	To Debt Service Fund - 2019 Loan	3,925.00	
	Subtotal	822,471.48	
Water Capital Fund	To Water Op	-	
Sewer	To Electric Op Current Month Payroll	3,978.63	
	To Elec Oper shared services	366.07	
	To Electric Op Current Month Vouchers & RnV	1,605.64	
	Intercompany Trfs. - fleet, materials OH, etc.	-	
	To Water Op promissory note pymt	-	
	Intercompany Trfs. - fleet, materials OH, etc. (W)	217.33	
	To Sewer Capital Fund charges billed	636.90	
	Subtotal	6,805.57	
	Total	2,391,826.06	

Investments Matured/Purchased

Operating Fund			
	Subtotal	-	
Safekeeping			
	Subtotal	-	
Temp. Investments			
	Subtotal	-	
	Total	-	

Investments Matured/Purchased

Operating Fund			
	Subtotal	-	
Safekeeping			
	Subtotal	-	
Temp. Investments			
	Subtotal	-	
	Total	-	

RESOLUTION NO. 2275-23

A RESOLUTION Declaring an Emergency and Authorizing
Certain Emergency Work, Without Formal Bid, for Water Main
Repair and Restoration of State Route 112 Near Sekiu

WHEREAS, a significant water main break occurred on June 6, 2023 causing damage to a portion of State Route 112 near milepost 15.05, rendering a section of highway impassable without lane closure; and

WHEREAS, immediate repairs and restoration to the water main and highway are necessary to protect the Public; and

WHEREAS, an emergency declaration and quotation procedure will reduce procurement and mobilization time to allow contractors, to immediately repair the damaged portion of State Route 112; now, therefore, be it

RESOLVED, That District staff is authorized to negotiate a purchase order with Interwest Construction Inc., without a formal bid after having taken precautions to secure the lowest price practicable under the circumstances.

PASSED, by the Board of Commissioners of Public Utility District No. 1 of Clallam County, Washington, this the 12th day of June 2023.

RESOLUTION NO. 2274-23

A RESOLUTION Declaring an Emergency and Authorizing the Purchase of Three Phase Transformers, Without Formal Bid, for Immediate and Necessary District Needs and Supply.

WHEREAS, The District has an ongoing supply issue in three phase transformers; and

WHEREAS, the transformer quoted delivery times are in excess of 52 weeks out; and

WHEREAS, procuring the necessary transformer supply through the normal procurement process would take several weeks to accomplish; and

WHEREAS, the District has identified readily available or soon to be available new transformers from an allocated slot: and

WHEREAS, an emergency declaration and quotation procedure will allow immediate procurement of new three phase transformers with greatly truncated delivery time, therefore, be it

RESOLVED, That District staff is authorized to negotiate a purchase order with General Pacific for the purchase of three phase transformers not-to-exceed a total purchase price of \$53,456.00 not including sales tax, without a formal bid after having taken precautions to secure the lowest price practicable under the circumstances.

PASSED, by the Board of Commissioners of Public Utility District No. 1 of Clallam County, Washington, this 12th day of June, 2023.

A RESOLUTION Authorizing the Disposal of Surplus Property

WHEREAS, in accordance with RCW 54.16.180, the District property and equipment described on the attached list, has been determined to be no longer necessary or useful in the operation of the District's system; and

WHEREAS, removal, storage, and accounting for such surplus equipment is wasteful; now, therefore, be it

RESOLVED, That the General Manager is hereby authorized to dispose of the material described on the attached list as determined to be in the District's best interest.

PASSED, by the Board of Commissioners of Public Utility District No. 1 of Clallam County, Washington, this 12th day of June, 2023.

SURPLUS PROPERTY

The equipment listed below has no value to meet the current business needs of the District. Therefore, it is recommended that this equipment be declared surplus.

Submitted By: Terry Manning

Date Submitted: 03-27-2023

QTY	DESCRIPTION	ESTIMATED VALUE	DISTRICT I.D. NO.	COMMENTS
1	1999 Ford F-250 , 4x4, Bin body, Diesel engine.	2700	43-99 item 1	217,693 miles, Repair cost are high.
1	2001 Dodge Ram 2500, 4x4, Bin body, Gasoline engine	2700	58-01 item 2	222,199 miles Repair cost are too high to fix.
1	1992 GMC Sierra 3500, 4x4, Bin body , Gasoline engine	2700	64-92 Item 3	148,642 miles , Repair cost are too high
1	2003 Ford F-550 4x4, Bin body, Crane, Diesel engine	3500	92-03 Item 4	138,850 miles 6 liter engine has issues Repair cost are to high to fix
1	2000 Freightliner FL 80, 4x4 , Diesel , automatic , bucket 50' lift.	4500	225-00 Item 5	153,731 miles, 6727 hours ,Replaced by a new truck .
1	2008 Chevrolet Silverado K 2500, 4x4 , Autotmatic , Crew cab , Bin body	2700	212-08 Item 6	184,784 miles , Truck is worn out
1	Item 7, Pallet of old repair manuals (shop)	25	Item 7 pallet	Out dated shop repair manuals
1	Item 8, Pallet of old parts, out dated and cannot return..	50	Item 8 Pallet	Old (new) parts that will not fit vehicles the District has at this time.
1	Item 9, Pallet of Filters the PUD will not use and can not be returned.	25	Item 9 Pallet	Filters do not fit current PUD Vehicles
1	Item 10, Home made underground wire puller	200	Item 10-116-95	District is not using the puller
1	Item 11, box of sho-me lights, Handheld rechargeable lights.	10	Item 11 box	District went with a newer design, Repair cost are high on the sho-me lights
1	Item 12, pallet of old wheel	10	Item 12 Pallet	No longer fit PUD vehicles
1	Item 13, pallet of old wheel	10	Item 13 Pallet	No longer fit PUD vehicles
1	Item 14, Snap-on Diagnostic scanner MT 2500 Brick (Shop)	25	Item 14	Out date and cannot be updated.
1	Item 15, Hoppy Headlight aimer (Shop)	25	Item 15	Will not work on current Vehicle Headlights
1	Item 16, ASCR cable cutter kit 1	25	Item 16	No longer used by the line crews
1	Item 17, ASCR cable cutter kit 2	25	Item 17	No longer used by the line crews
1	Item 18, ASCR cable cutter kit 3	25	Item 18	No longer used by the line crews
1	Item 19 , 1999 Scat Track skid steer	1500	Item 19	Worn out , reapiir cost are to high to fix Needs tires, Radiator , hydraulic seals leaking , Hud Hoses need replaced
1	Item 20, Flat Bed 8x16 only (no vehicle, just the flat bed)	250	Item 20	No longer needed at the PUD
1	Hydraulic cylinder	25	Item 21	will not fit anything the District has.

[Handwritten Signature]
Department Supervisor

[Handwritten Signature]
Materials Superintendent

Attachment To Resolution Number:

Dated: *05/04/2023*

Board of Commissioners Meeting



Water & Wastewater Rate Study & Capital Facilities Charge (CFC) Update

June 12, 2023



Agenda

- **Background**
- **Overview of rate setting process**
- **Key assumptions**
- **Rate study summary of findings**
 - » **Water**
 - » **Wastewater**
- **Capital Facilities Charge (CFC)**
- **Next steps**
- **Questions**

Background

- **Original study completed in 2019**
- **Phase-in strategy developed to align rates by class of service for all systems by 2024**
- **Updated water Capital Facilities Charge (CFC)**
- **Significant changes have occurred**
 - » Inflation & supply chain issues
 - » Additional capital infrastructure requirements

Overview of Rate Setting Process

Fiscal Policies – Set the Management Foundation

Step 1:
Revenue Requirement
(defining overall needs)

Revenue

Debt

Reserves

O&M

Capital

Step 2:
Water Cost of Service
(equity evaluation)

Define Customer Classes

Allocate Costs

Step 3:
Design Rates
(collect target revenue)

Fixed Charge

Variable Charge



Revenue Requirement Objectives

- Determine the amount of annual revenue necessary to fund all financial obligations on a standalone basis
 - » Operating expenses
 - » Debt service (principal & interest)
 - » Capital costs and funding approach
- **Meet financial parameters and targets**
 - » Target debt service coverage ratios
 - » Maintain target reserve balances
- Evaluate revenue sufficiency over a multi-year period
- Develop rate plan to balance financial needs and minimize customer impacts

Key Assumptions

- **Study focus period 2023 – 2028**
 - » Analysis completed through 2042
- **Projected rate revenue based on 2021 customer statistics plus growth**
 - » Water: 1.4% per year for Residential & 0.3% per year for Commercial
 - Growth rates based on system wide averages
 - » Wastewater: 0.00% per year
- **2023 budget used as O&M expense baseline**
 - » Escalated by various escalation factors for future years (6.0% - 3.0% per year)
- **New debt (revenue bonds):**
 - » 5.0% interest | 20-year term | 1.0% issuance cost
 - » New water debt assumed to be either one or two years of interest only payments



Financial Policies

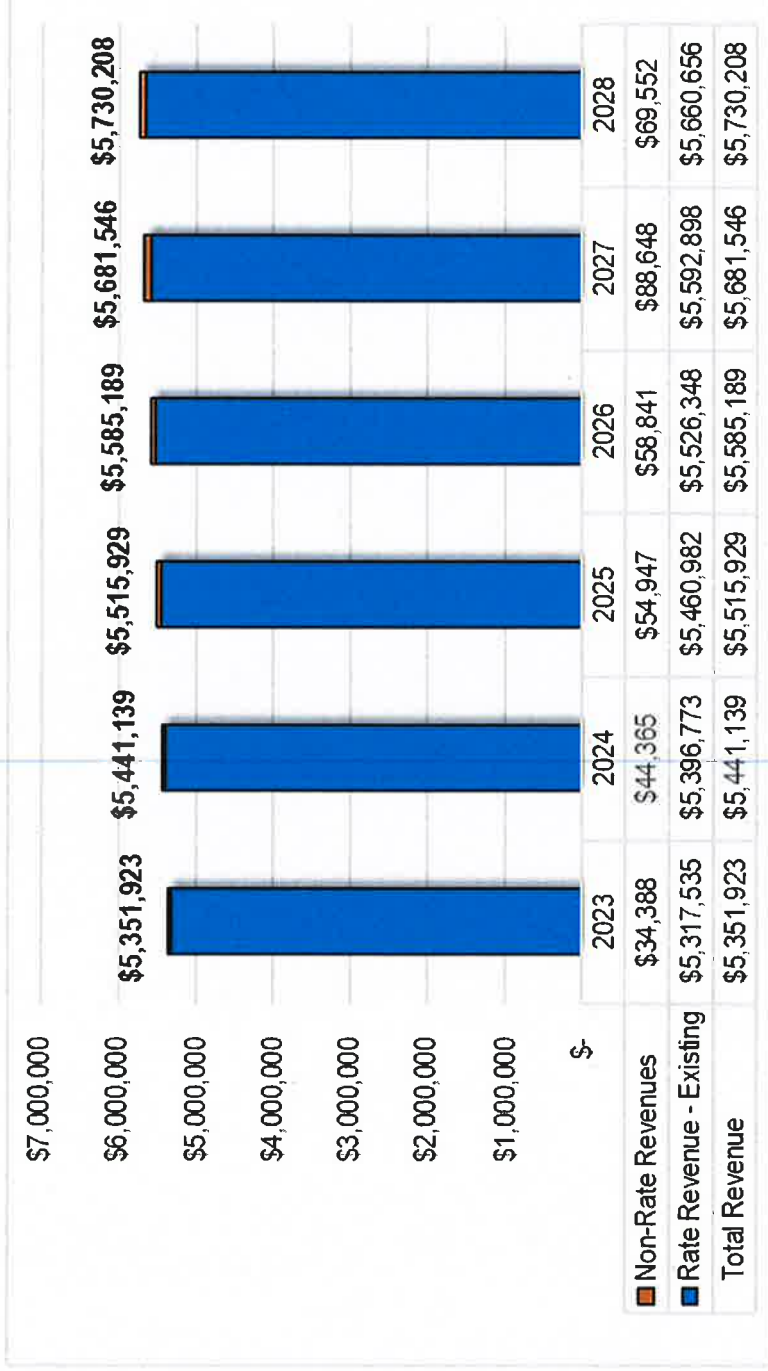
Policy	Purpose	Target
Operating Reserve	Liquidity cushion to accommodate cyclical cash flow fluctuations	Minimum: 120 days of O&M Target: 180 days of O&M
Leverage (Debt to Net Assets)	Promote a healthy mix of rate and debt funded capital projects	Maximum of 40%
Debt Service Coverage (DSC)	Compliance with existing loan/debt covenants and maintain credit worthiness for future debt issuance	Total Debt Target 2.00 Minimum Bond Requirement 1.25



Water

Key Factors: Existing Revenue

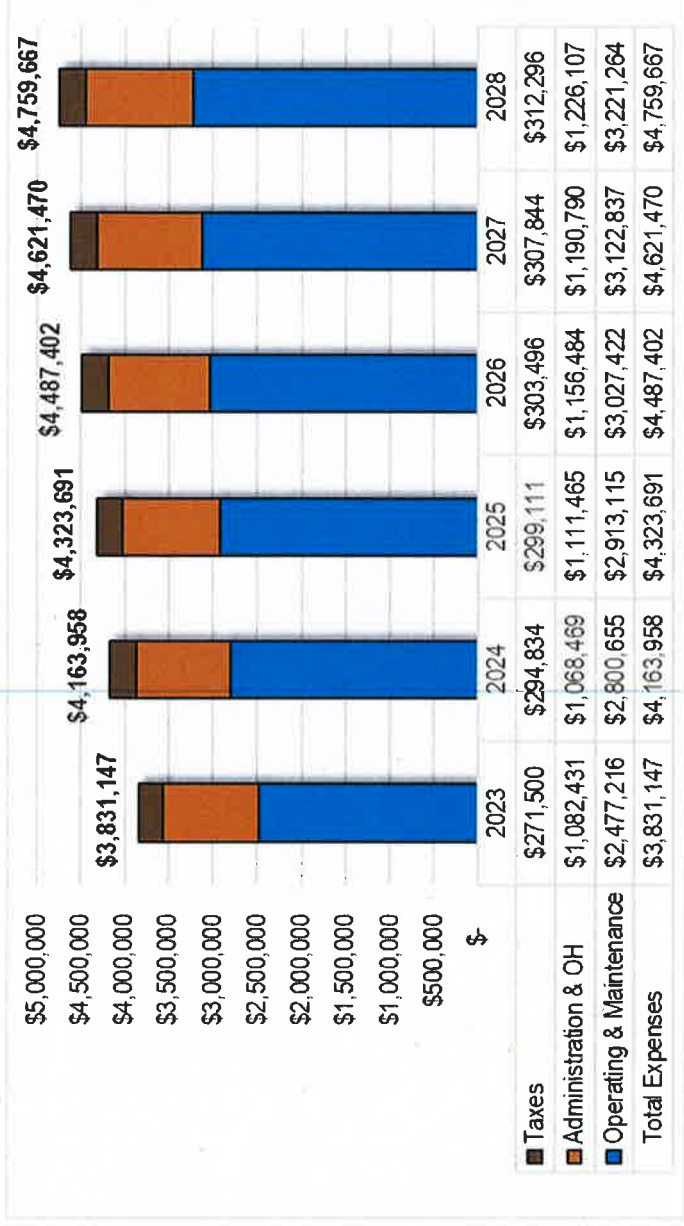
- Rate revenue based on 2021 customer statistics plus growth
- Non rate revenue consists of miscellaneous revenue, interest, and loan payable from wastewater
- Total existing operating revenue: \$5.4 million to \$5.7 million



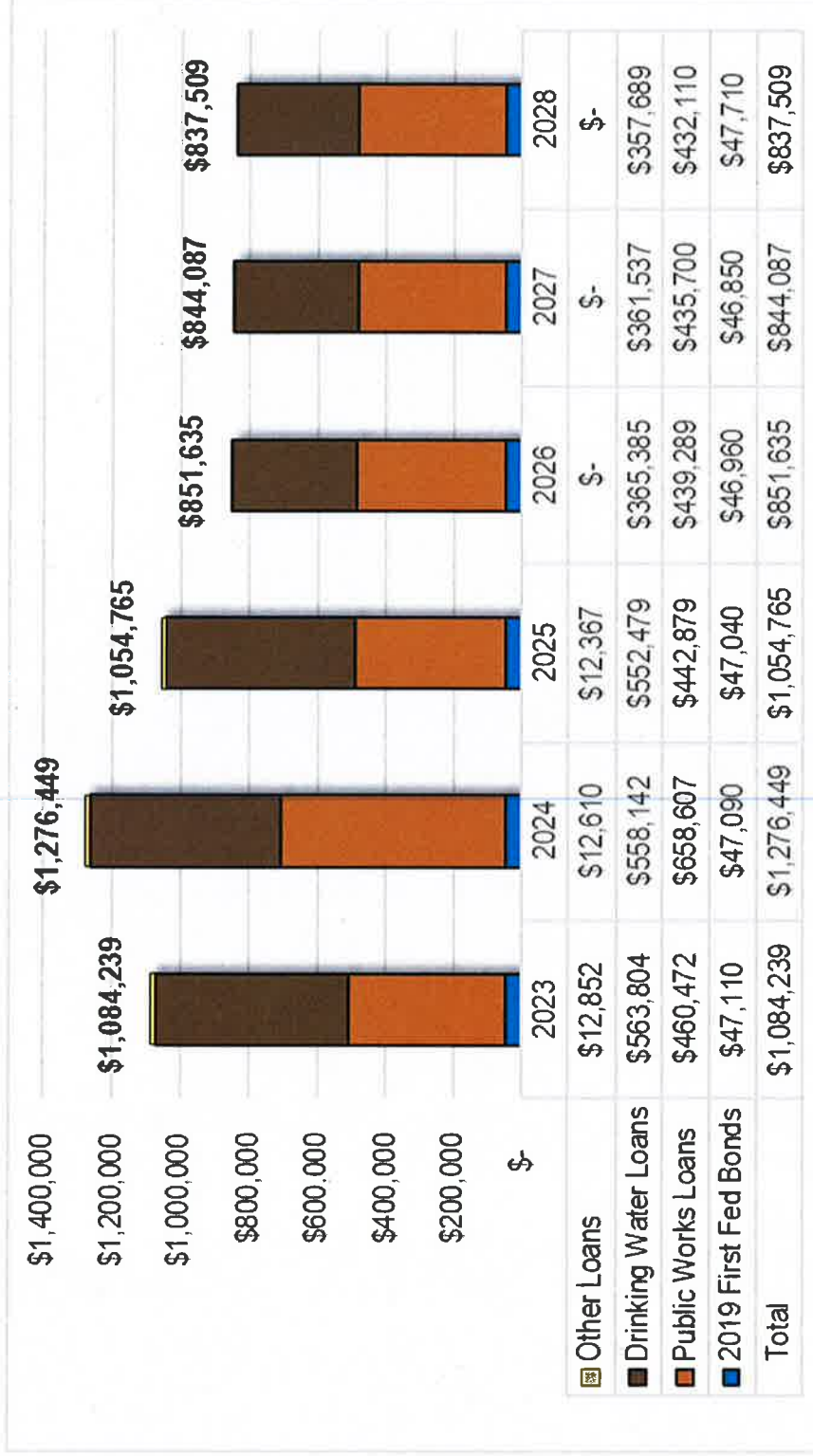
Key Factors: Operating Expenses

- Forecast based on 2023 budget
 - » Costs inflated between 6.0% – 3.0% per year
 - Average inflation (net of capitalized expenses) of 4.6%
 - » Includes FTE retirements & additions of a meter reader and civil engineer starting in 2024

● Total O&M expenses: \$3.8 million to \$4.8 million

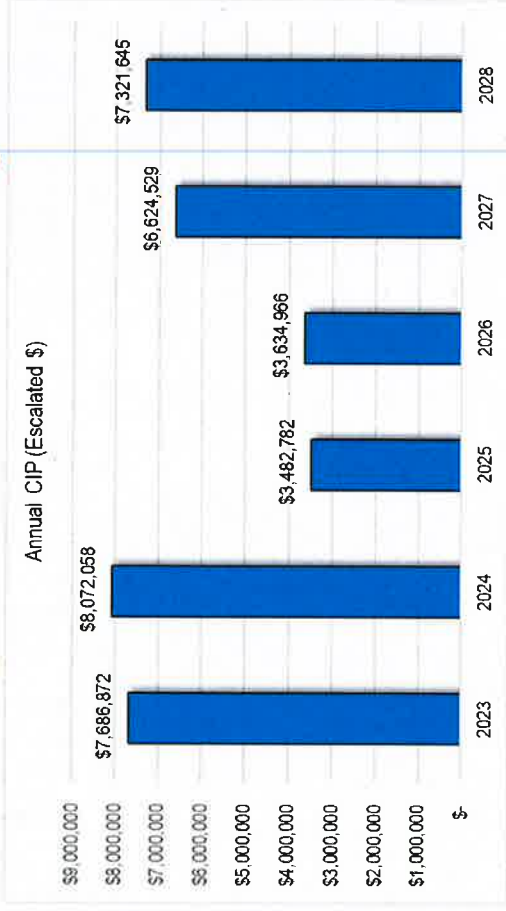


Key Factors: Existing Debt



- 2021 Public Works Loan begins repayment in 2023
- Three low interest loans mature in 2024 & 2025

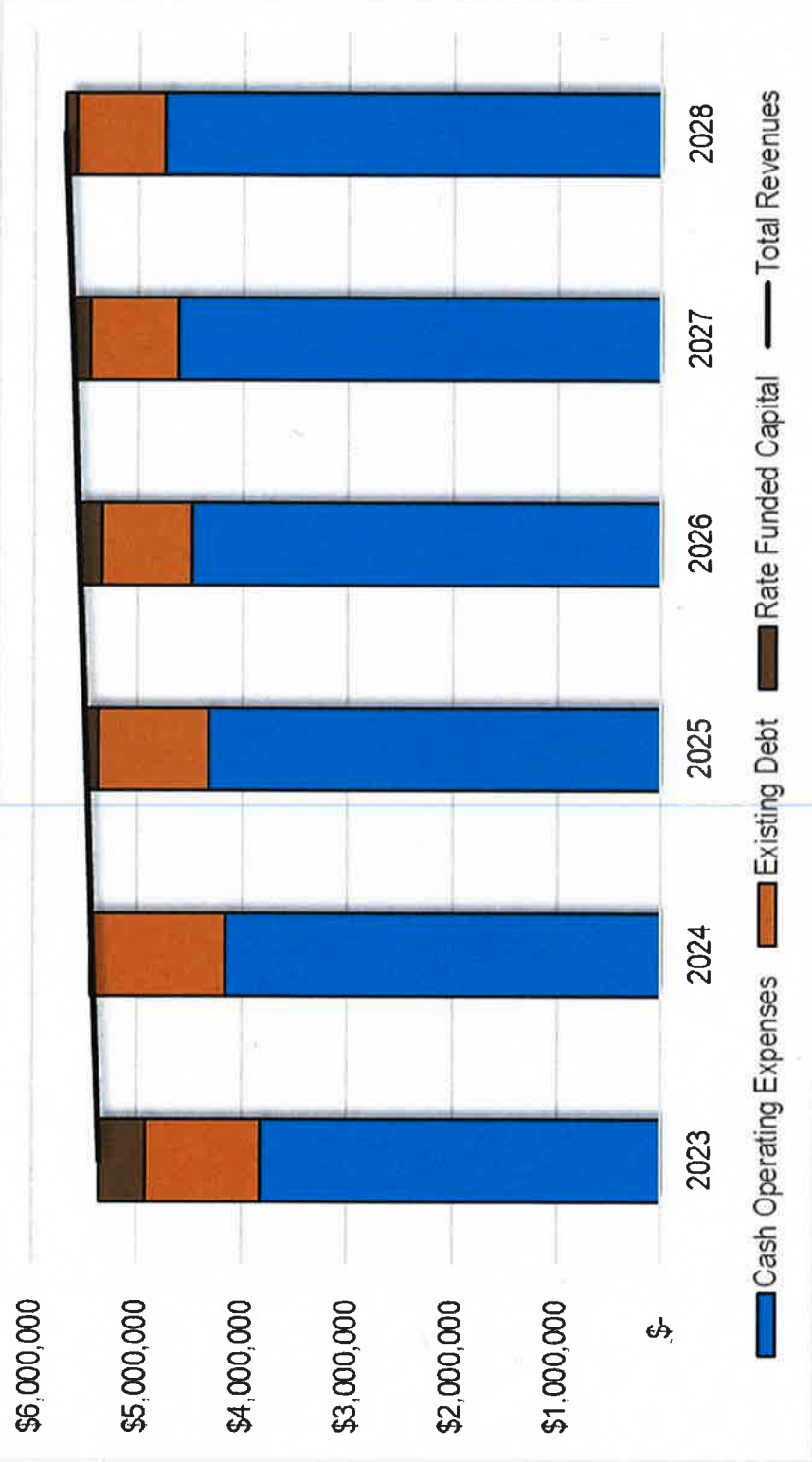
Key Factors: Capital



Year	Annual CIP	Escalated \$
2023	\$ 7,279,577	\$ 7,686,872
2024	7,234,997	8,072,058
2025	3,062,149	3,482,782
2026	3,104,359	3,634,966
2027	5,418,980	6,624,529
2028	5,797,210	7,321,645
Total	\$ 31,897,272	\$ 36,822,851
2029 - 2042	58,615,215	90,355,749
Total	\$ 90,512,487	\$ 127,178,600

- **Capital funded through new debt, existing reserves, cash financing, FEMA reimbursements, and CFCs**
 - » FEMA reimbursements of \$4.2 million
 - Tied to emergency bypass replacement

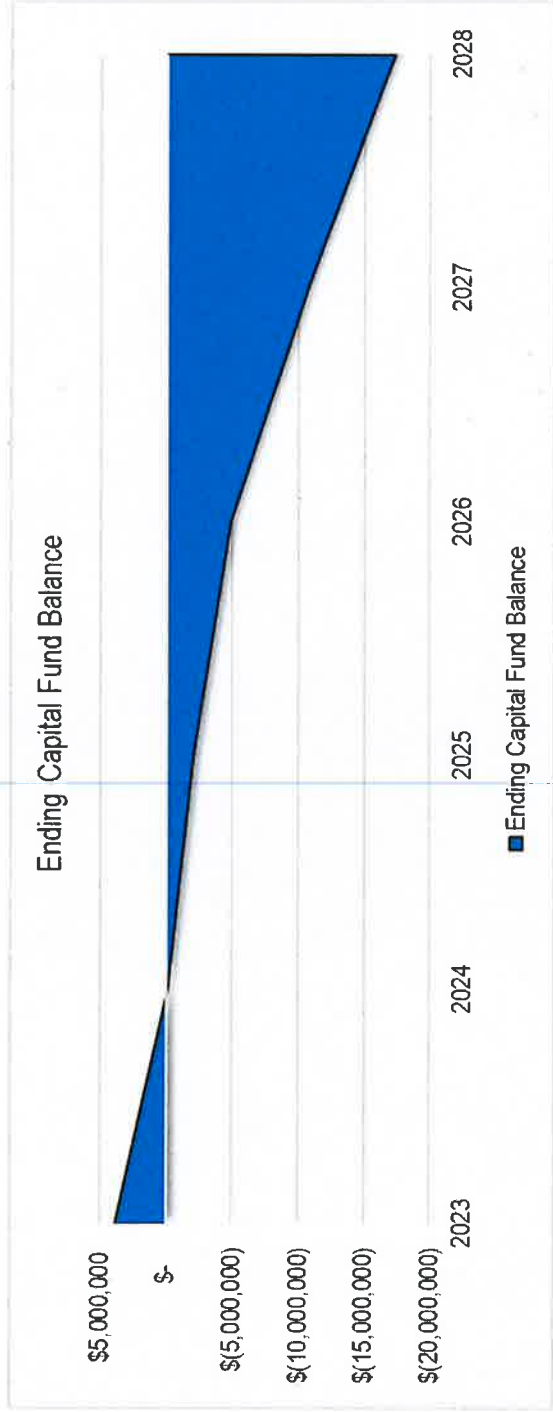
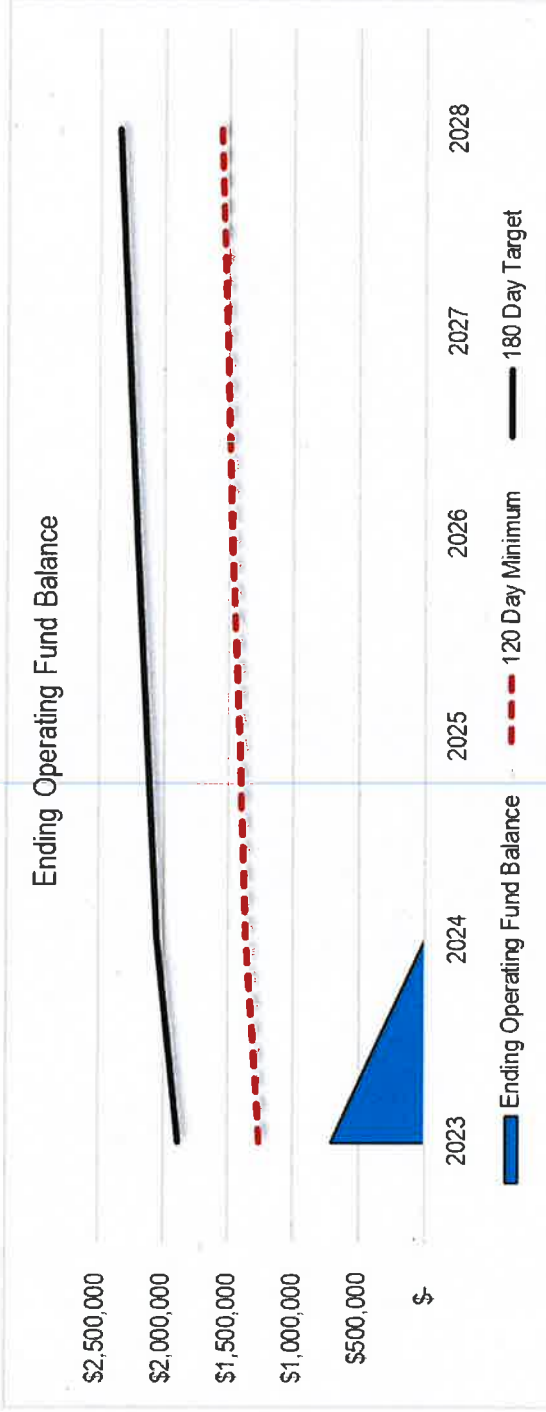
Revenue Requirement: Baseline



Description	2023	2024	2025	2026	2027	2028
Total Debt Coverage	1.42x	1.04x	1.10x	1.25x	1.18x	1.11x
Policy Target	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x
Bond Debt Coverage	32.70x	28.20x	24.76x	22.72x	21.34x	19.49x
Minimum Requirement	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x



Cash Reserves: Baseline



Summary & Scenarios Consideration

- **Existing rates are not sufficient to keep up with ongoing obligations**
 - » At existing rate levels, reserves would be depleted and go negative starting 2024
 - » Unable to fund existing debt obligations through rates in 2024
 - » Fall below total coverage policy target starting in 2023
- **Scenario for consideration**
 - » Fully fund capital plan – utilizing revenue bonds of \$15.2 million
 - Debt issued in 2024, 2026, & 2028
 - 20-year term length | 5.0% interest | 1.0% issuance cost
 - Assumed to be interest only payments in first year
 - Additional debt needed beyond 2028
 - » Phase-in cash reserves & total debt coverage above target levels



Scenario Summary

Description	Existing	2023		2024		2025		2026		2027		2028	
		5.00%	Sep	8.75%	Mar	8.75%	Mar	8.75%	Mar	8.75%	Mar	8.75%	Mar
Rate Adjustment													
Implementation Month													
Average Residential Bill (6.5ccf)	\$ 76.36	\$ 80.18	\$ 87.12	\$ 94.69	\$ 102.92	\$ 111.87	\$ 121.59						
\$ Monthly Change		3.82	6.94	7.58	8.23	8.95	9.72						
New Debt Proceeds	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 5,900,000	\$ -	\$ 7,300,000						
Total Coverage After Increase		1.48x	1.40x	1.88x	2.05x	2.19x	2.04x						
Target		2.00x	2.00x	2.00x	2.00x	2.00x	2.00x						
Ending Operating Cash Reserves		\$ 774,260	\$ 1,274,511	\$ 1,504,708	\$ 2,941,413	\$ 1,637,722	\$ 3,688,380						
Minimum Target (120 Days)		1,260,654	1,379,582	1,441,063	1,504,849	1,559,989	1,617,700						
Leverage		31.97%	29.07%	24.92%	32.65%	28.51%	35.10%						
Policy Maximum		40.00%	40.00%	40.00%	40.00%	40.00%	40.00%						

Note: Sample bills reflect a 5/8" meter. | Existing & 2023 bills represent all areas except Island View & Panoramic Heights. | Sample bills reflect proposed rates.

Cost of Service Overview

- **An equitable distribution of cost share that considers utility specific data:**
 - » Measures of usage and demand
 - » Planning, engineering and design criteria
 - » Facility requirements
- **Total cost by class (equity)**
- **Unit costs (\$/usage; \$/customer)**
- **Fundamental question: Do cost differences exist to serve different customer classes of service?**

Cost of Service Overview (Continued)

- **Defines equitable shares of cost responsibility by customer class**
- **Allocates total utility cost by function**

Water Utility Functions*
• Customer
• Meters & Services
• Base Demand (avg. use)
• Peak Demand (peak use)
• Fire Protection

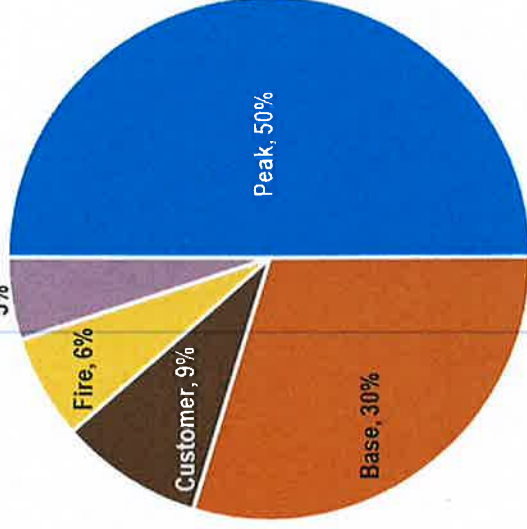
- **Develops allocation factors using customer facility requirements and usage characteristics**
- **Allocates costs to customer classes**

* Industry Standard Methodologies; AWWA Principles of Water Rates, Fees and Charges, and M1 Manual



Classification of Cost Shares

Meters & Services,
5%



Base

Peak

Fire

Customer

M&S

FCS GROUP

Costs relate to average service provided on demand and are essentially correlated with year-round water consumption.

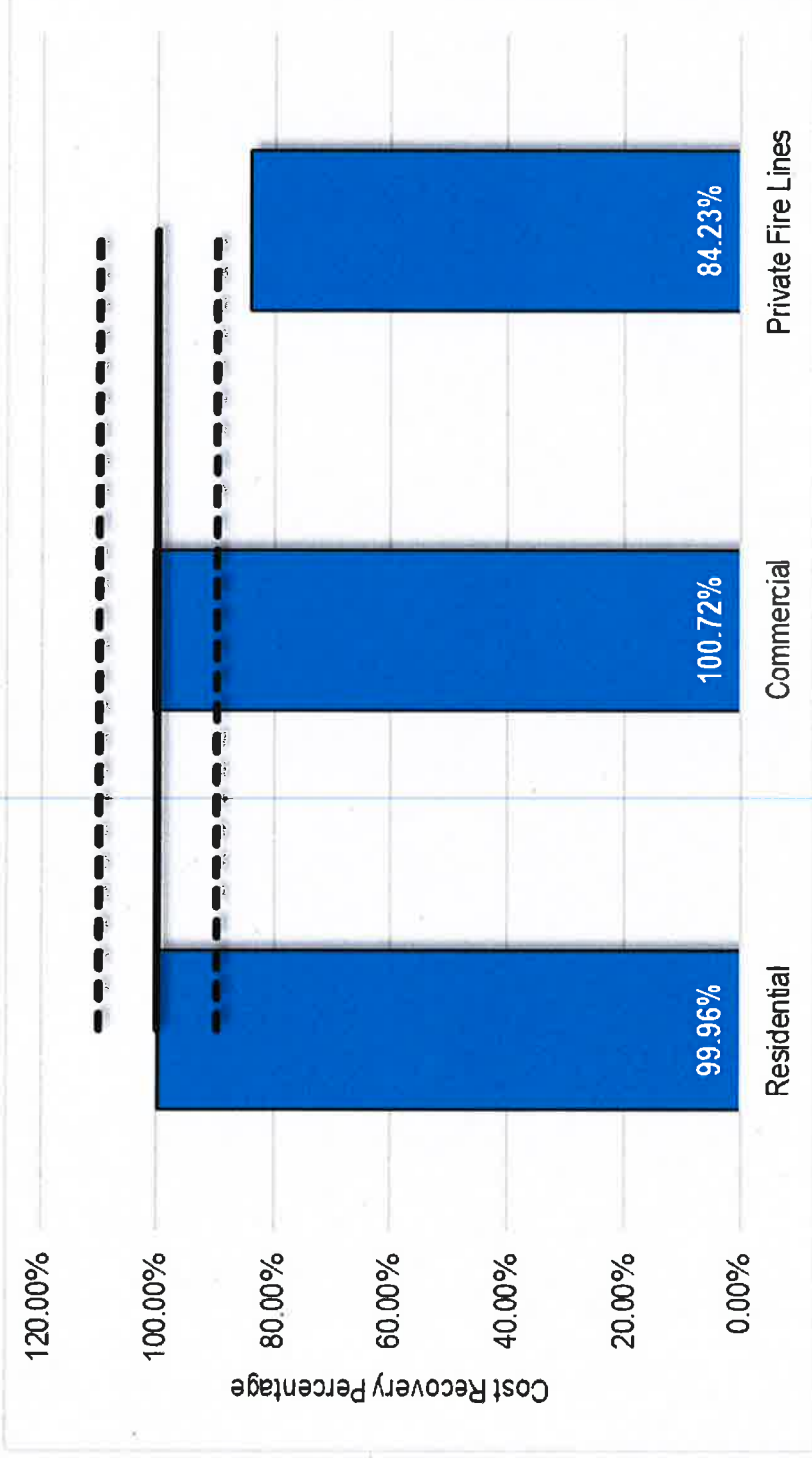
Costs relate to peak demand service; associated with the ability of the system to provide capacity to customers with higher-than-average volume.

Costs associated with providing adequate capacity and water flow corresponding to min. fire safety standards. Incremental costs for storage, T&D, and hydrants for fire protection.

These are the costs associated with establishing, maintaining, and serving water customers and tend to include administrative, billing, and customer service costs.

Costs associated with installation, maintenance, and repairs of meters and services.

Cost of Service Results



- **±10.0% of average is within cost-of-service range**
 - » Residential & Commercial are within cost-of-service range
 - » Private Fire Lines paying less than their cost to serve

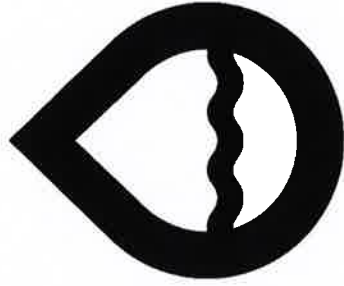
Cost of Service Phase-In

- Phase-in transitions classes within 4.0% of cost-of-service targets by 2028

Class	Annual Rate Adjustments						
	2023	2024	2025	2026	2027	2028	
Residential	5.00%	8.70%	8.70%	8.69%	8.69%	8.69%	
Commercial	5.00%	8.70%	8.70%	8.69%	8.69%	8.69%	
Private Fire Lines	5.00%	17.00%	17.00%	17.00%	17.00%	17.00%	
System Total	5.00%	8.75%	8.75%	8.75%	8.75%	8.75%	

Rate Design Objectives

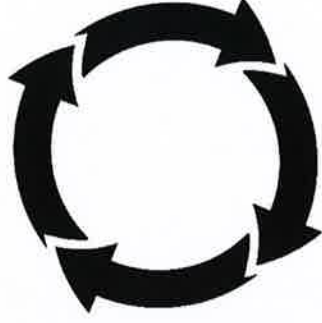
- Development of fixed and variable charges assessed to customers



Aligns fixed and variable costs with fixed and variable revenue sources



Generates sufficient revenue to meet utility requirements



Meet goals and objectives of the utility (e.g., conservation)



Evaluate monthly rate impact for different levels of water use

Rate Design Considerations

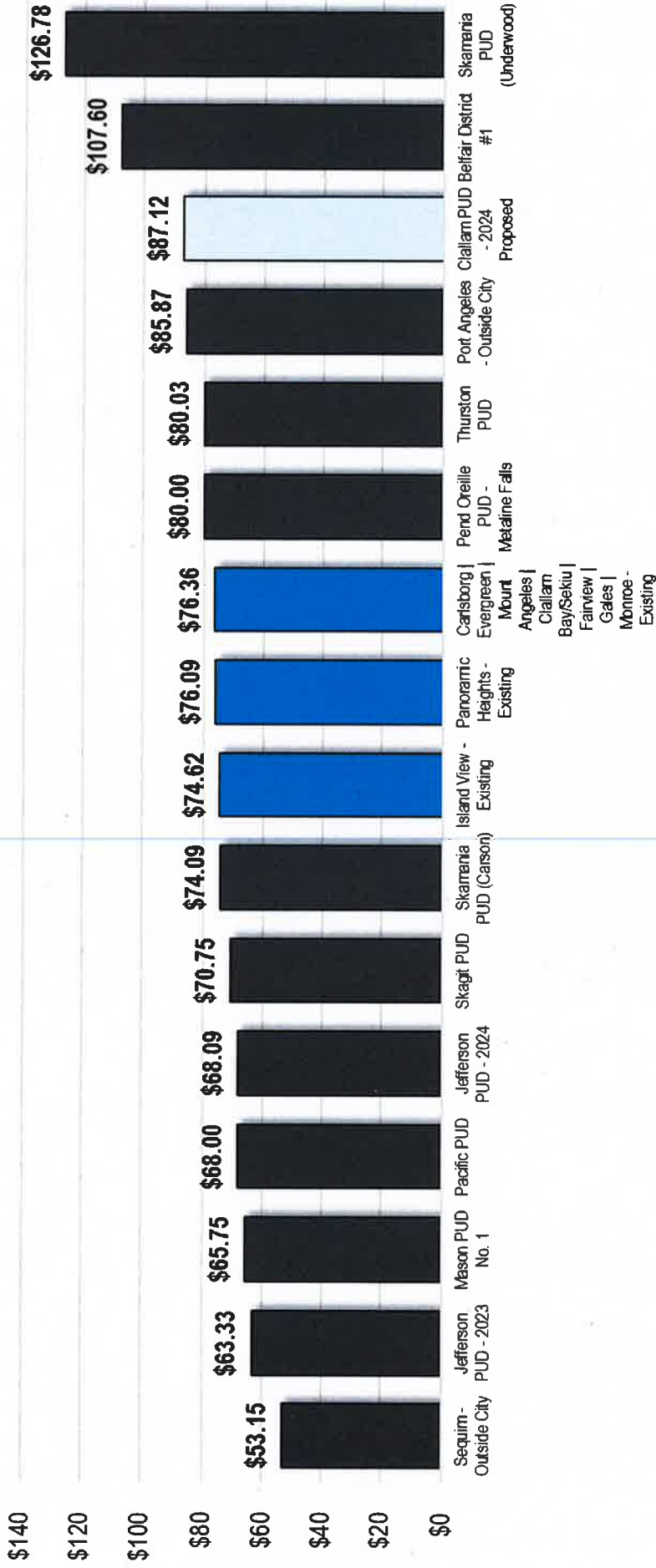
- **Finalize phase-in to “one system” rates in 2024**
 - » No structural changes to usage tiers
 - » All meter based fixed charges transitioned to standard differential
- **2025 – 2028 rate adjustments to be applied across the board**
 - » Proportionally to all fixed and variable charges



Proposed Monthly Water Rates

	Existing	Proposed					
		2023	2024	2025	2026	2027	2028
\$/Account							
Residential & Commercial							
5/8"	\$ 47.58	\$ 49.96	\$ 54.25	\$ 58.97	\$ 64.10	\$ 69.67	\$ 75.72
1"	118.30	124.22	135.63	147.43	160.25	174.18	189.31
1 1/2"	233.84	245.53	271.25	294.84	320.47	348.32	378.58
2"	373.60	392.28	434.00	471.74	512.75	557.31	605.73
3"	761.29	799.35	868.00	943.49	1,025.52	1,114.65	1,211.49
4"	1,189.52	1,249.00	1,356.25	1,474.20	1,602.37	1,741.63	1,892.94
Private Fire							
4"	\$ 20.21	\$ 21.22	\$ 24.83	\$ 29.05	\$ 33.99	\$ 39.76	\$ 46.52
6"	44.36	46.58	54.50	63.76	74.60	87.28	102.12
6" M	14.78	15.52	18.16	21.24	24.86	29.08	34.02
8"	79.95	83.95	98.22	114.92	134.45	157.31	184.05
8" S	39.98	41.98	49.12	57.47	67.23	78.66	92.04
10"	121.67	127.75	149.47	174.88	204.61	239.40	280.09
\$/ccf							
Residential							
Block 1 (0 - 5 ccf)	\$ 4.28	\$ 4.49	\$ 4.89	\$ 5.31	\$ 5.77	\$ 6.27	\$ 6.82
Block 2 (5 - 9 ccf)	4.92	5.17	5.62	6.11	6.64	7.22	7.84
Block 3 (9 - 16 ccf)	5.56	5.84	6.35	6.91	7.51	8.16	8.87
Block 4 (16+ ccf)	6.42	6.74	7.33	7.97	8.66	9.41	10.23
Commercial							
Block 1 (0 - 30 ccf)	\$ 4.36	\$ 4.58	\$ 4.94	\$ 5.37	\$ 5.83	\$ 6.34	\$ 6.89
Block 2 (30 - 60 ccf)	5.02	5.27	5.68	6.17	6.71	7.29	7.92
Block 3 (60 - 90 ccf)	5.67	5.95	6.42	6.98	7.58	8.24	8.96
Block 4 (90+ ccf)	6.54	6.87	7.41	8.05	8.75	9.51	10.34

Water Residential Rate Survey



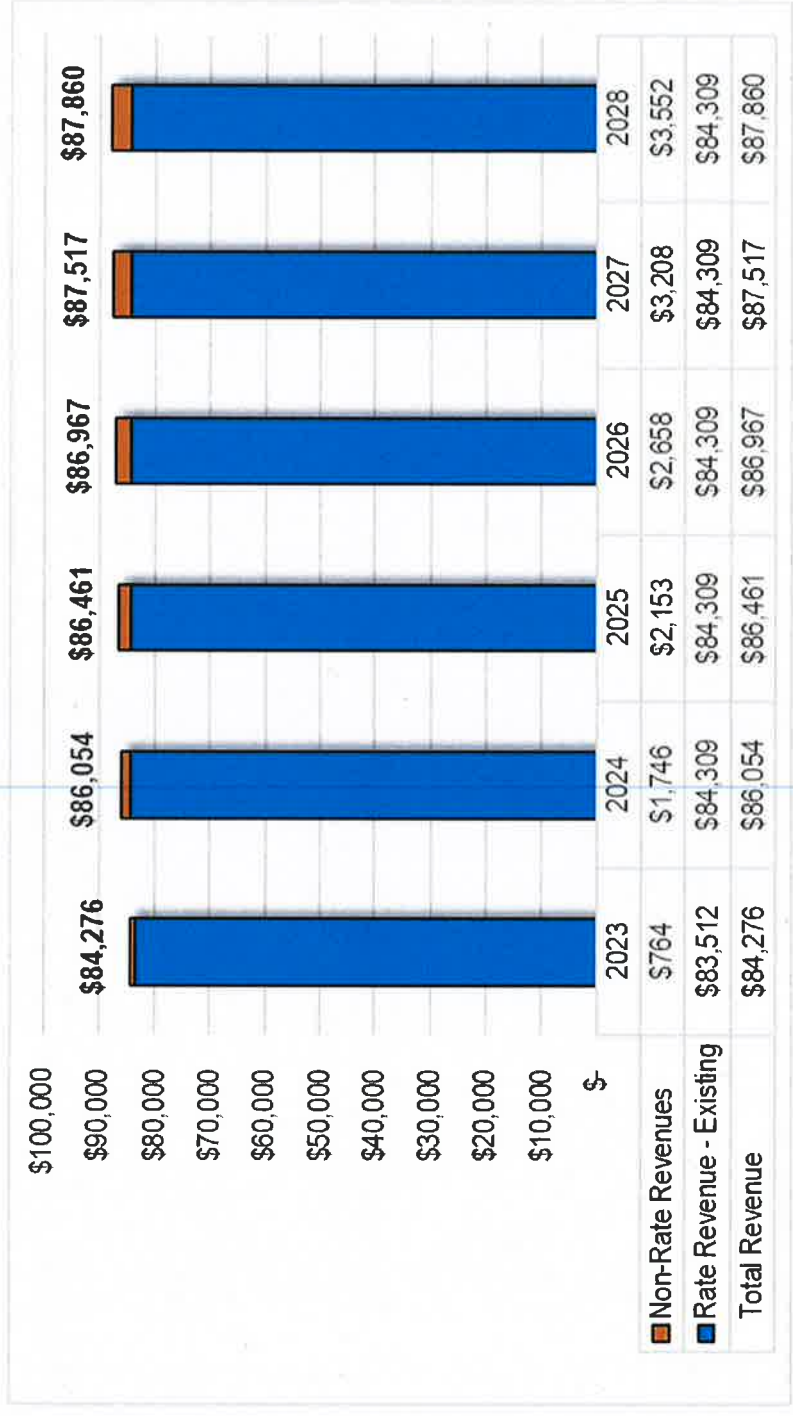
Note: Assumes 3/4" meter and 6.5 ccf of usage & capital service charge if applicable.



Wastewater

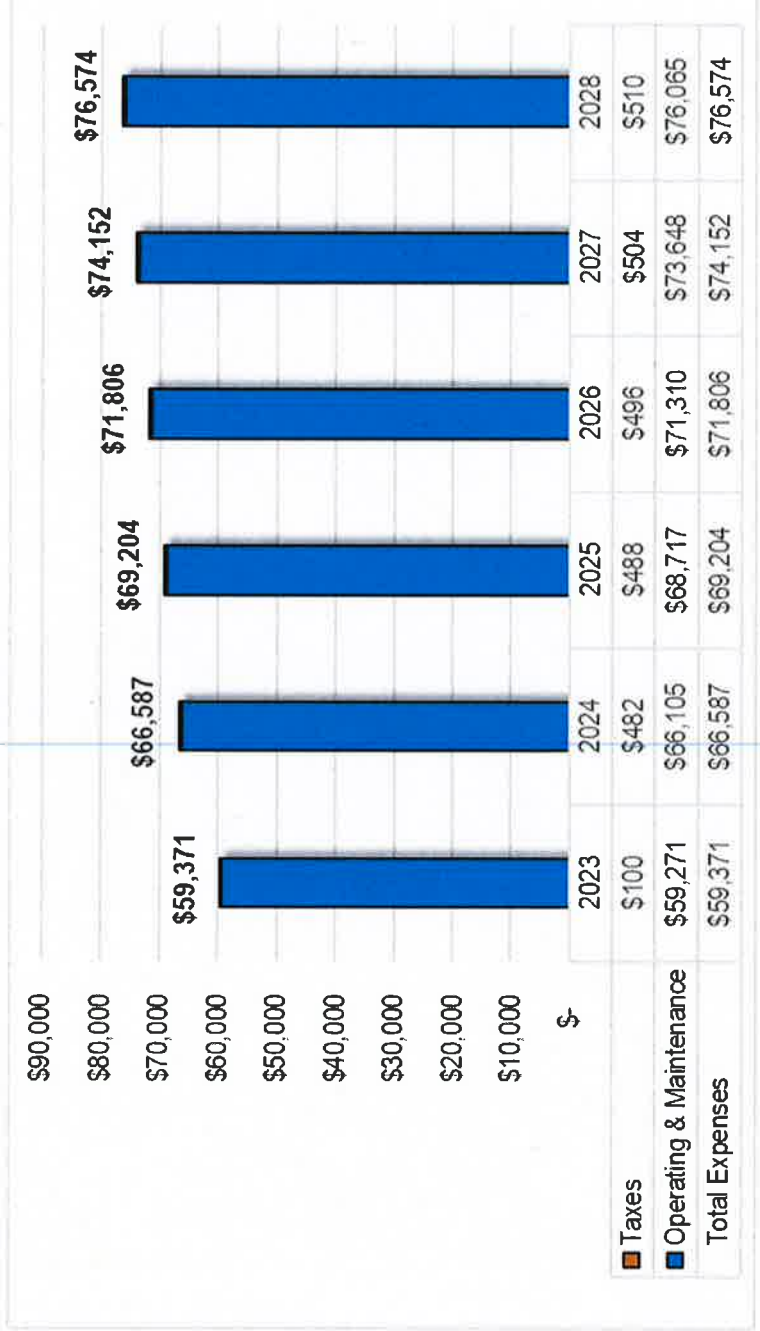
Key Factors: Existing Revenue

- Rate revenue based on 2021 customer statistics plus growth
- Non rate revenue consists of miscellaneous revenue and interest
- Total existing operating revenue: \$84.3k to \$87.9k

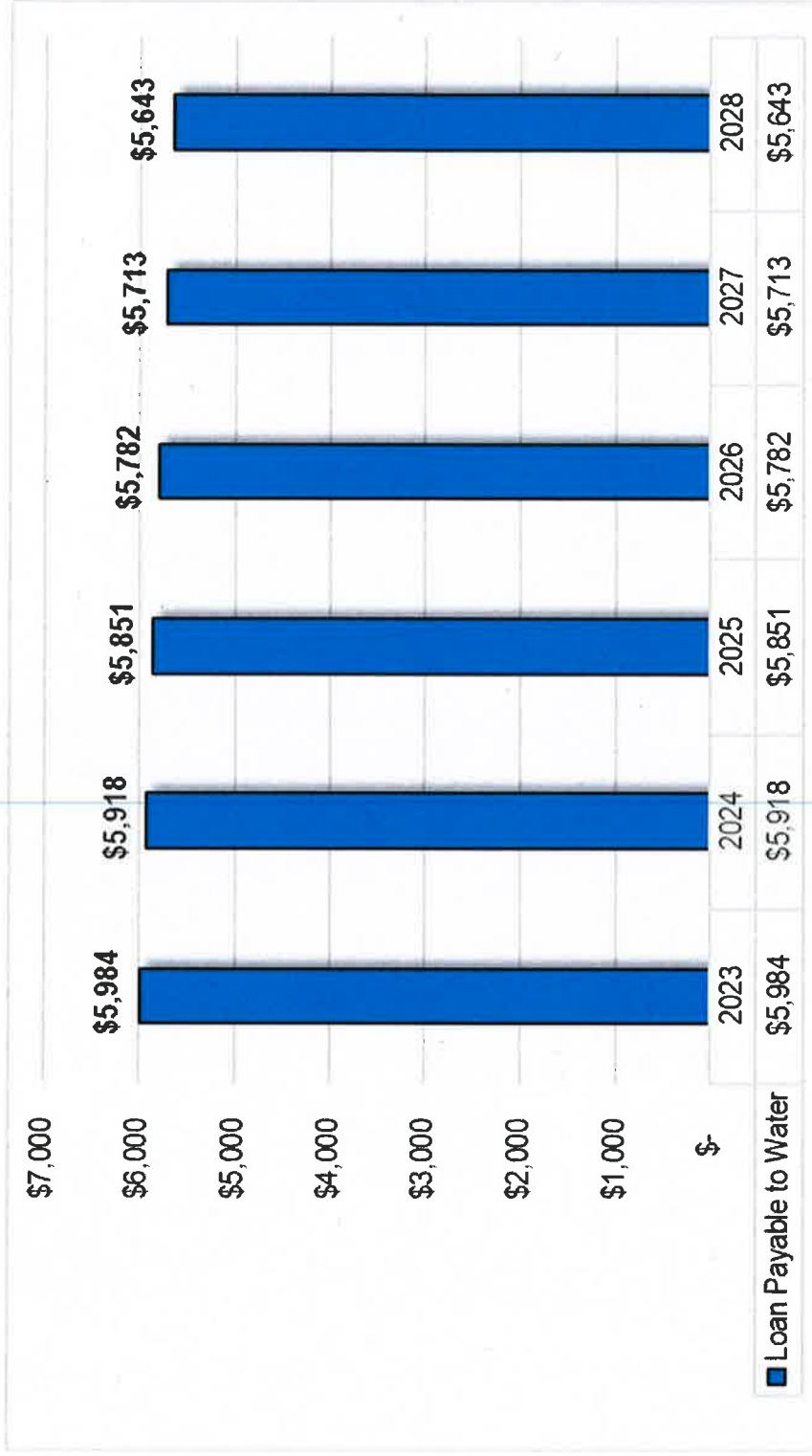


Key Factors: Operating Expenses & Debt

- Forecast based on 2023 budget
 - » Costs inflated between 6.0% – 3.0% per year
 - Average inflation (net of capitalized expenses) of 5.1%
- Total O&M expenses: \$59.4k to \$76.6k

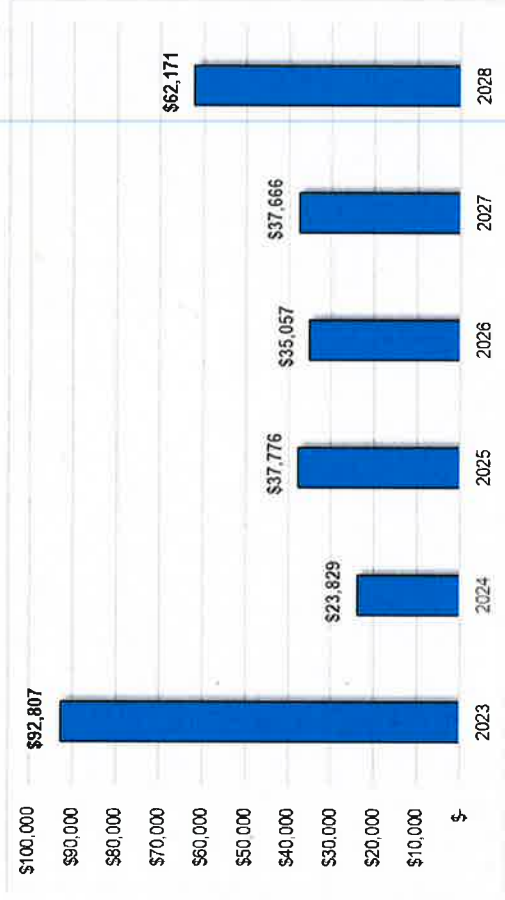


Key Factors: Existing Debt



- Last payment scheduled for 2033

Key Factors: Capital

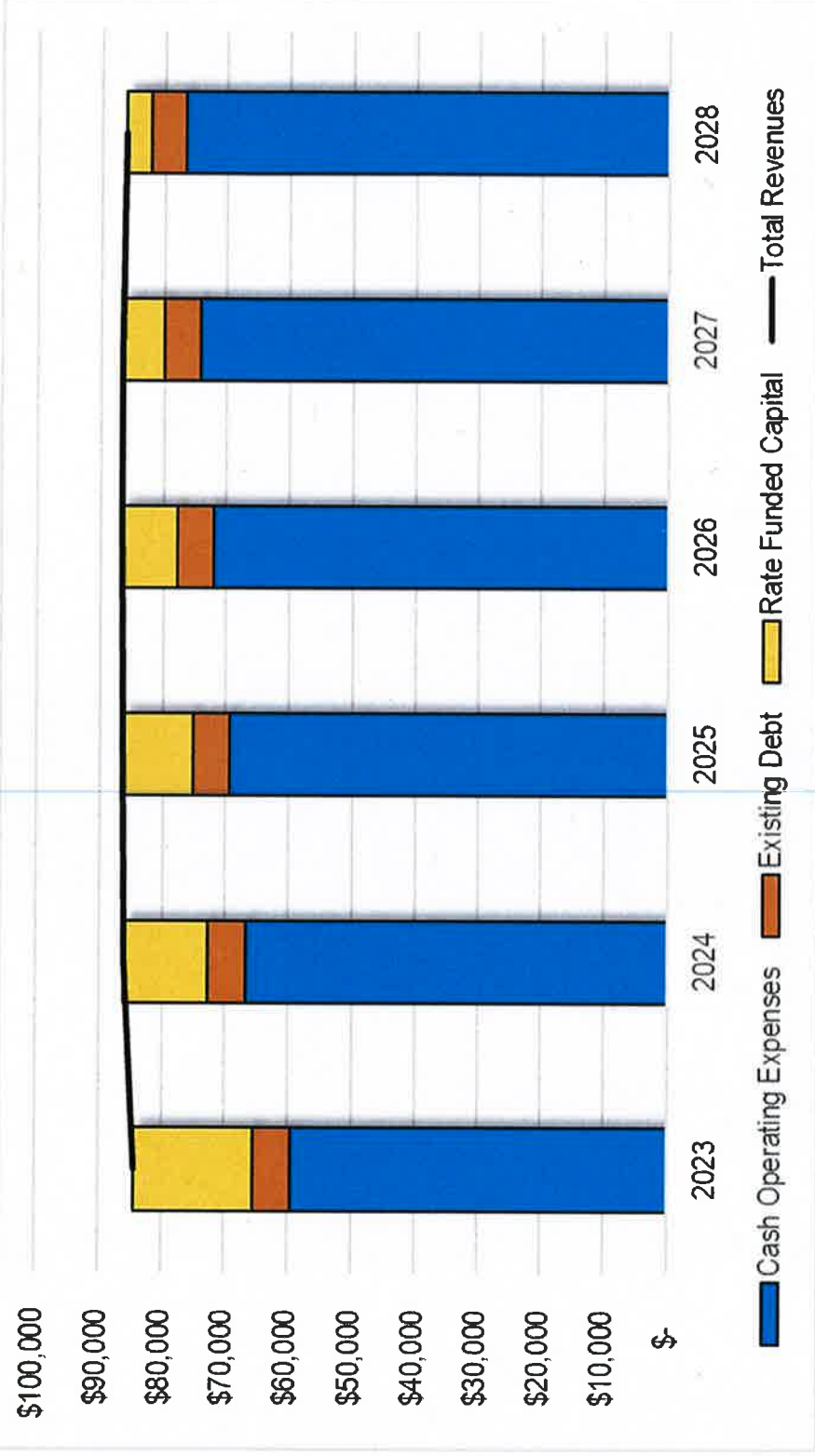


Year	Annual CIP	Escalated \$
2023	\$ 79,920	\$ 92,807
2024	20,399	23,829
2025	30,689	37,776
2026	27,978	35,057
2027	29,239	37,666
2028	45,508	62,171
Total	\$ 233,733	\$ 289,308
2029 - 2042	1,473,346	2,517,508
Total	\$ 1,707,079	\$ 2,806,815

- **Capital funded through existing reserves, cash financing, and capital service charge**

- » No new debt anticipated during study period
 - Debt may be necessary starting in 2034

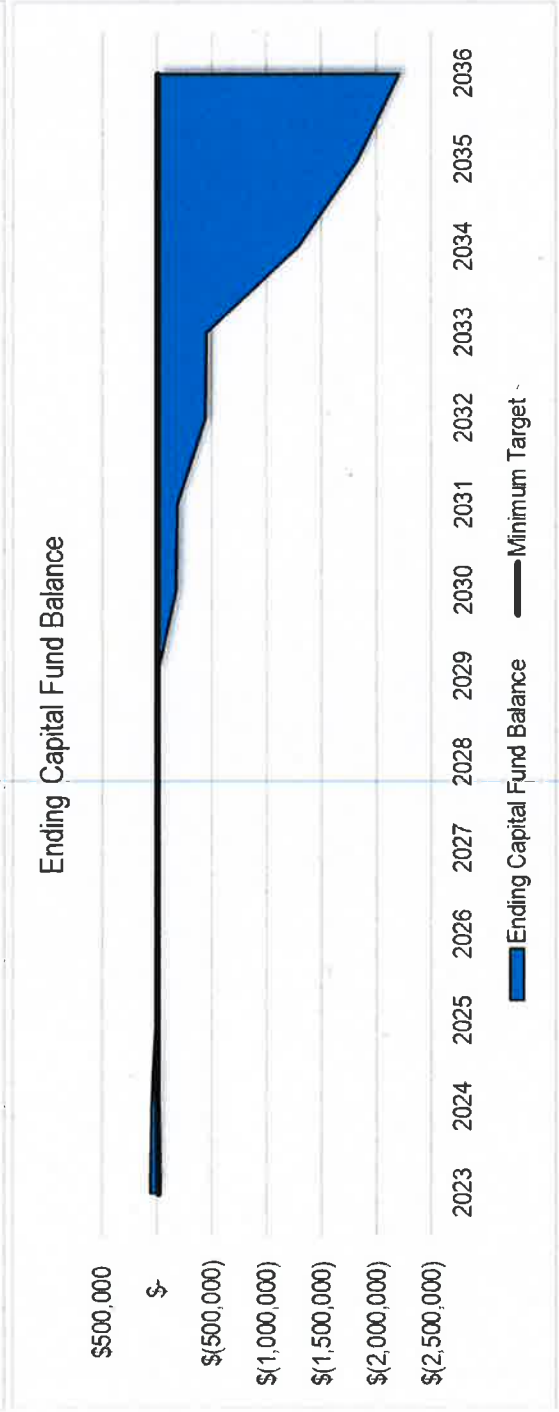
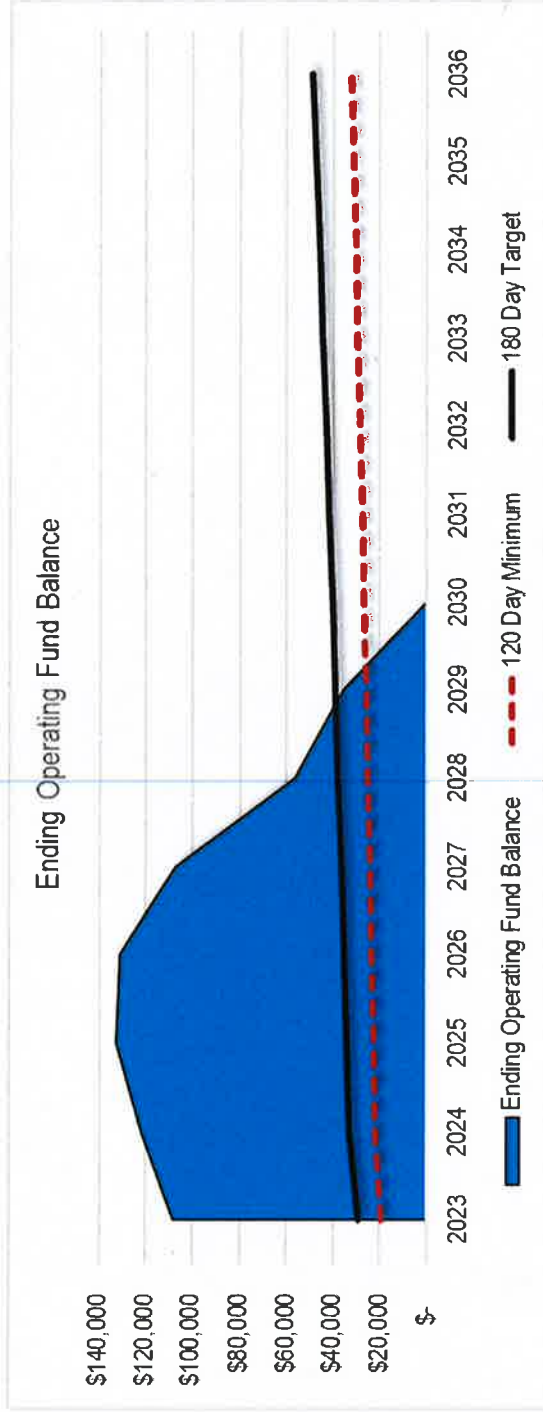
Revenue Requirement: Baseline



Description	2023	2024	2025	2026	2027	2028
Total Debt Coverage	4.35x	3.45x	3.04x	2.58x	2.15x	1.69x
Policy Target	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x
Bond Debt Coverage	n/a	n/a	n/a	n/a	n/a	n/a
Minimum Requirement	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x



Cash Reserves: Baseline



Summary & Scenarios Consideration

- **Short term**
 - » Existing rates are sufficient to keep up with ongoing obligations until 2028
 - » Total coverage falls below policy target level starting in 2028
- **Long term**
 - » Significant capital infrastructure investment is needed in 2030 – 2036
 - » Rates are unable to fund long term capital needs
- **Scenario considerations**
 - » Fully fund long term capital plan
 - » Assumes the use of debt in 2034 & 2036
 - Total proceeds of \$1.3 million
 - 20-year term length | 5.0% interest | 1.0% issuance cost



Scenario Summary

- **Rate increases needed to fund future capital plan/support debt service**

Description	Existing		2023		2024		2025		2026		2027		2028	
	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month
Rate Adjustment	9.00%		9.00%		9.00%		9.00%		9.00%		9.00%		9.00%	
Average Residential Bill	\$ 88.05	\$ 95.97	\$ 104.61	\$ 114.03	\$ 124.29	\$ 135.48	\$ 147.67							
\$ Monthly Change		7.92	8.64	9.42	10.26	11.19	12.19							
New Debt Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
Total Coverage After Increase	4.66x	5.75x	6.89x	8.18x	9.72x	11.46x								
Target	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x							
Ending Operating Cash Reserves	\$ 110,108	\$ 137,241	\$ 170,928	\$ 207,590	\$ 230,516	\$ 239,171								
Minimum Target (120 Days)	19,528	21,960	22,864	23,766	24,589	25,442								
Leverage	7.65%	6.55%	5.44%	4.50%	3.73%	3.02%								
Policy Maximum	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%							

Description	2029		2030		2031		2032		2033		2034		2035	
	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month	Rate	Implementation Month
Rate Adjustment	9.00%		9.00%		9.00%		9.00%		9.00%		9.00%		9.00%	
Average Residential Bill	\$ 160.96	\$ 175.45	\$ 191.24	\$ 208.45	\$ 227.21	\$ 247.66	\$ 269.94							
\$ Monthly Change	13.29	14.49	15.79	17.21	18.76	20.45	22.29							
New Debt Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
Total Coverage After Increase	13.38x	15.67x	17.73x	20.68x	23.33x	26.81x	30.74x							
Target	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x							
Ending Operating Cash Reserves	\$ 292,709	\$ 169,123	\$ 257,772	\$ 118,592	\$ 235,944	\$ 286,237	\$ 38,747							
Minimum Target (120 Days)	26,335	27,260	28,209	29,207	30,220	31,289	32,399							
Leverage	2.36%	1.76%	1.23%	0.77%	0.35%	0.00%	0.00%							
Policy Maximum	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%							

FCS GROUP Notes: Sample bills includes capital service charge & reflect proposed rates. | Existing & 2023 sample bills reflect Sunshine Acres I.



Rate Design Considerations

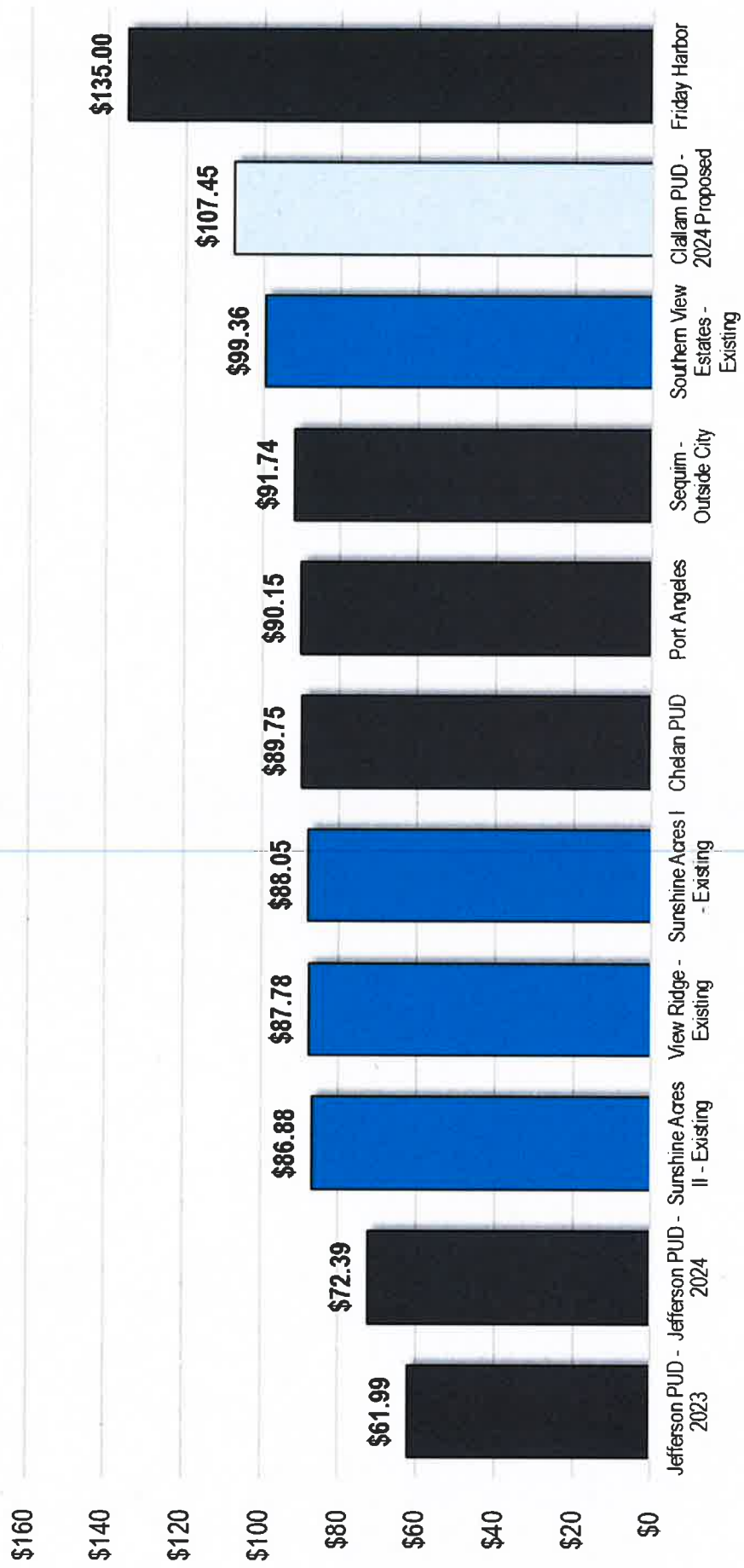
- Finalize move to “one-system” rate schedule in 2024
 - » 2025 – 2028 rate adjustments to be applied across the board

Total Monthly Charges	Existing	2023	2024	2025	2026	2027	2028
Sunshine Acres I	\$ 88.05	\$ 97.27	\$ 107.45	\$ 117.12	\$ 127.66	\$ 139.15	\$ 151.67
View Ridge	87.78	96.97	107.45	117.12	127.66	139.15	151.67
Sunshine Acres II	86.88	95.99	107.45	117.12	127.66	139.15	151.67
Southern View Estates	99.36	102.82	107.45	117.12	127.66	139.15	151.67

\$ Change per Month	Existing	2023	2024	2025	2026	2027	2028
Sunshine Acres I	\$	\$ 9.22	\$ 10.18	\$ 9.67	\$ 10.54	\$ 11.49	\$ 12.52
View Ridge		9.19	10.48	9.67	10.54	11.49	12.52
Sunshine Acres II		9.11	11.46	9.67	10.54	11.49	12.52
Southern View Estates		3.46	4.63	9.67	10.54	11.49	12.52

Note: Total monthly charge includes service & capital service charges

Wastewater Residential Rate Survey



Note: Includes capital service charge if applicable.

MONTHLY PAYMENT
NEEDED TO PAY BACK A \$100,000
LOAN AT 10% INTEREST OVER
10, 15, 20, 25, 30, 35, 40, 45, 50
YEARS

Capital Facility Charges (CFCs)

Capital Facilities Charge (CFC) Overview

- Revised Code of Washington RCW 54.24.080 grants PUD's the authority to fix rates and charges for connecting to water systems
- One-time charge imposed on new development or expanded connection to system as condition of service
- Based on the cost of system infrastructure
 - » Existing & future
- Represents proportionate share of capital investment

CFC Methodology

$$\frac{\text{EXISTING COST BASIS}}{\text{CURRENT \& FUTURE CAPACITY}} + \frac{\text{FUTURE COST BASIS}}{\text{CURRENT \& FUTURE CAPACITY}} = \text{CFC}$$

Existing Costs

- ✓ Existing assets (original cost)
- ✓ Less: Meters & services
- ✓ Less: Asset retirements
- ✓ Less: Net debt principal
- ✓ Less: Contributions (developer/grants)
- ✓ Plus: Interest (maximum 10 years)
- ✓ Plus: Construction work in progress

Future Costs

- ✓ Future capital
- ✓ Less: Meters & services
- ✓ Less: Contributions (developer/grants)



CFC Results

Meter Size	Existing Charge	Updated Charge	\$ Difference
5/8"	\$ 5,930	\$ 8,376	\$ 2,446
1"	14,840	20,940	6,100
1-1/2"	29,680	41,880	12,200
2"	47,595	67,008	19,413
3"	94,995	134,016	39,021
4"	148,440	209,400	60,960
6"	296,885	418,800	121,915
8"	475,020	670,080	195,060
10"	682,840	963,240	280,400

- **Charges are “maximum allowable”**
 - » By policy may set below maximum allowable
 - » Rates make up the difference
 - » May be adjusted annually by an accredited inflation index (e.g., ENR CCI)



Next Steps

- **Incorporate feedback**

- » Revenue requirement

Utility	2023	2024	2025	2026	2027	2028
Water	5.00%	8.75%	8.75%	8.75%	8.75%	8.75%
Wastewater	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

- » Cost-of-service

- Phase-in impacts for private fire lines through 2028?

- » Rate Design

- “One system” rate starting in 2024
 - Across the board increases thereafter
- » Water Capital Facilities Charge (CFCs)
 - Adopt maximum allowable charges?

- **Rate effective March 1st of each year**

- » 2023 increase effective September 1st

Thank you!

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