

PUD #1 of Clallam County

2024 Budget Proposal

September 11, 2023

Presenters:

Name: Ruth Kuch

Position: Finance Manager/Treasurer

Name: Sarah Canepa, CPA

Position: Financial Analyst II

Budget: Start to Finish



Budget Objectives:

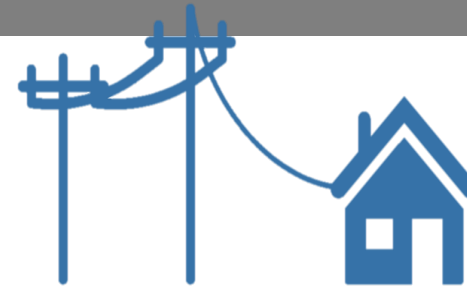
- Provide Stable Rates
 - Small annual rate adjustments
- Be Financially Responsible
- Ensure Reliable Supply
 - Favorable ROI projects
 - Strategically assess capital needs
- Financial Policy Metrics:
 - Op. Reserves 180 days
 - Debt Ratio $\leq 40\%$
 - DSCR $\geq 2.0x$



LOW RATES

Budget Challenges:

- Weather
 - Highly variable/less predictable
- Increasing Costs
 - Supply Chain
 - Labor
 - Purchased Resources
- Capital
 - System Improvements
 - Replacements
- Regulatory Costs
 - CETA
 - WSDOT (Fish passage)



HIGH RELIABILITY

2023: Forecast Assumptions

- **Inflows/Revenues**

- Sales – assume normal weather/consumption patterns
- Customer Contributions – electric higher; water lower
- BPA/EEI Funding – no funds to be rec'd in 2023

- **Outflows/Expenses**

- O&M – assume normal operations and maintenance expenses
- Purchased Power – proportional to sales
- Taxes – proportional to sales

- **Capital**

- Year End capital based on staff projections

2024: Budget Highlights and Assumptions

- **Highlights**

- Purchased Power: +\$7.56M
 - Discontinuation of BPA's Reserve Distribution Clause for Power
 - Nominal increase to load forecast
- Personnel: +\$3.17M
 - 2023-26 Collective Bargaining Agreement impacts
 - Anticipated healthcare premium increase 9.24%
- Capital: +\$1.79M
 - Excluding internal personnel costs

- **Inflows/Revenues**

- Sales
 - Electric - Dependent on current COS study outcomes
 - Water - Based on recent COS and board approved rate schedules

- **Outflows/Expenses**

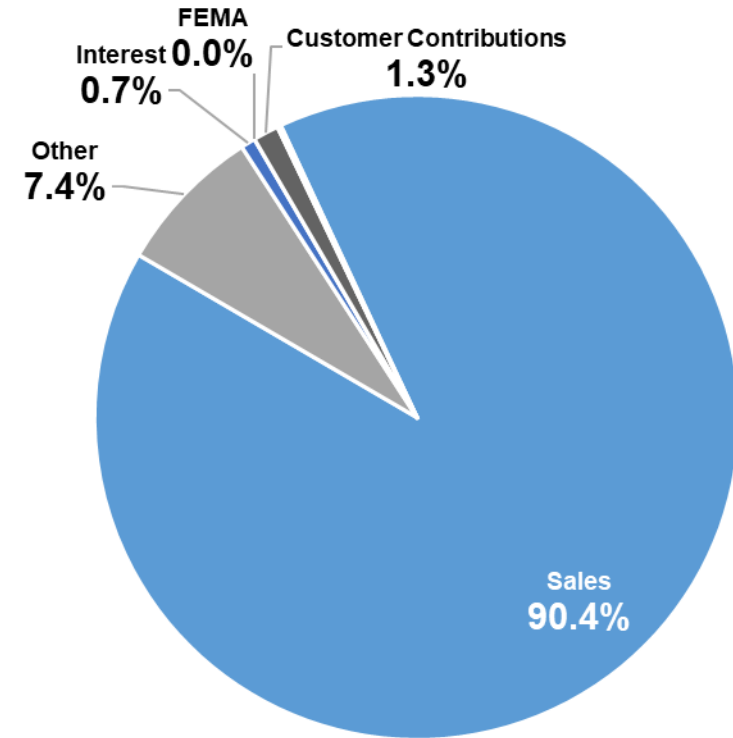
- Prior year's budget and YTD actuals used for budgeted estimates
- Known vendor/contract pricing
- ~92.5% of electric's costs are non-discretionary

Electric System: Inflows & Outflows



Electric Inflows

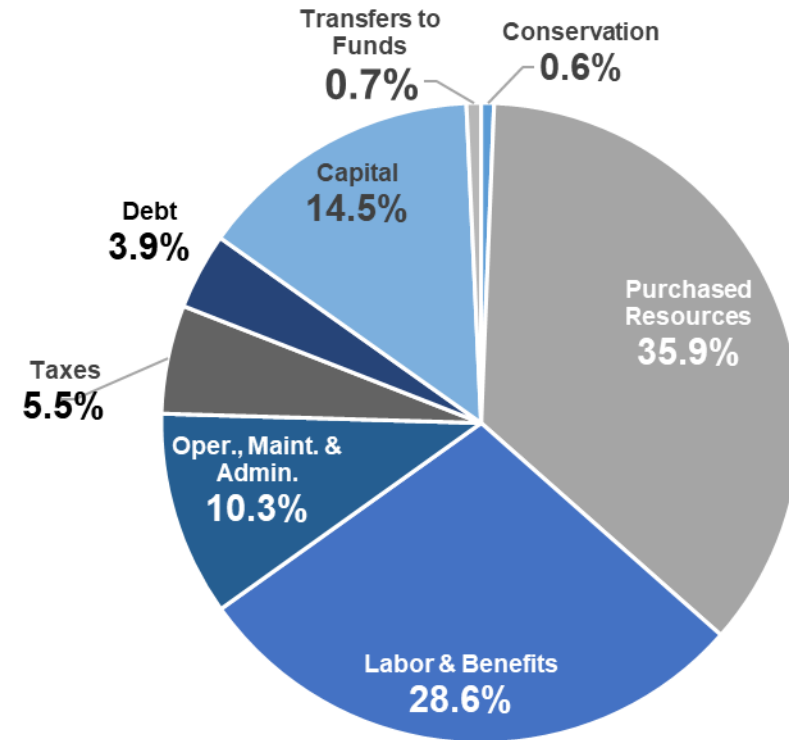
	2024 Budget	2023 Projected	2022 Actual
Sales	77,142,525	75,160,109	72,638,019
Other	6,351,597	3,815,364	5,000,603
Interest	625,755	2,003,363	341,285
FEMA	-	709,809	28,532
Customer Contributions	1,098,000	1,100,000	1,800,371
Bond Proceeds	-	-	8,123,917
DSR Transfer	152,905	133,681	117,943
Total	85,370,782	82,922,326	88,050,670



Electric Inflows

Electric Outflows

	2024 Budget	2023 Projected	2022 Actual
Conservation	568,800	325,623	568,623
Purchased Resources	31,390,189	25,175,907	29,555,292
Labor & Benefits	25,048,015	22,129,161	19,793,228
Oper., Maint. & Admin.	9,041,952	10,420,049	8,515,662
Taxes	4,804,646	5,253,748	4,995,923
Debt	3,377,570	3,533,913	3,516,489
Capital	12,648,044	9,054,321	6,973,693
Transfers to Funds	645,000	755,438	10,200,191
Total	87,524,216	76,648,160	84,119,101



Electric Outflows

Electric Capital: Engineering



Transmission Capital	
Project Description	Budgeted Cost
Hwy 101 - Sappho to Forks Phase 2	765,558
Neah Bay Transformer Replacement	633,652
PA Switchyard and Circuit Switchers (Liberty Station)	616,764
Forks 2 Substation Rebuild	522,100
Hwy 112 - Burnt Mtn Pole Replacements	325,347
Gunstone Transmission Rebuild Phase 3	266,183
Recondition & Repair 69KV Mobile Transformer	200,000
South Substation Property Acquisition	192,000
Replace Circuit Switcher, Neah Bay	170,730
Substation Getaway Cable Replacements	144,552
All Other Transmission Projects	920,230
Total	\$4,757,116

NOTE: Project costs include capitalized labor costs

Electric Capital: Engineering *cont.*

Distribution Capital	
Project Description	Budgeted Cost
Diamond Point Undergrounding	1,189,706
Engineered Cable Replacement Projects	761,692
Distribution Poles & Structures Replace or Removal	723,010
Road Franchise Projects (Not Itemized)	355,200
Distribution Underground Replace or Remove	337,470
MR-C Conductor Upgrade 4/0 to 556 Phase 1	243,236
DG-C to SL-C 750 MCM Tie	226,546
Lake Sutherland V - Phase Extension & Upgrade Phase 2	218,120
Cedar Street Alley Reconductor	183,668
Highway 101/Hooker Road Crossing Phase 2	174,510
All Other Distribution Projects	701,932
Total	\$5,115,090



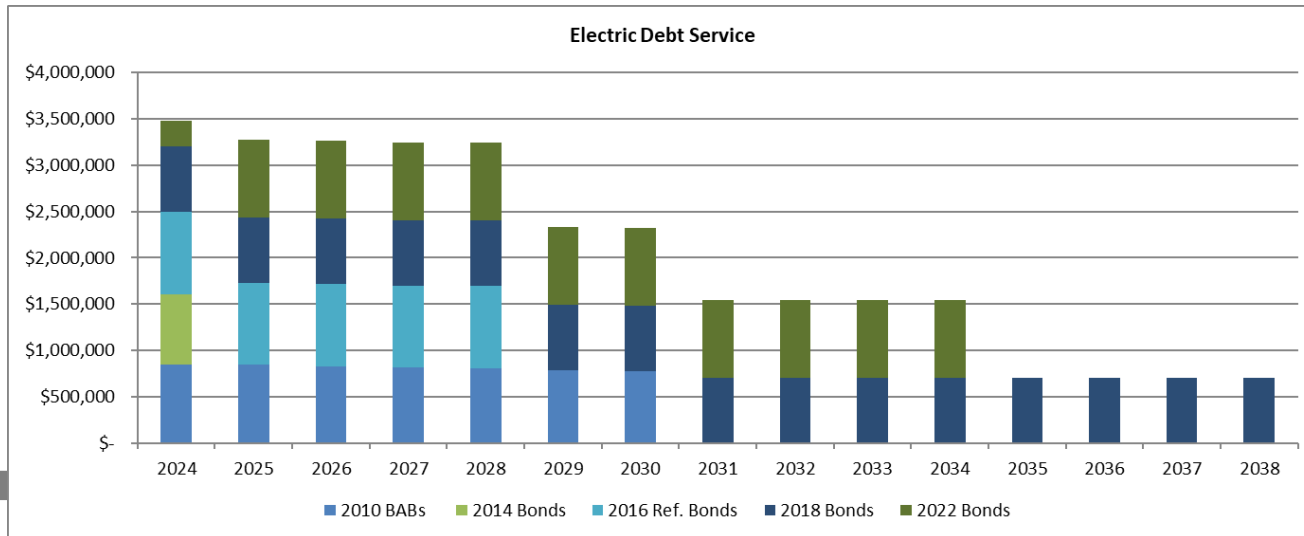
Electric Capital: Other

Other Electric Capital	
Project Description	Budgeted Cost
Transformers & Regulators	2,880,000
Customer Requested Projects	1,385,868
Meters & Infrastructure	960,000
PA Operations Center & Auto Shop	850,000
Broadband Projects	640,450
Vehicles & Equipment	602,298
Solar PV on PUD Roofs (Admin, Sub Shop)	597,222
Sequim Microgrid Project	164,850
Capital Tools	155,700
Information Technology	154,684
All Other Projects & Capital Acquisitions	124,359
Total	\$8,515,431
Total Electric Capital	\$18,387,637

Electric Debt

2024 Debt Payment Schedule

Debt	Principal	Interest	Payment
2010 Build America Bonds	615,000	235,069	850,069
2014 Electric Revenue Bonds	735,000	18,375	753,375
2016 Electric Revenue Refunding Bonds	750,000	142,650	892,650
2018 Electric Revenue Bonds	365,000	340,600	705,600
2022 Electric Revenue Bonds	-	277,400	277,400
Total	\$ 2,465,000	\$ 1,014,094	\$ 3,479,094

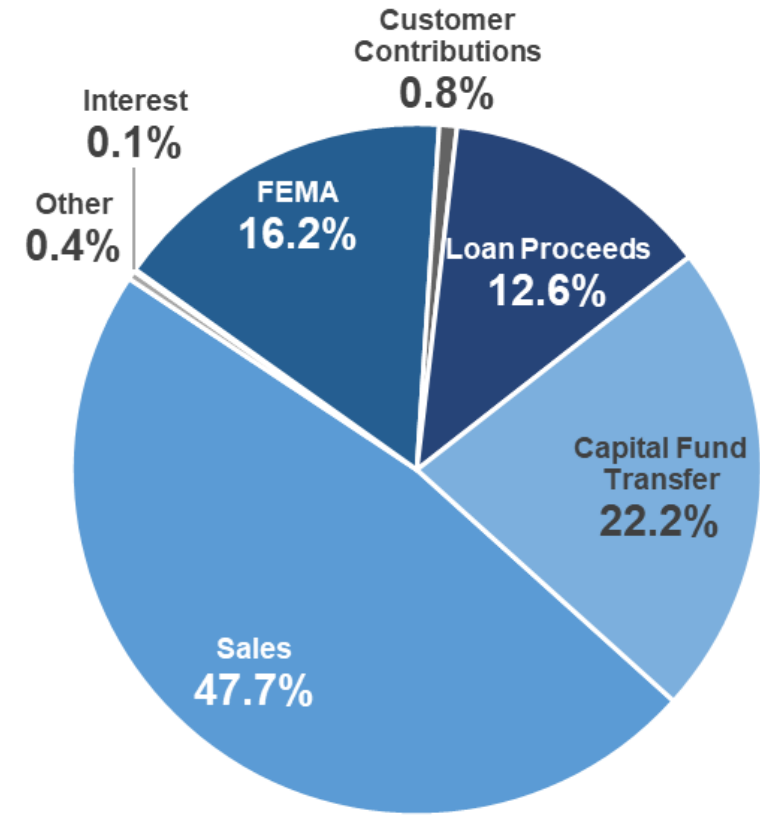


Water & Wastewater: Inflows & Outflows



Water Inflows

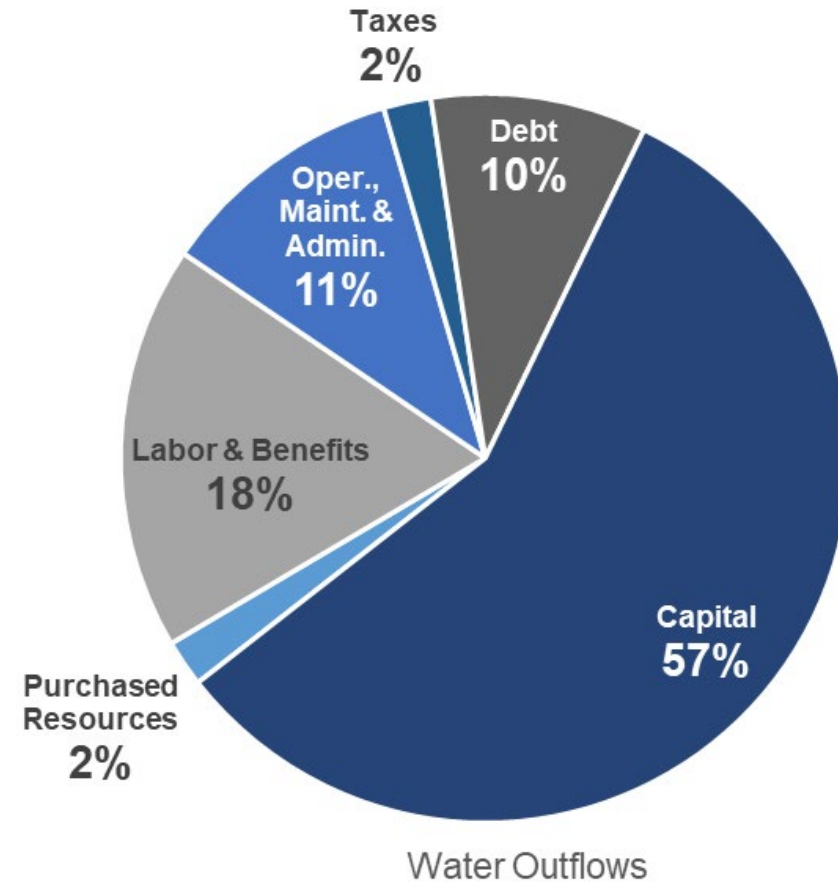
	2024 Budget	2023 Projected	2022 Actual
Sales	6,434,872	5,169,550	4,983,617
Other	56,304	29,817	60,528
Interest	12,561	102,440	10,530
FEMA	2,187,726	711,981	29,216
Customer Contributions	111,600	97,929	144,110
Loan Proceeds	1,700,000	4,500,000	166,055
Capital Fund Transfer	3,000,000	684,761	1,809,967
Total	13,503,063	11,296,478	7,204,023



Water Inflows

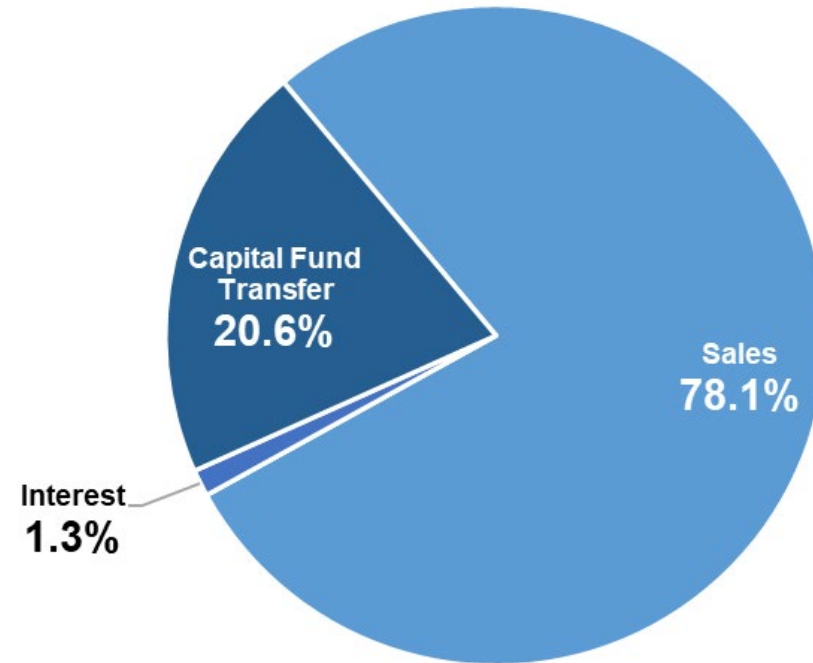
Water Outflows

	2024 Budget	2023 Projected	2022 Actual
Purchased Resources	280,000	247,278	221,604
Labor & Benefits	2,426,914	2,200,865	1,864,020
Oper., Maint. & Admin.	1,487,077	1,266,070	1,260,625
Taxes	284,070	267,052	246,447
Debt	1,291,446	1,003,730	769,364
Capital	7,733,816	6,311,483	3,210,074
Total	13,503,323	11,296,478	7,572,134



Wastewater Inflows

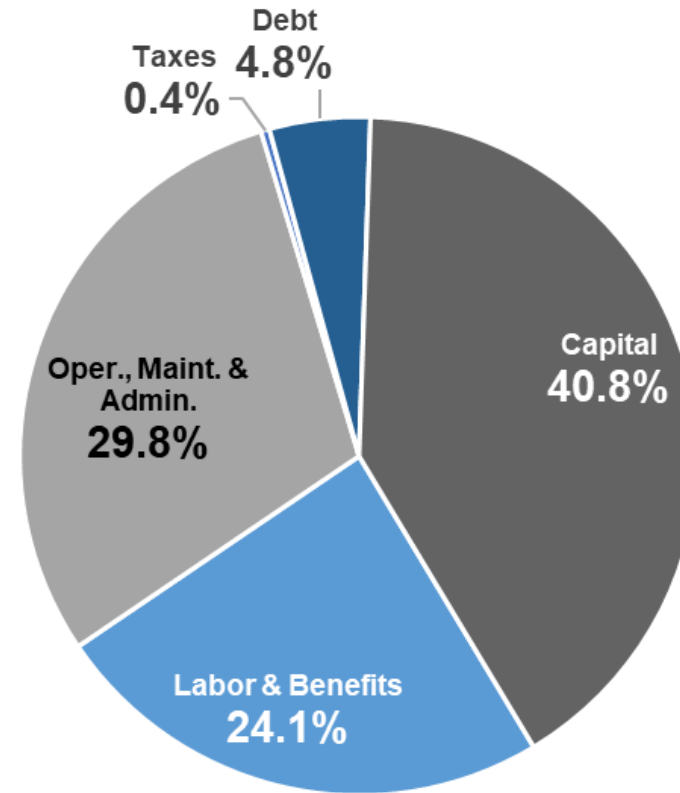
	2024 Budget	2023 Projected	2022 Actual
Sales	98,557	85,193	79,485
Other	-	82	132
Interest	1,652	4,758	1,392
Customer Contributions	-	-	795
Capital Fund Transfer	26,000	-	-
Total	126,209	90,033	81,804



Wastewater Inflows

Wastewater Outflows

	2024 Budget	2023 Projected	2022 Actual
Labor & Benefits	29,706	38,835	27,907
Oper., Maint. & Admin.	36,684	27,209	21,615
Taxes	500	508	434
Debt	5,918	5,984	6,049
Capital	50,271	12,000	86
Total	123,079	84,536	56,091



Wastewater Outflows

Water Capital: Projects & Acquisitions

Water Capital	
Project Description	Budgeted Cost
Clallam Bay-Sekiu Emergency Bypass Replacement	2,689,235
Carlsborg Water Source, Transmission Line, Blend System + VL	2,562,963
Clallam Bay-Sekiu Infrastructure Upgrade	1,122,325
Evergreen R3 Reservoirs	715,694
Evergreen 8-inch pipe on 7th Avenue	362,703
Gales Addition Reservoir Transmission Line	290,178
Hoko Safety & Reliability Upgrades	249,152
WSDOT Lees Creek	229,850
Transmission & Distribution Projects	172,996
Structure & Site Upgrades	166,305
All Other Water Projects	598,599
Total Water Capital	\$9,160,000



NOTE: Project costs include capitalized labor costs

Wastewater Capital: Projects & Acquisitions

Wastewater Capital	
Project Description	Budgeted Cost
Sunshine I: Lower Lift Station	90,391
Replace Drain Field Pumps	11,563
Miscellaneous Capital	7,856
Total Sewer Capital	\$109,810

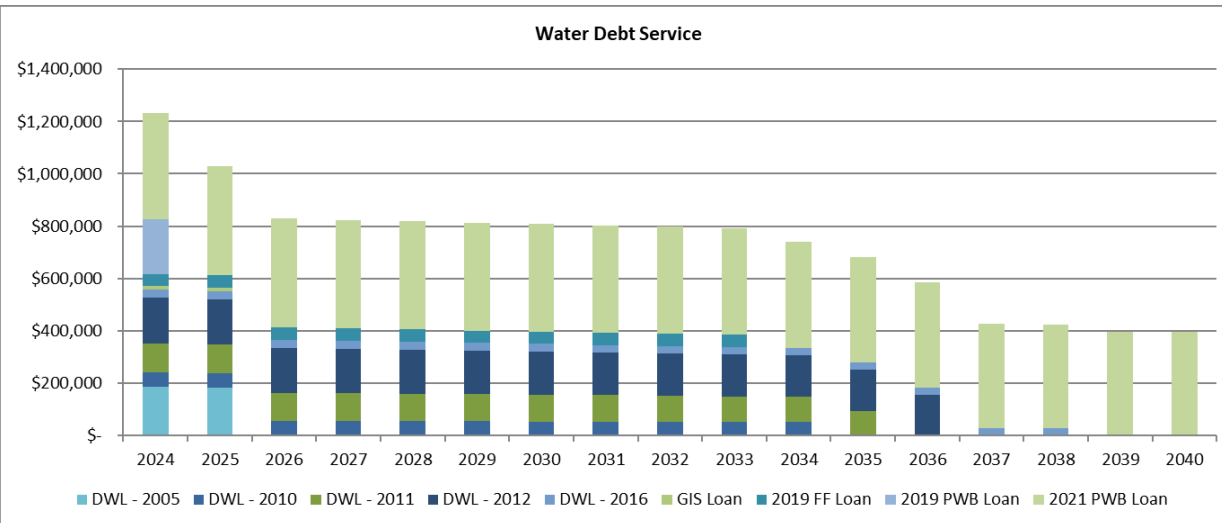


NOTE: Project costs include capitalized labor costs

Water Debt

2024 Debt Payment Schedule

Debt	Principal	Interest	Payment
2005 Drinking Water Loan	181,431	3,629	185,060
2010 Drinking Water Loan	51,188	5,631	56,819
2011 Drinking Water Loan	93,564	16,842	110,406
2012 Drinking Water Loan	153,200	19,916	173,116
2016 Drinking Water Loan	26,727	6,014	32,741
2019 First Federal Loan	35,000	12,090	47,090
GIS Note Payable to Electric	12,125	485	12,610
Public Works Board Loan 2019	208,537	1,314	209,850
Public Works Board Loan 2021 (est.)	359,674	44,084	403,758
Total	\$ 1,121,447	\$ 110,003	\$ 1,231,450



Personnel Overview



Personnel: Highlights and Assumptions

- **Position Moves**

- Electrician
 - Transmission Eng. to Facilities
- Contracts Coordinator
 - Distribution Eng. to GM

- **Position Additions**

- Engineer I
- Substation Apprentice
- Grant Writer/Analyst
- CS Support Specialist

- **Other Highlights/Assumptions**

- Compensation limits increased 27% for Commissioners
 - Adjusted every 5 years for inflation per RCW
 - Estimate provided by Office of Financial Management
- Healthcare premium increases 9.24%
- 2023–2026 Collective Barg. Agrmt.
 - Increases effective May 1, 2024

Electric Summary

Inflows	2024
Sales	77,142,525
Other	6,351,597
Interest	625,755
FEMA	-
Customer Contributions	1,098,000
Bond Proceeds	-
DSR Transfer	152,905
	85,370,782
Outflows	
Conservation	568,800
Purchased Resources	31,390,189
Labor & Benefits	25,048,015
Oper., Maint. & Admin.	9,041,952
Taxes	4,804,646
Debt	3,377,570
Capital	12,648,044
Fund Transfers	645,000
	87,524,216
Net Change in Op. Reserves	(2,153,434)
Ending Op. Reserves	\$35,001,118

Water Summary

Inflows	2024
Sales	6,434,872
Other	56,304
Interest	12,561
FEMA	2,187,726
Customer Contributions	111,600
Loan Proceeds	1,700,000
Capital Fund Transfer	3,000,000
	13,503,063
Outflows	
Purchased Resources	280,000
Labor & Benefits	2,426,914
Oper., Maint. & Admin.	1,487,077
Taxes	284,070
Debt	1,291,446
Capital	7,733,816
	13,503,323
Net Change in Op. Reserves	(260)
Ending Op. Reserves	\$270,411

Wastewater Summary

Inflows	2024
Sales	98,557
Other	-
Interest	1,652
Loan Proceeds	-
Capital Fund Transfer	26,000
	126,209
Outflows	
Labor & Benefits	29,706
Oper., Maint. & Admin.	36,684
Taxes	500
Debt	5,918
Capital	50,271
	123,079
Net Change in Op. Reserves	3,130
Ending Op. Reserves	\$97,962

Questions?

Thank you.