

PUD #1 of Clallam County

# 2025 Budget Proposal

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October 14, 2024

# Presenters:

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Sarah Canepa, CPA  
Finance & Accounting Manager

Sean Worthington  
General Manager

Shailesh Shere  
Assistant General Manager

## Guest Speakers for Capital Projects

- Doug Adams
- Colin Young
- Shawn Delplain
- George Drake
- Jason Seibel
- Bowen Kendrick

# Budget: Start to Finish

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## Objectives:

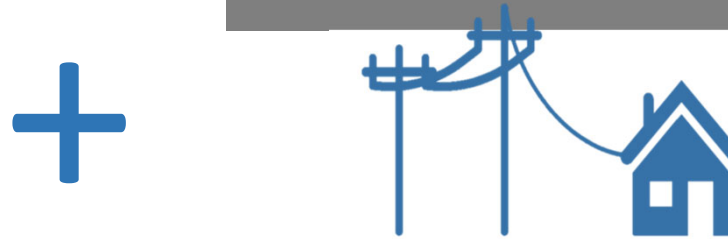
- Provide Stable Rates
  - Small annual rate adjustments
- Be Financially Responsible
- Ensure Reliable Supply
  - Favorable ROI projects
  - Strategically assess capital needs
- Financial Policy Metrics:
  - Op. Reserves 150 days
  - Debt Ratio  $\leq 40\%$
  - DSCR  $\geq 2.0x$



LOW RATES

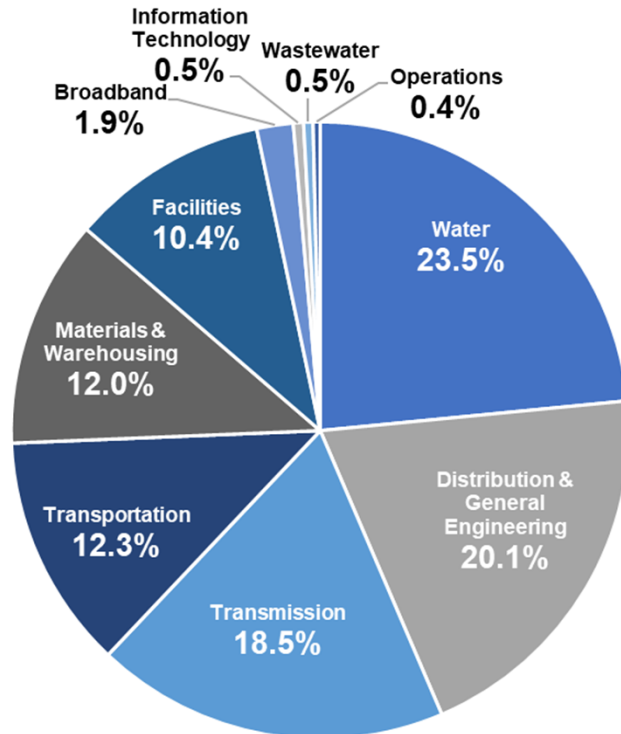
## Uncertainties & Impacts:

- Weather
  - Highly variable/less predictable
- Increasing Costs
  - Supply Chain
  - Labor & Recruitment
  - Purchased Resources
- Regulatory Costs
  - CETA
- Capital Planning
  - System Improvements
  - Replacements

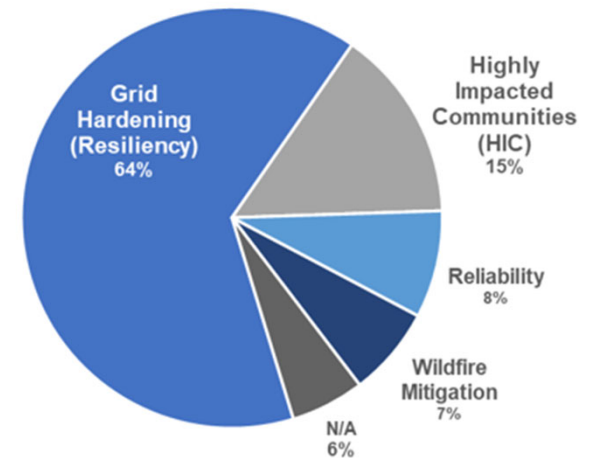


HIGH RELIABILITY

# District Capital Planning



## Focus on Community Impact Projects



## Strategic Project Matrix Update

# 2024: Forecast Assumptions

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- **Inflows/Revenues**

- Sales – assume normal weather/consumption patterns
- Customer Contributions – electric higher to date; water lower to date
- Unbudgeted Inflows
  - Auction Proceeds for Consigned Allowances
  - Grants

- **Outflows/Expenses**

- O&M – assume normal operations and maintenance expenses
  - Purchased Power – proportional to sales for remainder of year, underbudget to date
  - Taxes – proportional to sales
- **Capital**
    - Year End capital based on staff projections

# 2025: Budget Highlights and Assumptions

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## • Highlights

- Purchased Power: **-\$1.3M**
  - Nominal decrease to load forecast
- Personnel: **+\$1M**
  - 2023-26 Collective Bargaining Agreement impacts
  - COLA Increase for Staff
- Capital: **-\$1.15M**
  - Excluding internal personnel costs

## • Inflows/Revenues

- Sales
  - Electric – System wide increase of 2.5%
  - Water/WW - Based on board approved rate schedules through 2028

## • Outflows/Expenses

- Prior year's budgets and YTD actuals used for budgeted estimates
- Known vendor/contract pricing
- Capital Plan Assessment for budget year

# Electric System: Inflows & Outflows

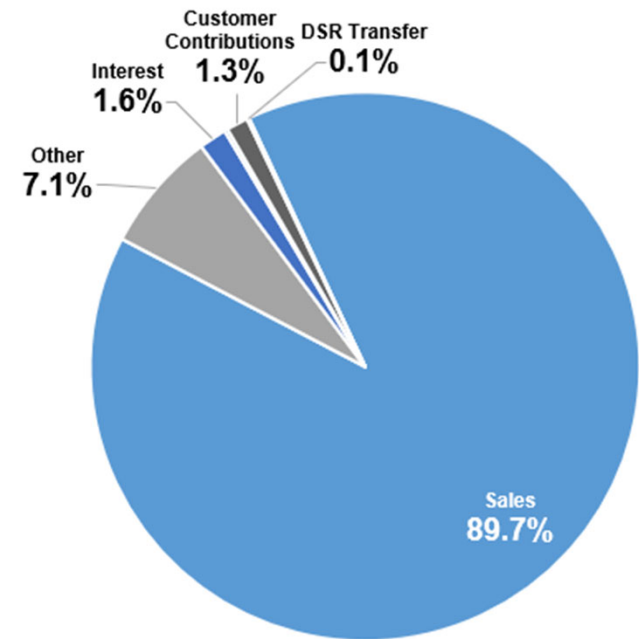
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## Electric Inflows

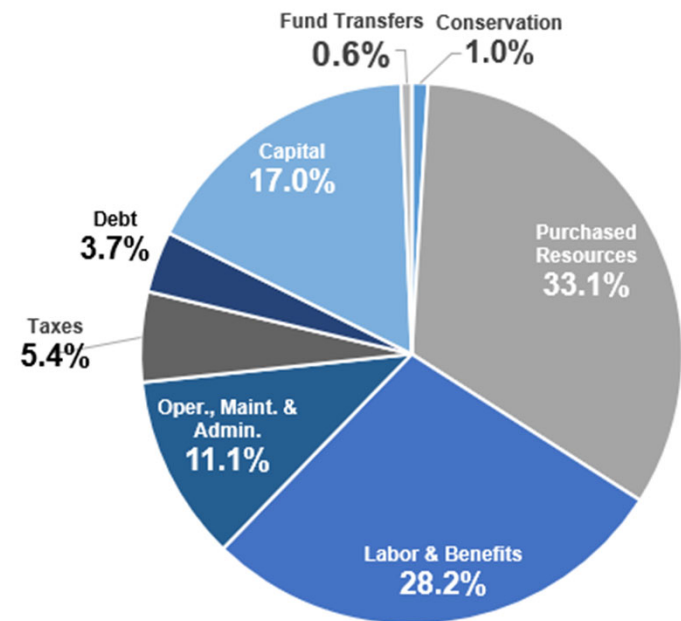
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Budget</b>	<b>Projected</b>	<b>Actual</b>
Sales	77,167,000	75,668,000	72,988,550
Other	6,134,942	7,312,524	3,961,483
Interest	1,400,000	2,418,300	2,057,077
FEMA	170,000	-	1,449,274
Customer Contribution:	1,098,000	1,565,000	1,555,643
DSR Transfer	103,641	152,905	133,681
<b>Total</b>	<b>86,073,583</b>	<b>87,116,729</b>	<b>82,145,708</b>



Electric Inflows

## Electric Outflows

	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Budget</b>	<b>Projected</b>	<b>Actual</b>
Conservation	875,000	500,000	500,279
Purchased Resources	30,086,217	26,098,213	26,105,617
Labor & Benefits	25,606,000	23,064,958	21,296,750
Oper., Maint. & Admin.	10,068,522	7,148,100	9,729,215
Taxes	4,886,414	5,175,091	5,090,927
Debt	3,320,325	3,377,570	3,533,909
Capital	15,448,764	12,252,094	7,879,806
Fund Transfers	575,000	-	778,722
<b>Total</b>	<b>90,866,242</b>	<b>77,616,026</b>	<b>74,915,225</b>



Electric Outflows

# Electric Capital

## Transmission Capital

Project Description	Community Impact	Budgeted Cost
JN-SQ Transmission/Distribution Rebuild	Grid Hardening (Resiliency)	810,000
Beaver Camp Transformer Replacement	Highly Impacted Communities (HIC)	733,000
Forks 2 Substation Rebuild	Highly Impacted Communities (HIC)	565,000
Substation Breaker Replacement	Grid Hardening (Resiliency)	500,000
Hwy 101 - Sappho to Forks	Highly Impacted Communities (HIC)	295,000
Gunstone Transmission Rebuild	Grid Hardening (Resiliency)	255,000
Hwy 112 - Burnt Mtn Pole Replacements	Highly Impacted Communities (HIC)	200,000
All Other Transmission Projects	Various	399,000
<b>Total</b>		<b>\$3,757,000</b>



**NOTE:** Project costs exclude capitalized labor costs

# Electric Capital, *continued*



Distribution Capital		
Project Description	Community Impact	Budgeted Cost
Diamond Point Undergrounding	Wildfire Mitigation	885,000
Customer Requested Projects	N/A	600,000
<i>Sequim Microgrid Construction (General Clean Energy Fund)***</i>	Highly Impacted Communities (HIC)	578,082
Distribution Poles & Structures Replace or Removal	Wildfire Mitigation	460,000
<i>Solar PV on PUD Roofs (Admin, Sub Shop)***</i>	Highly Impacted Communities (HIC)	378,642
Engineered Cable Replacement Projects	Reliability	320,000
DG-C to SL-C 750 MCM Tie	Reliability	260,000
<i>Sequim Microgrid Project***</i>	Highly Impacted Communities (HIC)	160,000
Distribution Underground Replace or Remove	Reliability	150,000
All Other Distribution & General Engineering Projects	Various	292,500
<b>Total</b>		<b>\$4,084,224</b>

\*\*\*Grant Funding Budgeted

# Electric Capital, *continued*

## Broadband & Information Technology Capital

Project Description	Community Impact	Budgeted Cost
Mt. Pleasant Wireless Infrastructure	Grid Hardening (Resiliency)	150,000
Fiber Replacement - W of Lauridsen & Airport Rd. to Edgewood Dr.	Grid Hardening (Resiliency)	49,200
Fiber Cabinet Install - Lairds Corner Substation	Grid Hardening (Resiliency)	38,000
Forks Office Network Equipment Upgrade	Grid Hardening (Resiliency)	33,600
PA Hut Upgrades (Batteries & Rewiring)	Grid Hardening (Resiliency)	28,000
Sequim Hut Upgrades (Batteries & Rewiring)	Grid Hardening (Resiliency)	28,000
Optical Time-Domain Reflectometer Instrument	Grid Hardening (Resiliency)	13,940
Fiber Replacement - Edgewood Dr. to Lairds Cor; Redesign Fiber PA Whs	Grid Hardening (Resiliency)	7,000
All Other Broadband Projects	Grid Hardening (Resiliency)	39,800
NISC Meter Data Management System (Engineering)	Reliability	57,000
All Other Information Technology Capital	Grid Hardening (Resiliency)	52,000
<b>Total</b>		<b>\$496,540</b>



# Electric Capital, *continued*

## Transportation & Other Fleet Capital

Project Description	Community Impact	Budgeted Cost
Freightliner Digger Derrick to Replace #91-03***	Grid Hardening (Resiliency)	690,000
Freightliner Terex 55' Bucket to Replace #208-09***	Grid Hardening (Resiliency)	527,000
Freightliner Bucket Truck to replace #259-14***	Grid Hardening (Resiliency)	413,000
Versa-Lift 40' Bucket to Replace #230-9***	Grid Hardening (Resiliency)	240,000
Ford F550 Four Door Bin Body to Replace #281-16	Grid Hardening (Resiliency)	110,900
Ford F350 Bin Body to Replace #266-13	Grid Hardening (Resiliency)	98,000
Ford F350 Four Door Bin Body to Replace #223-11	Grid Hardening (Resiliency)	98,000
Ford F350 Four Door Bin Body to Replace #257-12	Grid Hardening (Resiliency)	98,000
7-Passenger Vehicle	N/A	77,500
Reel Strong Reel Trailer "2"	Grid Hardening (Resiliency)	74,000
Trailer for Directional Bore Rolled Conduit	Grid Hardening (Resiliency)	16,000
All Other Transportation & Other Fleet Capital	Grid Hardening (Resiliency)	55,600
<b>Total</b>		<b>\$2,498,000</b>

\*\*\*Previously budgeted and/or board approved





# Electric Capital, *continued*

## Facilities, Operations, & Materials Capital

Project Description	Community Impact	Budgeted Cost
PA Operations Center & Auto Shop	Grid Hardening (Resiliency)	1,900,000
Forks Office Parking Lot Repaving & Striping	N/A	100,000
Forks Operations Center Equipment Shed	Grid Hardening (Resiliency)	100,000
Transformers & Regulators	Grid Hardening (Resiliency)	1,500,000
Other Facilities Improvements, Tools, & Other Capital	Various	98,000
<b>Total</b>		<b>\$3,698,000</b>



# Electric Capital, *continued*

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## Materials Capital, *continued*

<b>Project Description</b>	<b>Community Impact</b>	<b>Budgeted Cost</b>
Meters & Infrastructure	Grid Hardening (Resiliency)	915,000
<b>Total Electric Capital</b>		<b>\$15,448,764</b>

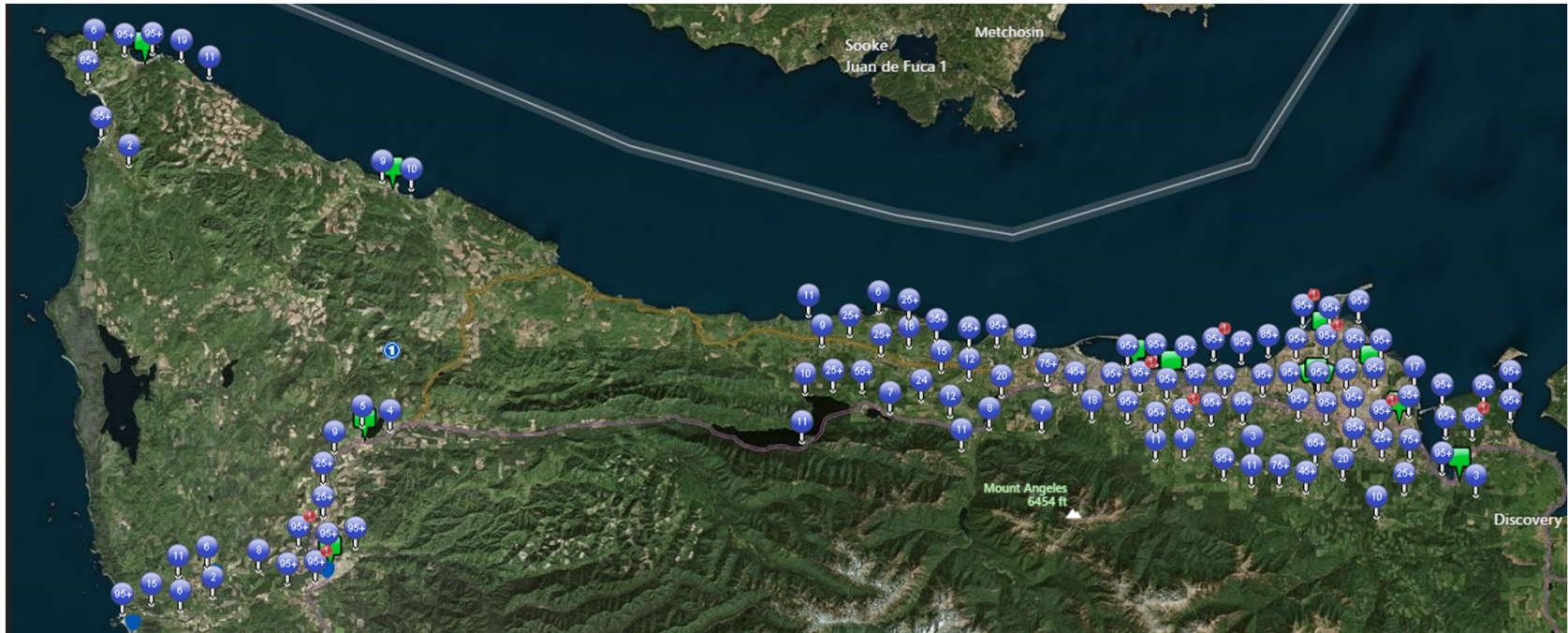
## Advanced Metering Infrastructure (AMI) Update

- Meters installed to date
- Estimated project completion



# Electric Capital, *continued*

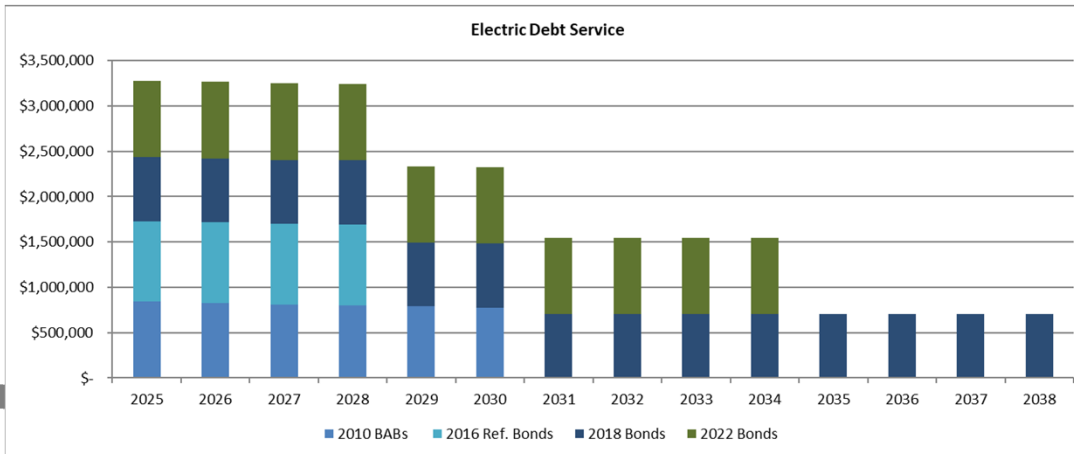
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# Electric Debt

2025 Debt Payment Schedule

Debt	Principal	Interest	Payment
2010 Build America Bonds	640,000	202,125	842,125
2016 Electric Revenue Refunding Bonds	770,000	116,000	886,000
2018 Electric Revenue Bonds	380,000	325,700	705,700
2022 Electric Revenue Bonds	575,000	265,900	840,900
<b>Total</b>	<b>\$ 2,365,000</b>	<b>\$ 909,725</b>	<b>\$ 3,274,725</b>



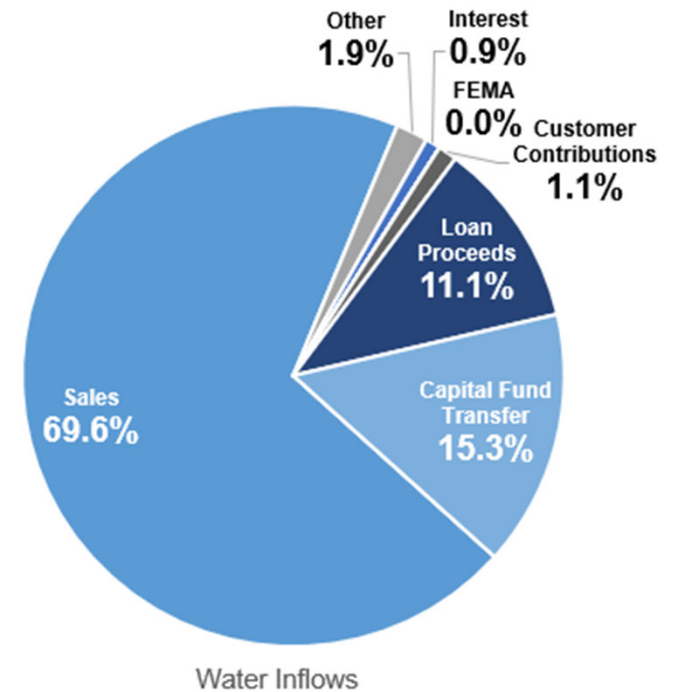
# Water & Wastewater: Inflows & Outflows

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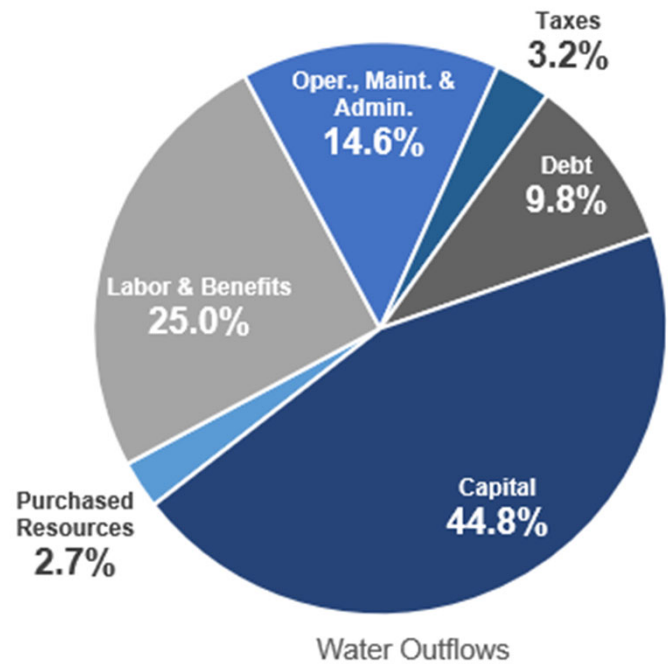
### Water Inflows

	2025 Budget	2024 Projected	2023 Actual
Sales	6,821,821	6,015,800	5,422,267
Other	186,946	779,700	91,292
Interest	87,600	152,900	102,273
FEMA	-	-	734,509
Customer Contribution:	111,600	101,700	199,776
Loan Proceeds	1,092,043	1,500,500	4,365,416
Capital Fund Transfer	1,500,000	-	-
<b>Total</b>	<b>9,800,010</b>	<b>8,550,600</b>	<b>10,915,533</b>



## Water Outflows

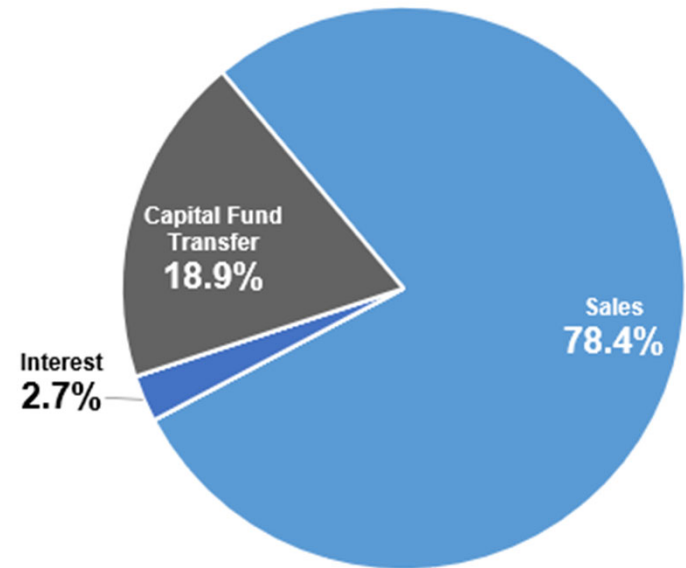
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Budget</b>	<b>Projected</b>	<b>Actual</b>
Purchased Resources	290,000	323,300	278,218
Labor & Benefits	2,660,925	2,209,200	1,997,486
Oper., Maint. & Admin.	1,550,463	1,123,300	1,263,652
Taxes	336,660	307,500	282,236
Debt	1,040,841	1,186,436	1,005,596
Capital	4,765,174	2,368,600	4,645,855
<b>Total</b>	<b>10,644,063</b>	<b>7,518,336</b>	<b>9,473,043</b>





## Wastewater Inflows

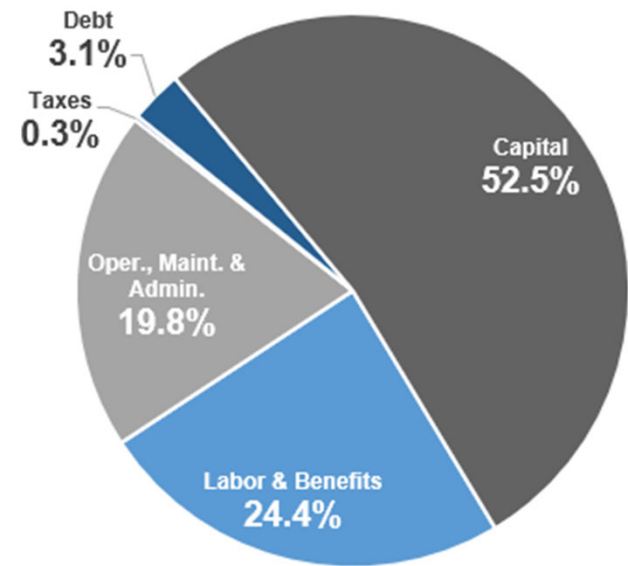
	<b>2025 Budget</b>	<b>2024 Projected</b>	<b>2023 Actual</b>
Sales	107,579	104,600	89,591
Other	-	100	118
Interest	3,675	7,400	5,094
Customer Contribution:	-	-	-
Capital Fund Transfer	26,000	-	-
<b>Total</b>	<b>137,254</b>	<b>112,100</b>	<b>94,803</b>



Wastewater Inflows

## Wastewater Outflows

	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>Budget</b>	<b>Projected</b>	<b>Actual</b>
Labor & Benefits	46,504	19,900	28,138
Oper., Maint. & Admin.	37,839	26,000	20,899
Taxes	500	500	464
Debt	5,851	5,918	5,984
Capital	100,161	-	-
<b>Total</b>	<b>190,855</b>	<b>52,318</b>	<b>55,485</b>



Wastewater Outflows

# Water Capital

Water Capital		
Project Description	Community Impact	Budgeted Cost
Clallam Bay-Sekiu Infrastructure Upgrade	Grid Hardening (Resiliency)	1,338,896
Evergreen R3 Reservoirs	Grid Hardening (Resiliency)	462,705
Evergreen 8-inch pipe on 7th Avenue	Grid Hardening (Resiliency)	355,471
Water Fleet Assets	Grid Hardening (Resiliency)	301,658
Gales Addition Reservoir Transmission Line	Grid Hardening (Resiliency)	277,400
Carlsborg Water Source, Transmission Line, Blend System + VL	Reliability	261,250
WSDOT Bagley Creek	Grid Hardening (Resiliency)	239,486
Hoko Safety & Reliability Upgrades	Reliability	231,750
Clallam Bay-Sekiu Emergency Bypass Replacement	Grid Hardening (Resiliency)	202,618
WSDOT Lees Creek	Grid Hardening (Resiliency)	195,010
Emergency Generators-Pfaff	Grid Hardening (Resiliency)	164,636
<i>All Other Water Capital***</i>	Various	734,294
<b>Total Water Capital</b>		<b>\$4,765,174</b>

\*\*\*Grant Funding Budgeted



**NOTE:** Project costs exclude capitalized internal labor costs



# Wastewater Capital

Wastewater Capital		
Project Description	Community Impact	Budgeted Cost
Miscellaneous Capital	Grid Hardening (Resiliency)	9,701
Replace Drain Field Pumps	Grid Hardening (Resiliency)	3,453
Sunshine I: Lower Lift Station	Grid Hardening (Resiliency)	73,926
View Ridge: Replace Pump Station Roof	Grid Hardening (Resiliency)	13,081
<b>Total Wastewater Capital</b>		<b>\$100,161</b>

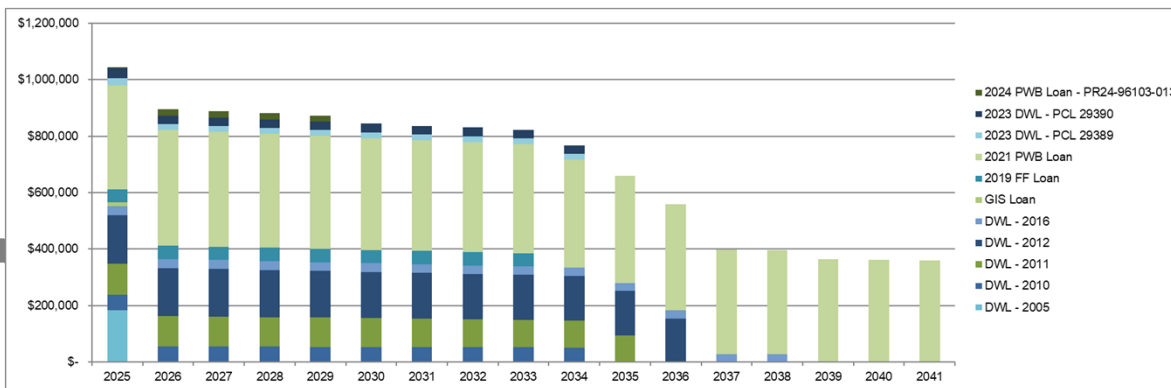


**NOTE:** Project costs exclude capitalized internal labor costs

# Water Debt

2025 Debt Payment Schedule

Debt	Principal	Interest	Payment
2005 Drinking Water Loan	181,431	1,796	183,228
2010 Drinking Water Loan	51,188	5,119	56,307
2011 Drinking Water Loan	93,564	15,438	109,002
2012 Drinking Water Loan	153,200	18,384	171,584
2016 Drinking Water Loan	26,727	5,613	32,340
2019 First Federal Loan	36,000	11,040	47,040
GIS Note Payable to Electric	12,125	242	12,367
Public Works Board Loan 2021 (est.)	316,964	50,651	367,615
2023 Drinking Water Loan (29389, est.)	20,961	4,192	25,153
2023 Drinking Water Loan (29390, est.)	30,039	6,008	36,047
Public Works Board Loan 2024 (est.)	-	158	158
<b>Total</b>	<b>\$ 922,200</b>	<b>\$ 118,641</b>	<b>\$ 1,040,841</b>



# Personnel Overview



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# Personnel - Assumptions

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- Represented Employee increases in accordance with Collective Bargaining Agreement effective May 1.
- Current staff salary ranges as adopted by Bord of Commissioners.
- Staff Employee Updates (Recruitment and Retention)
  - 4% Non-Exempt Retirement Match
  - 5% Exempt Retirement Match
  - 3% COLA for staff employees effective January 1, 2025
- Net FTE Reduction
- Healthcare Expenditures Increasing

### Electric Summary

<b>Inflows</b>	<b>2025</b>
Sales	77,167,000
Other	6,134,942
Interest	1,400,000
FEMA	170,000
Customer Contributions	1,098,000
Bond Proceeds	-
DSR Transfer	103,641
	<u>86,073,583</u>
<b>Outflows</b>	
Conservation	875,000
Purchased Resources	30,086,217
Labor & Benefits	25,606,000
Oper., Maint. & Admin.	10,068,522
Taxes	4,886,414
Debt	3,320,325
Capital	15,448,764
Fund Transfers	575,000
	<u>90,866,242</u>
Net Change in Op. Reserves	(4,792,659)
Ending Op. Reserves	<u>\$42,161,533</u>

### Water Summary

<b>Inflows</b>	<b>2025</b>
Sales	6,821,821
Other	186,946
Interest	87,600
FEMA	-
Customer Contributions	111,600
Loan Proceeds	1,092,043
Capital Fund Transfer	1,500,000
	<u>9,800,010</u>
<b>Outflows</b>	
Purchased Resources	290,000
Labor & Benefits	2,660,925
Oper., Maint. & Admin.	1,550,463
Taxes	336,660
Debt	1,040,841
Capital	4,765,174
	<u>10,644,063</u>
Net Change in Op. Reserves	(844,053)
Ending Op. Reserves	<u>\$1,979,953</u>

### Wastewater Summary

<b>Inflows</b>	<b>2025</b>
Sales	107,579
Other	-
Interest	3,675
Customer Contributions	-
Loan Proceeds	-
Capital Fund Transfer	26,000
	<u>137,254</u>
<b>Outflows</b>	
Labor & Benefits	46,504
Oper., Maint. & Admin.	37,839
Taxes	500
Debt	5,851
Capital	100,161
	<u>190,855</u>
Net Change in Op. Reserves	(53,601)
Ending Op. Reserves	<u>\$125,955</u>

# Rates & 2025 Planning

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## Rate Increases

- Electric 2.5%
- Water 4.75%
- WW 9%

## Timeline of Major Events

- PA Operations Center & Auto Shop Design & Cost Estimate, Target Completion Summer 2025
- BPA 3-Year contract established July 2025
- Electric Cost of Service Analysis, Target Completion late Summer 2025



**Questions?**

**Thank you.**