

**Regular/Annual Meeting Agenda  
and Budget Hearing**

October 3, 2022 3:00 pm

310 Four Corners Rd.

Port Townsend, WA 98368

and Zoom



**To join online go to:** <https://zoom.us/my/jeffcopud>. Follow the instructions to login. Meetings will open 10 minutes before they begin. TOLL FREE CALL IN #: 833-548-0282, Meeting ID# 4359992575#. Use \*6 to mute or unmute. \*9 to raise a hand to request to begin speaking.

Page

**1. Call to Order Regular/Annual meeting of the PUD BOC**

With the adoption by the Washington State Legislature of ESHB 1329, providing for both virtual and in-person meetings to be held, JPUD will be offering both virtual on-line meetings as well as in-person meetings, unless advance notice is provided. In person attendance will be limited to provide sufficient space and masking is encouraged. Online participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use \*6 to mute and unmute and \*9 to raise a hand to request to speak.

**For purposes of compliance with the Rural Utilities Service Obligations, this meeting will serve as the Annual meeting for Public Utility District No. 1 of Jefferson County.**

**2. Agenda Review**

**3. Executive Session**

Review of a Public Employee per RCW 42.30.110 (1) (g)

**4. Manager and Staff Reports**

*For information only, not requiring a vote.*

**5. Public Comment**






The public comment period allows members of the public to comment, limited to 3 minutes each, on any items not specifically listed on the Agenda or for items listed on the Consent Agenda. Prior to any public comment, members of the public must first be recognized by the President, or the designated Chair of the meeting, and are not permitted to disrupt, disturb, or otherwise impede the orderly conduct and fair progress of the Commission's meeting. After an initial warning by the President, or the designated Chair of the meeting, individuals who intentionally violate these guidelines through actual disruption of the Commission meeting will be dropped from the meeting. (15 min)

## 6. Commissioner Reports

## 7. Consent Agenda

*All matters listed below on the Consent Agenda are considered under one motion and will be enacted by one motion. There will be no separate discussion on those items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

*Consent Action: Approve a motion to adopt consent agenda as presented.*

- |      |  |         |
|------|--|---------|
| 7.1. | Prior Minutes<br>There will be no minutes for this meeting.  |         |
| 7.2. | Vouchers<br><a href="#">Voucher Approval Form for the Commissioners.pdf</a> <br><a href="#">Voucher Certification with Supporting Warrant Register &amp; Payroll....pdf</a>  | 6 - 21  |
| 7.3. | Financial Report<br><a href="#">2023 Budget Presentation for 10.3.2022.pdf</a>    | 22 - 60 |
| 7.4. | Calendar<br><a href="#">PUD Calendar October 3, 2022.docx</a>   | 61      |
| 7.5. | Correspondence Log<br><a href="#">Correspondence Log.pdf</a>    | 62      |






## 8. Old Business

For the OLD and NEW BUSINESS section discussions: please hold public comment until each presentation is done but before the vote.



- |      |  |          |
|------|--|----------|
| 8.1. | Resolution for Public Works Board Grant for Discovery Bay East<br><a href="#">Agenda Report Discovery Bay East Grant.pdf</a> <br><a href="#">Resolution 2022-XXXX Authorizing Grant for Discovery Bay East 2022 09 28.pdf</a> <br><a href="#">Contract PWB Jefferson Co.pdf</a>  | 63 - 114 |
|------|--|----------|

*Recommended Action: Approve Resolution 2022-XXX*

*authorizing the General Manager to execute grant agreements for the Discovery Bay East area Broadband project*

- 8.2. Jackson-Thornton Resolution 115 - 116  
[Resolution 2022-XXXX Resolution Selecting PUD Auditor 2022 09 28.docx](#)   
*Recommended Action: To approve Resolution*
- 8.3. BPA Energy Conservation Agreement Contract Amendment 117 - 143  
[Agenda Report BPA ECA Amendment Ratification.pdf](#)   
[Contract Amendment Jefferson.pdf](#)   
[BPA EEI Contract.pdf](#)   
[JPUD August 2022 Report 20220901.pdf](#)   
*Recommended Action: Approve a motion to ratify the General Manager's signature of Amendment No. 2 to the Energy Conservation Agreement (ECA) Contract No. 17ES-11498 between Bonneville Power Administration and Public Utility District No. 1 of Jefferson County*

## 9. New Business

- 9.1. Operations and Maintenance Services Agreements 144 - 162  
[Agenda Report for OM Agreements at Jefferson County Airport Final 221003.pdf](#)   
[Jefferson County Airport Map.pdf](#)   
[Resolution 2022-0XXBOCapproveGMtosignO&MSpruceGoose,AEROMuseum,NWHangers 221003.pdf](#)   
[Exhibit A AgreementO&MServicesPortSpruce Goose,AEROMuseumandNW HangarsLOSS 221003.pdf](#)   
[Exhibit A Attachment A AgreementO&MPortSpruceGoose,AEROMuseum,NWHangersOSS 221003.pdf](#)   
[Resolution2022-0XXO&MAgreement PortPUDHangarsNo.4,7and8LOSS 221003.pdf](#)   
[Exhibit A AgreementO&MPortHangarsNo.4,7and8LOSS 221003.pdf](#)



[Exhibit A Attachment A AgreementO&MPort  
HangarsNo.4,7and8LOSS 221003.pdf](#)

9.2. Timber Sale

163 - 169

[AGENDA REPORT Timber Sale Oct 2022.docx](#)

[Wildfire Presentation.pptx](#)

**10. Recess into PUD 2023 Budget Hearing**

**11. Call to Order PUD 2023 Budget Hearing**

With the adoption by the Washington State Legislature of ESHB 1329, providing for both virtual and in-person meetings to be held, JPUD will be offering both virtual on-line meetings as well as in-person meetings, unless advance notice is provided. In person attendance will be limited to provide sufficient space and masking is encouraged. Online participant audio will be muted upon entry. Please unmute at the appropriate time to speak. If you are calling in, use \*6 to mute and unmute and \*9 to raise a hand to request to speak.

**12. Agenda Review**

**13. Presentation of 2023 Draft Budget**

170 - 208

[2023 Budget Presentation for 10.3.2022.pdf](#)

**14. Presentation Regarding Update of Tax Levy**

**15. General Public Testimony**

3 minutes per person. Please state your name and your district for the record.

**16. Resolution Regarding Update of Tax Levy**

209 - 210

[Resolution 2022-xxx Tax Levy updated 2022 09 28.docx](#)

*Recommended Action: Approve Resolution 2022-XXX affirming that an increase to its Regular Levy verses the District's prior year's levy amount is not needed, not including increases that are exempt under RCW 84.55.*

**17. Resolution adopting 2023 Budget**

211 - 212

[Resolution Adopting a Budget for Calendar Year 2023.docx](#)



*Recommendation Action: Approve Resolution 2022-XX adopting  
a Budget of the calendar year 2023*

**18. Adjourn Regular/Annual Meeting and 2023 PUD Budget Hearing**

## VOUCHER APPROVAL FORM

We, the undersigned Board of Commissioners of Public Utility District No. 1 of Jefferson County hereby approve pending payments for transactions greater than \$100,000, if any. The following transactions are approved from the General Fund in the amount of **\$1,396,917.78** on this **3RD** day of **OCTOBER** **2022** ;

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Kenneth Collins  
President

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Jeff Randall  
Vice President

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Dan Toepper  
Secretary

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### PAYMENTS TO BE APPROVED:

	WARRANTS	AMOUNT	DATE
Accounts Payable:	# 129894 to # 129944	\$ 898,749.02	9/15/2022
Accounts Payable:	# 129945 to # 129979	\$ 330,759.47	9/22/2022
Payroll Checks:	# 71037 to # 71038	\$ 5,686.28	9/16/2022
Payroll Direct Deposit:		\$ 161,723.01	9/16/2022

**TOTAL INVOICES PAID**

**\$1,396,917.78**

**WIRE TRANSFERS PAID**

**AMOUNT**

**DATE**

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**PAYMENT TOTAL**

**\$1,396,917.78**

**VOIDED WARRANTS**

## VOUCHER CERTIFICATION FORM

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just and due obligation against Public Utility District No. 1 of Jefferson County, and that I am authorized to authenticate and certify to said claims, and I, the undersigned, do hereby certify under penalty of perjury that claims for employee and commissioner expenses are just and due against Public Utility District No. 1 of Jefferson County.

Signed: Mike Bailey

Mike Bailey, Financial Director / District Auditor

9/28/2022

Date

### VOUCHER CLAIM FORMS FOR INVOICES PAID:

	WARRANTS	AMOUNT	DATE
Accounts Payable: # 129894	to # 129944	\$ 898,749.02	9/15/2022
Accounts Payable: # 129945	to # 129979	\$ 330,759.47	9/22/2022
Payroll Checks: # 71037	to # 71038	\$ 5,686.28	9/16/2022
Payroll Direct Deposit:		\$ 161,723.01	9/16/2022
<b>TOTAL INVOICES PAID</b>		<b>\$1,396,917.78</b>	

### WIRE TRANSFERS PAID

### AMOUNT

### DATE

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### GRAND TOTAL

**\$1,396,917.78**

VOIDED WARRANTS

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# Accounts Payable Check Register

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Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
129894 9/15/22	CHK	10004	A+ EQUIPMENT RENTALS	CONCRETE SAW RNTL 8/18 - 124 NESS CORNER	43.64
129895 9/15/22	CHK	10516	AIR SYSTEMS ENGINEERING INC	REPLACEMENT HEAT PUMP - 191 OTTO ST.	791.07
				REPLACEMENT HEAT PUMP - 191 OTTO ST.	904.08
				REPLACEMENT HEAT PUMP - 191 OTTO ST.	6,164.69
Total for Check/Tran - 129895:					7,859.84
129896 9/15/22	CHK	10923	ALPHA POWER SYSTEMS, INC	TRAN 1P PAD 25KVA 120/240	7,637.00
129897 9/15/22	CHK	10012	ALTEC INDUSTRIES, INC	VEH# 101 - DIELECTRIC/DOT INSPECTION	2,068.33
129898 9/15/22	CHK	10481	AMAZON	BULLETIN BOARD SUPPLIES	26.49
				BULLETIN BOARD SUPPLIES	2.95
Total for Check/Tran - 129898:					29.44
129899 9/15/22	CHK	10451	ASCENT LAW PARTNERS LLP	FLAT FEE BOC MEETINGS (225-104) AUG 2022	6,549.11
				FLAT FEE BOC MEETINGS (225-104) AUG 2022	700.00
				GENERAL UTILITY (225-102) AUG 2022	11,044.26
				GENERAL UTILITY (225-102) AUG 2022	1,222.50
Total for Check/Tran - 129899:					19,515.87
129900 9/15/22	CHK	10940	CALIX, INC.	SPLICE TRAY ITEM#100-01578 QTY2	94.10
129901 9/15/22	CHK	10041	CDW GOVERNMENT	CAMERA ARM	220.93
				CAMERA ARM	24.55
Total for Check/Tran - 129901:					245.48
129902 9/15/22	CHK	10045	CENTURY LINK-S	PHONE SERVICE - SEP 2022	131.91
				PHONE SERVICE - SEP 2022	14.66
				PHONE SERVICE - SEP 2022	52.92
				PHONE SERVICE - SEP 2022	5.89
Total for Check/Tran - 129902:					205.38
129903 9/15/22	CHK	10046	CENTURYLINK	LOW SPD DATA & 2WIRE SEP 2022	79.24
				LOW SPD DATA & 2WIRE SEP 2022	19.82
				LOW SPD DATA & 2WIRE SEP 2022	31.17

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Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				LOW SPD DATA & 2WIRE SEP 2022	7.79
				<b>Total for Check/Tran - 129903:</b>	138.02
129904 9/15/22	CHK	10051	CITY OF PORT TOWNSEND-UTILITY	KEARNEY SUBST- AUG 2022	201.45
				191 OTTO ST - AUG 2022	102.14
				191 OTTO ST - AUG 2022	11.35
				<b>Total for Check/Tran - 129904:</b>	314.94
129905 9/15/22	CHK	10067	DING DOCTOR GLASS SERVICES	VEH# 416 - REPAIR REAR WINDOW	647.35
129906 9/15/22	CHK	10070	DOUBLE D ELECTRICAL, INC	SWR CONTRL BOX REPLC PARTS-115 LAGOON CT	1,180.74
129907 9/15/22	CHK	10781	EVERGREEN CONSULTING GROUP, LLC	ENERGY CONSERVATION REBATE	2,097.35
				ENERGY CONSERVATION REBATE	1,000.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	1,288.72
				ENERGY CONSERVATION REBATE	35.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	664.74
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	700.00
				ENERGY CONSERVATION REBATE	1,400.00
				ENERGY CONSERVATION REBATE	240.00
				ENERGY CONSERVATION REBATE	700.00
				ENERGY CONSERVATION REBATE	700.00
				ENERGY CONSERVATION REBATE	600.00
				ENERGY CONSERVATION REBATE	700.00
				ENERGY CONSERVATION REBATE	85.00
				ENERGY CONSERVATION REBATE	800.00

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	700.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	700.00
				ENERGY CONSERVATION REBATE	86.10
				ENERGY CONSERVATION REBATE	85.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	1,600.00
				ENERGY CONSERVATION REBATE	800.00
				ENERGY CONSERVATION REBATE	-2.87
				ENERGY CONSERVATION REBATE	3,288.27
				<b>Total for Check/Tran - 129907:</b>	26,267.31
129908 9/15/22	CHK	10821	FCS GROUP	RATE STUDY SRVC - AUG 2022	1,817.50
129909 9/15/22	CHK	10086	FERGUSON ENTERPRISES, INC NW	3-RAIL MARKER GREEN/SEWER PIPE	330.08
129910 9/15/22	CHK	10094	GENERAL PACIFIC, INC	CLIPS	763.70
				HOT SOCKET GAP INDICATOR	1,772.88
				WIRE	44,643.72
				WIRE	84,638.80
				<b>Total for Check/Tran - 129910:</b>	131,819.10
129911 9/15/22	CHK	10095	GOOD MAN SANITATION, INC	SEPTIC PUMPING - DISCOVER RIDGE RD	824.67
129912 9/15/22	CHK	10104	HADLOCK BUILDING SUPPLY, INC.	LAZY C - BLDG WIRE,LIQUID TITE, CONNECT	61.64
				MISC - DRILL BIT & GENERAL HARDWARE	17.39
				LAZY C - 90 DEGREE ELBOW & SXS ELL	4.99
				PRIMER	10.91
				PIPE WRENCH	17.99
				CITY OF PT LED GRANT - PIPE CLAMP	16.54
				<b>Total for Check/Tran - 129912:</b>	129.46
129913 9/15/22	CHK	10817	IDGAF, INC	U/G ELEC UPGRADE - RHODODENDRON DR	5,615.03

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				CHANGE ORDER#2-ROCK,EXPORT SOIL,CLEARING	1,951.96
				EMRGNCY WTR REPAIR - 61 ANDERSON ST.	570.00
				ASPHALT PTCH EMGNCY WTR REPR-121 HILLER	3,930.28
				EXCAVATE,REPAIR,FILL - 82 HIGHLAND DR.	820.00
				EXCAVATE/DG ANCHOR POLE - 530 RENIER RD	3,196.63
				<b>Total for Check/Tran - 129913:</b>	16,083.90
129914 9/15/22	CHK	10839	IRBY ELECTRICAL UTILITES	INSULINK	65.46
129915 9/15/22	CHK	10518	J HARLEN COMPANY	PENTA WRENCH	176.41
129916 9/15/22	CHK	10118	JCI JONES CHEMICALS, INC.	HYPOCHLORITE SOLUTION, SS150	6,398.51
				HYPOCHLORITE SOLUTION, SS150	2,714.77
				<b>Total for Check/Tran - 129916:</b>	9,113.28
129917 9/15/22	CHK	10281	JEFFCO EFTPS	EMPLOYEES' MEDICARE TAX	3,604.24
				EMPLOYER'S MEDICARE TAX	3,604.24
				EMPLOYEES' FICA TAX	12,971.23
				EMPLOYER'S FICA TAX	12,971.23
				EMPLOYEES' FEDERAL WITHHOLDING	15,903.09
				EMPLOYEES' FEDERAL WITHHOLDING TAX	10,952.15
				<b>Total for Check/Tran - 129917:</b>	60,006.18
129918 9/15/22	CHK	10532	JEFFERSON COUNTY PUD PAYROLL ACPR CHECKS 09.16.2022		5,686.28
				PR DIRECT DEPOSIT 09.16.2022	161,723.01
				<b>Total for Check/Tran - 129918:</b>	167,409.29
129919 9/15/22	CHK	10650	JEFFERSON TITLE COMPANY	BOUNDARY LINE ADJUSTMENT	441.85
				BOUNDARY LINE ADJUSTMENT	49.10
				<b>Total for Check/Tran - 129919:</b>	490.95
129920 9/15/22	CHK	10348	KEMP WEST, INC	TT T&M-MARROWSTONE ISLAND 8/8-8/11/22	12,653.28
				TT T&M-PT & MARROWSTONE 8/16-8/18/22	9,489.96
				TT T&M-VARIOUS AREAS 8/22-8/25/22	12,653.28
				TT T&M-EGG&I RD 8/29-9/1/22	12,653.28

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
<b>Total for Check/Tran - 129920:</b>					47,449.80
129921 9/15/22	CHK	10134	LEMAY MOBILE SHREDDING	SHRED 4CRNR AUG-22	180.36
				SHRED 4CRNR AUG-22	20.04
				SHRED 191 OTTO AUG-22	60.30
				SHRED 191 OTTO AUG-22	6.70
<b>Total for Check/Tran - 129921:</b>					267.40
129922 9/15/22	CHK	10141	MARSH USA INC	POLE ATTACH BOND 1YR	100.00
129923 9/15/22	CHK	10143	MCDOWELL RACKNER & GIBSON PC	PROFESSIONAL SERVICES AUG 2022	5,440.40
				PROFESSIONAL SERVICES AUG 2022	604.49
<b>Total for Check/Tran - 129923:</b>					6,044.89
129924 9/15/22	CHK	10166	NWPPA	3 C'S CONFERENCE 10/3-10/5/22 REG FEE	747.00
				3 C'S CONFERENCE 10/3-10/5/22 REG FEE	747.00
				3 C'S CONFERENCE 10/3-10/5/22 REG FEE	747.00
				3 C'S CONFERENCE 10/3-10/5/22 REG FEE	83.00
				3 C'S CONFERENCE 10/3-10/5/22 REG FEE	83.00
				3 C'S CONFERENCE 10/3-10/5/22 REG FEE	83.00
				THE ART OF PRESENTING 8/01/22 EVENT FEE	6,961.52
				THE ART OF PRESENTING 8/01/22 EVENT FEE	773.51
<b>Total for Check/Tran - 129924:</b>					10,225.03
129925 9/15/22	CHK	10170	OLYMPIC EQUIPMENT RENTALS	LAWNMOWER - MANDREL GREASE	98.17
129926 9/15/22	CHK	10837	OSPINSIGHT INTERNATIONAL, INC.	WEB 9 LICENSE 1YR THRU 8/23/2023	22,231.31
129927 9/15/22	CHK	10907	PALOUSE POWER LLC	DOCK CREW 2022 - 8/15-8/25/22	84,344.75
				DOCK CREW 2022 - 8/15-8/25/22	6,264.84
<b>Total for Check/Tran - 129927:</b>					90,609.59
129928 9/15/22	CHK	10181	PENINSULA PEST CONTROL	RODENT SVC MO 210 FOUR CRNRS SEP 2022	76.37
				RODENT SVC MO 310 FOUR CRNRS	73.65
				RODENT SVC MO 310 FOUR CRNRS	8.18
				QRTLY GP SVC MATS VIEW TERRACE	60.01



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Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				CRPNTRANT SVC QRTLY-PH SKYWATER	54.55
				<b>Total for Check/Tran - 129928:</b>	272.76
129929 9/15/22	CHK	10188	PLATT ELECTRIC SUPPLY	UNISTRUT,SERVICE ENTRANCE,CONNECTOR,STRA	410.02
				CONDUIT STRAP	89.97
				CONNECTOR	85.77
				SERVICE ENTRANCE	424.15
				STRAP	89.33
				TERMINAL ADAPTER	19.78
				UNISTRUT	327.66
				<b>Total for Check/Tran - 129929:</b>	1,446.68
129930 9/15/22	CHK	10194	PORT TOWNSEND MUFFLER & FABRIC	FLATBAR	19.75
129931 9/15/22	CHK	10203	PURMS JOINT SELF INSURANCE FUND	LIABILITY GENERAL ASSESSMENT 09/08/2022	20,356.83
				LIABILITY GENERAL ASSESSMENT 09/08/2022	2,261.88
				<b>Total for Check/Tran - 129931:</b>	22,618.71
129932 9/15/22	CHK	10217	SETON CONSTRUCTION INC	FLAGGING-HWY 19 BVR VALLEY RD.8/3-8/4/22	301.54
129933 9/15/22	CHK	10219	SHOLD EXCAVATING INC	124 NESS CORNER RD - LANSCAPE MATERIALS	52.37
129934 9/15/22	CHK	10869	SLATE ROCK SAFETY	FR CLOTHING	-5.46
				FR CLOTHING	66.18
				<b>Total for Check/Tran - 129934:</b>	60.72
129935 9/15/22	CHK	10249	SPECTRA LABORATORIES-KITSAP LLC	TESTING: COLIFORM/E.COL P/A	115.00
				TESTING: TOTAL COLIFORM/E.COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E.COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E.COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E.COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E. COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E. COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E. COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E. COLI P/A	23.00

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Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				TESTING: TOTAL COLIFORM/E. COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E. COLI P/A	23.00
				TESTING: TOTAL COLIFORM/E. COLI P/A	23.00
				Testing: +Dissolved Filtrate	18.00
				Testing: Carbonaceous Biochemical Oxygen	55.00
				Testing: Nitrate+Nitrite-N	35.00
				Testing: Total Kjeldahl Nitrogen (TKN)	45.00
				Testing: Total Suspended Solids (TSS)	22.00
				Testing: +Dissolved Filtrate	18.00
				Testing: Carbonaceous Biochemical Oxygen	55.00
				Testing: Fecal Coliform (MF)	32.00
				Testing: Nitrate+Nitrite-N	35.00
				Testing: Total Kjeldahl Nitrogen (TKN)	45.00
				Testing: Total Suspended Solids (TSS)	22.00
				<b>Total for Check/Tran - 129935:</b>	750.00
129936 9/15/22	CHK	10255	USA BLUEBOOK	SOLENOID VALVE	205.61
				TIMING RELAY	209.36
				<b>Total for Check/Tran - 129936:</b>	414.97
129937 9/15/22	CHK	10328	VERIZON CONNECT NWF INC.	ALL VEH GPS AUG 2022	456.00
				ALL VEH GPS AUG 2022	248.79
				<b>Total for Check/Tran - 129937:</b>	704.79
129938 9/15/22	CHK	10800	VISION METERING, LLC	DIGITAL METERS	81,880.80
				DIGITAL METERS	-6,760.80
				<b>Total for Check/Tran - 129938:</b>	75,120.00
129939 9/15/22	CHK	10260	WA STATE DEFERRED COMPENSATIONPL DEFERRED COMP EE		14,332.69
				PL DEFERRED COMP ER	5,928.00
				<b>Total for Check/Tran - 129939:</b>	20,260.69
129940 9/15/22	CHK	10263	WA STATE DEPT OF HEALTH	PRINCIPAL SPARLING: CONTR #DM10-952-018	26,887.11
				INTEREST SPARLING: CONTR #DM10-952-018	6,184.04

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# Accounts Payable Check Register

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09/13/2022 To 09/23/2022

Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				PRINCIPAL KALA PT: CONTR# DM12-952-091	27,225.00
				INTEREST KALA PT: CONTR# DM12-952-091	3,811.50
				PRINCIPAL SPARLING: CONTR #DM13-952-177	42,167.50
				INTEREST SPARLING: CONTR #DM13-952-177	5,903.45
				<b>Total for Check/Tran - 129940:</b>	112,178.60
129941 9/15/22	CHK	10496	WELLS FARGO VENDOR FIN SERV	310 4CRNRS WKRM COPIER RNTL SEP 2022	255.29
				310 4CRNRS WKRM COPIER RNTL SEP 2022	28.37
				4CRNRS COPYRNT SEP 2022	354.47
				4CRNRS COPYRNT SEP 2022	39.39
				<b>Total for Check/Tran - 129941:</b>	677.52
129942 9/15/22	CHK	10274	WESTBAY AUTO PARTS, INC.	VEH#207 - RELAY	23.24
129943 9/15/22	CHK	10018	WORLD KINECT ENERGY SERVICES	FUEL-UNL-87 REG 10% ETHNL	26,166.30
				BIOCIDE TREATMENT	327.47
				<b>Total for Check/Tran - 129943:</b>	26,493.77
129944 9/15/22	CHK	10278	WPUDA	MONTHLY DUES - SEP 2022	5,231.17
				MONTHLY DUES - SEP 2022	581.83
				<b>Total for Check/Tran - 129944:</b>	5,813.00
129945 9/22/22	CHK	10012	ALTEC INDUSTRIES, INC	SLING	112.42
129946 9/22/22	CHK	10481	AMAZON	REPLACEMENT TRUCK MIRROR# 414	221.25
				GOLIGHT ADAPTER	92.04
				DOCUMENT HOLDERS-RENTAL VEHICLES	47.96
				<b>Total for Check/Tran - 129946:</b>	361.25
129947 9/22/22	CHK	9998	JANET BAILEY	Credit Balance Refund	98.45
129948 9/22/22	CHK	10870	BIG BLUE PRESSURE WASHING AND L	5 SUBSTATIONS: MOWING 09/8/22	614.42
				GRND MAINTENANCE - OPS BUILDINGS 9/8/22	540.04
				GRND MAINTENANCE - OPS BUILDINGS 9/8/22	60.01
				<b>Total for Check/Tran - 129948:</b>	1,214.47

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09/13/2022 To 09/23/2022

Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
129949 9/22/22	CHK	10669	THOMAS S BROOKE	CLOTHING ALLOWANCE 2022	107.18
129950 9/22/22	CHK	10940	CALIX, INC.	EXTEND WARRANTY ITEM# 110-01165	439.89
				EXTENDED WARRANTY ITEM#110-01165	43.99
				EXTENDED WARRANTY ITEM# 110-01165	439.89
				AXOS ANNUAL TERM LICENSE ITEM#130-00491	2,722.05
				GS4227W XGS SFP ITEM#000-01204 QTY10	3,525.24
				EXTENDED WARRANTY ITEM#110-01165	219.95
Total for Check/Tran - 129950:					7,391.01
129951 9/22/22	CHK	10038	CASCADE COLUMBIA DISTRIBUTION C	POTASSIUM PERMANGANATE&CAUSTIC SODA	4,276.26
129952 9/22/22	CHK	10041	CDW GOVERNMENT	POLE ADAPTER QTY4	220.93
				POLE ADAPTER QTY4	24.55
Total for Check/Tran - 129952:					245.48
129953 9/22/22	CHK	10815	DANIEL ANDERSON TRUCKING&EXCA	VAULT LID PROJECT - KALA POINT ADD'L TAX	62.79
				MOVE TRNSMSN POLE-210 4CRNRS TO SR19	3,491.20
Total for Check/Tran - 129953:					3,553.99
129954 9/22/22	CHK	10551	DAY WIRELESS SYSTEMS	MOBILE RADIOS - OCT 2022	986.05
129955 9/22/22	CHK	10355	ENERGY NORTHWEST	SUMMER INTERNSHIP PROGRAM	4,500.00
				SUMMER INTERNSHIP PROGRAM	500.00
Total for Check/Tran - 129955:					5,000.00
129956 9/22/22	CHK	10942	FINLEY ENGINEERING CO, INC	NTIA GRANT ASSIST PROF SVC 7/01-7/31/22	123.00
				REF PRJT 07-18325 - RECONNECT 4 PROF SVC	203.00
Total for Check/Tran - 129956:					326.00
129957 9/22/22	CHK	10094	GENERAL PACIFIC, INC	TWO BOLT CONNECTOR	2,154.18
				METAL SECTIONALIZING CABINET	10,068.29
				FIRE MESH	18,219.70
				HOT SOCKET GAP INDICATOR	1,772.88
Total for Check/Tran - 129957:					32,215.05

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Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
129958 9/22/22	CHK	10454	GLOBAL RENTAL COMPANY INC	2023 FREIGHTLINER VEH#418 08/31-09/27/22	5,314.43
				AT37-G BUCKETRNTL VEH#410 9/10-10/07/22	2,725.00
				SPLICER VAN RNTL VEH#421 9/12-10/09/22	2,735.00
				AT40-G RNTL VEH#417 9/13-10/10/22	3,052.00
				AA55 DBLMN BUCKET VEH#414 9/14-10/11/22	3,719.60
				AT40-G BUCKETRNTL VEH#416 9/14-10/11/22	2,953.80
				AA55 RNTL VEH#419 09/02-09/29/22	4,485.40
				VEH# 415-AT40G BKT RENTAL 9/07-10/04/22	2,943.00
Total for Check/Tran - 129958:					27,928.23
129959 9/22/22	CHK	9999	MOHAMAD HAERI	REFUND - CANCELED ORDER WO#122306	14,855.00
129960 9/22/22	CHK	10817	IDGAF, INC	ASPHALT PTCH EMGNCY WTR REPR-121 HILLER	396.60
				EMER EXCAVATING - 9522 RHODY DRIVE	6,089.82
				ASPHALT REPAIR - HWY 19 BY FIRE HALL	13,167.92
Total for Check/Tran - 129960:					19,654.34
129961 9/22/22	CHK	10839	IRBY ELECTRICAL UTILITES	POLYWATER	71.02
				CROSSARM PIN	381.85
				FUSE	230.47
				MASTIC TAPE	333.85
Total for Check/Tran - 129961:					1,017.19
129962 9/22/22	CHK	10128	JEFFERSON COUNTY TREASURER	AUGUST 2022 B&O TAX	97,896.59
129963 9/22/22	CHK	10330	KARR TUTTLE CAMPBELL	PROFESSIONAL SVC: AUG 2022	6,875.85
				PROFESSIONAL SVC: AUG 2022	378.25
Total for Check/Tran - 129963:					7,254.10
129964 9/22/22	CHK	10348	KEMP WEST, INC	TT T&M-VARIOUS AREAS 9/05-9/08/22	12,653.28
129965 9/22/22	CHK	9998	JANET LEE-THEARLE	Credit Balance Refund	160.59
129966 9/22/22	CHK	10167	OFFICE DEPOT	OPERATIONS&WAREHOUSE - OFFICE SUPPLIES	29.46
				OPERATIONS&WAREHOUSE - OFFICE SUPPLIES	3.27

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09/13/2022 To 09/23/2022

Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
				OPERATIONS&WAREHOUSE - OFFICE SUPPLIES	101.61
				OPERATIONS&WAREHOUSE - OFFICE SUPPLIES	11.29
				OPERATIONS - OFFICE SUPPLIES	18.41
				OPERATIONS - OFFICE SUPPLIES	2.05
				OPERATIONS - OFFICE SUPPLIES	192.47
				OPERATIONS - OFFICE SUPPLIES	21.38
				<b>Total for Check/Tran - 129966:</b>	379.94
129967 9/22/22	CHK	10907	PALOUSE POWER LLC	DOCK CREW 2022 - 8/01-8/11/22	60,278.62
				DOCK CREW 2022 - 8/01-8/11/22	1,779.16
				DOCK CREW 2022 - 8/01-8/11/22	8,895.81
				<b>Total for Check/Tran - 129967:</b>	70,953.59
129968 9/22/22	CHK	10193	PORT TOWNSEND LEADER	EMPLOYMENT SERVICES AUG 2022	82.00
				EMPLOYMENT SERVICES AUG 2022	51.25
				<b>Total for Check/Tran - 129968:</b>	133.25
129969 9/22/22	CHK	10207	RAIN NETWORKS	FIREWALL SECURITY SVC SUBSCRIPTION 1YR	7,484.26
129970 9/22/22	CHK	10336	JERRY L RUBERT	EVERGREEN RURAL WATER FALL CONF TRVL EXP	695.26
129971 9/22/22	CHK	10216	SECURITY SERVICES NW, INC.	ALARM MONITORING OCT-DEC 2022	108.01
				NIGHT PAYMENT PICKUP - SEP 2022	887.44
				NIGHTLY YARD CHECK - SEP 2022	450.45
				NIGHT PAYMENT PICKUP - SEP 2022	98.61
				NIGHTLY YARD CHECK - SEP 2022	50.05
				<b>Total for Check/Tran - 129971:</b>	1,594.56
129972 9/22/22	CHK	10869	SLATE ROCK SAFETY	CLOTHING	196.61
				FR CLOTHING	825.24
				<b>Total for Check/Tran - 129972:</b>	1,021.85
129973 9/22/22	CHK	10227	SOUND PUBLISHING INC	FAIR TAB 3 COLOR SPECIAL AUG 2022	225.00
				FAIR TAB 3 COLOR SPECIAL AUG 2022	25.00
				<b>Total for Check/Tran - 129973:</b>	250.00

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09/13/2022 To 09/23/2022

Bank Account: 1 - 1ST SECURITY - AP

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
129974 9/22/22	CHK	10421	THE CARWASH INC	VEH#211-FLEET SERVICE JUL 2022	30.55
				VEH#211-FLEET SERVICE AUG 2022	15.27
Total for Check/Tran - 129974:					45.82
129975 9/22/22	CHK	10727	TITAN ELECTRIC, INC	HDPE/VAULT-WSDOT N TRIBUTARY# 221033	7,264.02
129976 9/22/22	CHK	10250	TYNDALE COMPANY, INC	PUD CLOTHING	333.69
129977 9/22/22	CHK	10433	UNITED RENTALS (NORTH AMERICA),	IREPLACEMENT SHORING BOARDS	360.03
				VEH#422-FORKLFT VARRCH RNTL 8/29-9/26/22	2,767.65
Total for Check/Tran - 129977:					3,127.68
129978 9/22/22	CHK	10274	WESTBAY AUTO PARTS, INC.	LAWN MOWER - BATTERY	49.46
				VEH#207 - DIMMER SWITCH	58.07
				VEH#207 DIMMER SWITCH	118.37
				CREDIT VEH#207 - SWITCH COMBINATION	-102.28
Total for Check/Tran - 129978:					123.62
129979 9/22/22	CHK	10278	WPUDA	3 RIVERS CONVENTION CENTER GM DINNER	40.50
				3 RIVERS CONVENTION CENTER GM DINNER	4.50
Total for Check/Tran - 129979:					45.00

Total Payments for Bank Account - 1 : (86) 1,229,508.49

Total Voids for Bank Account - 1 : (0) 0.00

Total for Bank Account - 1 : (86) 1,229,508.49

Grand Total for Payments : (86) 1,229,508.49

Grand Total for Voids : (0) 0.00

Grand Total : (86) 1,229,508.49

## JEFFERSON COUNTY PUD NO 1

**ISSUED PAYROLL CHECKS**  
**PAY DATE: 9/16/2022**

Empl	Position	Check #	Check Date	Amount
2003	WATER TREATMENT PLANT OPERATOR III	71037	9/16/2022	2,343.39
2004	WATER TREATMENT PLANT OPERATOR III - LEAD	71038	9/16/2022	3,342.89
				<b>\$ 5,686.28</b>



## JEFFERSON COUNTY PUD NO 1

<b>DIRECT DEPOSIT PAYROLL</b> <b>PAY DATE: 09/16/2022</b>
--

Empl	Position	Pay Date	Net Pay
3046	ACCOUNTING TECH 1	9/16/2022	1,453.65
3052	ADMINISTRATIVE ASSISTANT	9/16/2022	2,433.68
4006	COMMISSIONER DIST 1	9/16/2022	951.64
4004	COMMISSIONER DIST 2	9/16/2022	2,382.11
4008	COMMISSIONER DIST 3	9/16/2022	2,382.09
3034	COMMUNICATIONS DIRECTOR	9/16/2022	3,167.00
3002	CUSTOMER SERVICE COORDINATOR	9/16/2022	1,507.36
3014	CUSTOMER SERVICE PROGRAM SPECIALIST	9/16/2022	8,494.33
3022	CUSTOMER SERVICE REP	9/16/2022	1,425.75
3032	CUSTOMER SERVICE REP	9/16/2022	1,322.50
3048	CUSTOMER SERVICE REP	9/16/2022	1,444.28
3056	CUSTOMER SERVICE REP	9/16/2022	1,263.73
3062	CUSTOMER SERVICE REP	9/16/2022	1,100.24
3060	DIGITAL COMMUNICATIONS SPECIALIST	9/16/2022	2,368.90
1027	ELECTRICAL ENGINEERING MANAGER	9/16/2022	3,160.14
1041	ELECTRICAL SUPERINTENDENT	9/16/2022	4,405.10
2007	ENGINEERING DIRECTOR	9/16/2022	3,552.32
3005	EXECUTIVE ASSISTANT/PUBLIC RECORDS OFFICER	9/16/2022	2,130.27
3033	FINANCE DIRECTOR	9/16/2022	4,642.90
3029	FINANCE SERVICES MANAGER	9/16/2022	2,400.87
1046	FLEET/WAREHOUSE HELPER	9/16/2022	2,544.71
1012	FOREMAN LINEMAN	9/16/2022	6,385.21
1011	GENERAL MANAGER	9/16/2022	5,513.23
1042	GIS SPECIALIST	9/16/2022	2,443.83
1017	HEAD STOREKEEPER	9/16/2022	2,462.60
3063	HUMAN RESOURCES COORDINATOR	9/16/2022	1,923.38
3047	HUMAN RESOURCES DIRECTOR	9/16/2022	3,747.84
3008	INFORMATION TECHNOLOGY MANAGER	9/16/2022	3,328.85
1058	INTERN	9/16/2022	472.97
3028	IT SUPPORT TECHNICIAN	9/16/2022	1,773.98
1000	LINEMAN	9/16/2022	6,971.65
1034	LINEMAN	9/16/2022	7,303.93
1055	LINEMAN	9/16/2022	3,372.11
1059	LINEMAN APPRENTICE	9/16/2022	3,284.85
1043	METER READER	9/16/2022	2,019.94
1047	METER READER	9/16/2022	1,734.81
1056	METER READER	9/16/2022	1,946.56
1057	METER READER	9/16/2022	1,063.53
1037	OPERATIONS DIRECTOR	9/16/2022	3,435.31
1050	PRE-APPRENTICE	9/16/2022	3,123.36
3004	RESOURCE MANAGER	9/16/2022	2,608.82
1010	SCADA ENGINEER II	9/16/2022	2,498.22
1003	SCADA TECH APPRENTICE	9/16/2022	2,987.41
3020	SERVICES DIRECTOR	9/16/2022	2,927.72
1026	STAKING ENGINEER	9/16/2022	2,201.38
1031	STAKING ENGINEER	9/16/2022	2,645.62
1014	STOREKEEPER	9/16/2022	2,532.37
1015	SUBSTATION/METER FOREMAN	9/16/2022	5,470.77
1033	SUBSTATION/METERING TECH	9/16/2022	4,315.00
3013	UTILITY ACCOUNTANT II	9/16/2022	1,507.32
3039	UTILITY ACCOUNTANT II	9/16/2022	1,713.75
3003	UTILITY BILLING CLERK	9/16/2022	1,530.50
3027	UTILITY BILLING CLERK	9/16/2022	1,591.69
3000	UTILITY BILLING COORDINATOR	9/16/2022	1,781.41
2000	WATER DISTRIBUTION MANAGER II	9/16/2022	1,962.31
2001	WATER DISTRIBUTION MANAGER II	9/16/2022	2,617.98
2002	WATER DISTRIBUTION MANAGER II	9/16/2022	2,020.77
2005	WATER DISTRIBUTION MANAGER II	9/16/2022	1,968.46
			<b>161,723.01</b>

# Jefferson County PUD No. 1

## 2023 Budget



The proposed budget for 2023 on the following pages shows Staff's best idea on what money will be coming into the PUD and what money will be going out. This is a guide to the financial path that will allow the PUD to operate day to day as well as complete capital projects.

In 2023, we are budgeting for our new broadband utility. Most of the budget numbers for broadband are based on the probability of building out our fiber and adding connections as an Internet Service Provider.

As part of the budget packet, Staff has included supplementary pages showing a look back at the actual operating revenues and expenses since 2017. Also, a 10-year forecast is included in the supplementary pages. An outline of capital purchases and projects that will need to be completed in the next 5 to 10 years is included.

**Electric Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$46,009,532
Other	\$31,442
Interest	\$4,902
Customer Contributions	\$1,539,542
Grant/Loan Proceeds	\$5,530,555
	<u>\$53,115,973</u>

Expenses	
Purchased Resources	\$19,499,834
Operations & Maintenance	\$7,895,774
Customer Related	\$2,098,849
Administrative and General	\$5,132,534
Taxes	\$2,554,821
Debt	\$6,877,373
Capital	\$6,779,150
	<u>\$50,838,335</u>

**Net Change in Op. Reserves      \$ 2,277,638**

**Broadband Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$828,070
Other	\$600,000
Interest	\$0
Customer Contributions	\$205,000
Grant/Loan Proceeds	\$15,879,366
	<u>\$17,512,436</u>

Expenses	
Purchased Resources	\$15,819
Operations & Maintenance	\$1,247,159
Customer Related	\$149,528
Administrative and General	\$550,003
Taxes	\$16,048
Debt	\$387,394
Capital	\$15,172,063
	<u>\$17,538,014</u>

**Net Change in Op. Reserves      \$ (25,578)**

**Water Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$4,671,610
Other	\$380,815
Interest	\$24,651
Customer Contributions	\$263,519
Grant/Loan Proceeds	\$3,019,982
	<u>\$8,360,577</u>

Expenses	
Purchased Resources	\$142,432
Operations & Maintenance	\$1,634,101
Customer Related	\$260,493
Administrative and General	\$1,257,099
Taxes	\$169,026
Debt	\$793,515
Capital	\$3,532,419
	<u>\$7,789,085</u>

**Net Change in Op. Reserves      \$ 571,492**

**Sewer Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$243,441
Other	\$28,770
Interest	\$1,862
Customer Contributions	\$19,908
Grant/Loan Proceeds	\$0
	<u>\$293,981</u>

Expenses	
Purchased Resources	\$10,607
Operations & Maintenance	\$387,577
Customer Related	\$19,619
Administrative and General	\$94,971
Taxes	\$12,770
Debt	\$51,538
Capital	\$55,000
	<u>\$632,082</u>

**Net Change in Op. Reserves      \$ (338,101)**

## 2023 Budget Presentation Talking Points

1. Electric and Water Revenues were increased by 4.5% based on 2021 Rate increases.
2. Broadband Revenues are based on projected connections along with current connections.
3. We raised expenses by 8%.
4. We raised our Fleet Expenses by 8% based on new vehicles and personnel.
5. We have budgeted for 11 new positions in 2023. The positions include 1 Broadband Admin, 2 Broadband Tech, 1 SCADA/Substation Apprentice, 1 Network Engineer, 3 Linemen, 1 Summer Intern, 1 Water Meter Reader, and 1 Custodian.
6. We kept our Purchased Power cost about the same but did add some for projected BPA reserves cost adjustment.
7. Electric Transmission Expense is primarily Bonneville Power Administration (BPA) but also includes expenses (labor, materials, fleet) associated with maintaining transmission lines.
8. Included in Electric Distribution Expense—Maintenance is \$800,000 for tree trimming.
9. Included in the Administrative and General expenses is \$150,000 available for raises per RCW 54.16.100.
10. Interest on Long-Term Debt is based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
11. Labor, Benefits, Fleet, and Inventory Expenses are based on historical information
12. All expenses are based on actual expenses from June 2021 to May 2022.
13. Training Budgets were reduced based on historical training expenses.
14. We have included a COLA increase for Non-Represented Employees and COLAs for Union Employees per their contracts.
15. Property tax revenues have been kept at the same level as last year and 100% of the funds will go toward Broadband.
16. Electric Construction Projects are based on the previously approved 4-year work plan with Board approved additions.
17. Water Construction Projects are based on current needs and our 10-year work plan.
18. Broadband Construction Projects are based on previously approved Grant Areas and applications.
19. General Plant capital purchases include warehouse improvements, information technology equipment, fleet, electric tools, communications, and engineering costs.
20. Principal payments on long-term debt are based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
21. Added depreciation back into the cash flow as our construction costs should be close to our depreciation rate. We are replenishing our assets at the same rate they are depreciating.
22. We still have some LUDs that are paying on assessments which the Treasurer's Office collects and then we pay the bond payments.
23. We incorporated a 10-year Financial Forecast into the 2023 budget along with a 5-year look back.

**EXHIBIT A**  
**2023 PUD Electric, Water, and Broadband Utility Budgets**

	<u>Electrical</u> <u>Utility</u>	<u>Water</u> <u>Utility</u>	<u>Broadband</u> <u>Utility</u>	<u>Talking</u> <u>Points</u>
<b>Operating Revenues</b>	\$46,009,532	\$4,915,051	\$828,070	1,2
<b>Operating Expenses</b>				3,4,5
Power Production Cost	\$0	\$2,027	\$0	
Cost of Purchased Power	\$17,095,180	\$151,012	\$15,819	6
Transmission Expense	\$2,404,654	\$0	\$0	7
Distribution Expense--Operation	\$3,116,911	\$1,412,908	\$440,469	
Distribution Expense--Maintenance	\$4,778,863	\$608,771	\$806,690	8
Customer Accounts Expense	\$2,075,683	\$280,113	\$149,528	
Customer Service and Informational Expense	\$23,166	\$0	\$0	
Administrative and General Expense	\$5,132,534	\$1,352,069	\$550,003	9
Depreciation & Amortization Expense	\$5,605,637	\$388,013	\$0	
Tax Expense--Other	\$2,554,821	\$181,796	\$16,048	
Interest on Long-Term Debt	\$2,756,315	\$182,692	\$0	10
Interest Expense--Other	\$0	\$0	\$0	
Other Deductions	\$0	\$0	\$0	
<b>Total Operating Expenses</b>	<b>\$45,543,764</b>	<b>\$4,559,401</b>	<b>\$1,978,557</b>	11,12,13,14
<b>Net Operating Margins (Loss)</b>	<b>\$465,768</b>	<b>\$355,650</b>	<b>(\$1,150,487)</b>	
<b>Property Tax Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$600,000</b>	15
<b>Non-Operating Margins (Loss)</b>	<b>\$1,575,886</b>	<b>\$719,525</b>	<b>\$205,000</b>	
<b>Net Margins (Loss)</b>	<b>\$2,041,654</b>	<b>\$1,075,175</b>	<b>(\$345,487)</b>	
<b>Cash Flow Budget</b>				
Construction Projects	\$6,044,500	\$3,477,419	\$0	16,17
General Plant Purchases	\$734,650	\$110,000	\$15,172,062	18,19
Principal on Long Term Debt	\$4,121,058	\$662,361	\$387,394	20
Add Depreciation & Amortization (non-cash)	(\$5,605,637)	(\$388,013)	\$0	21
Principal & Interest Received on LUDs	\$0	(\$442,966)	\$0	22
Grants and Loan Funds	(\$5,530,555)	(\$2,577,016)	(\$15,879,366)	
<b>Total Cash Expenditures/Cash Outflow</b>	<b>(\$235,984)</b>	<b>\$841,785</b>	<b>(\$319,910)</b>	23
<b>Net Cash Inflow/(Outflow)</b>	<b>\$2,277,638</b>	<b>\$233,390</b>	<b>(\$25,577)</b>	
Net TIER (Minimum of 1.25)	1.74			
Net DSC (Minimum of 1.25)	1.51			

**Electric Utility  
Expense Changes  
2022 Budget to 2023 Budget**

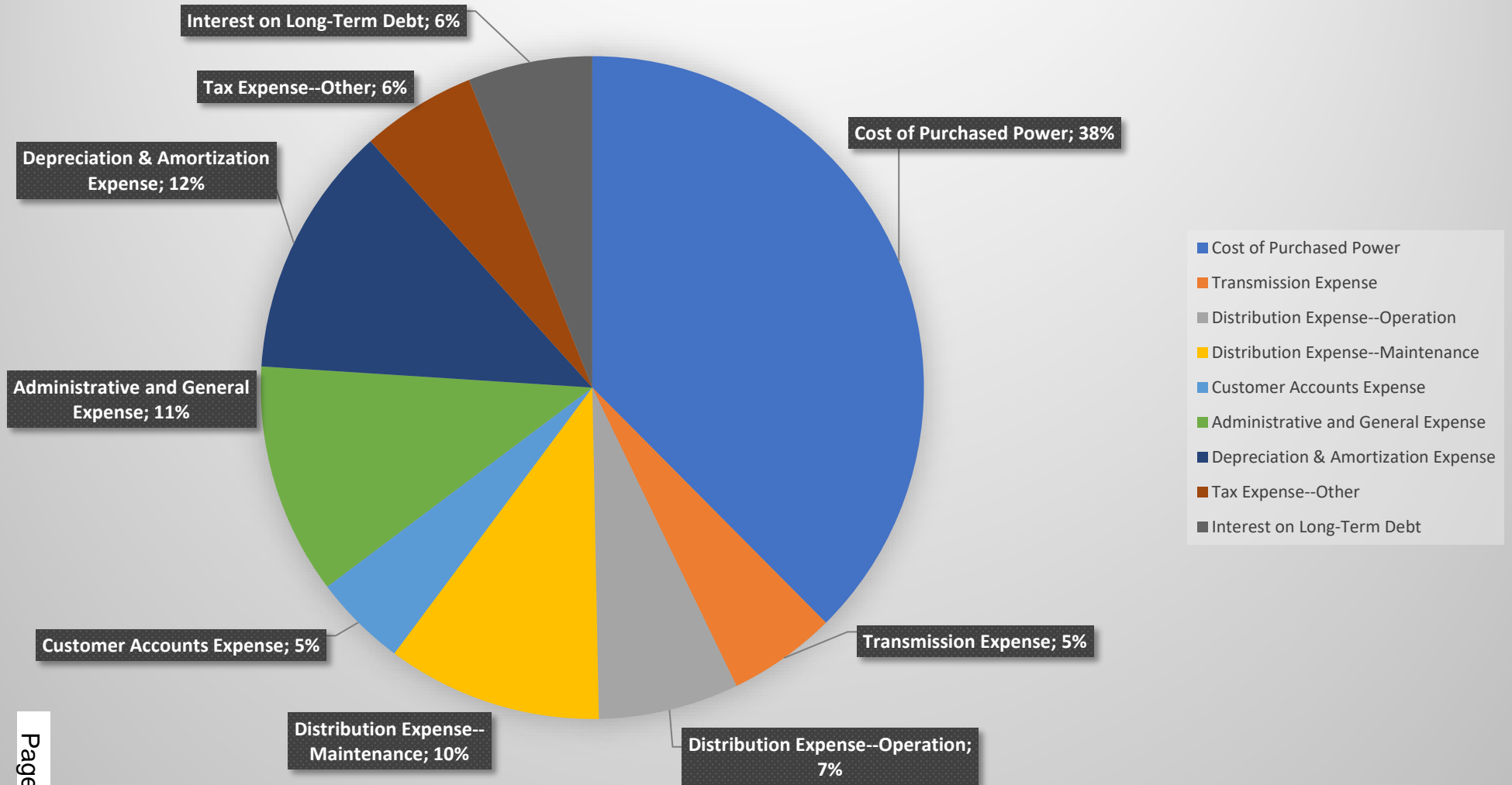
	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$40,094,599	\$46,009,532	\$5,914,933
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$0	\$0
Cost of Purchased Power	\$15,050,647	\$17,095,180	\$2,044,533
Transmission Expense	\$1,988,049	\$2,404,654	\$416,605
Distribution Expense--Operation	\$2,472,245	\$3,116,911	\$644,666
Distribution Expense--Maintenance	\$5,016,304	\$4,778,863	(\$237,441)
Customer Accounts Expense	\$2,202,865	\$2,075,683	(\$127,182)
Customer Service and Informational Expense	\$18,794	\$23,166	\$4,372
Administrative and General Expense	\$5,537,981	\$5,132,534	(\$405,447)
Depreciation & Amortization Expense	\$5,548,199	\$5,605,637	\$57,438
Tax Expense--Other	\$2,262,163	\$2,554,821	\$292,658
Interest on Long-Term Debt	\$2,720,820	\$2,756,315	\$35,495
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$42,818,067</b>	<b>\$45,543,764</b>	<b>\$2,725,697</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$2,723,468)</b>	<b>\$465,768</b>	<b>\$3,189,236</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$2,088,887</b>	<b>\$1,575,886</b>	<b>(\$513,001)</b>
<b>Net Margins (Loss)</b>	<b>(\$634,581)</b>	<b>\$2,041,654</b>	<b>\$2,676,235</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$3,595,500	\$6,044,500	\$2,449,000
General Plant Purchases	\$3,111,550	\$734,650	(\$2,376,900)
Principal on Long Term Debt	\$3,474,557	\$4,121,058	\$646,501
Add Depreciation & Amortization (non-cash)	(\$5,548,199)	(\$5,605,637)	(\$57,438)
Principal & Interest Received on LUDs	\$0	\$0	\$0
Grants and Loan Funds	\$0	(\$5,530,555)	(\$5,530,555)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$4,633,408</b>	<b>(\$235,984)</b>	<b>(\$4,869,392)</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$5,267,989)</b>	<b>\$2,277,638</b>	<b>\$7,545,627</b>
Net TIER (Minimum of 1.25)	0.77	1.74	0.97
Net DSC (Minimum of 1.25)	1.23	1.51	0.28

**Water Utility  
Expense Changes  
2022 Budget to 2023 Budget**

	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$2,757,235	\$4,915,051	\$2,157,816
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$2,027	\$2,027
Cost of Purchased Power	\$135,041	\$151,012	\$15,971
Transmission Expense	\$0	\$0	\$0
Distribution Expense--Operation	\$1,024,330	\$1,412,908	\$388,578
Distribution Expense--Maintenance	\$605,218	\$608,771	\$3,553
Customer Accounts Expense	\$207,322	\$280,113	\$72,791
Customer Service and Informational Expense	\$0	\$0	\$0
Administrative and General Expense	\$1,097,305	\$1,352,069	\$254,764
Depreciation & Amortization Expense	\$428,634	\$388,013	(\$40,621)
Tax Expense--Other	\$133,811	\$181,796	\$47,985
Interest on Long-Term Debt	\$235,079	\$182,692	(\$52,387)
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$3,866,740</b>	<b>\$4,559,401</b>	<b>\$692,661</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$1,109,505)</b>	<b>\$355,650</b>	<b>\$1,465,155</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$247,535</b>	<b>\$719,525</b>	<b>\$471,990</b>
<b>Net Margins (Loss)</b>	<b>(\$861,970)</b>	<b>\$1,075,175</b>	<b>\$1,937,145</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$633,105	\$3,477,419	\$2,844,314
General Plant Purchases	\$55,000	\$110,000	\$55,000
Principal on Long Term Debt	\$633,513	\$662,361	\$28,848
Add Depreciation & Amortization (non-cash)	(\$428,634)	(\$388,013)	\$40,621
Principal & Interest Received on LUDs	(\$442,966)	(\$442,966)	\$0
Grants and Loan Funds	\$0	(\$2,577,016)	(\$2,577,016)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$450,018</b>	<b>\$841,785</b>	<b>\$391,767</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$1,311,988)</b>	<b>\$233,390</b>	<b>\$1,545,378</b>

# Electric Expenses

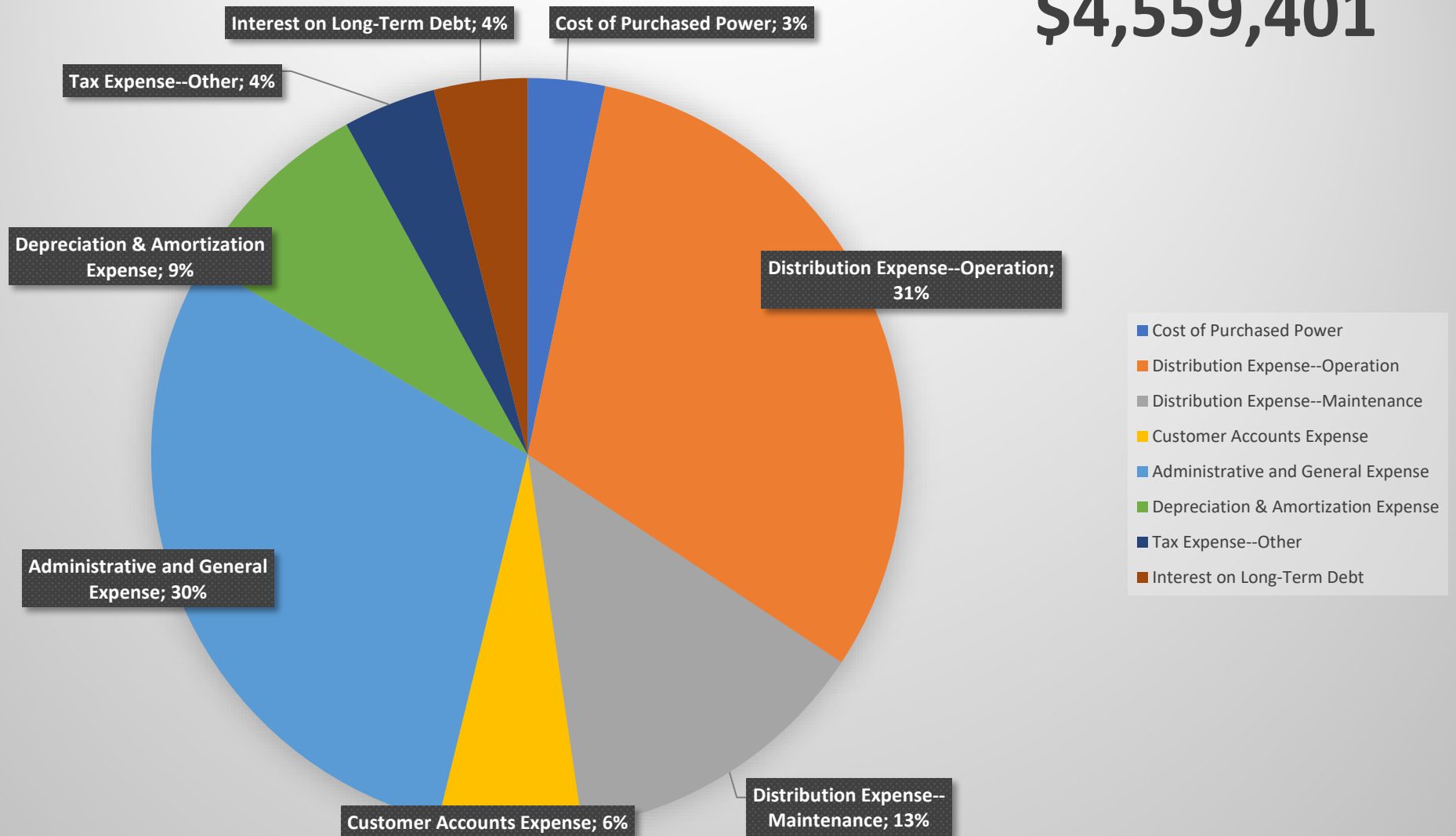
## \$45,543,764





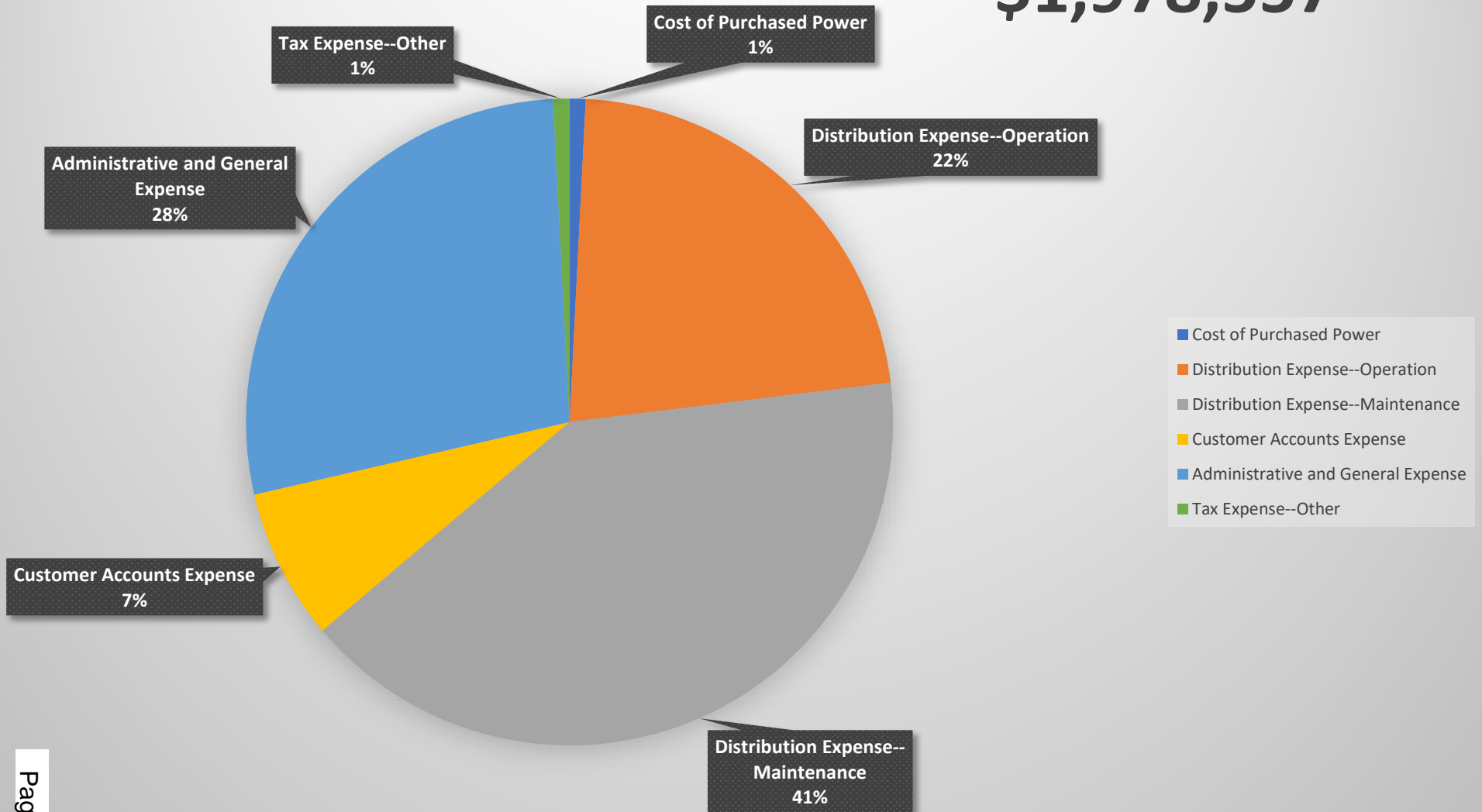
# Water Expenses

## \$4,559,401



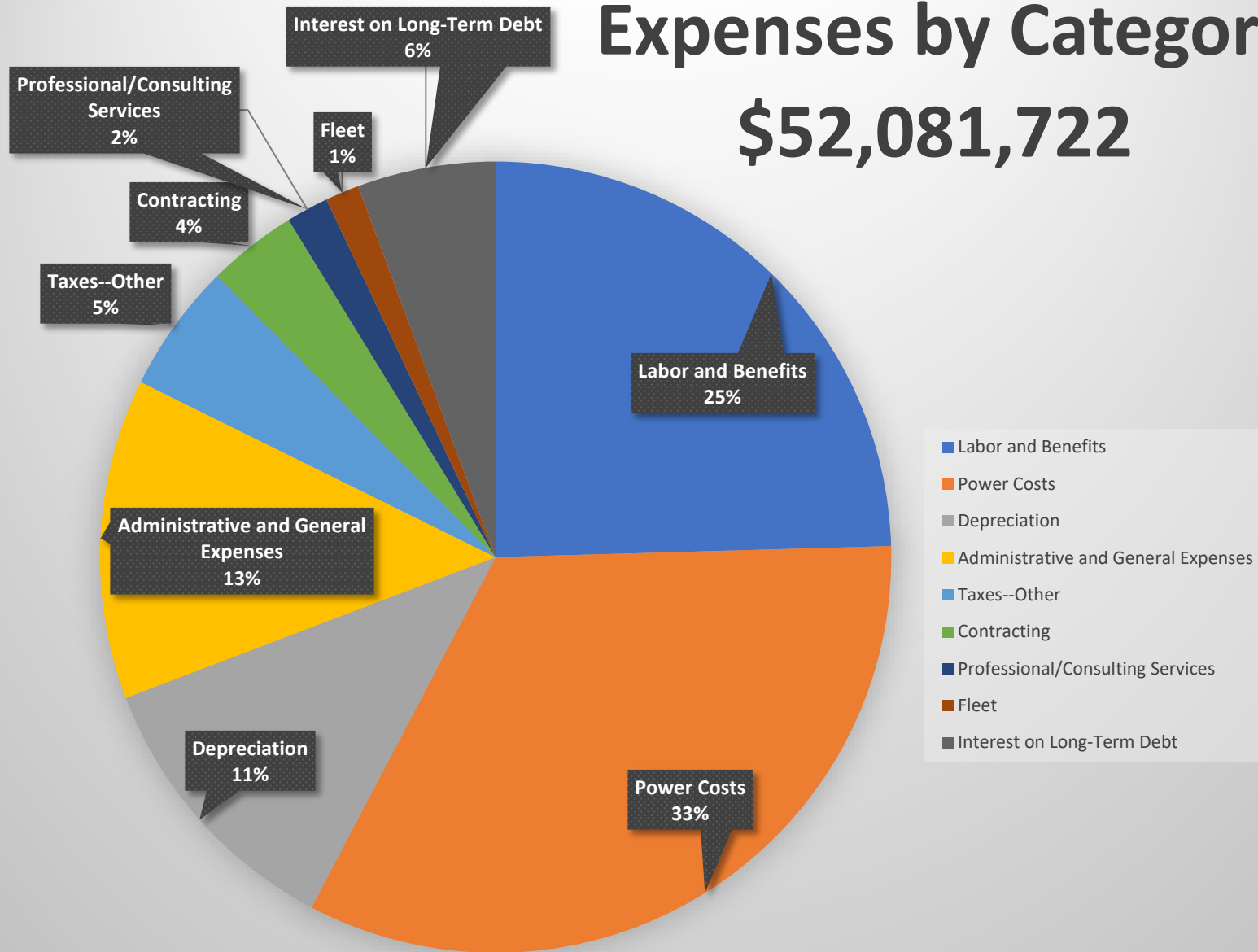
# Broadband Expenses

## \$1,978,557



# Expenses by Category

## \$52,081,722



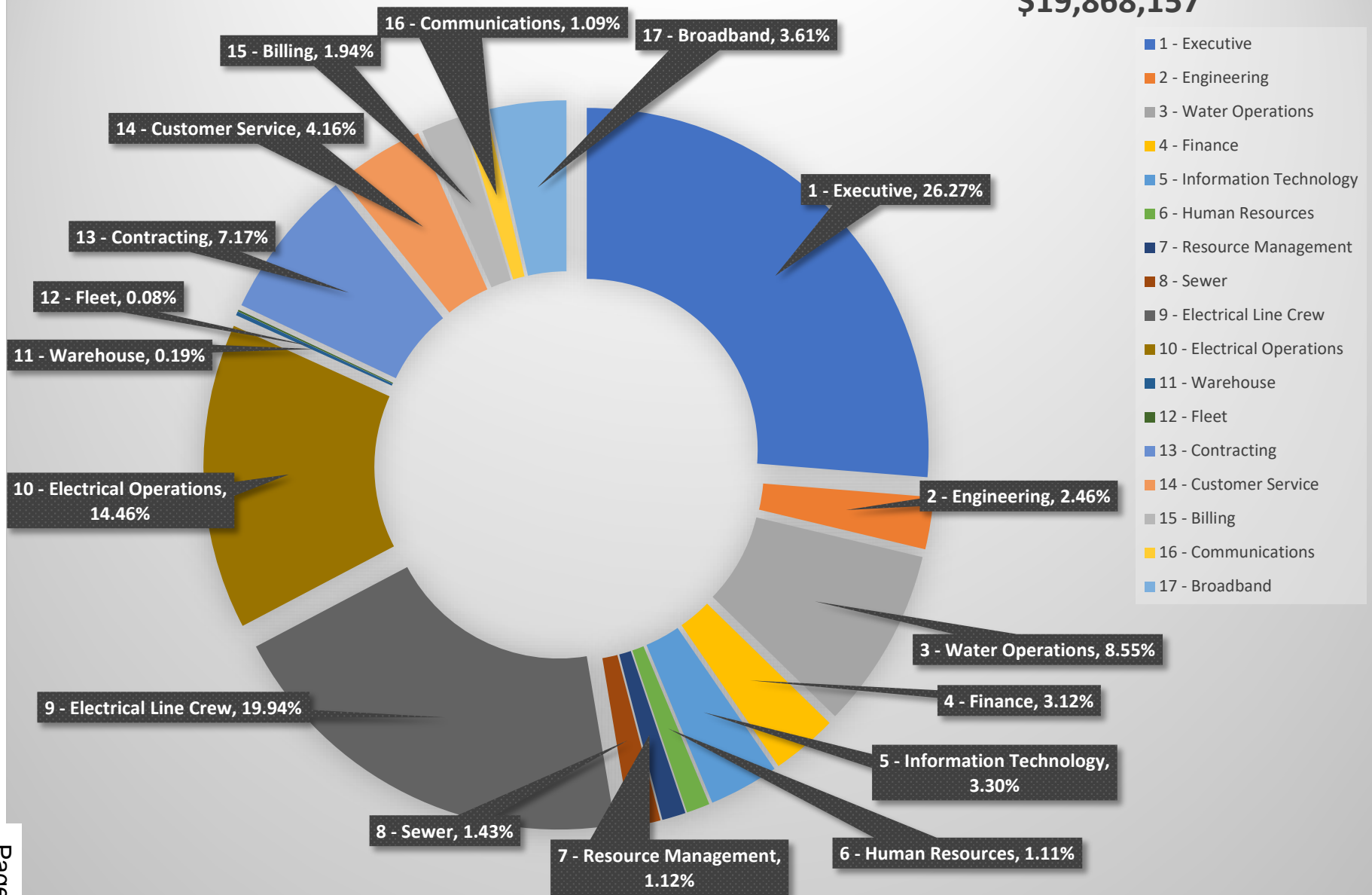
## Combined Utility Expenses By Category

Expense Category	Amount	Percentage
Labor and Benefits	\$12,787,059	25%
Power Costs	\$17,264,038	33%
Depreciation	\$5,993,650	12%
Administrative and General Expenses	\$6,816,572	13%
Taxes--Other	\$2,752,665	5%
Contracting	\$1,904,458	4%
Professional/Consulting Services	\$901,447	2%
Fleet	\$722,826	1%
Interest on Long-Term Debt	\$2,939,007	6%
<b>Total</b>	<b>\$52,081,722</b>	<b>100%</b>

# Expense Allocation By Department

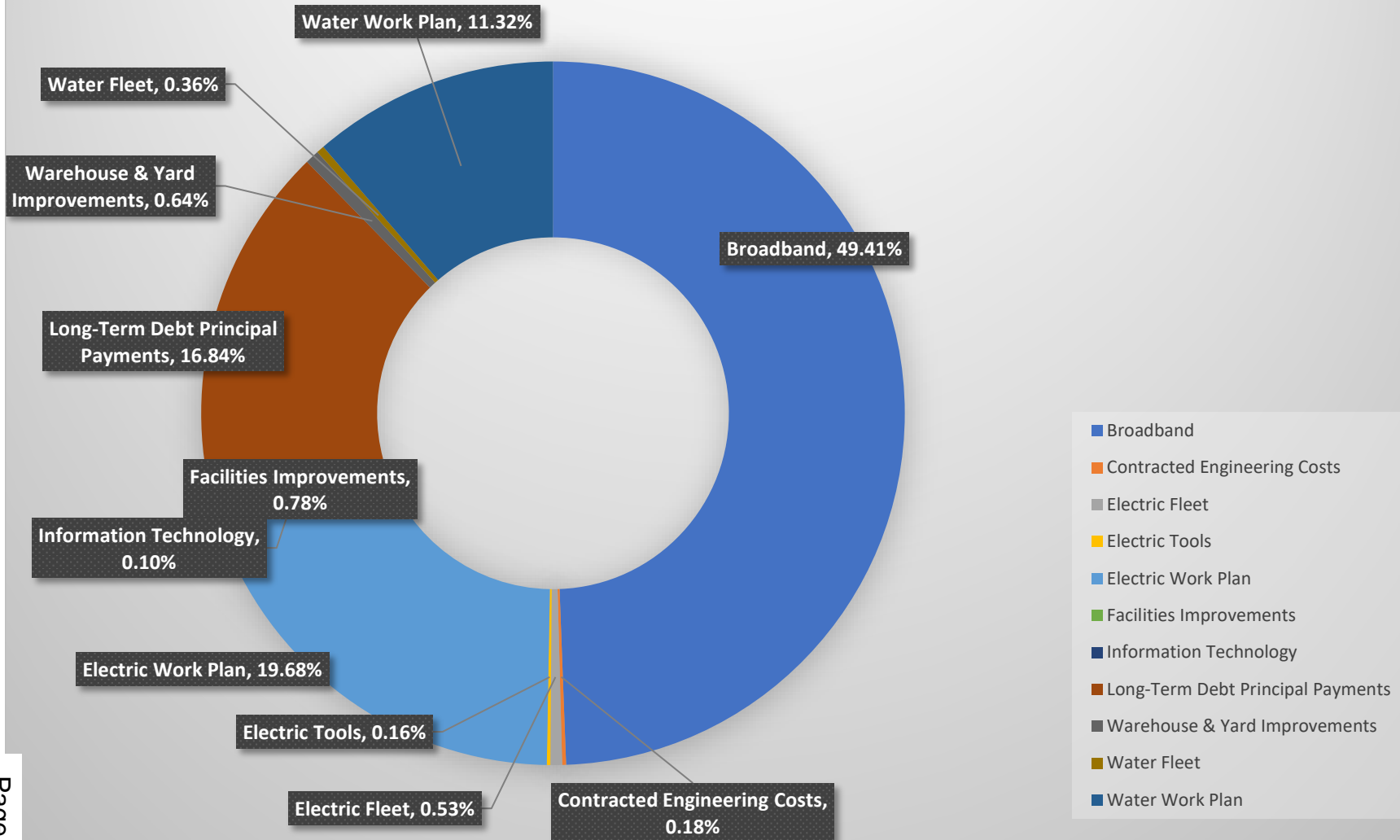
Department	Labor and Benefits	Administrative and		Professional and		Total	Percentage
		General	Contracting	Consulting Services	Fleet		
1 - Executive	\$2,963,073	\$1,443,373	\$39,967	\$707,728	\$66,184	\$5,220,324	26.27%
2 - Engineering	\$438,886	\$44,174	\$2,734	\$0	\$2,842	\$488,635	2.46%
3 - Water Operations	\$1,093,651	\$255,765	\$89,590	\$1,178	\$258,794	\$1,698,979	8.55%
4 - Finance	\$506,108	\$110,755	\$2,407	\$0	\$0	\$619,270	3.12%
5 - Information Technology	\$422,943	\$229,214	\$1,604	\$2,410	\$186	\$656,357	3.30%
6 - Human Resources	\$187,462	\$28,092	\$802	\$3,737	\$0	\$220,093	1.11%
7 - Resource Management	\$211,462	\$9,525	\$802	\$834	\$0	\$222,623	1.12%
8 - Sewer	\$153,867	\$14,119	\$62,574	\$3,459	\$49,768	\$283,786	1.43%
9 - Electrical Line Crew	\$3,146,859	\$480,021	\$149,071	\$26,950	\$158,313	\$3,961,214	19.94%
10 - Electrical Operations	\$1,984,993	\$687,033	\$11,884	\$10,646	\$178,772	\$2,873,328	14.46%
11 - Warehouse	\$18,821	(\$532)	\$14,868	\$0	\$4,313	\$37,469	0.19%
12 - Fleet	\$11,574	\$3,057	\$802	\$0	\$192	\$15,625	0.08%
13 - Contracting	\$0	\$2,707	\$1,416,456	\$4,903	\$0	\$1,424,066	7.17%
14 - Customer Service	\$773,668	\$26,353	\$4,813	\$21,371	\$0	\$826,206	4.16%
15 - Billing	\$372,911	\$9,570	\$2,407	\$0	\$0	\$384,888	1.94%
16 - Communications	\$78,034	\$116,284	\$802	\$22,338	\$0	\$217,459	1.09%
17 - Broadband	\$422,746	\$92,859	\$102,875	\$95,892	\$3,463	\$717,835	3.61%
Totals	\$12,787,059	\$3,552,367	\$1,904,458	\$901,447	\$722,826	\$19,868,157	

## Expense Allocation By Department \$19,868,157



# Capital and Debt Principal Costs

## \$30,709,444



## Capital and Debt Principal Costs By Category

Cost Group	Amount	Percentage
Broadband	\$15,172,062	49.41%
Contracted Engineering Costs	\$55,000	0.18%
Electric Fleet	\$164,000	0.53%
Electric Tools	\$50,000	0.16%
Electric Work Plan	\$6,044,500	19.68%
Facilities Improvements	\$238,150	0.78%
Information Technology	\$30,000	0.10%
Long-Term Debt Principal Payments	\$5,170,813	16.84%
Warehouse & Yard Improvements	\$197,500	0.64%
Water Fleet	\$110,000	0.36%
Water Work Plan	\$3,477,419	11.32%
<b>Total</b>	<b>\$30,709,444</b>	<b>100%</b>



### 2023 Electric Work Plan Capital Costs

Item #	Description	Budget Amount
101	UG Distribution Line Extensions	\$300,000
102	OH Distribution Line Extensions	\$175,000
103	New Subdivision	\$150,000
202	Underground Feeds Out of Irondale Bay 2	\$100,000
301	Convert Single Phase to Three Phase	\$150,000
303	Convert OH to UG 4 Locations	\$380,000
501	Replace Aging Substation Equipment--Hastings	\$235,000
503	Replace/Install New Relays	\$120,000
505	SCADA System Substation Communications and Devices Upgrades	\$100,000
507-2	New Breaker Hastings	\$210,000
601-1	Install new pole-mount Transformers to serve new customers. 10 per year	\$30,000
601-2	Install new pad-mount Transformers to serve new customers. 15 per year	\$40,000
601-3	Transformer replacement of aging units. 60 per year	\$180,000
604-1	Install four new Three-Phase distribution line reclosers	\$0
605-1	Install new line regulators	\$175,000
605-2	Regulator replacement of aging units	\$0
607	Pole Replacements. 20 per year	\$180,000
608	Replace Aging Conductors	\$354,500
608-1	Install Single Phase 15kv 1/0 Distribution Line	\$225,000
610	Wildlife Protection. X sites	\$25,000
701	Security and Street Lighting	\$20,000
703	SCADA System Distribution Line Devices Communications and Control Upgrades	\$90,000
704	SCADA Communications	\$40,000
705-1	Meter Replacement Project	\$2,300,000
1001	Move Transmission Poles for Easements	\$160,000
1002	Install 115kVA Switches	\$125,000
1101	Easements and Right-of-Way	\$80,000
1201	Fiber Line Extensions	\$0
1302	Fencing	\$100,000
<b>Total Electric Capital Costs</b>		<b>\$6,044,500</b>

### 2023 Water Work Plan Capital Costs

Description	Budget Amount
Quilcene Water Tank	\$2,577,016
WSDOT Culvert Replacement Chimacum Creek	\$410,403
Brinnon Consolidation Projects--Feasibility Studies	\$180,000
Service Line Replacement	\$60,000
Well Pump and Motor Replacement	\$40,000
Booser Pump Replacements	\$60,000
Water Distribution Replacement	\$140,000
Wastewater system improvements	\$10,000
<b>Total Water Capital Costs</b>	<b>\$3,477,419</b>

### 2023 Broadband Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Huts/Buildings	\$163,506
Fiber	\$9,655,334
Engineering	\$1,699,975
Core PON	\$210,134
Drops	\$1,527,980
ONTs	\$771,247
Consulting	\$125,529
Contingency	\$1,018,357
<b>Total Broadband Capital Costs</b>	<b>\$15,172,062</b>

### 2023 Facilities Improvements

<b>Description</b>	<b>Budget Amount</b>
Solar Panel Installation at 310 Four Corners	\$238,150
<b>Total Facilities Improvements Capital Costs</b>	<b>\$238,150</b>

### 2023 Warehouse and Yard Improvements Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Log, clear area at 310 Four Corners for new fiber lay yard. Costs are from fencing and County requirements.	\$130,000
Install utility pole bunks between the asphalt road and storm water drainage pond.	\$30,000
Install concrete base around PUD oil storage facility in the open shed.	\$30,000
Install fencing around Oil containment with two 8' gates.	\$7,500
<b>Total Warehouse and Yard Capital Costs</b>	<b>\$197,500</b>

### 2023 Information Technology Capital Costs

Description	Budget Amount
Network Switches	\$30,000
<hr/>	
Total IT Capital Costs	\$30,000

### 2023 Electric Fleet Capital Costs

<b>Description</b>	<b>Budget Amount</b>	
Electric Vehicle	\$50,000	On order
Ford Ranger	\$32,000	On order
Ford Ranger	\$32,000	On order
Administration SUV	\$50,000	
<b>Total Electric Fleet Capital Costs</b>	<b>\$164,000</b>	

### 2023 Water Fleet Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Vehicle--Sewer	\$55,000
Vehicle--Water	\$55,000
<b>Total Water Fleet Capital Costs</b>	<b>\$110,000</b>



### 2023 Electric Tools

Description	Budget Amount
Tools	\$50,000
Total Electric Tools Capital Costs	\$50,000

### 2023 Contracted Engineering Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Contracted Electric Engineering	\$25,000
Contracted Water Engineering	\$30,000
<b>Total Contracted Engineering Capital Costs</b>	<b>\$55,000</b>

**2023 Cash Summary  
Through July 31, 2022**

Cash-Operating Depository	\$ 586,472
Cash-Jefferson County Treasurer General	\$ 127,433
Cash-Payroll Clearing-1st Security Payroll Clearing	\$ 15
Working Funds	\$ 2,000
Cash-1996 Bond LUD #6	\$ 9,209
Cash-1996 Bond LUD #8	\$ 31,644
Temp Invest Jefferson County Treasurer Gen	\$ 163,303
Tax Revenue Fund	\$ 3,312,425
Tax Revenue Fund Investment	\$ 1,925,000
Operating Account - Jefferson County Treasurer	\$ 90,924
<b>2022 Ending Unrestricted Cash</b>	<b>\$ 6,248,425</b>
2023 Net Cash Outflow	<u>\$1,476,601</u>
<b>2023 Ending Unrestricted Cash</b>	<b>\$ 7,725,026</b>

**Restricted Cash**

Other Special Funds	\$ 250
Tri Area Bond Investment	\$ 164,817
Capital Reserves	\$ 100,000
Cash-2009 Bond LUD #14	\$ 1,434
Cash-2008 Bond LUD #15	\$ 482
Cash-1999 Bond LUD #11	\$ 2,404
LUD #14 Bond Investment	\$ 1,012,453
LUD #15 Bond Investment	\$ 370,935
Meter Replacment--2024 Work	\$ 1,008,850
<b>2023 Ending Restricted Cash</b>	<b>\$ 2,661,625</b>

# 2023 Budget

## Supplementary Pages



**Electric Utility  
Budget Comparison  
2022 to 2023**

	<b>2022</b>	<b>2023</b>	
	<b>Approved</b>	<b>Proposed</b>	<b>Change</b>
<b>Operating Revenues</b>	\$40,094,599	\$46,009,532	\$5,914,933
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$0	\$0
Cost of Purchased Power	\$15,050,647	\$17,095,180	\$2,044,533
Transmission Expense	\$1,988,049	\$2,404,654	\$416,605
Distribution Expense--Operation	\$2,472,245	\$3,116,911	\$644,666
Distribution Expense--Maintenance	\$5,016,304	\$4,778,863	(\$237,441)
Customer Accounts Expense	\$2,202,865	\$2,075,683	(\$127,182)
Customer Service and Informational Expense	\$18,794	\$23,166	\$4,372
Administrative and General Expense	\$5,537,981	\$5,132,534	(\$405,447)
Depreciation & Amortization Expense	\$5,548,199	\$5,605,637	\$57,438
Tax Expense--Other	\$2,262,163	\$2,554,821	\$292,658
Interest on Long-Term Debt	\$2,720,820	\$2,756,315	\$35,495
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$42,818,067</b>	<b>\$45,543,764</b>	<b>\$2,725,697</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$2,723,468)</b>	<b>\$465,768</b>	<b>\$3,189,236</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$2,088,887</b>	<b>\$1,575,886</b>	<b>(\$513,001)</b>
<b>Net Margins (Loss)</b>	<b>(\$634,581)</b>	<b>\$2,041,654</b>	<b>\$2,676,235</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$3,595,500	\$6,044,500	\$2,449,000
General Plant Purchases	\$3,111,550	\$734,650	(\$2,376,900)
Principal on Long Term Debt	\$3,474,557	\$4,121,058	\$646,501
Add Depreciation & Amortization (non-cash)	(\$5,548,199)	(\$5,605,637)	(\$57,438)
Principal & Interest Received on LUDs	\$0	\$0	\$0
Grants and Loan Funds	\$0	(\$5,530,555)	(\$5,530,555)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$4,633,408</b>	<b>(\$235,984)</b>	<b>(\$4,869,392)</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$5,267,989)</b>	<b>\$2,277,638</b>	<b>\$7,545,627</b>
Net TIER (Minimum of 1.25)	0.77	1.74	0.97
Net DSC (Minimum of 1.25)	1.23	1.51	0.28

**Electric Utility**  
**Actuals to Budget**  
**2022 to 2023**

	<b>2022</b>	<b>2023</b>	
	<b>Actuals**</b>	<b>Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$40,964,546	\$46,009,532	\$5,044,986
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$0	\$0
Cost of Purchased Power	\$15,124,755	\$17,095,180	\$1,970,425
Transmission Expense	\$1,999,003	\$2,404,654	\$405,651
Distribution Expense--Operation	\$2,115,032	\$3,116,911	\$1,001,879
Distribution Expense--Maintenance	\$3,977,080	\$4,778,863	\$801,783
Customer Accounts Expense	\$1,684,960	\$2,075,683	\$390,723
Customer Service and Informational Expense	\$12,349	\$23,166	\$10,817
Administrative and General Expense	\$4,335,931	\$5,132,534	\$796,603
Depreciation & Amortization Expense	\$5,619,845	\$5,605,637	(\$14,208)
Tax Expense--Other	\$2,341,991	\$2,554,821	\$212,830
Interest on Long-Term Debt	\$2,592,082	\$2,756,315	\$164,233
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$39,803,028</b>	<b>\$45,543,764</b>	<b>\$5,740,736</b>
<b>Net Operating Margins (Loss)</b>	<b>\$1,161,518</b>	<b>\$465,768</b>	<b>(\$695,750)</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$2,209,159</b>	<b>\$1,575,886</b>	<b>(\$633,273)</b>
<b>Net Margins (Loss)</b>	<b>\$3,370,677</b>	<b>\$2,041,654</b>	<b>(\$1,329,023)</b>

\*\*2022 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*

**Water Utility  
Budget Comparison  
2022 to 2023**

	<b>2022</b>	<b>2023</b>	<b>Change</b>
	<b>Approved</b>	<b>Proposed</b>	
<b>Operating Revenues</b>	\$2,757,235	\$4,915,051	\$2,157,816
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$2,027	\$2,027
Cost of Purchased Power	\$135,041	\$151,012	\$15,971
Transmission Expense	\$0	\$0	\$0
Distribution Expense--Operation	\$1,024,330	\$1,412,908	\$388,578
Distribution Expense--Maintenance	\$605,218	\$608,771	\$3,553
Customer Accounts Expense	\$207,322	\$280,113	\$72,791
Customer Service and Informational Expense	\$0	\$0	\$0
Administrative and General Expense	\$1,097,305	\$1,352,069	\$254,764
Depreciation & Amortization Expense	\$428,634	\$388,013	(\$40,621)
Tax Expense--Other	\$133,811	\$181,796	\$47,985
Interest on Long-Term Debt	\$235,079	\$182,692	(\$52,387)
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$3,866,740</b>	<b>\$4,559,401</b>	<b>\$692,661</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$1,109,505)</b>	<b>\$355,650</b>	<b>\$1,465,155</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$247,535</b>	<b>\$719,525</b>	<b>\$471,990</b>
<b>Net Margins (Loss)</b>	<b>(\$861,970)</b>	<b>\$1,075,175</b>	<b>\$1,937,145</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$633,105	\$3,477,419	\$2,844,314
General Plant Purchases	\$55,000	\$110,000	\$55,000
Principal on Long Term Debt	\$633,513	\$662,361	\$28,848
Add Depreciation & Amortization (non-cash)	(\$428,634)	(\$388,013)	\$40,621
Principal & Interest Received on LUDs	(\$442,966)	(\$442,966)	\$0
Grants and Loan Funds	\$0	(\$2,577,016)	(\$2,577,016)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$450,018</b>	<b>\$841,785</b>	<b>\$391,767</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$1,311,988)</b>	<b>\$233,390</b>	<b>\$1,545,378</b>

**Water Utility**  
**Actuals to Budget**  
**2022 to 2023**

	<b>2022</b>	<b>2023</b>	
	<b>Actuals**</b>	<b>Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$3,229,060	\$4,915,051	\$1,685,991
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$2,027	\$2,027
Cost of Purchased Power	\$139,097	\$151,012	\$11,915
Transmission Expense	\$0	\$0	\$0
Distribution Expense--Operation	\$878,491	\$1,412,908	\$534,417
Distribution Expense--Maintenance	\$558,557	\$608,771	\$50,214
Customer Accounts Expense	\$194,918	\$280,113	\$85,195
Customer Service and Informational Expense	\$0	\$0	\$0
Administrative and General Expense	\$926,300	\$1,352,069	\$425,769
Depreciation & Amortization Expense	\$629,860	\$388,013	(\$241,847)
Tax Expense--Other	\$151,150	\$181,796	\$30,646
Interest on Long-Term Debt	\$273,870	\$182,692	(\$91,178)
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$3,752,243</b>	<b>\$4,559,401</b>	<b>\$807,158</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$523,183)</b>	<b>\$355,650</b>	<b>\$878,833</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$260,554</b>	<b>\$719,525</b>	<b>\$458,971</b>
<b>Net Margins (Loss)</b>	<b>(\$262,629)</b>	<b>\$1,075,175</b>	<b>\$1,337,804</b>

\*\*2022 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*



**Capital Budget Comparison  
2022 to 2023**

<b>Project Name</b>	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>Variance</b>
<b>Electric Work Plan</b>	\$3,595,500	\$6,044,500	\$2,449,000
<b>Water Work Plan</b>	\$633,105	\$3,477,419	\$2,844,314
<b>Broadband</b>	\$2,104,050	\$15,172,062	\$13,068,012
<b>Facilities Improvements</b>	\$310,000	\$238,150	(\$71,850)
<b>Warehouse &amp; Yard Improvements</b>	\$197,500	\$197,500	\$0
<b>Information Technology</b>	\$85,000	\$30,000	(\$55,000)
<b>Electric Fleet</b>	\$242,500	\$164,000	(\$78,500)
<b>Water Fleet</b>	\$55,000	\$110,000	\$55,000
<b>Electric Tools and PPE</b>	\$50,000	\$50,000	\$0
<b>Contracted Engineering Costs</b>	\$122,500	\$55,000	(\$67,500)
	<b>\$7,395,155</b>	<b>\$25,538,631</b>	<b>\$18,143,476</b>

**Electric Utility**  
**Actuals to Budget**  
**5 Year Look Back Compared to 2023**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals**</b>	<b>Budget</b>
<b>Operating Revenues</b>	\$35,921,744	\$36,934,122	\$38,398,203	\$37,912,318	\$39,287,746	\$40,964,546	\$46,009,532
<b>Operating Expenses</b>							
Power Production Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Purchased Power	\$14,480,267	\$14,933,122	\$15,204,855	\$14,717,058	\$15,242,290	\$15,124,755	\$17,095,180
Transmission Expense	\$1,760,778	\$1,825,877	\$1,883,441	\$1,832,052	\$1,950,421	\$1,999,003	\$2,404,654
Distribution Expense--Operation	\$800,596	\$1,114,352	\$1,471,987	\$1,574,671	\$1,777,535	\$2,115,032	\$3,116,911
Distribution Expense--Maintenance	\$1,895,916	\$2,412,616	\$2,585,373	\$3,114,151	\$2,768,549	\$3,977,080	\$4,778,863
Customer Accounts Expense	\$1,296,389	\$1,320,922	\$1,465,794	\$1,228,908	\$1,305,362	\$1,684,960	\$2,075,683
Customer Service and Informational Expense	\$82,821	\$83,750	\$40,874	\$12,433	\$24,808	\$12,349	\$23,166
Administrative and General Expense	\$2,270,419	\$2,500,497	\$2,540,211	\$2,672,839	\$3,197,515	\$4,335,931	\$5,132,534
Depreciation & Amortization Expense	\$5,083,334	\$5,202,894	\$5,319,171	\$5,497,554	\$5,538,986	\$5,619,845	\$5,605,637
Tax Expense--Other	\$2,078,854	\$2,112,640	\$2,198,268	\$2,174,860	\$2,255,905	\$2,341,991	\$2,554,821
Interest on Long-Term Debt	\$2,950,225	\$2,856,256	\$2,782,558	\$2,701,573	\$2,607,298	\$2,592,082	\$2,756,315
Interest Expense--Other	\$0	\$1,352	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$182,664	\$256	\$2,927	\$39	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$32,882,263</b>	<b>\$34,364,534</b>	<b>\$35,495,459</b>	<b>\$35,526,138</b>	<b>\$36,668,669</b>	<b>\$39,803,028</b>	<b>\$45,543,764</b>
<b>Net Operating Margins (Loss)</b>	<b>\$3,039,481</b>	<b>\$2,569,588</b>	<b>\$2,902,744</b>	<b>\$2,386,180</b>	<b>\$2,619,077</b>	<b>\$1,161,518</b>	<b>\$465,768</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$1,506,208</b>	<b>\$2,621,555</b>	<b>\$1,660,436</b>	<b>\$2,168,111</b>	<b>\$2,115,150</b>	<b>\$2,209,159</b>	<b>\$1,575,886</b>
<b>Net Margins (Loss)</b>	<b>\$4,545,689</b>	<b>\$5,191,143</b>	<b>\$4,563,180</b>	<b>\$4,554,291</b>	<b>\$4,734,227</b>	<b>\$3,370,677</b>	<b>\$2,041,654</b>

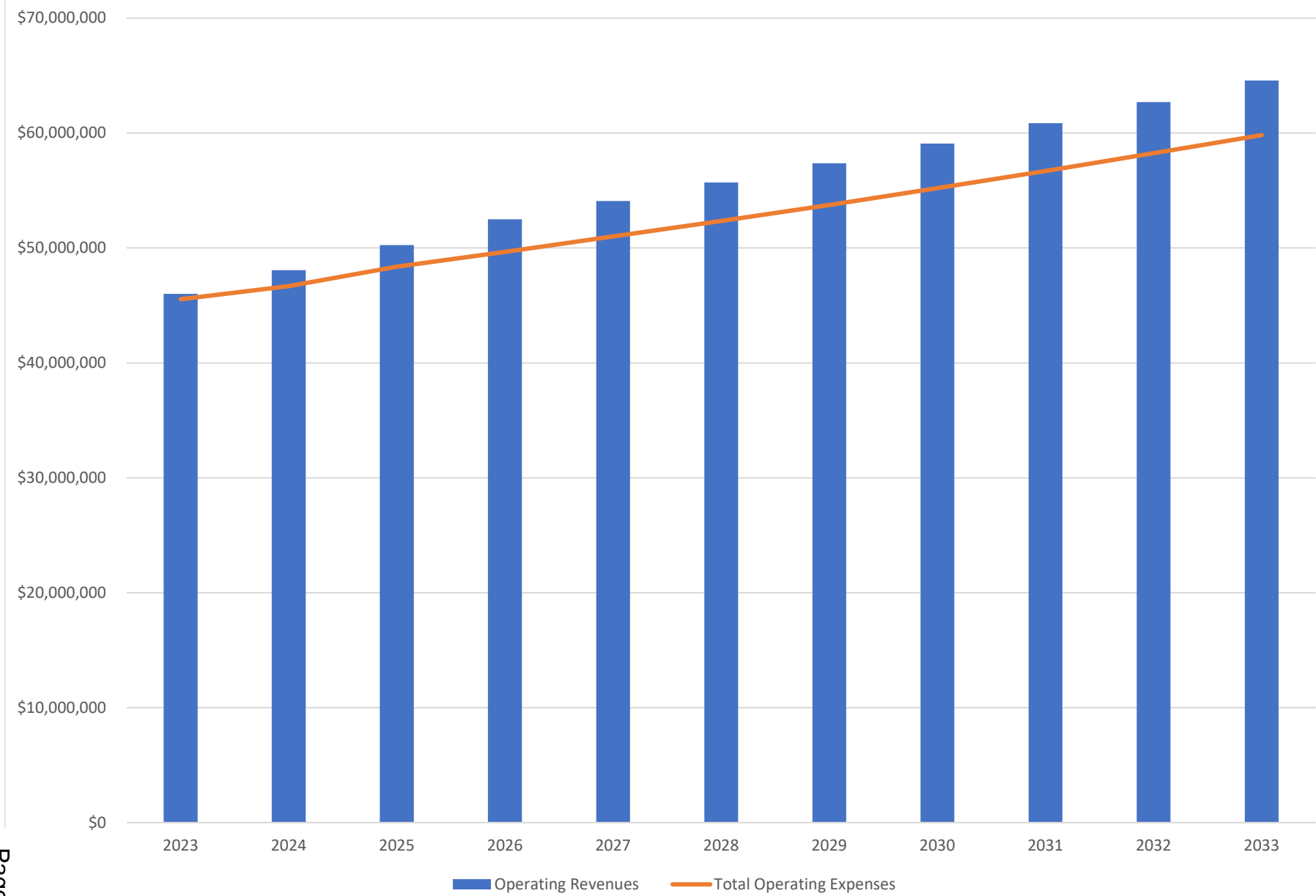
\*\*2022 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*

**Water Utility  
Actuals to Budget  
5 Year Look Back Compared to 2023**

	<b>2017 Actuals</b>	<b>2018 Actuals</b>	<b>2019 Actuals</b>	<b>2020 Actuals</b>	<b>2021 Actuals</b>	<b>2022 Actuals**</b>	<b>2023 Budget</b>
<b>Operating Revenues</b>	\$2,253,721	\$2,472,823	\$2,713,505	\$2,608,999	\$3,020,841	\$3,229,060	\$4,915,051
<b>Operating Expenses</b>							
Power Production Cost	\$101	\$757	\$209	\$268	\$1,877	\$0	\$2,027
Cost of Purchased Power	\$118,175	\$126,840	\$3,885	\$82,473	\$135,288	\$139,097	\$151,012
Transmission Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distribution Expense--Operation	\$473,524	\$583,854	\$654,726	\$681,484	\$668,170	\$878,491	\$1,412,908
Distribution Expense--Maintenance	\$269,219	\$351,711	\$364,276	\$376,709	\$394,764	\$558,557	\$608,771
Customer Accounts Expense	\$151,067	\$146,842	\$134,888	\$226,078	\$255,519	\$194,918	\$280,113
Customer Service and Informational Expense	\$60	\$2,684	\$330	\$110	\$0	\$0	\$0
Administrative and General Expense	\$432,278	\$511,852	\$699,871	\$893,190	\$1,031,638	\$926,300	\$1,352,069
Depreciation & Amortization Expense	\$714,066	\$710,798	\$701,661	\$696,061	\$774,737	\$629,860	\$388,013
Tax Expense--Other	\$109,548	\$119,954	\$125,901	\$127,246	\$154,504	\$151,150	\$181,796
Interest on Long-Term Debt	\$234,929	\$289,115	\$261,833	\$236,595	\$225,120	\$273,870	\$182,692
Interest Expense--Other	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$247	\$0	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$2,502,967</b>	<b>\$2,846,907</b>	<b>\$2,947,827</b>	<b>\$3,320,214</b>	<b>\$3,641,617</b>	<b>\$3,752,243</b>	<b>\$4,559,401</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$249,246)</b>	<b>(\$374,084)</b>	<b>(\$234,322)</b>	<b>(\$711,215)</b>	<b>(\$620,776)</b>	<b>(\$523,183)</b>	<b>\$355,650</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$284,911</b>	<b>\$372,474</b>	<b>\$915,474</b>	<b>\$418,689</b>	<b>\$637,966</b>	<b>\$260,554</b>	<b>\$719,525</b>
<b>Net Margins (Loss)</b>	<b>\$35,665</b>	<b>(\$1,610)</b>	<b>\$681,152</b>	<b>(\$292,526)</b>	<b>\$17,190</b>	<b>(\$262,629)</b>	<b>\$1,075,175</b>

\*\*2022 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*

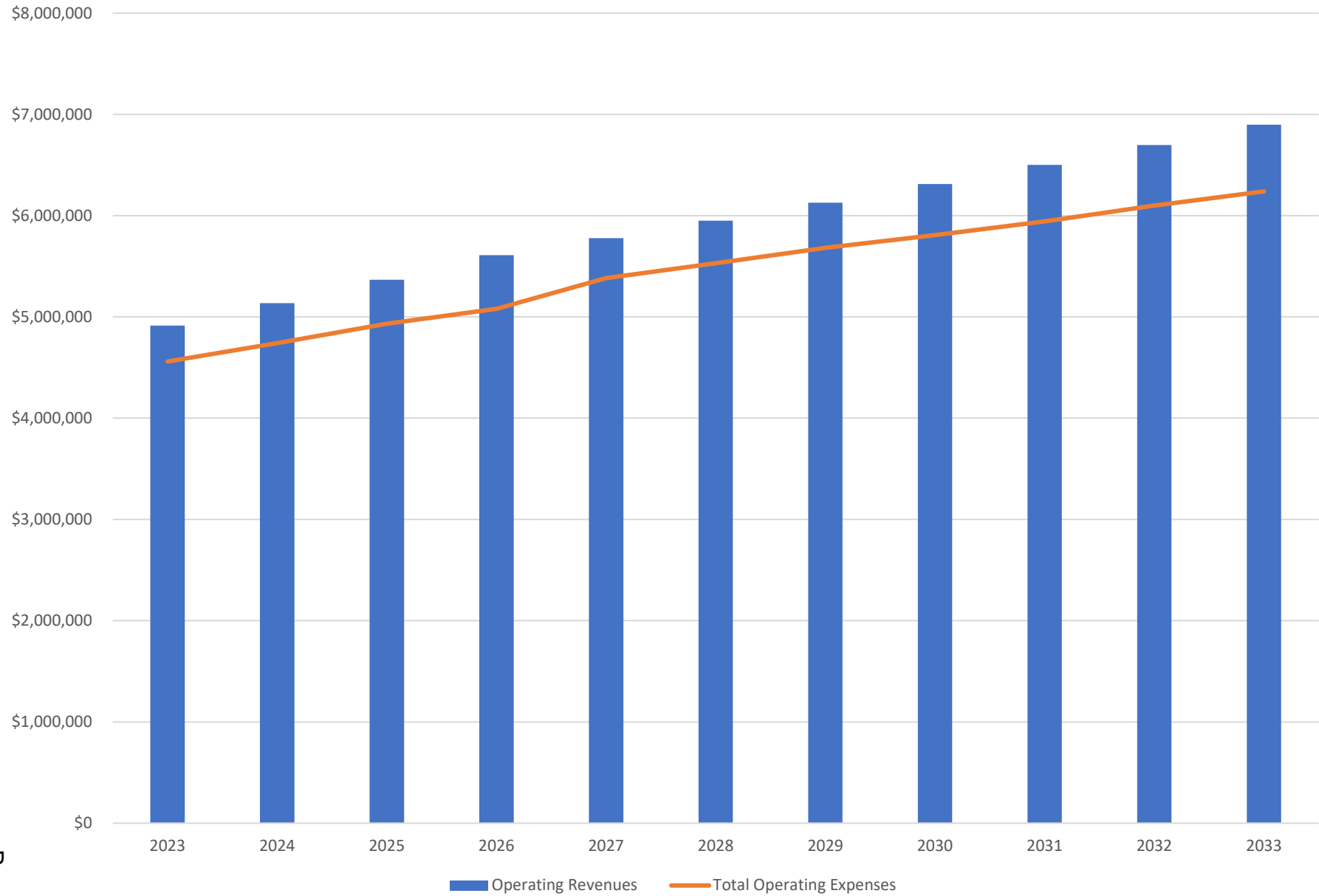
Electric Utility Budget Forecast



**Electric Utility  
10-Year Forecast  
2023 - 2033**

	<b>2023 Proposed</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>	<b>2029 Forecast</b>	<b>2030 Forecast</b>	<b>2031 Forecast</b>	<b>2032 Forecast</b>	<b>2033 Forecast</b>
<b>Operating Revenues</b>	\$46,009,532	\$48,079,961	\$50,243,559	\$52,504,519	\$54,079,655	\$55,702,045	\$57,373,106	\$59,094,299	\$60,867,128	\$62,693,142	\$64,573,936
<b>Operating Expenses</b>											
Power Production Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Purchased Power	\$17,095,180	\$17,778,987	\$18,490,147	\$19,044,851	\$19,616,197	\$20,204,683	\$20,810,823	\$21,435,148	\$22,078,202	\$22,740,548	\$23,422,765
Transmission Expense	\$2,404,654	\$2,500,840	\$2,600,874	\$2,678,900	\$2,759,267	\$2,842,045	\$2,927,306	\$3,015,126	\$3,105,579	\$3,198,747	\$3,294,709
Distribution Expense--Operation	\$3,116,911	\$3,241,587	\$3,371,251	\$3,472,388	\$3,576,560	\$3,683,857	\$3,794,373	\$3,908,204	\$4,025,450	\$4,146,213	\$4,270,600
Distribution Expense--Maintenance	\$4,778,863	\$4,970,018	\$5,168,818	\$5,323,883	\$5,483,599	\$5,648,107	\$5,817,550	\$5,992,077	\$6,171,839	\$6,356,994	\$6,547,704
Customer Accounts Expense	\$2,075,683	\$2,158,710	\$2,245,059	\$2,312,410	\$2,381,783	\$2,453,236	\$2,526,833	\$2,602,638	\$2,680,718	\$2,761,139	\$2,843,973
Customer Service and Informational Expense	\$23,166	\$24,093	\$25,056	\$25,808	\$26,582	\$27,380	\$28,201	\$29,047	\$29,919	\$30,816	\$31,741
Administrative and General Expense	\$5,132,534	\$5,337,835	\$5,551,349	\$5,717,889	\$5,889,426	\$6,066,109	\$6,248,092	\$6,435,535	\$6,628,601	\$6,827,459	\$7,032,283
Depreciation & Amortization Expense	\$5,605,637	\$5,829,862	\$6,063,057	\$6,244,949	\$6,432,297	\$6,625,266	\$6,824,024	\$7,028,745	\$7,239,607	\$7,456,795	\$7,680,499
Tax Expense--Other	\$2,554,821	\$2,657,014	\$2,763,294	\$2,846,193	\$2,931,579	\$3,019,526	\$3,110,112	\$3,203,416	\$3,299,518	\$3,398,504	\$3,500,459
Interest on Long-Term Debt	\$2,756,315	\$2,182,977	\$2,095,249	\$1,993,151	\$1,903,516	\$1,775,891	\$1,661,668	\$1,557,395	\$1,440,911	\$1,332,228	\$1,198,403
Interest Expense--Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$45,543,764</b>	<b>\$46,681,924</b>	<b>\$48,374,154</b>	<b>\$49,660,422</b>	<b>\$51,000,806</b>	<b>\$52,346,100</b>	<b>\$53,748,983</b>	<b>\$55,207,330</b>	<b>\$56,700,344</b>	<b>\$58,249,443</b>	<b>\$59,823,135</b>
<b>Net Operating Margins (Loss)</b>	\$465,768	\$1,398,037	\$1,869,405	\$2,844,097	\$3,078,849	\$3,355,945	\$3,624,122	\$3,886,969	\$4,166,784	\$4,443,699	\$4,750,801
<b>Non-Operating Margins (Loss)</b>	\$1,575,886	\$1,607,404	\$1,639,552	\$1,672,343	\$1,705,790	\$1,739,905	\$1,774,704	\$1,810,198	\$1,846,402	\$1,883,330	\$1,920,996
<b>Net Margins (Loss)</b>	<b>\$2,041,654</b>	<b>\$3,005,441</b>	<b>\$3,508,957</b>	<b>\$4,516,440</b>	<b>\$4,784,639</b>	<b>\$5,095,850</b>	<b>\$5,398,826</b>	<b>\$5,697,167</b>	<b>\$6,013,186</b>	<b>\$6,327,028</b>	<b>\$6,671,797</b>
<b>Cash Flow Budget</b>											
Construction Projects	\$6,044,500	\$5,147,769	\$5,353,679	\$5,514,290	\$5,679,718	\$5,850,110	\$6,025,613	\$6,206,382	\$6,392,573	\$6,584,350	\$6,781,881
General Plant Purchases	\$734,650	\$682,094	\$709,378	\$730,659	\$752,579	\$775,156	\$798,411	\$822,363	\$847,034	\$872,445	\$898,618
Principal on Long Term Debt	\$4,121,058	\$3,789,737	\$3,877,464	\$3,979,563	\$4,069,198	\$4,196,823	\$4,311,045	\$4,415,318	\$4,531,803	\$4,640,486	\$4,774,311
Add Depreciation & Amortization (non-cash)	(\$5,605,637)	(\$5,829,862)	(\$6,063,057)	(\$6,244,949)	(\$6,432,297)	(\$6,625,266)	(\$6,824,024)	(\$7,028,745)	(\$7,239,607)	(\$7,456,795)	(\$7,680,499)
Principal & Interest Received on LUDs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants and Loan Funds	(\$5,530,555)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Expenditures/Cash Outflow</b>	<b>(\$235,984)</b>	<b>\$3,789,737</b>	<b>\$3,877,464</b>	<b>\$3,979,563</b>	<b>\$4,069,198</b>	<b>\$4,196,823</b>	<b>\$4,311,045</b>	<b>\$4,415,318</b>	<b>\$4,531,803</b>	<b>\$4,640,486</b>	<b>\$4,774,311</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>\$2,277,638</b>	<b>(\$784,296)</b>	<b>(\$368,507)</b>	<b>\$536,877</b>	<b>\$715,441</b>	<b>\$899,028</b>	<b>\$1,087,781</b>	<b>\$1,281,849</b>	<b>\$1,481,383</b>	<b>\$1,686,542</b>	<b>\$1,897,487</b>
Net TII (minimum of 1.25)	1.74	2.38	2.67	3.27	3.51	3.87	4.25	4.66	5.17	5.75	6.57
Net DS (minimum of 1.25)	1.51	1.84	1.95	2.14	2.20	2.26	2.32	2.39	2.46	2.53	2.60

### Water Utility Budget Forecast



**Water Utility  
10-Year Forecast  
2023 - 2033**

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
	<b>Proposed</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Operating Revenues</b>	\$4,915,051	\$5,136,228	\$5,367,359	\$5,608,890	\$5,777,156	\$5,950,471	\$6,128,985	\$6,312,855	\$6,502,240	\$6,697,308	\$6,898,227
<b>Operating Expenses</b>											
Power Production Cost	\$2,027	\$2,108	\$2,192	\$2,258	\$2,326	\$2,396	\$2,468	\$2,542	\$2,618	\$2,696	\$2,777
Cost of Purchased Power	\$151,012	\$157,052	\$163,335	\$168,235	\$173,282	\$178,480	\$183,835	\$189,350	\$195,030	\$200,881	\$206,907
Transmission Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distribution Expense--Operation	\$1,412,908	\$1,469,424	\$1,528,201	\$1,574,047	\$1,621,269	\$1,669,907	\$1,720,004	\$1,771,604	\$1,824,752	\$1,879,495	\$1,935,880
Distribution Expense--Maintenance	\$608,771	\$633,122	\$658,447	\$678,200	\$698,546	\$719,503	\$741,088	\$763,320	\$786,220	\$809,806	\$834,101
Customer Accounts Expense	\$280,113	\$291,318	\$302,970	\$312,059	\$321,421	\$331,064	\$340,996	\$351,226	\$361,762	\$372,615	\$383,794
Customer Service and Informational Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General Expense	\$1,352,069	\$1,406,152	\$1,462,398	\$1,506,270	\$1,551,458	\$1,598,002	\$1,645,942	\$1,695,320	\$1,746,179	\$1,798,565	\$1,852,522
Depreciation & Amortization Expense	\$388,013	\$403,534	\$419,675	\$432,265	\$445,233	\$458,590	\$472,348	\$486,518	\$501,114	\$516,147	\$531,632
Tax Expense--Other	\$181,796	\$189,068	\$196,631	\$202,529	\$208,605	\$214,864	\$221,309	\$227,949	\$234,787	\$241,831	\$249,086
Interest on Long-Term Debt	\$182,692	\$190,000	\$197,600	\$203,528	\$360,651	\$358,587	\$353,402	\$320,423	\$290,503	\$276,668	\$242,898
Interest Expense--Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$4,559,401</b>	<b>\$4,741,777</b>	<b>\$4,931,448</b>	<b>\$5,079,392</b>	<b>\$5,382,791</b>	<b>\$5,531,391</b>	<b>\$5,681,390</b>	<b>\$5,808,251</b>	<b>\$5,942,966</b>	<b>\$6,098,705</b>	<b>\$6,239,596</b>
<b>Net Operating Margins (Loss)</b>	<b>\$355,650</b>	<b>\$394,451</b>	<b>\$435,910</b>	<b>\$529,498</b>	<b>\$394,365</b>	<b>\$419,080</b>	<b>\$447,595</b>	<b>\$504,604</b>	<b>\$559,275</b>	<b>\$598,603</b>	<b>\$658,631</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$719,525</b>	<b>\$733,916</b>	<b>\$748,594</b>	<b>\$763,566</b>	<b>\$778,837</b>	<b>\$794,414</b>	<b>\$810,302</b>	<b>\$826,508</b>	<b>\$843,038</b>	<b>\$859,899</b>	<b>\$877,097</b>
<b>Net Margins (Loss)</b>	<b>\$1,075,175</b>	<b>\$1,128,367</b>	<b>\$1,184,504</b>	<b>\$1,293,064</b>	<b>\$1,173,202</b>	<b>\$1,213,494</b>	<b>\$1,257,897</b>	<b>\$1,331,112</b>	<b>\$1,402,313</b>	<b>\$1,458,502</b>	<b>\$1,535,728</b>
<b>Cash Flow Budget</b>											
Construction Projects	\$3,477,419	\$343,811	\$357,563	\$368,290	\$379,339	\$390,719	\$402,440	\$414,513	\$426,949	\$439,757	\$452,950
General Plant Purchases	\$110,000	\$59,723	\$62,112	\$63,975	\$65,894	\$67,871	\$69,907	\$72,005	\$74,165	\$76,390	\$78,681
Principal on Long Term Debt	\$662,361	\$689,112	\$765,027	\$692,324	\$743,580	\$614,689	\$2,181,862	\$783,096	\$718,102	\$959,162	\$616,346
Add Depreciation & Amortization (non-cash)	(\$388,013)	(\$403,534)	(\$419,675)	(\$432,265)	(\$445,233)	(\$458,590)	(\$472,348)	(\$486,518)	(\$501,114)	(\$516,147)	(\$531,632)
Principal & Interest Received on LUDs	(\$442,966)	(\$442,966)	(\$221,483)	(\$221,483)	(\$221,483)	(\$221,483)	(\$110,742)	(\$110,742)	(\$110,742)	(\$110,742)	(\$55,371)
Grants and Loan Funds	(\$2,577,016)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$841,785</b>	<b>\$246,146</b>	<b>\$543,544</b>	<b>\$470,841</b>	<b>\$522,097</b>	<b>\$393,206</b>	<b>\$2,071,121</b>	<b>\$672,354</b>	<b>\$607,360</b>	<b>\$848,420</b>	<b>\$560,976</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>\$233,390</b>	<b>\$882,221</b>	<b>\$640,960</b>	<b>\$822,223</b>	<b>\$651,106</b>	<b>\$820,288</b>	<b>(\$813,224)</b>	<b>\$658,758</b>	<b>\$794,953</b>	<b>\$610,082</b>	<b>\$974,753</b>

**Jefferson County PUD**  
**Long Range Capital Projects**  
**5 - 10 Year Timeframe**

Will be Reviewed every 2 Years--Next Review 2024

<b>Project/Capital Purchase</b>	<b>Amount</b>
Substation Transformer	\$750,000
Substation Transformer	\$750,000
Quilcene Substation Upgrade	\$5,000,000
Chimacum Substation Circuit	\$5,000,000
Port Ludlow Substation Upgrades	\$5,000,000
Resilency & Reliability Improvements	\$5,000,000
Water Distribution Pipe Replacements	\$750,000
Glen Cove Water Storage Tank	\$6,500,000
Sparling Well Treatment Plant	\$2,500,000
<b>Total</b>	<b>\$31,250,000</b>



**PUD Calendar**







**October 3, 2022**

**October 3, 2022, Regular/Annual Meeting 3:00pm, and at 5:00pm the 2023  
Budget Hearing in person and per ZOOM 310 Four Corners Rd Port Townsend**

**October 13, 2022, Special Meeting, 10:00-12:00, TBD**

**October 18, 2022, Regular BOC Meeting, 3:00pm in person and per ZOOM 310  
Four Corners Rd Port Townsend**

**October 25, 2022, Special Meeting, 1:00-3:00, TBD**

     Received 		From	Subject	Size
Last Week				
Tue 9/20		Leo Boyd II	PUD Retail Broadband Rates,	23 KB

## **AGENDA REPORT**

**DATE:** October 3, 2022  
**TO:** Board of Commissioners  
**FROM:** Will O'Donnell  
**RE:** Acceptance of Public Works Board Grant for Discovery Bay East Project Area

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**BACKGROUND:** Jefferson County PUD's Discovery Bay East Fiber Project aims to bring fiber internet service to a rural section of our county currently unserved with broadband by existing telecom providers. The area is located along the eastern rim of Discovery Bay, 10 miles south of Port Townsend, and 5 miles west of Port Hadlock.

According to speed tests collected in surveys by the PUD and the State of Washington, the majority of the residents in the grant area have broadband download speeds of less than 10 Mbps. The rest have speeds greater than 10 Mbps, but less than 25/3 Mbps. No residents in the area are able to obtain any wireline service other than DSL.

JPUD will construct a fiber-to-the-home network to pass every home and business in the Discovery Bay East Fiber Project area. We will deploy a Passive Optic Network (PON) that is able to deliver a gigabit of bandwidth to every customer. JPUD anticipates a total of 74 passings, with a take rate of 70% this would see us connect a minimum of 52 homes in the project area during the period of funding.

There will be no construction charges assessed to end users for fiber to the home connections. JPUD's fiber network will be open access, but JPUD will offer retail service with minimum speeds of 100/100 for \$65/mo before taxes and fees, or \$45/mo for PUD low-income customers. We will also accept ACP funding. Symmetrical gigabit service speeds will be available as well.

JPUD estimates a total of 8.3 miles of fiber installed to complete the project. 6.21 miles buried, and 2.11 aerial. JPUD's fiber network will be buried where current utilities are buried and will be aerial where existing utilities are served from poles.

In October 2021, PUD staff applied for a grant from the WA State Department of Commerce's Public Works Board. Funding was awarded in December 2021, and a contract was issued in September 2022. Construction is anticipated to begin in 2023, with project completion estimated in late 2023 or early 2024.

**FISCAL IMPACT:** \$1,096,046 grant to the PUD to cover engineering, construction, and installation costs. No match required.

**RECOMMENDATION:** Approve Resolution 2022-XXX authorizing the General Manager to execute grant agreements for the Discovery Bay East area Broadband project.

**PUBLIC UTILITY DISTRICT NO.1  
OF  
JEFFERSON COUNTY**

**RESOLUTION NO. 2022-XXXX**

A Resolution of the Board of Commissioners of Public Utility District (PUD) No. 1 of Jefferson County, Washington, authorizing the General Manager to execute grant agreements for the Discovery Bay East area Broadband project.

**WHEREAS**, the PUD has been working on the development of a Broadband fiber optic network to provide retail and wholesale Internet Services to serve the residents of Jefferson County, Washington over the past several years; and

**WHEREAS**, at the July 6, 2021 Regular meeting of the Board of Commissioners the staff presented a plan regarding the Quilcene, Discovery Bay and Gardiner communities in Jefferson County, Washington (the “Olympic Fiber Corridor Project”) demonstrating the unserved and underserved nature of Broadband services in these communities; and

**WHEREAS**, on September 21, 2021 the Board of Commissioners Washington approved Resolution No. 2021-028 authorizing staff to apply to the Washington State Public works Board-Broadband Federal funded program for a grant to construct fiber along East Discovery Bay and Anderson Lake Road, and

**WHEREAS**, the grant agreement is consistent with the grant application; and

**WHEREAS**, consistent with Engrossed Substitute House Bill 1336 and Senate Bill 5383, the PUD has been consulting with the Washington State Broadband Office and provided formal notice regarding its intent to provide Broadband Services in Resolution No. 2021-037.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, that the foregoing recitals are incorporated herein, and that the General Manager is authorized to execute the grant agreement as offered by the Washington State Public Works Board - Broadband Federal funded program, attached as Exhibit 1 to this Resolution.

ADOPTED at a regular meeting of the Board of Commissioners of Public Utility District No. 1 of Jefferson County, this 3<sup>rd</sup> day of October, 2022.

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Ken Collins, President

ATTEST:

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Jeff Randall, Vice President

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Dan Toepper, Secretary

**FACE SHEET****Contract Number: PBC22-96104-007**☒ Subrecipient ☐ Contractor**PUBLIC WORKS BOARD BROADBAND PROGRAM  
ARPA Coronavirus Capital Projects Fund Grant**

<b>1. Subrecipient</b> Public Utility District #1 of Jefferson County 310 Four Corners Rd Port Townsend, WA 98368		<b>2. Subrecipient Doing Business As (optional)</b> N/A	
<b>3. Subrecipient Representative</b> Will O'Donnell 360.385.8369 wodonnell@jeffpud.org		<b>4. Public Works Board Project Manager</b> Sheila Richardson 564-999-1927 sheila.richardson@commerce.wa.gov	
<b>5. Contract Amount</b> \$1,096,046	<b>6. Funding Source</b> Federal: <input checked="" type="checkbox"/> State: <input type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>	<b>7. Contract Start Date</b> Contract Execution Date	<b>8. Contract End Date</b> Four years from Contract Execution Date
<b>9. Federal Funds (as applicable)</b> \$1,096,046	<b>Federal Agency</b> US Department of Treasury	<b>ALN (CFDA) #</b> 21.029	<b>Indirect Rate:</b> N/A
<b>10. Tax ID #</b> N/A	<b>11. SWV #</b> SWV0074555	<b>12. UBI #</b> 601141351	<b>13. UEI #</b> HQNGRB7DLGE4
<b>14. Contract Purpose</b> The Washington State Public Works Board (BOARD) and the subrecipient (Subrecipient) (the Parties) have entered into this performance-based Contract (Subaward) to undertake a broadband construction project (Project) that furthers the goals and objectives of the ARPA Coronavirus Capital Projects Fund as referenced in Attachment A. The Project will be undertaken by the Subrecipient and will include the activities described in the SCOPE OF WORK shown on the Declarations page. The Project must be undertaken in accordance with the terms and conditions, and all applicable federal, state and local laws and ordinances, which are incorporated by reference are into this Subaward.			
The BOARD, and Subrecipient acknowledge and accept the terms of this Subaward and attachments and have executed this Subaward on the last signature date below as the start date referenced above.  The rights and obligations of both Parties to this Subaward are governed by this Subaward and the following other documents are incorporated by reference: Contract Terms and Conditions including Declarations Page; and "A" – Scope of Work, Attachment "B" – Certification of Availability of Funds to Complete the Project, Attachment "C" – Certification of the Payment and Reporting of Prevailing Wages, Attachment "D": Certification of Review and Intent to Comply with Treasury's Coronavirus Capital Projects Fund Environmental Checklist, Attachment "E" – Debarment Certification, and Attachment "F" – Attorney's Certification			
<b>FOR THE Subrecipient</b>		<b>FOR PUBLIC WORKS BOARD</b>	
Signature _____		Kathryn A. Gardow, Public Works Board Chair	
Print Name _____		Date _____	
Title _____		<b>APPROVED AS TO FORM ONLY</b>	
Date _____		<u>August 31, 2022</u> Dawn Cortez Assistant Attorney General	



# DECLARATIONS

## CLIENT INFORMATION

Legal Name: Public Utility District #1 of Jefferson County  
 Contract Number: PBC22-96104-007

## PROJECT INFORMATION

Project Title: Discovery Bay East Fiber Project  
 Project City: Port Townsend  
 Project State: **Washington**  
 Project Zip Code: 98368

## FUNDING INFORMATION

Contract Amount: **\$1,096,046**  
 Appropriation Number: **SHB 1080 S-3081.3, Section 1067**  
 Reappropriation Number (if applicable):  
 Contract End Date: June 30, 2023, if funds are not reappropriated. Contract End Date may be extended **contingent on reappropriation**

Biennium: **2021-2023**  
 Biennium Close Date: **June 30, 2023**  
 Total Estimate Cost: **\$1,096,046**  
 Earliest Date for Reimbursement (award date): **December 3, 2021**  
 Time of Performance: In accordance with Special Terms and Conditions Section 1.9

Federal Funding: **Section 604 of the Social Security Act as added by Section 9901 of the American Rescue Plan Act of 2021 (ARPA or "Act"), Pub.L.No. 117-2 (March 11, 2021) 1096046**

Federal Award Agency: **US Department of Treasury**

## ADDITIONAL SPECIAL CONDITIONS GOVERNING THIS SUBAWARD AGREEMENT

### Extension of Subaward Upon Reappropriation.

Notwithstanding Special Terms and Condition Section 1.9, the End Date of this Subaward **may be extended upon written notice to Contractor from the BOARD** for a period of time consistent with the effective date of any reappropriation of funds, and/or with terms reflecting new Federal requirements for ARPA funds, if any. In the BOARD's sole discretion, after review of any funding reappropriation terms and applicable Federal law or guidance, a contract amendment in accordance with Special Terms and Condition Section 1.9 may be required to extend the End Date.

## SCOPE OF WORK

Attachment A: Project Scope of Work



## **Capital Agreement with**

Public Utility District #1 of Jefferson County

through

America Rescue Plan Act, Coronavirus Capital Funds,

Public Works Board

**For**

Discovery Bay East Fiber Project

Construct last-mile fiber optic based broadband infrastructure to approximately 74 premises located in areas outside of Port Townsend long the eastern edge of Discovery Bay in rural Jefferson County.

**Start date:** Date of Last Signature

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# SUBAWARD TERMS AND CONDITIONS

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## Part 1: SPECIAL TERMS AND CONDITIONS

### 1.1 AUTHORITY

Funding for this Grant has been provided in the 2021-2023 biennial state Capital Budget, SSB 1080, Section 1067, pursuant to Federal grants to Washington State under the American Rescue Plan Act of 2021 (ARPA or "Act"), sec. 9901, Public Law 117-2, codified at 42 U.S.C. 802 et seq., The parties anticipate that funding under this Grant that is unexpended in the 2021-23 state biennium may be reappropriated in future biennia, subject to Federal requirements. Acting under the authority of RCW 43.155.160, the BOARD awards Subrecipient broadband construction funding for the approved broadband construction Project as described in the ATTACHMENT A: SCOPE OF WORK.

### 1.2 DEFINITIONS

As used throughout this Construction Funding Subaward the following terms shall have the meaning set forth below:

- A. "Subrecipient" - shall mean a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
- B. "Subaward" shall mean an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
- C. "Contractor" or "Subcontractor": Firm selected through a competitive procurement process and is paid ARPA CPF funds by the Recipient (PWB) in compensation for specific services and not in the employment of the Subrecipient, who is performing all or part of those services under this Subaward under a separate contract with the Contractor.
- D. "Modified Total Direct Costs" (MTDC) shall mean all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.
- E. "The BOARD" - the State of Washington Public Works Board established in Revised Code of Washington (RCW) 43.155.030, and who is a Party to the Subaward.
- F. "Declarations" and "Declared" - the Project information, terms and conditions as stated on the Declarations Page of this Subaward, displayed within the Subaward in THIS STYLE for easier identification.

G. "PUBLIC USE" - that the portion of the broadband network funded in whole or in part by the BOARD that shall remain available to connect unserved areas for a period of not less than fifteen (15) years from the date of completed construction.

H. "Unserved Areas" - as defined in RCW 43.330.530(10).

### **1.3 ACCESS TO WORK AND RECORDS**

All property, facilities, and records developed pursuant to this Subaward shall be available for inspection upon request during regular business hours by the BOARD or its authorized representative. All records supporting every request for payment shall be maintained in a manner which will provide an audit trail to the expenditures. Copies of records shall be furnished to the BOARD immediately upon request. This paragraph shall be included in any and all subcontracts let by the Subrecipient under this agreement.

### **1.4 ACKNOWLEDGEMENT OF FEDERAL FUNDING**

Federal Award Identification Number (FAIN): CPFFN0145

Total amount of the federal award: \$1,096,046

Federal Awarding Agency: US Department of Treasury

Research & Development (R&D): award will not be used for R&D

Federal Award Project Description: Construct last-mile fiber optic based broadband infrastructure to approximately 74 premises located in areas outside of Port Townsend long the eastern edge of Discovery Bay in rural Jefferson County.

The Subrecipient agrees that any publications (written, visual, or sound), excluding press releases, newsletters, and issue analyses, issued by the Subrecipient describing programs or projects funded in whole or in part with federal funds under this Grant, shall contain the following statements:

"This Project is [is being] [was] supported, in whole or in part, by federal award number CPFFN0145 awarded to State of Washington by the U.S. Department of the Treasury. This Project was awarded by the US Department of the Treasury. Points of view in this document are those of the author and do not necessarily represent the official position or policies of the US Department of the Treasury. Grant funds are administered by the America Rescue Plan Act, Coronavirus Capital Projects Funds, Washington State Public Works Board."

### **1.5 AUDIT**

If the Subrecipient expends \$750,000 or more in federal awards from any and/or all sources in any fiscal year, the Subrecipient shall procure and pay for a single audit or a program-specific audit for that fiscal year. Upon completion of each audit, the Subrecipient shall:

- A. Submit to the BOARD the reporting package specified in OMB Super Circular 2 CFR 200.501, reports required by the program-specific audit guide (if applicable), and a copy of any management letters issued by the auditor.
- B. Submit to the BOARD follow-up and developed corrective action plans for all audit findings.

If the CONTRATOR is a subrecipient and expends less than \$750,000 in federal awards from any and/or all sources in any fiscal year, the Subrecipient shall notify the BOARD they did not meet the single audit requirement.

The Subrecipient shall send all single audit documentation to [auditreview@commerce.wa.gov](mailto:auditreview@commerce.wa.gov).

#### **1.6 CHANGE OF OWNERSHIP OR USE FOR SUBRECIPIENT-OWNED PROPERTY**

The Subrecipient understands and agrees that any or all assets acquired, constructed, or otherwise improved by the Subrecipient using the funds under this Subaward shall be held and used by the Subrecipient for the purposes stated in the Scope of Work shown on the Declarations page for a period of at least fifteen (15) years from the date the final payment is made.

In the event that the Subrecipient decides to change or transfer ownership of any or all assets acquired or constructed in whole or in part, or otherwise improved by the Subrecipient using state funds under this Subaward, the Subrecipient agrees that any such decision or action must be submitted in writing and approved by BOARD in writing at least thirty (30) days prior to the execution of such decision or action.

In the event the Subrecipient is found to be out of compliance with this section, the Subrecipient shall repay the principal amount of the Subaward as stated in the Declarations plus interest calculated at the rate of interest on state of Washington general obligation bonds issued most closely to the effective date of the legislation in which the subject asset was authorized. Repayment shall be made pursuant to Section 2.35 Recapture Provision.

#### **1.7 COMPLIANCE WITH APPLICABLE LAW AND REGULATIONS**

- A. Subrecipient agrees to comply with the requirements of section 604 of the American Rescue Plan Act (Act,) regulations adopted by Treasury pursuant to section 604 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (March 11, 2021) and guidance issued by Treasury. This includes, but is not limited to all Federal reporting requirements that apply to funds supporting this Subaward, set out here: <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>.
- B. Federal regulations applicable to this award include, but are not limited to the following:
  - i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award.
  - ii. Universal Identifier and System for Award Management (SAM), 2 C.F.R. Part 25, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 25 is hereby incorporated by reference.
  - iii. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.
  - iv. OMB Guidelines to Agencies on Government wide Debarment and Suspension (Non-procurement), 2 C.F.R. Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 C.F.R. Part 180, subpart B) that the award is subject to 2 C.F.R. Part 180 and Treasury's implementing regulation at 31 C.F.R. Part 19.



- v. Recipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 C.F.R. Part 200, Appendix XII to Part 200 is hereby incorporated by reference.
  - vi. Government wide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20.
  - vii. New Restrictions on Lobbying, 31 C.F.R. Part 21.
  - viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations.
  - ix. Generally applicable federal environmental laws and regulations.
  - x. Prohibition on certain telecommunications and video surveillance services or equipment 2 CFR [§ 200.216](#).
- C. Statutes and regulations prohibiting discrimination applicable to this award include, but are not necessarily limited to the following:
- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;
  - ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
  - iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;
  - iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and
  - v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

## **1.8 SUBAWARD MANAGEMENT**

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Subaward.

The Representative for the BOARD and their contact information are identified on the Face Sheet of this Subaward.

The Representative for the Subrecipient and their contact information are identified on the Face Sheet of this Subaward.

## **1.9 SUBAWARD PERIOD OF PERFORMANCE, COSTS INCURRED, REIMBURSEMENT**

- a) Period of Performance. The Project shall be completed within four (4) years from the date of Subaward execution, unless otherwise specified. The initial period of performance for this award begins on the date of last signature and ends on June 30, 2023. If unexpended funds under this Grant are reappropriated, the period of performance (Contract End Date) will be extended to not later than October 30, 2026. Construction Projects must reach substantial completion before October 30, 2026. Substantial completion is defined as the date for which the Project can fulfill

the primary operations that it was designed to perform, delivering services to end-users. At substantial completion, service operations and management systems infrastructure must be operational. For Federal Coronavirus Broadband Construction contracts no extensions are possible. If the Project is not completed by the 2026 date, any unallocated funds are returned to the federal Department of Treasury.

- b) Costs Incurred Period. Subrecipient may use funds awarded under ARPA to cover eligible costs incurred during the period that begins on December 3, 2021, and ends on December 31, 2024. Pursuant to Federal rules, a cost shall be considered to have been incurred if the Subrecipient has incurred an obligation with respect to such cost by December 31, 2024. All change orders for which reimbursement is requested must be executed on or before December 31, 2024,
- c) Reimbursement Period. All requests for reimbursement of eligible costs incurred between December 3, 2021 and December 31, 2024 payable from ARPA funds must be submitted to the BOARD by the **earlier of** October 30, 2026 or 30 days prior to the Contract End Date.
- d) Any changes are to be incorporated into this document as additions or amendments to Special Conditions.

#### **1.10 COPYRIGHT PROVISIONS**

Notwithstanding the provisions of General Terms and Conditions 2.15, copyright provisions, of this Subaward, the contractor has ownership rights in all data and blueprints that the contractor produces under this Subaward, subject to the board right to royalty free use of these materials.

#### **1.11 SUBAWARD SUSPENSION**

In the event that the Washington State Legislature fails to pass and the Governor does not authorize a Capital Budget by June 30 of each biennium, the Washington State Constitution Article 8 and RCW 43.88.130 and RCW 43.88.290 prohibit expenditures or commitments of state funds in the absence of appropriation.

In such event, all work under this Subaward will be suspended effective July 1. The Subrecipient shall immediately suspend work under this Subaward and take all reasonable steps necessary to minimize the cost of performance directly attributable to such suspension until the suspension is cancelled.

The BOARD shall notify the Subrecipient immediately upon lifting of the Subaward suspension.

#### **1.12 CULTURALLY RELEVANT SERVICES**

In performing work pursuant to any Subaward, the Subrecipient may develop and operate programs and deliver goods, services, and/or benefits in a manner that is culturally relevant and particularly suited to and/or particularly located for access by members of the Subrecipient's Nation or other tribes, in accordance with tribal laws and policies.

#### **1.13 DEFAULT IN REPAYMENT**

Loan repayments shall be made on the loan in accordance with Section 1.19 of this Subaward. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be one percent (1%) per month or twelve percent (12%) per annum. The same penalty terms shall apply at Project completion if the repayment of loan funds in excess of eligible costs are not

repaid at the time of the Project Completion Amendment is submitted, as provided for in Section 1.13.

The Subrecipient acknowledges and agrees to the BOARD's right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Subrecipient of such delinquency.

The Subrecipient shall be responsible for all legal fees incurred by the BOARD in any action undertaken to enforce its rights under this section.

#### **1.14 DOCUMENTATION AND SECURITY**

The provisions of this section shall apply to private entity broadband projects. To ensure a grant or loan to a private entity under this section primarily serves the public interest and benefits the public, any such grant or loan must be conditioned on a guarantee that the asset or infrastructure to be developed will be maintained for public use (definition: Section 1.2(E)) for a period of at least fifteen (15) years (RCW 43.155.160 (8)).

- A. This Subaward shall be evidenced and secured by a security instrument in favor of BOARD guaranteeing public use for at least fifteen (15) years. Form of security will be as negotiated by the Parties to this Subaward, and include an Indefeasible Right of Use (IRU).
- B. Term of the IRU. The IRU shall remain in full force and effect for a period of at least fifteen (15) years following the completion of the Project funded in whole or in part under this Subaward. Upon satisfaction of the fifteen-year public benefit requirement and all other grant or loan terms and conditions, the BOARD shall, upon written request of the Subrecipient, take appropriate action to recover or release the security instrument.
- C. The IRU will be provided no later than the date of final payment under this Subaward, and shall remain in effect for a period at least 15 years after the date the Project is complete and in service.

#### **1.15 ELIGIBLE PROJECT COSTS**

- A. Subrecipient are responsible for ensuring that eligible costs are consistent with the cost principal standards set forth in the Uniform Guidance at 2 CFR 200.400 through 2 CFR 200.476
- B. The BOARD will only reimburse construction-related expenses that are directly related to the scope of work of the Project being financed by the BOARD.
- C. Eligible project activities and costs include the following, as defined in the Definition Section:
  - design, architectural, and engineering work;
  - building permits/fees;
  - archeological/historical review;
  - construction labor (from external sources only)\* and materials;
  - demolition/site preparation;
  - capitalized equipment;
  - construction management and observation (from external sources only);\*\*
  - landscaping;
  - salaries and benefits\*\*\*
  - indirect costs: federal approved indirect rate\*\*\*\* or 10 percent MTDC and
  - real property when purchased specifically for the Project, and associated costs.\*\*\*\*\*

\*Construction labor does not include work typically performed by employees of the applicant, unless the employee is hired solely and specifically to perform construction labor for the awarded project.

\*\* Construction management and observation is on-site management and/or supervision of the work site and workers thereon. This is an eligible project cost. Construction management does not include work typically performed by off-site consultants or consultant organizations, grant writers, project managers, or employees of the applicant, unless the employee is hired solely and specifically to perform on-site construction management as defined above.

\*\*\* Salaries and benefits can only include the portion of payroll and benefits of employees corresponding to time spent managing the Broadband Infrastructure Project.

\*\*\*\*Federal approved indirect rate must be declared on contract face page to be applicable.

\*\*\*\*\* Costs directly associated with property acquisition include appraisal fees, title opinions, surveying fees, real estate fees, title transfer taxes, easements of record, and legal expenses.

**Ineligible costs:** internal administrative activities, project management (from any source), fundraising activities, feasibility studies, computers or office equipment, rolling stock (such as vehicles), lease payments for rental of equipment or facilities, maintenance and operating, mortgages or property leases (including long-term), the moving of equipment, furniture, etc., between facilities, and salary & benefits for the employees of the applicant, and the cost of the technology used to extend broadband service to the end user.

These Special Terms supersede the General terms in Section 2.3 Allowable Costs.

## **1.16 HISTORICAL AND CULTURAL RESOURCES**

Prior to commencing construction, Subrecipient shall cooperate with the BOARD to complete the requirements of Governor's Executive Order 21-02 or, as an alternative to completion of Governor's Executive Order 21-02, Subrecipient shall complete Section 106 of the National Historic Preservation Act, as applicable. Subrecipient agrees that the Subrecipient is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural resources and agrees to indemnify, defend and hold harmless the BOARD and the State of Washington in relation to any claim related to such historical or cultural resources discovered, disturbed, or damaged as a result of the Project funded by this Subaward.

In addition to the requirements set forth in this Subaward, Subrecipient shall, in accordance with Governor's Executive Order 21-02, coordinate with the Washington State Department of Archaeology and Historic Preservation (DAHP), including any recommended consultation with any affected tribe(s), during project design and prior to construction to determine the existence of any tribal cultural resources affected by the proposed Project funded by this Subaward. Subrecipient agrees to avoid, minimize, or mitigate impacts to cultural resource as a continuing pre-requisite to receipt of funds under this Subaward.

The Subrecipient agrees that, unless the Subrecipient is proceeding under an approved historical and cultural monitoring plan or other memorandum of agreement, if historical or cultural resources are discovered during construction, the Subrecipient shall immediately stop work and notify the local historical preservation officer and the state's historic preservation officer at DAHP. If human remains are uncovered, the Subrecipient shall immediately stop work and report the presence and location of the remains to the coroner and local law enforcement immediately, then contact DAHP and the concerned tribe's cultural staff or committee.

The Subrecipient shall require this provision to be contained in all sub-contracts for work or services related to the declared SCOPE OF WORK.

In addition to the requirements set forth in this Subaward, Subrecipient agrees to comply with RCW 27.44.040 regarding Indian Graves and Records; RCW 27.53 regarding Archaeological Sites and Resources; RCW 68.60 regarding Abandoned and Historic Cemeteries and Historic Graves; and, WAC 25-48 regarding Archaeological Excavation and Removal Permits.

Completion of the process set forth in Section 106 of the National Historic Preservation Act shall substitute for completion of Governor's Executive Order 21-02.

In the event that the Subrecipient finds it necessary to amend the SCOPE OF WORK, the Subrecipient may be required to re-comply with Governor's Executive Order 21-02 or Section 106 of the National Historic Preservation Act.

#### **1.17 INDIRECT COSTS**

Subrecipient shall provide their indirect cost rate that has been negotiated between their entity and the federal government as set forth on the Face Sheet, Sec. 9. If no such rate exists a de Minimis indirect cost rate of 10% of modified total direct costs (MTDC) will be used.

#### **1.18 ORDER OF PRECEDENCE**

In the event of an inconsistency in this Subaward, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Special Terms and Conditions
- General Terms and Conditions
- Attachment A – Project Scope of Work
- Attachment B – Certification of Availability of Funds to Complete the Project
- Attachment C – Certification of Payment and Reporting of Prevailing Wages
- Attachment D – Certification of Review and Intent to Comply with Treasury's Coronavirus Capital Projects Fund Environmental Checklist
- Attachment E – Debarment Certification
- Attachment F – Attorney Certification

#### **1.19 OWNERSHIP OF PROJECT/CAPITAL FACILITIES**

If the Subrecipient is a state or local entity, the BOARD makes no claim to any real property improved or constructed with funds awarded under this Subaward and does not assert, and will not acquire any ownership interest in or title to the capital facilities and/or equipment constructed or purchased with state funds under this Subaward. This provision does not extend to claims that

BOARD may bring against the Subrecipient in recapturing funds expended in violation of this Subaward.

If Subrecipient is a private entity it shall provide an IRU to the BOARD as set forth in Section 1.8.

## **1.20 PROJECT COMPLETION AMENDMENT AND CERTIFIED PROJECT COMPLETION REPORT**

The Subrecipient shall complete a Certified Project Completion Report when all activities identified in the SCOPE OF WORK are complete. The BOARD will supply the Subrecipient with the Certified Project Completion Report form, which shall include:

- A. A certified statement that the Project, as described in the declared scope of work, is complete and, if applicable, meets required standards.
- B. A certified statement of the actual dollar amounts spent, from all funding sources, in completing the Project as described in the scope of work.
- C. Certification that all costs associated with the Project have been incurred and have been accounted for. Costs are incurred when goods and services are received and/or Subaward work is performed.
- D. A final voucher for the remaining eligible funds.
- E. Pictures of completed Project, as appropriate.

The Subrecipient will submit the Certified Project Completion Report together with the last Invoice Voucher for a sum not to exceed the balance of the loan or grant amount. The final Invoice Voucher payment shall not occur prior to the completion of all project activities identified in the SCOPE OF WORK and the BOARD's receipt and acceptance of the Certified Project Completion Report.

The Project Completion Amendment shall serve as an amendment to this Subaward determining the final loan and/ or grant amount, local share, term, and interest rate.

## **1.21 PROJECT PERFORMANCE**

The Subrecipient shall commence Project construction within six months after execution of the Final Subaward, unless otherwise specified. Any changes are to be incorporated into this document as additions or amendments to Special Conditions.

If at any time during the term of this agreement the BOARD determines that Project construction performance is unsatisfactory, including, but not limited to: (a) defective work not remedied, or (b) a reasonable doubt that the Subaward can be completed for the balance then unpaid, the BOARD reserves the right to withhold payments until the problem is remedied or to exercise its rights of termination under General Terms and Conditions 2.44, 2.45 and -2.46.

## **1.22 PUBLIC USE – PRIVATE APPLICANTS ONLY**

"PUBLIC USE" any grant or loan to a private entity is conditioned upon a guarantee that the asset or infrastructure to be developed will be maintained for public use for a period of at least fifteen (15) years. PUBLIC USE is defined as that the portion of the broadband network funded in whole or in part by the BOARD shall remain available to connect unserved areas for a period of not less than fifteen (15) years from the date of completed construction. The Public Use condition will be satisfied by Subrecipient's provision of an IRU to the BOARD as set forth in Section 1.6.

**1.23 REAPPROPRIATION**

The parties hereto understand and agree that any state funds not expended by the end of the declared BIENNIUM, including the ten percent (5%) retainage as described in SPECIAL TERMS AND CONDITIONS, Section 1.27: REIMBURSEMENT PROCEDURES AND PAYMENT, will lapse on that date unless specifically reappropriated in an enacted Capital Budget. The BOARD will make all necessary efforts to seek reappropriation of funds into the declared BIENNIUM. If funds are so reappropriated, the BOARD'S obligation under the terms of this Subaward shall be contingent upon the terms of such reappropriation.

**1.24 RECAPTURE PAYMENT AND COSTS**

In addition to the provisions in General Term 2.28, if the Subrecipient fails to expend state funds in accordance with state law and/or the provisions of this Subaward, the BOARD reserves the right to recapture state funds in an amount equivalent to the extent of noncompliance. Repayment by the Subrecipient of state funds under this recapture provision shall occur within thirty (30) days of demand. If proposed the BOARD is required to institute proceedings to enforce this recapture provision, the BOARD shall be entitled to its cost thereof, including reasonable attorney's fees.

**1.25 REDUCTION IN FUNDS**

In the event state funds appropriated for the work contemplated under this Subaward Agreement are withdrawn, reduced, or limited in any way by the Governor or the Washington State Legislature during the Contract Agreement period, the parties hereto shall be bound by any such revised funding limitations as implemented at the discretion of the BOARD, and shall meet and renegotiate the Contract Agreement accordingly.

**1.26 REIMBURSEMENT PROCEDURES AND PAYMENT**

If funding or appropriation is not available at the time the invoice is submitted, or when this Subaward is executed, the issuance of warrants will be delayed or suspended until such time as funds or appropriation become available. Thereafter, subject to the availability of funds, warrants shall be issued to the Subrecipient for reimbursement of allowable expenses incurred by the Subrecipient while undertaking and administering approved project activities in accordance with the declared SCOPE OF WORK.

The BOARD shall reimburse the Subrecipient for eligible project expenditures up to the maximum funding amount under this Subaward, as identified in Section 1.9. When requesting reimbursement for costs incurred, the Subrecipient shall complete a digital Invoice Voucher (Form A-19) referencing the SCOPE OF WORK project activity performed, and any appropriate documentation such as bills, invoices, and receipts. The Invoice Voucher must be certified by an official of the Subrecipient with authority to bind the Subrecipient.

Requests for reimbursements for costs related to construction activities will not be accepted until the Subrecipient provides:

- Proof of compliance with Governor's Executive Order 21-02 or Section 106 of the National Historic Preservation Act, as described in Section 1.10, and
- Signed BOARD Notice of Subaward Award and Notice to Proceed, which follows the formal award of a construction Subaward.

The Subrecipient shall submit all Invoice Vouchers and all required documentation per guidance in the BOARD Broadband Construction Handbook, monthly and at least quarterly.

When requesting reimbursement for expenditures made, Subrecipient shall submit all Invoice Vouchers and any required documentation electronically through COMMERCE's Contracts Management System (CMS), which is available through the Secure Access Washington (SAW) portal. If the Subrecipient has constraints preventing access to COMMERCE's online A-19 portal, a hard copy A-19 form may be provided by the BOARD Project Manager upon request.

The BOARD will pay the Subrecipient upon acceptance of the work performed and receipt of properly completed invoices. Invoices shall be submitted to the BOARD.

If the Subrecipient receives funding in the form of both a grant and a loan, the Subrecipient shall bill to the loan and grant equally until and if one of the funds are exhausted at which time the remaining funds will be expensed.

Payment shall be considered timely if made by the BOARD within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be disbursed electronically to the Subrecipient.

The BOARD may, at its sole discretion, terminate the Subaward or withhold payments claimed by the Subrecipient for services rendered if the Subrecipient fails to satisfactorily comply with any term or condition of this Subaward.

No payments in advance or in anticipation of services or supplies to be provided under this Subaward shall be made by the BOARD.

BOARD funds are disbursed on reimbursement only basis for eligible costs within the approved Project's scope of work. BOARD funds will be reimbursed and Subrecipient's matching funds must be expended by Subrecipient in the amounts and as identified on the Declarations Page.

BOARD shall not release the final five (5) percent of the total funding amount until acceptance by BOARD of Project completion report.

BOARD will not pay for Project costs overruns.

The Subrecipient shall not bill COMMERCE for services performed under this Agreement, and COMMERCE shall not pay the Subrecipient, if the Subrecipient is entitled to payment or has been or will be paid by any other source, including grants, for that service.

The Subrecipient is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

#### **1.27 REPAYMENT (NOT APPLICABLE)**

Repayment of the loan under this Subaward shall include the declared **INTEREST RATE** per annum based on a three hundred and sixty (360) day year of twelve (12) thirty (30) day months. Interest will begin to accrue from the date each warrant is issued to the Subrecipient. The final payment shall be on or before the **Subaward END DATE** shown on the Declarations page, of an amount sufficient to bring the loan balance to zero (0).



Loan repayment installments are due on the day and month identified under the term "**PAYMENT MONTH**" on the Declarations Page. Payments are due each year during the term of the loan beginning one year from the date of Subaward execution. The first payment shall consist of accrued interest only and will be charged once a warrant has been issued prior to the PAYMENT MONTH. All subsequent payments shall consist of principal and accrued interest due on the specified **PAYMENT MONTH** date of each year during the remaining term of the loan.

In the event that the BOARD approves the Subrecipient's request for a new system deferral as outlined in Section 1.27, then the first loan repayment is due twenty-four (24) months after Subaward execution. Interest still accrues on any warrants issued during the deferral period. The first payment shall consist of accrued interest only and will be charged once a warrant has been issued prior to the PAYMENT MONTH. Interest and principal payments are due on the declared **PAYMENT MONTH** date of each year during the remaining term of the loan. The Subrecipient has the right to repay the unpaid balance of the loan in full at any time or make accelerated payments without penalty.

The Subrecipient will repay the loan in accordance with the preceding conditions through the use of a check, money order, or equivalent means made payable to the Washington State Department of Commerce or its successor.

## 1.28 **REPORTS**

The Subrecipient shall furnish the BOARD with:

- A. Monthly Project Progress Reports;
- B. Estimated Quarterly Expenditures Report;
- C. Certified Project Completion Report at Project completion (as described in Section 1.13);
- D. Pictures and short videos of various stages of the Project;
- E. Other reports as the BOARD may require, to include but not limited to: Project description; Project location(s); Project start and end date; Project status; Project expenditures; number of households, businesses, and anchor institutions to be served; location of communities to be served; and description of how equity and community engagement activities informed Project selection and design.
- F. All recipients are required to submit Project and expenditure reports and annual performance reports as specified in U.S. Department of the Treasury guidance.

## 1.29 **SPECIAL CONDITIONS**

If additional special conditions are listed on the Subaward Declarations Page then those conditions are herein incorporated as part of the terms and requirements of this Subaward.

Direct Recipients of CPF Grants are responsible for ensuring that sub recipients comply with the statutory and regulatory requirements and the terms and conditions established by Treasury's CPF guidance, found here: <https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf>.

If the Subrecipient is not the retail service provider for the Project, then the Subrecipient must have a contractual commitment with at least one internet service provider.

Subrecipient shall report in writing all known or suspected fraud or other loss of any funds or other property furnished under this Subaward immediately or as soon as practicable to the Commerce Representative identified on the Face Sheet

**1.30 SUB-CONTRACTOR DATA COLLECTION**

Subrecipient will submit monthly progress reports, in a form and format consistent with the template to be provided by the Board and regarding work under this Subaward performed by sub-contractors and the portion of the Subaward funds expended for work performed by sub-contractors, including but not necessarily limited to minority-owned, women-owned, and veteran-owned business sub-contractors. "Sub-Contractors" shall mean sub-contractors of any tier.

**1.31 TERMINATION FOR CONVENIENCE (IF APPLICABLE)**

The BOARD may terminate this Subaward in the event that state or federal funds are no longer available to the BOARD, or are not appropriated for the purpose of meeting the BOARD's obligations under this Subaward. Termination will be effective when the BOARD sends written notice of termination to the Subrecipient. Nothing in this section shall affect the Subrecipient's obligation to repay the unpaid balance of the loan.

In lieu of termination for convenience, this Subaward may be amended to reflect limitations and conditions of funding in appropriations of state funds available for this Subaward.

These terms supersede the terms in Section 2.45 Termination for Convenience.

**1.32 TRIBAL HIRING PREFERENCE AND EMPLOYMENT PRACTICES**

The Subrecipient may give preference in its hiring and employment practices to members of the Subrecipient, or other tribes, who have met all requirements for that position, including, state requirements, and as may be provided by tribal laws and policies.

**1.33 REGISTRATION WITH THE SYSTEM FOR AWARD MANAGEMENT (SAM)**

By signing this Subaward, the Subrecipient accepts the requirements stated in 48 CFR 52.204-7 to register with the System for Award Management at the SAM website (<https://www.sam.gov>). To register in SAM, a valid UEI Number is required. The Subrecipient is responsible for the accuracy and completeness of the data within the SAM database and for any liability resulting from the Government's reliance on inaccurate or incomplete data. The Subrecipient must remain registered in the SAM database after the initial registration. The Subrecipient is required to review and update on an annual basis from the date of initial registration or subsequent updates its information in SAM to ensure it is current, accurate and complete. The Subrecipient shall provide evidence documenting registration and renewal of SAM registration to the BOARD.

In the event of the Subrecipient's noncompliance or refusal to comply with the requirement stated above, the BOARD reserves the right to suspend payment until the Subrecipient cures this noncompliance.

## Part 2: GENERAL TERMS AND CONDITIONS

### 2.1 DEFINITIONS

As used throughout this Subaward, the following terms shall have the meaning set forth below:

- A. "Authorized Representative" shall mean the BOARD Chair and/or the designee authorized in writing to act on the Chair's behalf.
- B. "BOARD" shall mean the Washington State Public Works BOARD created in Revised Code of Washington (RCW) 43.155.030, and which is a Party to the Subaward
- C. "Contractor" or "Subcontractor": Firm selected through a competitive procurement process and is paid ARPA CPF funds by the Recipient (PWB) in compensation for specific services and not in the employment of the Subrecipient, who is performing all or part of those services under this Subaward under a separate contract with the Contractor.
- D. "Commerce" shall mean the Department of Commerce.
- E. "Subrecipient" shall mean a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
- F. "Subaward" shall mean an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
- G. "Construction labor" does not include work typically performed by employees of the Subrecipient, unless the employee is hired solely and specifically to perform construction labor for the awarded Project.
- H. "Construction management and observation" is on-site management and/or supervision of the work site and workers thereon. This is an eligible Project cost. Construction management does not include work typically performed by off-site consultants or consultant organizations, grant writers, project managers, or employees of the Subrecipient, unless the employee is hired solely and specifically to perform on-site construction management as defined above.
- I. "Costs":
  - a. "Costs associated with salaries and benefits" may not be used for operating expenses, which includes expenses once the capital project is completed.
  - b. "Costs directly associated with property acquisition" include appraisal fees, title opinions, surveying fees, real estate fees, title transfer taxes, easements of record, and legal expenses.
- A. "PERSONAL INFORMATION" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers.
- B. "STATE" shall mean the state of Washington.
- C. "TRIBAL LAW" means the resolutions, law, codes, and/or ordinances enacted by the Subrecipient executing this Subaward, and any of the Subrecipient's tribal court decisions interpreting the same. All references in this Subaward to tribal law shall include any

successor, amended, or replacement law, as of the effective date of such successor, amended, or replacement law.

## **2.2 ADMINISTRATIVE COST ALLOCATION**

Administrative costs that may be allowed are set forth in the Special Terms and Conditions. Administrative services shared by other programs shall be assigned to this Subaward based on an allocation plan that reflects allowable administrative costs that support services provided under each Subaward administered by the Subrecipient. An approved current federal indirect cost rate may be applied up to the maximum administrative budget allowed.

## **2.3 ALLOWABLE COSTS**

Costs allowable under this Subaward are actual expenditures according to an approved budget up to the maximum amount stated on the Subaward Award or Amendment Face Sheet and Declarations.

## **2.4 ALL WRITINGS CONTAINED HEREIN**

This Subaward contains all the terms and conditions agreed upon by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Subaward shall be deemed to exist or to bind any of the Parties hereto.

## **2.5 AMENDMENTS**

This Subaward may be amended by mutual agreement of the Parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the Parties.

## **2.6 AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, ALSO REFERRED TO AS THE "ADA" 28 CFR PART 35 (not applicable to Tribes)**

The Subrecipient must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

## **2.7 APPROVAL**

This Subaward shall be subject to the written approval of the BOARD and shall not be binding until so approved. The Subaward may be altered, amended, or waived only by a written amendment executed by both Parties.

## **2.8 ASSIGNMENT**

Neither this Subaward, nor any claim arising under this Subaward, shall be transferred or assigned by the Subrecipient without prior written consent of the BOARD.

## **2.9 ATTORNEYS' FEES**

Unless expressly permitted under another provision of the Subaward, in the event of litigation or other action brought to enforce Subaward terms, each Party agrees to bear its own attorney's fees and costs.

## **2.10 BASIS FOR ESTABLISHING REAL PROPERTY VALUES FOR ACQUISITIONS OF REAL PROPERTY PERFORMANCE MEASURES**

When the grant or loan is used to fund the acquisition of real property, the value of the real property eligible for reimbursement under this Subaward shall be established as follows:

- A. Subrecipient purchases of real property from an independent third-party seller shall be evidenced by a current appraisal prepared by a licensed Washington State commercial real estate appraiser, or a current property tax statement.
- B. Subrecipient purchases of real property from a subsidiary organization, such as an affiliated LLC, shall be evidenced by a current appraisal prepared by a licensed Washington State commercial real estate appraiser or the prior purchase price of the property plus holding costs, whichever is less.

## **2.11 CODE REQUIREMENTS**

All construction and rehabilitation projects must satisfy the requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the Americans with Disabilities Act of 1990 28 C.F.R. Part 35 will be required, as specified by the local building Department.

## **2.12 CONFIDENTIALITY/SAFEGUARDING OF INFORMATION**

- A. "Confidential Information" as used in this section includes:
  - 1. All material provided to the Subrecipient by the BOARD that is designated as "confidential" by the BOARD;
  - 2. All material produced by the Subrecipient that is designated as "confidential" by the BOARD; and
  - 3. All personal information in the possession of the Subrecipient that may not be disclosed under state or federal law. "Personal information" includes but is not limited to information related to a person's name, health, finances, education, business, use of government services, addresses, telephone numbers, social security number, driver's license number and other identifying numbers, and "Protected Health Information" under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- B. The Subrecipient shall comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The Subrecipient shall use Confidential Information solely for the purposes of this Subaward and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of the BOARD or as may be required by law. The Subrecipient shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Subrecipient shall provide the BOARD with its policies and procedures on confidentiality. The BOARD may require changes to such policies and procedures as they apply to this Subaward whenever the BOARD

reasonably determines that changes are necessary to prevent unauthorized disclosures. The Subrecipient shall make the changes within the time period specified by the BOARD. Upon request, the Subrecipient shall immediately return to the BOARD any Confidential Information that the BOARD reasonably determines has not been adequately protected by the Subrecipient against unauthorized disclosure.

- C. Unauthorized Use or Disclosure. The Subrecipient shall notify the BOARD within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

## **2.13 CONFORMANCE**

If any provision of this Subaward violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

## **2.14 CONFLICT OF INTEREST**

Notwithstanding any determination by the Executive Ethics Board or other tribunal, the BOARD may, in its sole discretion, by written notice to the Subrecipient terminate this Subaward if it is found after due notice and examination by the BOARD that there is a violation of the Ethics in Public Service Act, Chapters 42.52 RCW and 42.23 RCW; or any similar statute involving the Subrecipient or any private action that would constitute such violation if undertaken by a state officer or employee, in the procurement of, or performance under this Subaward.

Specific restrictions apply to contracting with current or former state employees pursuant to Chapter 42.52 RCW. The Subrecipient and their Subcontractor(s) must identify any person employed in any capacity by the state of Washington that worked on the BOARD's Broadband Program including but not limited to formulating or drafting the legislation, participating in grant or loan procurement planning and execution, awarding grant or loans, and monitoring loans, during the twenty-four (24) month period preceding the start date of this Grant or Loan. Identify the individual by name, the agency previously or currently employed by, job title or position held, and separation date. If it is determined by the BOARD that a conflict of interest exists, the Subrecipient may be disqualified from further consideration for the award of a Grant or Loan.

In the event this Subaward is terminated as provided above, the BOARD shall be entitled to pursue the same remedies against the Subrecipient as it could pursue in the event of a breach of the Subaward by the Subrecipient. The rights and remedies of the BOARD provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which the BOARD makes any determination under this clause shall be an issue and may be reviewed as provided in the "Disputes" clause of this Subaward.

## **2.15 COPYRIGHT**

Unless otherwise provided, all Materials produced under this Subaward shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the BOARD. The BOARD shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Subrecipient hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to the BOARD effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer

programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Subaward, but that incorporate pre-existing materials not produced under the Subaward, the Subrecipient hereby grants to the BOARD a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Subrecipient warrants and represents that the Subrecipient has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the BOARD.

The Subrecipient shall exert all reasonable effort to advise the BOARD, at the time of delivery of Materials furnished under this Subaward, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Subaward. The Subrecipient shall provide the BOARD with prompt written notice of each notice or claim of infringement received by the Subrecipient with respect to any Materials delivered under this Subaward. The BOARD shall have the right to modify or remove any restrictive markings placed upon the Materials by the Subrecipient.

## **2.16 DISALLOWED COSTS**

The Subrecipient is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

In no event shall the total BOARD loan and/or grant exceed one hundred percent (100%) of the eligible actual Project costs. At the time of Project completion, the Subrecipient shall submit to the BOARD a Project Completion Amendment certifying the total actual Project costs and local share. The final BOARD disbursement shall bring the total loan/grant to the lesser of one hundred percent (100%) of the eligible Project costs or the total declared funding under this Subaward. The Project Completion Amendment shall serve as an amendment to this Subaward determining the final loan amount, local share, and interest rate.

In the event that the final costs identified in the Project Completion Amendment indicate that the Subrecipient has received BOARD monies in excess of one hundred percent (100%) of eligible costs, all funds in excess of one hundred percent (100%) shall be repaid to the BOARD by payment to the BOARD, or its successor, together with the submission of the Project Completion Amendment.

## **2.17 DISPUTES**

Except as otherwise provided in this Subaward, when a dispute arises between the Parties and it cannot be resolved by direct negotiation, either Party may request a dispute hearing with the Chair of the BOARD, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;
- state the disputed issues;
- state the relative positions of the Parties;
- state the Subrecipient's name, address, and Subaward number; and

- mailed to the BOARD Chair and the other party's (respondent's) Representative within three (3) working days after the Parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the BOARD Chair or the BOARD Chair's designee and the requestor within five (5) working days.

The BOARD Chair or designee shall review the written statements and reply in writing to both Parties within ten (10) working days. The BOARD Chair or designee may extend this period if necessary by notifying the Parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The Parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Subaward shall be construed to limit the Parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

#### **2.18 DUPLICATE PAYMENT**

The Subrecipient certifies that work to be performed under this Subaward does not duplicate any work to be charged against any other Subaward, SUBCONTRACT, or other source.

#### **2.19 GOVERNING LAW AND VENUE**

This Subaward shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

#### **2.20 INDEMNIFICATION**

To the fullest extent permitted by law, the Subrecipient shall indemnify, defend, and hold harmless the state of Washington, BOARD, agencies of the State and all officials, agents and employees of the State, for, from and against all claims for injuries or death arising out of or resulting from the performance of the Subaward. "Claim" as used in this Subaward, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or the destruction of tangible property including loss of use resulting therefrom. The Subrecipient's obligation to indemnify, defend, and hold harmless shall not be eliminated by any actual or alleged concurrent negligence of the State or its agents, agencies, employees and officers.

The Subrecipient expressly agrees to indemnify, defend, and hold harmless the State for any claim arising out of or incident to the Subrecipient's or any Subcontractor's performance or failure to perform the Subaward. Subrecipient's obligation to indemnify, defend, and hold harmless the State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees and officials.

The Subrecipient waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees.



## **2.21 INDEPENDENT CAPACITY OF THE SUBRECIPIENT**

The Parties intend that an independent Subrecipient relationship will be created by this Subaward. The Subrecipient and its employees or agents performing under this Subaward are not employees or agents of the state of Washington or the BOARD. The Subrecipient will not hold itself out as or claim to be an officer or employee of the BOARD or of the state of Washington by reason hereof, nor will the Subrecipient make any claim of right, privilege or benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Subrecipient.

## **2.22 INDUSTRIAL INSURANCE COVERAGE**

The Subrecipient shall comply with all applicable provisions of Title 51 RCW, Industrial Insurance. If the Subrecipient fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, the BOARD may collect from the Subrecipient the full amount payable to the Industrial Insurance Accident Fund. The BOARD may deduct the amount owed by the Subrecipient to the accident fund from the amount payable to the Subrecipient by the BOARD under this Subaward, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Subrecipient.

## **2.23 INSURANCE**

The Subrecipient shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the State should there be any claims, suits, actions, costs, damages or expenses arising from any loss, or negligent or intentional act or omission of the Subrecipient or Subcontractor, or agents of either, while performing under the terms of this Subaward. Failure to maintain the required insurance coverage may result in termination of this Subaward.

The insurance required shall be issued by an insurance company authorized to do business within the state of Washington. Except for Professional Liability or Errors and Omissions Insurance, the insurance shall name the state of Washington, its agents, officers, and employees as additional insureds under the insurance policy. All policies shall be primary to any other valid and collectable insurance. The Subrecipient shall instruct the insurers to give BOARD thirty (30) calendar days advance notice of any insurance cancellation, non-renewal or modification.

The Subrecipient shall submit to the BOARD within fifteen (15) calendar days of a written request by BOARD, a certificate of insurance which outlines the coverage and limits defined in this insurance section. During the term of the Subaward, if required or requested, the Subrecipient shall submit renewal certificates not less than thirty (30) calendar days prior to expiration of each policy required under this section.

The Subrecipient shall provide insurance coverage that shall be maintained in full force and effect during the term of this Subaward, as follows:

**Commercial General Liability Insurance Policy.** Provide a Commercial General Liability Insurance Policy, including contractual liability, written on an occurrence basis, in adequate quantity to protect against legal liability arising out of Subaward activity but no less than \$1,000,000 per occurrence. Additionally, the Subrecipient is responsible for ensuring that any SUBCONTRACTORS provide adequate insurance coverage for the activities arising out of SUBCONTRACTS.

**Fidelity Insurance.** Every officer, director, employee, or agent who is authorized to act on behalf of the Subrecipient for the purpose of receiving or depositing funds into program accounts or issuing financial documents, checks, or other instruments of payment for program costs shall be insured to provide protection against loss:

- A. The amount of fidelity coverage secured pursuant to this Subaward shall be \$2,000,000 or the highest of planned reimbursement for the Subaward period, whichever is lowest. Fidelity insurance secured pursuant to this paragraph shall name the BOARD as beneficiary.
- A. SUBCONTRACTORS that receive \$10,000 or more per year in funding through this Subaward shall secure fidelity insurance as noted above. Fidelity insurance secured by SUBCONTRACTORS pursuant to this paragraph shall name the Subrecipient and the Subrecipient's fiscal agent as beneficiary.
- B. The Subrecipient shall provide, at BOARD's request, copies of insurance instruments or certifications from the insurance issuing agency. The copies or certifications shall show the insurance coverage, the designated beneficiary, who is covered, the amounts, the period of coverage, and that BOARD will be provided thirty (30) days advance written notice of cancellation.

## **2.24 Subrecipients and Local Governments that Participate in a Self-Insurance Program.**

Self-Insured/Liability Pool or Self-Insured Risk Management Program – With prior approval from BOARD, the Subrecipient may provide the coverage above under a self-insured/liability pool or self-insured risk management program. In order to obtain permission from BOARD, the Subrecipient shall provide: (1) a description of its self-insurance program, and (2) a certificate and/or letter of coverage that outlines coverage limits and deductibles. All self-insured risk management programs or self-insured/liability pool financial reports must comply with Generally Accepted Accounting Principles (GAAP) and adhere to accounting standards promulgated by: 1) Governmental Accounting Standards Board (GASB), 2) Financial Accounting Standards Board (FASB), and 3) the Washington State Auditor's annual instructions for financial reporting. Subrecipient's participating in joint risk pools shall maintain sufficient documentation to support the aggregate claim liability information reported on the balance sheet. The state of Washington, its agents, and employees need not be named as additional insured under a self-insured property/liability pool, if the pool is prohibited from naming third Parties as additional insured.

Subrecipient shall provide annually to BOARD a summary of coverages and a letter of self-insurance, evidencing continued coverage under Subrecipient's self-insured/liability pool or self-insured risk management program. Such annual summary of coverage and letter of self-insurance will be provided on the anniversary of the start date of this Subaward.

## **2.25 LAWS**

The Subrecipient shall comply with all applicable laws, ordinances, codes, regulations and policies of local and state and federal governments, as now or hereafter amended including, but not limited to:

Washington State Laws and Regulations

- A. Affirmative action, RCW 41.06.020 (1).
- B. Boards of directors or officers of non-profit corporations – Liability - Limitations, RCW 4.24.264.

- C. Disclosure-campaign finances-lobbying, Chapter 42.17A RCW.
- D. Discrimination-human rights commission, Chapter 49.60 RCW.
- E. Ethics in public service, Chapter 42.52 RCW.
- F. Office of minority and women's business enterprises, Chapter 39.19 RCW and Chapter 326-02 WAC.
- G. Open public meetings act, Chapter 42.30 RCW.
- H. Prevailing wages on public works, Chapter 39.12 RCW.
- I. Public records act, Chapter 42.56 RCW.
- J. State Executive Order 05-05 Archaeological and Cultural Resources.

## **2.26 LICENSING, ACCREDITATION AND REGISTRATION**

The Subrecipient shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Subaward.

## **2.27 LIMITATION OF AUTHORITY**

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Subaward.

## **2.28 LOCAL PUBLIC TRANSPORTATION COORDINATION**

Where applicable, Subrecipient shall participate in local public transportation forums and implement strategies designed to ensure access to services.

## **2.29 NONCOMPLIANCE WITH NONDISCRIMINATION LAWS**

During the performance of this Subaward, the Subrecipient shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Subrecipient's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this Subaward may be rescinded, canceled or terminated in whole or in part, and the Subrecipient may be declared ineligible for further CONTRACTs with the BOARD. The Subrecipient shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

## **2.30 PAY EQUITY**

The Subrecipient agrees to ensure that "similarly employed" individuals in its workforce are compensated as equals, consistent with the following:

- A. Employees are "similarly employed" if the individuals work for the same employer, the performance of the job requires comparable skill, effort, and responsibility, and the jobs are performed under similar working conditions. Job titles alone are not determinative of whether employees are similarly employed;
- B. Subrecipient may allow differentials in compensation for its workers if the differentials are based in good faith and on any of the following:

1. A seniority system; a merit system; a system that measures earnings by quantity or quality of production; a bona fide job-related factor or factors; or a bona fide regional difference in compensation levels.
2. A bona fide job-related factor or factors may include, but not be limited to, education, training, or experience that is: Consistent with business necessity; not based on or derived from a gender-based differential; and accounts for the entire differential.
3. A bona fide regional difference in compensation level must be: Consistent with business necessity; not based on or derived from a gender-based differential; and account for the entire differential.

This Subaward may be terminated by the BOARD, if the BOARD or the Department of Enterprise Services determines that the Subrecipient is not in compliance with this provision.

### **2.31 POLITICAL ACTIVITIES**

Political activity of Subrecipient employees and officers are limited by the State Campaign Finances and Lobbying provisions of Chapter 42.17 RCW and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds provided under this Subaward may be used for working for or against ballot measures or for or against the candidacy of any person for public office.

### **2.32 PROCUREMENT STANDARDS FOR FEDERALLY FUNDED PROGRAMS**

A Subrecipient which is a local government or Indian Tribal government must establish procurement policies and procedures in accordance with 2 CFR 200 for all purchases funded by this contract.

All recipients of funds under this Subaward, including Contractor and subrecipients or subcontractors of any tier, must follow the procurement standards in 2 CFR §§ 200.318 through 200.327, including ensuring that the procurement method used for the contracts are appropriate based on the dollar amount and conditions specified in 2 CFR § 200.320.

The Subrecipient's procurement system should include but not necessarily be limited to, the following:

- A. General procurement standards 2 CFR [§ 200.318](#). A code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in the awarding of contracts using federal funds.
- B. Competition 2 CFR [§ 200.319](#). Procedures that ensure all procurement transactions shall be conducted in a manner providing full and open competition consistent with the standards of this section and [§ 200.320](#).
- C. Methods of procurement to be followed 2 CFR [§ 200.320](#).
- D. Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms 2 CFR [§ 200.321](#).

**2.33 PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION**

The funds provided under this Subaward shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Subaward provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as Project costs.

**2.34 PUBLICITY**

The Subrecipient agrees not to publish or use any advertising or publicity materials in which the state of Washington or the BOARD's name is mentioned, or language used from which the connection with the state of Washington's or the BOARD's name may reasonably be inferred or implied, without the prior written consent of the BOARD.

**2.35 RECAPTURE**

In the event that the Subrecipient fails to perform this Subaward in accordance with state laws, federal laws, and/or the provisions of this Subaward, the BOARD reserves the right to recapture funds in an amount to compensate the BOARD for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Subrecipient of funds under this recapture provision shall occur within the time period specified by the BOARD. In the alternative, the BOARD may recapture such funds from payments due under this Subaward.

**2.36 RECORDS MAINTENANCE**

The Subrecipient shall maintain all books, records, documents, data and other evidence relating to this Subaward and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Subaward.

Subrecipient shall retain such records for a period of six (6) years following the date of the period of the use agreement. At no additional cost, these records, including materials generated under the Subaward, shall be subject at all reasonable times to inspection, review or audit by BOARD, personnel duly authorized by BOARD, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

**2.37 REGISTRATION WITH DEPARTMENT OF REVENUE**

If required by law, the Subrecipient shall complete registration with the Washington State Department of Revenue.

**2.38 RIGHT OF INSPECTION**

At no additional cost all records relating to the Subrecipient's performance under this Subaward shall be subject at all reasonable times to inspection, review, and audit by the BOARD, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Subaward. The Subrecipient shall provide access to its facilities for this purpose.

**2.39 SAVINGS**

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Subaward and prior to normal completion, the BOARD may terminate the Subaward under the "Termination for Convenience" clause, without the ten business day notice requirement. In lieu of termination, the Subaward may be amended to reflect the new funding limitations and conditions.

**2.40 SEVERABILITY**

If any provision of this Subaward or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Subaward that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Subaward and to this end the provisions of this Subaward are declared to be severable.

**2.41 SUBCONTRACTING**

The Parties acknowledge and agree that Subrecipient may undertake all or part of the work under this Subaward through SUBCONTRACTORS. Subrecipient shall be solely responsible for the selection and management of SUBCONTRACTORS.

If Subrecipient engages in subcontracting, the Subrecipient shall maintain written procedures related to subcontracting, as well as copies of all SUBCONTRACTS and records related to SUBCONTRACTS. For cause, the BOARD in writing may: (a) require the Subrecipient to amend its subcontracting procedures as they relate to this Subaward; (b) prohibit the Subrecipient from subcontracting with a particular person or entity; or (c) require the Subrecipient to rescind or amend a SUBCONTRACT.

Every SUBCONTRACT shall bind the Subcontractor to follow all applicable terms of this Subaward. The Subrecipient is responsible to the BOARD if the Subcontractor fails to comply with any applicable term or condition of this Subaward. The Subrecipient shall appropriately monitor the activities of the Subcontractor to assure fiscal conditions of this Subaward. In no event shall the existence of a SUBCONTRACT operate to release or reduce the liability of the Subrecipient to the BOARD for any breach in the performance of the Subrecipient's duties.

Every SUBCONTRACT shall include a term that the BOARD and the State of Washington are not liable for claims or damages arising from a Subcontractor's performance of the SUBCONTRACT.

**2.42 SURVIVAL**

The terms, conditions, and warranties contained in this Subaward that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Subaward shall so survive.

**2.43 TAXES**

All payments accrued on account of payroll taxes, unemployment contributions, the Subrecipient's income or gross receipts, any other taxes, insurance or expenses for the Subrecipient or its staff shall be the sole responsibility of the Subrecipient.

**2.44 TERMINATION FOR CAUSE**

In the event BOARD determines the Subrecipient has failed to comply with the conditions of this Subaward in a timely manner, BOARD has the right to suspend or terminate this Subaward. Before suspending or terminating the Subaward, BOARD shall notify the Subrecipient in writing of the need to take corrective action. If corrective action is not taken within thirty (30) calendar days, the Subaward may be terminated or suspended.

In the event of termination or suspension, the Subrecipient shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

BOARD reserves the right to suspend all or part of the Subaward, withhold further payments, or prohibit the Subrecipient from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Subrecipient or a decision by BOARD to terminate the Subaward. A termination shall be deemed a "Termination for Convenience" if it is determined that the Subrecipient: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of BOARD provided in this Subaward are not exclusive and are, in addition to any other rights and remedies, provided by law.

**2.45 TERMINATION FOR CONVENIENCE**

Except as otherwise provided in this Subaward the BOARD may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Subaward, in whole or in part. If this Subaward is so terminated, the BOARD shall be liable only for payment required under the terms of this Subaward for services rendered or goods delivered prior to the effective date of termination.

**2.46 TERMINATION PROCEDURES**

Upon termination of this Subaward, BOARD, in addition to any other rights provided in this Subaward.

The rights and remedies of BOARD provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Subaward.

After receipt of a notice of termination, and except as otherwise directed by the Authorized Representative, the Subrecipient shall:

- A.** Stop work under the Subaward on the date, and to the extent specified, in the notice;

- B. Place no further orders or SUBCONTRACTS for materials, services, or facilities except as may be necessary for completion of such portion of the work under the Subaward that is not terminated;
- C. Assign to the BOARD, in the manner, at the times, and to the extent directed by the Authorized Representative, all of the rights, title, and interest of the Subrecipient under the orders and SUBCONTRACTS so terminated, in which case the BOARD has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- D. Settle all outstanding liabilities and all claims arising out of such termination of orders and SUBCONTRACTS, with the approval or ratification of the Authorized Representative to the extent the Authorized Representative may require, which approval or ratification shall be final for all the purposes of this clause;
- E. Transfer title to the BOARD and deliver in the manner, at the times, and to the extent directed by the Authorized Representative any property which, if the Subaward had been completed, would have been required to be furnished to the BOARD;
- F. Complete performance of such part of the work as shall not have been terminated by the Authorized Representative; and
- G. Take such action as may be necessary, or as the Authorized Representative may direct, for the protection and preservation of the property related to this Subaward, which is in the possession of the Subrecipient and in which the BOARD has or may acquire an interest.

#### **2.47 TREATMENT OF ASSETS**

Title to all property furnished by BOARD shall remain in BOARD. Title to all property furnished by the Subrecipient, for the cost of which the Subrecipient is entitled to be reimbursed as a direct item of cost under this Subaward, shall pass to and vest in BOARD upon delivery of such property by the Subrecipient

- A. Any property of the BOARD furnished to the Subrecipient shall, unless otherwise provided herein or approved by the BOARD, be used only for the performance of this Subaward.
- B. The Subrecipient shall be responsible for any loss or damage to property of the BOARD that results from the negligence of the Subrecipient or which results from the failure on the part of the Subrecipient to maintain and administer that property in accordance with sound management practices.
- C. If any BOARD property is lost, destroyed or damaged, the Subrecipient shall immediately notify the BOARD and shall take all reasonable steps to protect the property from further damage.
- D. The Subrecipient shall surrender to the BOARD all property of the BOARD prior to settlement upon completion, termination or cancellation of this Subaward.

All reference to the Subrecipient under this clause shall also include Subrecipient's employees, agents or SUBCONTRACTORS.

#### **2.48 WAIVER**

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Subaward unless stated to be such in writing and signed by Authorized Representative of the BOARD.



**2.49 WORK HOURS AND SAFETY STANDARDS**

The Grant Work Hours and Safety Standards Act (40 U.S.C. 327-333)-Where applicable, all contracts awarded by recipients in excess of \$100,000 for construction and other purposes that involve the employment of mechanics or laborers must include a provision for compliance with Section 102 and 107 of the Grant Work Hours Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each subcontractor is required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1 ½ times the basic rate of pay for all hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic is required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

## ATTACHMENT A: PROJECT SCOPE OF WORK

Funds awarded under this contract will be used for capital expenditures for the Discovery Bay East Fiber Project.

Construct approximately 8 miles of fiber optic cable in order to provide broadband service directly to 74 rural households in the project area located along eastern rim of Discovery Bay, 10 miles south of Port Townsend, and 5 miles west of Port Hadlock. The area includes home and streets connected to Anderson Lake in Jefferson County Washington.

The location of the Project is: The project is located along the eastern edge of Discovery Bay and includes homes and streets connected to Anderson Lake Rd and Hwy 20. Mailing addresses include both the towns of Chimacum and Port Townsend.

Milestones:

Milestone Deliverable	Estimated Completion Quarter
Engineering	Q4 2022
Procurement	Q3 2023
Marketing	Q3 2023
Construction: Aerial & Buried Fiber	Q3 2023
Construction: Drop Fiber	Q4 2023
Install Equipment	Q4 2023

The project activities may include but are not limited to: engineering, cultural and historical resources, environmental documentation, review, permits, construction or project management, bid documents, and construction.

This Project will deliver, upon completion, service that reliably meets or exceeds symmetrical download and upload speed of 100 Mbps. If it will be impracticable to do so for reason articulated in the application submitted to PWB, such as geography, topography, and/or excessive cost, the Project will be designed so that it reliably meets or exceeds 100 Mbps download speeds and between 20 Mbps and 100 Mbps upload speeds and is scalable to a minimum of 100 Mbps symmetrical for download and upload speeds.

Subrecipient will require that any service provider for a completed Broadband Infrastructure Project participate in federal program that provides low-income customers with subsidies on broadband internet access services. Subrecipient will require completed service offerings funded by the award to allow subscribers in the service area to utilize the Federal Communications Commission's Affordable Connectivity Program (ACP) and further agrees that it will require that any service provider for a completed Broadband Infrastructure Project will participate in ACP for the duration of the ACP or until the date the broadband Infrastructure Project funded by this award is no longer in use.

This Project is expected to be complete by end of fourth quarter 2023.

The Project must meet all applicable Local, State, and/or Federal standards.

CERTIFICATION PERFORMANCE MEASURE – SCOPE OF WORK

The Subrecipient, by its signature, certifies that the declaration set forth above has been reviewed and approved by the Subrecipient's governing body as of the date and year written below.

\_\_\_\_\_  
Subrecipient SIGNATURE, TITLE

\_\_\_\_\_

## ATTACHMENT B: CERTIFICATION OF THE AVAILABILITY OF FUNDS TO COMPLETE THE PROJECT

Type of Funding	Source Description	Amount
Grant	Public Works Board	\$1,096,046
<b>Other Grants</b>		
Grant #1		\$
Grant #2		\$
<b>Total Other Grants</b>		<b>\$0.00</b>
<b>Other Loans</b>		
Loan #1		\$
Loan #2		\$
<b>Total Loans</b>		<b>\$0.00</b>
<b>Other Local Revenue</b>		
Source #1		\$
<b>Total Local Revenue</b>		<b>\$0.00</b>
<b>Other Funds</b>		
Source #1		\$
Source #2		\$
<b>Total Other Funds</b>		<b>\$0.00</b>
<b>Total Project Funding</b>		<b>\$1,096,046</b>

### CERTIFICATION PERFORMANCE MEASURE - AVAILABILITY OF FUNDS

The Subrecipient, by its signature, certifies that Project funding from sources other than those provided by this Subaward Agreement and identified above has been reviewed and approved by the Subrecipient's governing body or board of directors, as applicable, and has either been expended for eligible Project expenses, or is committed in writing and available and will remain committed and available solely and specifically for carrying out the purposes of this Project as described in elsewhere in this Subaward Agreement, as of the date and year written below. The Subrecipient shall maintain records sufficient to evidence that it has expended or has access to the funds needed to complete the Project, and shall make such records available for the BOARD review upon reasonable request.

\_\_\_\_\_  
Subrecipient SIGNATURE, TITLE

\_\_\_\_\_  
DATE

## ATTACHMENT C: CERTIFICATION OF THE PAYMENT AND REPORTING OF PREVAILING WAGES

**Subrecipient:** Public Utility District #1 of Jefferson County

**Contract Number:** PBC22-96104-007

**Project Title:** Discovery Bay East Fiber Project

The Subrecipient, by its signature below, certifies that all Subrecipient and SUBCONTRACTORS performing work on the Project as described in Attachment A: SCOPE OF WORK shall comply with prevailing wage laws set forth in Chapter 39.12 RCW, as applicable to the Project funded by this Subaward, including but not limited to the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040. The Subrecipient shall maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and shall make such records available for the Board's review upon request.

If any state funds are used by the Subrecipient for the purpose of construction, applicable State Prevailing Wages must be paid.

The Subrecipient, by its signature below, certifies that the declaration set forth above has been reviewed and approved by the Subrecipient's governing body as of the date and year written below.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## ATTACHMENT D: CERTIFICATION OF INTENT TO REVIEW AND COMPLY WITH TREASURY'S CORONAVIRUS CAPITAL PROJECTS FUND ENVIRONMENTAL CHECKLIST

The Subrecipient, by its signature, certifies that the [Treasury's Coronavirus Capital Projects Fund Environmental Checklist](#) has been reviewed and Subrecipient identifies applicable environmental laws and performs proper due diligence to ensure their Project complies with all applicable laws.

Subrecipient must retain records, permits, and documentation necessary to evidence compliance with all environmental requirements.

The Subrecipient, by its signature, certifies that the declaration set forth above has been reviewed and approved by the Subrecipient's governing body or board of directors, as applicable, as of the date and year written below.

\_\_\_\_\_  
SUBRECIPIENT SIGNATURE, TITLE

\_\_\_\_\_

## ATTACHMENT E: DEBARMENT CERTIFICATION

### DEBARMENT

- A. Subrecipient, defined as the primary participant and its principals, certifies by signing these General Terms and Conditions that to the best of its knowledge and belief that they:
- i. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency.
  - ii. Have not within a three-year period preceding this Subaward, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
  - iii. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of federal Executive Order 12549; and
  - iv. Have not within a three-year period preceding the signing of this Subaward had one or more public transactions (Federal, State, or local) terminated for cause of default.
- B. Where the Subrecipient is unable to certify to any of the statements in this Subaward, the Subrecipient shall attach an explanation to this Subaward.
- C. The Subrecipient agrees by signing this Subaward that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the BOARD.
- D. The Subrecipient further agrees by signing this Subaward that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," as follows, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

### **LOWER TIER COVERED TRANSACTIONS**

- i. The lower tier Subrecipient certifies, by signing this Subaward that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- ii. Where the lower tier Subrecipient is unable to certify to any of the statements in this Subaward, such Subrecipient shall attach an explanation to this Subaward.

The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, person, primary covered transaction, principal, and voluntarily excluded**, as used in this section, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the BOARD for assistance in obtaining a copy of these regulations.

CERTIFICATION – DISBARMENT

The Subrecipient, by its signature, certifies that the declaration set forth above has been reviewed and approved by the Subrecipient's governing body as of the date and year written below.

\_\_\_\_\_  
Subrecipient SIGNATURE, TITLE

\_\_\_\_\_  
DATE



## ATTACHMENT F: ATTORNEY CERTIFICATION

**PUBLIC WORKS BOARD  
FEDERAL BROADBAND CONSTRUCTION PROGRAM**

Subrecipient: Public Utility District #1 of Jefferson County

**Subaward Number:** PBC22-96104-007

I, \_\_\_\_\_, hereby certify:

I am an attorney at law admitted to practice in the State of Washington and the duly appointed attorney of the Public Utility District #1 of Jefferson County (the Subrecipient); and

I have also examined any and all documents and records which are pertinent to the Subaward, including the application requesting this financial assistance.

Based on the foregoing, it is my opinion that:

1. The Subrecipient is properly constituted and operating under the laws of the State of Washington, empowered to receive and expend federal, state and local funds, to Subaward with the State of Washington, and to receive and expend the funds involved to accomplish the objectives set forth in their application.
2. The Subrecipient is empowered to accept the BOARD financial assistance and to provide for repayment of the loan as set forth in the Subaward.
3. There is currently no litigation in existence seeking to enjoin the commencement or completion of the above-described public facilities Project or to enjoin the Subrecipient from repaying the loan extended by the BOARD with respect to such Project. The Subrecipient is not a party to litigation which will materially affect its ability to repay such loan on the terms contained in the Subaward.
4. Assumption of this obligation would not exceed statutory and administrative rule debt limitations applicable to the Subrecipient.

\_\_\_\_\_  
Signature of Attorney

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

**Certificate Of Completion**

Envelope Id: 622F6CF9F9A54C24A35084B85FE4E0B1

Status: Sent

Subject: Please DocuSign: PBC22-96104-007\_Jefferson\_County\_PUD.pdf

Division:

Local Government

Program: PWB Federal Broadband

ContractNumber: PBC22-96104-007

DocumentType: Contract

Source Envelope:

Document Pages: 44

Signatures: 0

Envelope Originator:

Certificate Pages: 5

Initials: 0

Sheila Richardson

AutoNav: Enabled

1011 Plum Street SE

Envelopeld Stamping: Enabled

MS 42525

Time Zone: (UTC-08:00) Pacific Time (US &amp; Canada)

Olympia, WA 98504-2525

sheila.richardson@commerce.wa.gov

IP Address: 147.55.134.48

**Record Tracking**

Status: Original

Holder: Sheila Richardson

Location: DocuSign

9/21/2022 8:19:36 AM

sheila.richardson@commerce.wa.gov

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**Signer Events****Signature****Timestamp**

Joel R. Paisner

Sent: 9/21/2022 8:55:43 AM

joel@ascentllp.com

Resent: 9/21/2022 9:03:23 AM

Security Level: Email, Account Authentication  
(None)**Electronic Record and Signature Disclosure:**

Accepted: 8/11/2022 10:56:29 AM

ID: 9b20ebb4-47f8-4353-b283-2b3c194edf26

Kevin Streett

Sent: 9/21/2022 8:55:42 AM

kstreett@jeffpud.org

Security Level: Email, Account Authentication  
(None)**Electronic Record and Signature Disclosure:**

Accepted: 8/29/2022 10:01:23 AM

ID: 0225f32f-f277-4503-acd1-8564f59cb0e6

Kathryn A. Gardow

pwbgardowk@gmail.com

Security Level: Email, Account Authentication  
(None)**Electronic Record and Signature Disclosure:**

Accepted: 9/18/2022 12:23:45 PM

ID: 787850cf-e335-49ad-9be0-9deeb83c2c67

**In Person Signer Events****Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp**

Carbon Copy Events	Status	Timestamp
will O' Donnell wodonnell@jeffpud.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 5/5/2022 4:25:49 PM ID: ff07b2b9-b4db-4f1a-82c2-e7d43f4a4e51	<div>COPIED</div>	Sent: 9/21/2022 8:55:42 AM Viewed: 9/21/2022 3:34:59 PM
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	9/21/2022 8:55:43 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, Washington State Department of Commerce (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.15 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

#### **How to contact Washington State Department of Commerce:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [docusign@commerce.wa.gov](mailto:docusign@commerce.wa.gov)

#### **To advise Washington State Department of Commerce of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [docusign@commerce.wa.gov](mailto:docusign@commerce.wa.gov) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

#### **To request paper copies from Washington State Department of Commerce**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [docusign@commerce.wa.gov](mailto:docusign@commerce.wa.gov) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

#### **To withdraw your consent with Washington State Department of Commerce**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [docusign@commerce.wa.gov](mailto:docusign@commerce.wa.gov) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Washington State Department of Commerce as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Washington State Department of Commerce during the course of your relationship with Washington State Department of Commerce.

**PUBLIC UTILITY DISTRICT NO.1  
OF  
JEFFERSON COUNTY**

**RESOLUTION NO. 2022-XXXX-**

A Resolution of the Board of Commissioners of Public Utility District (PUD) No. 1 of Jefferson County, Washington, selecting an Auditor to assist the PUD with necessary annual audit services

**WHEREAS**, the PUD has issued a Request for Qualifications to qualified Certified Public Accounting firms to provide audit service to the PUD; and

**WHEREAS**, PUD Governance Policies require that the Auditor be approved by the Board of Commissioners; and

**WHEREAS**, staff has reviewed all responsive proposals from firms responding to the Request for Qualifications, and recommended to the Board of Commissioners of the PUD at a Special meeting on September 13, 2022 that Jackson Thornton was the most qualified to assist the PUD to provide audit services and serve as the PUD's Auditor; and

**WHEREAS**, staff recommends that the Board of Commissioners authorize the General Manager to execute an engagement letter for Auditor services on behalf of the PUD.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, that foregoing recitals are incorporated herein, and that the General Manager is authorized to execute an engagement letter for Auditor services with the PUD so long as it is on similar terms and conditions offered by Jackson Thornton in its response to the Request for Qualification.

**ADOPTED** at a regular meeting of the Board of Commissioners of Public Utility District No. 1 of Jefferson County, this 3rd day of October 2022.

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Ken Collins, President

---

Jeff Randall, Vice President

**ATTEST:**

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**Dan Toepper, Secretary**



## **AGENDA REPORT**

**DATE:** October 3, 2022  
**TO:** Board of Commissioners  
**FROM:** Will O'Donnell and Joel Paisner  
**RE:** **BPA Energy Conservation Amendment**

---

### **BACKGROUND:**

The Energy Conservation Agreement (ECA) Contract No. 17ES-11498 between Bonneville Power Administration (BPA) and Public Utility District No. 1 of Jefferson County (Jefferson) was scheduled to expire on September 30, 2022. In order to avoid expiration of the contract and loss of JPUD's access to BPA Energy Efficiency Incentive (EEI) Program, BPA staff asked JPUD to sign an amendment to the contract that changed extended the term of the ECA through September 30, 2028. The Amendment also updated language regarding the reporting system and the uncontrollable forces definition.

Due to the short turnaround time, and the benefits to the PUD and its customers through participation in the program, legal counsel Joel Paisner recommended General Manager Kevin Streett sign the contract before the deadline and the commission ratify the agreement at its next meeting, which is October 3<sup>rd</sup>.

**FISCAL IMPACT:** BPA's EEI program provides approximately \$900,000 per rate period for customer efficiency projects like heat pump installation, window replacement, insulation, smart thermostats, and commercial lighting.

**RECOMMENDATION:** Approve a motion to ratify the General Manager's signature of Amendment No. 2 to the Energy Conservation Agreement (ECA) Contract No. 17ES-11498 between Bonneville Power Administration and Public Utility District No. 1 of Jefferson County

**AMENDMENT**  
**executed by the**  
**BONNEVILLE POWER ADMINISTRATION**  
**and**  
**PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY**

This AMENDMENT to the Energy Conservation Agreement Contract 17ES-11498 (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA) and PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY (Jefferson), hereinafter individually referred to as “Party” and collectively referred to as the “Parties”.

This Amendment No. 02 (Amendment) replaces section 1 of the Agreement to extend the term of the Agreement through September 30, 2028; adds terms and conditions for the new Energy Efficiency Tracking System; updates section 6, Payment of Approved Invoice Payment Amounts; updates the Uncontrollable Forces clause in section 11(b); and updates the contact information in Exhibit A.

BPA and Jefferson agree:

**1. TERM**

This Amendment shall take effect on the date signed by both Parties.

**2. AMENDMENTS TO BODY OF THE AGREEMENT**

(a) Section 1, Term shall be deleted and replaced with the following:

“This Agreement takes effect on the date signed by the Parties. This Agreement expires on September 30, 2028, unless terminated earlier as provided in section 13, Termination. Performance by BPA and Jefferson shall commence on October 1, 2017, with the exception of those actions required prior to that date included in section 3(a) and section 3(b). All obligations under this Agreement shall be preserved until discharged or satisfied.”

(b) Section 2(b) shall be deleted and replaced with the following:

“(b) “Available Implementation Budget” means the amount available for BPA to purchase Energy Savings from a specific Program Participant at a given point in time equal to the Program Participant’s Initial Implementation Budget, plus any applicable Carryover Amount, plus

or minus any applicable Implementation Budget Transfers, minus any applicable Approved Invoice Payment Amounts.”

- (c) A new section 2(c) shall be added as follows and all subsequent definitions in section 2 shall be renumbered accordingly:
  - “(c) “Bonneville Energy Efficiency Tracking System” or “BEETS” means the reporting system established by BPA and intended to supersede BPA’s IS2.0 reporting system.”
- (d) The definition of “Rollover Amount” in section 2(l) shall be revised and moved to a new section 2(d) as follows. All subsequent definitions in section 2 shall again be renumbered accordingly:
  - “(d) “Carryover Amount” means an amount of a Program Participant’s budget remaining at the end of a given Rate Period that may carry forward to increase the amount of that Program Participant’s Available Implementation Budget for the following Rate Period.”
- (e) Section 3(c) shall be deleted and replaced with the following:
  - “(c) **Carryover Amount**  
As applicable and in accordance with the terms and conditions in the Implementation Manual, BPA shall calculate Jefferson’s Carryover Amount and incorporate a Carryover Amount into Jefferson’s Available Implementation Budget for each Rate Period. By November 15, 2017, and no later than November 15 every two years thereafter, BPA shall notify Jefferson of its applicable Carryover Amount for the remainder of the Rate Period.”
- (f) Section 5 shall be deleted and replaced with the following:
  - “**5. INVOICING PROCESS**  
BPA will notify Jefferson when Jefferson shall stop submitting invoice packages to BPA through IS2.0 and start submitting invoice packages and invoices to BPA through BEETS or its successor.
    - (a) **Documentation and Submittal of Invoice Packages**  
Jefferson shall comply with the documentation requirements in the Implementation Manual.  
  
As applicable, Jefferson shall execute and maintain a BPA Customer Portal Access and Use Agreement in order to submit invoice packages to BPA while still reporting through IS2.0.  
  
Whether seeking Self-Funded Energy Savings or for BPA payment for Energy Savings, Jefferson shall submit its invoice packages, including any required reports and documentation, in accordance with the reporting requirements in the

Implementation Manual. If there is a disagreement regarding the completeness or accuracy of any submitted invoice packages, as applicable, then BPA shall work with Jefferson to resolve such issues.

If BPA determines that any Program Participant's third-party contractor falsified information reported to BPA, then BPA shall have the right to prohibit all Program Participants from reporting, for payment, Measures implemented with the assistance of that contractor. If such action is taken, BPA will notify all Program Participants in accordance with Exhibit A.

**(b) Performance Payments**

For purposes of this Agreement, Performance Payment shall have the meaning as defined in the Implementation Manual.

When BPA notifies Jefferson of its Initial Implementation Budget for the upcoming Rate Period pursuant to section 3(b) above, BPA shall also notify Jefferson of its Performance Payment classification category and rate for the upcoming Rate Period. BPA's Performance Payment classification categories, rates, caps, and certain terms and conditions of Jefferson's receipt of such, shall be as stated in the Implementation Manual.

If Jefferson is seeking BPA payment for Energy Savings, then Public Utility District No. 1 of Jefferson County may receive, elect to receive, or opt out of a Performance Payment. Instructions for Jefferson to receive, elect to receive, or opt out of Performance Payments, and the applicable time frame(s) that Jefferson has to claim Performance Payments will be included in the Implementation Manual. If Jefferson opts out of a Performance Payment for a given invoice package submitted using IS2.0, then Jefferson may not claim Performance Payments for that invoice package at a later date. Using BEETS, Jefferson must claim any applicable Performance Payments for any invoice approved by BPA within a given Rate Period by the end of that Rate Period.

BPA shall not apply Performance Payments for any Self-Funded Energy Savings.

BPA will deduct any applicable Performance Payments from Jefferson's Available Implementation Budget.

(c) **BPA Review of Invoice Packages, Creation of Invoice Reports, and Determination of Approved Invoice Payment Amounts**

After BPA receives an invoice package from Jefferson, BPA shall conduct a timely review process to determine whether: the Measures submitted conform to the requirements of this Agreement and the Implementation Manual, Jefferson has otherwise followed the terms and conditions of this Agreement and the Implementation Manual and Jefferson has adequate Available Implementation Budget.

After BPA has conducted its review process above, which may include an oversight review pursuant to section 7 below, BPA will notify Jefferson of any accepted Measures and, as applicable, BPA will notify Jefferson that it may submit an invoice for accepted Measures. BPA will not accept Measures that are not in compliance with the requirements of this Agreement.

BPA shall create and make available to Jefferson an itemized invoice report that states the accepted Energy Savings and the Approved Invoice Payment Amount.

In no event shall the Approved Invoice Payment Amount exceed Jefferson's Available Implementation Budget."

- (g) The first paragraph of section 6 shall be deleted and replaced by the following:

"BPA agrees to purchase and Jefferson» agrees to sell Energy Savings in accordance with this Agreement. BPA shall pay Jefferson any Approved Invoice Payment Amounts, as determined under sections 5(b), 5(c) and 8 of this Agreement and in accordance with sections 10 and 13 of this Agreement. Such payment shall be due no later than 30 days after BPA accepts the invoiced Energy Savings and makes available the itemized invoice report to Jefferson pursuant to section 5(c) above. All payments to Jefferson will be made electronically."

- (h) The second paragraph of section 7 shall be deleted and replaced with the following:

"During the invoice package review process outlined in section 5(c) above (or where BPA otherwise deems necessary), BPA may select Jefferson's invoice package for oversight review. If BPA selects an invoice submitted by Jefferson to conduct oversight review BPA shall notify Jefferson and the Parties shall coordinate accordingly."

- (i) Section 11(b) shall be deleted and replaced with the following:  
 “(b) floods, earthquakes, fire, or other natural disasters; terrorist acts; and epidemics, pandemics; and”
- (j) The last sentence of the first paragraph of section 13(a) shall be deleted and replaced with the following:  
 “Jefferson may not submit invoice packages for implemented Measures after Jefferson has submitted a notice of termination.”
- (k) The last sentence of the second to last paragraph of section 13(b) shall be deleted and replaced with the following:  
 “Further, Jefferson shall have 30 days after the termination date to provide a refund to BPA of any progress payments BPA made to Jefferson for Measures for which Jefferson had not yet submitted an invoice package.”
- (l) The second to last sentence of section 13(c) shall be deleted and replaced with the following:  
 “Further, Jefferson shall have 30 days after the termination date to provide a refund to BPA of any progress payments BPA made to Jefferson for Measures for which Jefferson had not yet submitted an invoice package.”

**3. EXHIBIT REVISION**

Exhibit A shall be deleted and replaced by the attached Revision No. 02 to Exhibit A.

**4. SIGNATURES**

This Amendment may be executed in several counterparts, all of which taken together will constitute one single agreement, and may be executed by electronic signature and delivered electronically. The Parties have executed this Amendment as of the last date indicated below.

PUBLIC UTILITY DISTRICT NO. 1 OF  
JEFFERSON COUNTY

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By \_\_\_\_\_

By \_\_\_\_\_

Name Kevin Streett  
(Print/Type)

Name Jamae Hilliard Creecy  
(Print/Type)

Title General Manager

Title Vice President Energy Efficiency

Date \_\_\_\_\_

Date \_\_\_\_\_

**Revision No. 02, Exhibit A**  
**NOTICES AND CONTACT INFORMATION**  
**Effective on the Date Executed by the Parties**

This revision updates the BPA contact information in section 1(b) of Exhibit A.

**1. NOTICES AND CONTACT INFORMATION**

**(a) Notices**

Any notice required under this Agreement that requires such notice to be provided under the terms of this section shall be provided in writing to the other Party in one of the following ways:

- (1) delivered in person;
- (2) by a nationally recognized delivery service with proof of receipt;
- (3) by United States Certified Mail with return receipt requested;
- (4) electronically, if both Parties have the means to verify the electronic notice's origin, date, time of transmittal and receipt; or
- (5) by another method agreed to by the Parties.

Notices are effective when received. Either Party may change the name or address for delivery of notice by providing notice of such change consistent with this section. Parties shall deliver notices to the following person and address:

**(b) Contact Information**

If to Jefferson:

Public Utility District No. 1 of Jefferson  
County  
310 Four Corners Road  
Port Townsend, WA 98368-9368  
Attn: Will O'Donnell  
Communications Director  
Phone: 360-385-8369  
E-Mail: wodonnell@jeffpud.org

If to BPA:

Bonneville Power Administration  
915 Second Ave, Suite 3360  
Seattle, WA 98174-3360  
Attn: Melissa Podeszwa -PEM-Seattle  
Energy Efficiency Representative  
Phone: 206-220-6772  
E-Mail: mjpodeszwa@bpa.gov

**2. REVISIONS**

When a Party to this Agreement requests a change to their contact information included in section 1(b) of this exhibit, then the requesting Party must send notice of such requested change to the other Party. BPA may unilaterally revise this exhibit to implement such requested changes to section 1(b). All other revisions to this exhibit shall be by mutual agreement of all the Parties.

**ENERGY CONSERVATION AGREEMENT**  
**executed by**  
**BONNEVILLE POWER ADMINISTRATION**  
**and**  
**PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY**

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**Exhibit A Notices and Contact Information**

This ENERGY CONSERVATION AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through BONNEVILLE POWER ADMINISTRATION (BPA); and PUBLIC UTILITY DISTRICT NO. 1 OF JEFFERSON COUNTY (Jefferson), a public utility district, organized under the laws of the State of Washington, hereinafter individually referred to as "Party" or collectively referred to as the "Parties."

**RECITALS**

BPA is required by the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. §§ 839-839h (Northwest Power Act), to meet the net firm power load requirements of its customers in the Pacific Northwest.

Per the Northwest Power Act and consistent with the Pacific Northwest Electric Power and Conservation Planning Council's regional power plan, BPA pursues Conservation as a resource.



BPA is authorized to acquire cost-effective Conservation to reduce the firm power load requirements of its customers in the Pacific Northwest, and intends to do so by purchasing Energy Savings from Program Participants in accordance with the Energy Conservation Agreement.

Jefferson intends to implement Measures in accordance with the Implementation Manual and to report and sell the resulting Energy Savings to BPA.

This Agreement, including BPA's Energy Efficiency Implementation Manual as may be revised, provides the implementation, reporting, and payment requirements for BPA's portfolio of Energy Efficiency Measures.

The Parties agree as follows:

**1. TERM**

This Agreement takes effect on the date signed by the Parties and expires on September 30, 2021, unless terminated earlier as provided in section 13, Termination. Performance by BPA and Jefferson shall commence on October 1, 2017, with the exception of those actions required prior to that date included in section 3(a) and section 3(b). All obligations under this Agreement shall be preserved until discharged or satisfied.

**2. DEFINITIONS**

Capitalized terms used in this Agreement shall have the meaning stated.

- (a) "Approved Invoice Payment Amount" means the sum of amounts in an invoice package that BPA determines has met the criteria in section 5(b) and section 5(c) and that BPA authorizes payment of per section 6.
- (b) "Available Implementation Budget" means the amount available for BPA to purchase Energy Savings from a specific Program Participant at a given point in time equal to the Program Participant's Initial Implementation Budget plus any applicable Rollover Amount plus or minus any applicable Implementation Budget Transfers minus any applicable Approved Invoice Payment Amounts.
- (c) "Conservation" means any reduction in electric power consumption as a result of increases in the efficiency of energy use, production or distribution, as defined in section 3(3) of the Northwest Power Act, and includes actual and planned Conservation.
- (d) "Energy Efficiency Incentive" or "EEI" means the aggregate program cost established by BPA for purchasing Energy Savings from all Program Participants within a Rate Period.
- (e) "Energy Savings" means amounts of Conservation that BPA has determined to be attributable to Measures implemented in a manner consistent with this Agreement.

- (f) "Implementation Budget Transfer" means an increase or decrease in a Program Participant's Available Implementation Budget as a result of a method of transferring funds as defined and allowed under this Agreement.
- (g) "Implementation Manual" means the publicly accessible BPA guidance document, as may be revised, that specifies: (1) the Measures that may be implemented by Program Participants, (2) the requirements and specifications for implementation of Measures, and (3) the obligations on BPA and the Program Participants related to the implementation, reporting, payment amounts, oversight, and evaluation of Energy Savings, including Self-Funded Energy Savings.
- (h) "Initial Implementation Budget" means the portion of an EEI established by BPA and effective at the beginning of a Rate Period to purchase Energy Savings from a specific Program Participant during that Rate Period.
- (i) "Measure" means any material, equipment, or activity identified in the Implementation Manual that a Program Participant may install or implement within its service area to achieve Conservation.
- (j) "Program Participant" means a BPA customer that has an Energy Conservation Agreement in effect.
- (k) "Rate Period" shall have the meaning as defined in BPA's Tiered Rate Methodology, as amended.
- (l) "Rollover Amount" means an amount of a Program Participant's budget remaining at the end of a given Rate Period that may carry forward to increase the amount of that Program Participant's Available Implementation Budget for the following Rate Period.
- (m) "Self-Funded Energy Savings" means Energy Savings for which a Program Participant chooses to not seek payment from BPA.

### 3. IMPLEMENTATION BUDGET

- (a) **Determination of EEI**  
By September 30, 2017, and no later than September 30 prior to the start of each Rate Period thereafter, BPA shall determine the EEI for the upcoming Rate Period.
- (b) **Notification of Jefferson's Initial Implementation Budget**  
By September 30, 2017, and no later than September 30 prior to the start of each Rate Period thereafter, BPA shall notify Jefferson of its Initial Implementation Budget for the upcoming Rate Period.

Each Rate Period, BPA shall establish Jefferson's Initial Implementation Budget based on Jefferson's Tier One Cost Allocator. For purposes of this

Agreement, the term Tier One Cost Allocator has the meaning as defined in BPA's Tiered Rate Methodology, as may be revised.

(c) **Rollover Amount**

As applicable and in accordance with the terms and conditions in the Implementation Manual, BPA shall calculate Jefferson's Rollover Amount and incorporate a Rollover Amount into Jefferson's Available Implementation Budget for each Rate Period. By November 15, 2017, and no later than November 15 every two years thereafter, BPA shall notify Jefferson of its applicable Rollover Amount for the remainder of the Rate Period.

(d) **Implementation Budget Transfers**

Jefferson may request an increase or decrease to its Available Implementation Budget through an Implementation Budget Transfer in accordance with the Implementation Manual.

If BPA, or the Parties together, establish a new project or program that allows Implementation Budget Transfers to Jefferson's Available Implementation Budget, then the terms and conditions of such project or program will be included in the Implementation Manual or as a new exhibit to this Agreement.

BPA shall provide notice to Jefferson stating the changes to Jefferson's Available Implementation Budget due to any Implementation Budget Transfers.

(e) **Notices and Notifications**

Notices sent under this section 3 shall be sent in accordance with Exhibit A, Notices and Contact Information.

In addition to the notices sent by BPA pursuant to sections 3(b), 3(c) and 3(d) above, Jefferson may request notification of its Available Implementation Budget at any time during the term of this Agreement.

**4. THE IMPLEMENTATION MANUAL**

The Implementation Manual is incorporated by reference and is made a part of this Agreement. BPA may unilaterally modify the Implementation Manual within the general scope of this Agreement and in accordance with the process stated in the Implementation Manual. BPA will provide notice of all modifications to Jefferson in accordance with the process stated in the Implementation Manual.

Jefferson may implement Measures to produce Energy Savings consistent with the Implementation Manual. Unless otherwise agreed, BPA shall use the Implementation Manual in effect on the Measure completion date when conducting its reviews pursuant to section 5(c) below.



## 5. INVOICING PROCESS

### (a) Documentation and Submittal of Invoice Packages

Jefferson shall comply with the documentation requirements in the Implementation Manual.

Unless the Parties agree otherwise, Jefferson shall execute and maintain a BPA Customer Portal Access and Use Agreement in order to submit invoice packages to BPA.

Whether seeking Self-Funded Energy Savings or for BPA payment for Energy Savings, Jefferson shall submit its invoice packages, including any required reports and documentation, in accordance with the reporting requirements in the Implementation Manual. If there is a disagreement regarding the completeness or accuracy of any submitted documentation, reports, or invoices, as applicable, then BPA shall work with Jefferson to resolve such issues.

If BPA determines that any Program Participant's third-party contractor falsified information reported to BPA, then BPA shall have the right to prohibit all Program Participants from reporting Measures implemented with the assistance of that contractor. If such action is taken, then BPA will notify all Program Participants in accordance with Exhibit A.

### (b) Performance Payments

For purposes of this Agreement, Performance Payment shall have the meaning as defined in the Implementation Manual.

When BPA notifies Jefferson of its Initial Implementation Budget for the upcoming Rate Period pursuant to section 3(b) above, BPA shall also notify Jefferson of its Performance Payment classification category and rate for the upcoming Rate Period. BPA's Performance Payment classification categories, rates, caps, and certain terms and conditions of Jefferson's receipt of such, shall be as stated in the Implementation Manual.

If Jefferson is seeking BPA payment for Energy Savings, then BPA shall automatically apply a Performance Payment unless Jefferson requests otherwise. Instructions for Jefferson to reduce or opt out of Performance Payments, as applicable, will be included in the Implementation Manual. If Jefferson opts out of a Performance Payment for a given invoice package, then Jefferson may not claim Performance Payments for that invoice package at a later date.

BPA shall not apply Performance Payments for any invoice package or the portion of an invoice package that Jefferson submits for Self-Funded Energy Savings.

BPA will deduct any applicable Performance Payments from Jefferson's Available Implementation Budget.

(c) **BPA Review of Invoice Packages, Creation of Invoice Reports, and Determination of Approved Invoice Payment Amounts**

After BPA receives an invoice package from Jefferson, BPA shall conduct a timely review process to determine whether: (1) the Measures submitted conform to the requirements of the Implementation Manual and this Agreement, (2) Jefferson has otherwise followed the terms and conditions of the Implementation Manual and this Agreement, (3) Jefferson has adequate Available Implementation Budget, and (4) the form of the invoice is proper.

After BPA has conducted its review process above, which may include an oversight review pursuant to section 7 below, then BPA will determine whether it accepts the invoiced Energy Savings. BPA will not accept Measures that are not in compliance with the requirements of this Agreement. BPA shall create and provide to Jefferson an itemized invoice report that states the accepted Energy Savings and the Approved Invoice Payment Amount.

In no event shall the Approved Invoice Payment Amount on an invoice report exceed Jefferson's Available Implementation Budget.

**6. PAYMENT OF APPROVED INVOICE PAYMENT AMOUNTS**

BPA agrees to purchase and Jefferson agrees to sell Energy Savings in accordance with this Agreement. BPA shall pay Jefferson any Approved Invoice Payment Amounts, as determined under sections 5(b), 5(c) and 8 of this Agreement and in accordance with sections 10 and 13 of this Agreement. Such payment shall be due no later than 30 days after BPA accepts the invoiced Energy Savings and provides the itemized invoice report to Jefferson pursuant to section 5(c) above. All payments to Jefferson will be made electronically.

This contract is subject to the provisions of the Prompt Payment Act (31 U.S.C. 3901 *et seq.*) and regulations at 5 C.F.R. Part 1315. If interest penalty payments are determined due under the provisions of the Prompt Payment Act, payment shall be made at the rates determined by the U.S. Treasury under Section 611 of the Contract Disputes Act of 1978 (41 U.S.C. 7109) that is in effect on the day after the due date.

**7. OVERSIGHT REVIEW AND EVALUATION PROCESSES**

In accordance with the oversight review and evaluation processes in the Implementation Manual, BPA shall have the right to conduct: (1) oversight review including, but not limited to, site and record reviews, and (2) impact and process evaluations.

During the invoice package review process in section 5(c) above or otherwise, BPA may select at random any Program Participant invoice to conduct oversight review. If BPA selects an invoice submitted by Jefferson to conduct oversight review, then BPA shall notify Jefferson of such selection and the Parties shall coordinate accordingly.



Oversight review and evaluation processes will be conducted at BPA's discretion.

**8. NETTING OF AMOUNTS OWED**

BPA will net amounts owed under this Agreement by Jefferson to BPA against any equal or greater amount owed under a pending Approved Invoice Payment Amount by BPA to Jefferson. However, if there is no pending Approved Invoice Payment Amount of equal or greater value, then BPA shall send Jefferson a bill for the amount owed to BPA.

**9. INFORMATION EXCHANGE, PRIVACY ACT COMPLIANCE, AND FOIA**

Upon request and as allowed by law, the Parties shall provide each other with any information that is reasonable and necessary to verify the achievement of Energy Savings and otherwise administer and implement this Agreement. The Parties shall make best efforts to provide such requested information in a timely manner.

BPA represents that personally identifiable information (PII), including end-user information provided to BPA under this Agreement, is protected by federal law and BPA policy. This protection includes compliance with the requirements of the Privacy Act of 1974 (5 U.S.C. §552a) and DOE Order 206.1.

If BPA subsequently enters into a contract with a third party under which end-user PII provided to BPA by Jefferson will be provided to the third party, then BPA shall include terms contractually obligating such third parties to protect such end-user PII and to only use such PII for purposes of administering and implementing that contract.

BPA may release information provided by Jefferson when required by the Freedom of Information Act (5 U.S.C. § 552) (FOIA), court order, or federal law. Proprietary information of Jefferson, as designated in writing by Jefferson, will only be shared within BPA with individuals who need the information to fulfill a job function.

**10. GOVERNING LAW, LIABILITY, AND DISPUTE RESOLUTION**

This Agreement shall be interpreted consistent with and governed by federal law. Jefferson and BPA shall identify issue(s) in dispute arising out of this Agreement and make a good faith effort to negotiate a resolution of such disputes before either may initiate litigation or arbitration. Such good faith effort shall include discussions or negotiations between the Parties' executives or managers.

BPA and Jefferson assert that neither is the agent or principal for the other; nor are they partners or joint venturers, and BPA and Jefferson agree that they shall not represent to any other party that they act in the capacity of agent or principal for the other.

In no event will either BPA or Jefferson be liable to each other for any special, punitive, exemplary, consequential, incidental or indirect losses/damages from any failure of performance howsoever caused, whether or not arising from a party's sole, joint or concurrent negligence.

The reference to specific products or manufacturers does not represent a BPA endorsement or warranty, and BPA is not liable for any damages that may result from the installation or use of such products.

Pending resolution of a contract dispute or contract issue between the Parties or through formal dispute resolution of a contract dispute arising out of this Agreement, the Parties shall continue performance under this Agreement unless to do so would be impossible or impracticable. Unless the Parties engage in binding arbitration as provided for in this section, the Parties reserve their rights to individually seek judicial resolution of any dispute arising under this Agreement.

(a) **Judicial Resolution**

Final actions subject to section 9(e) of the Northwest Power Act are not subject to arbitration under this Agreement and shall remain within the exclusive jurisdiction of the United States Court of Appeals for the Ninth Circuit. Such final actions include, but are not limited to, the establishment and the implementation of rates and rate methodologies. Any dispute regarding any rights or obligations of Jefferson or BPA under any rate or rate methodology, or BPA policy, including the implementation of such policy, shall not be subject to arbitration under this Agreement. For purposes of this section, BPA policy means any written document adopted by BPA as a final action in a decision record or record of decision that establishes a policy of general application or makes a determination under an applicable statute or regulation. If BPA determines that a dispute is excluded from arbitration under this section, then Jefferson may apply to the federal court having jurisdiction for an order determining whether such dispute is subject to non-binding arbitration under this section.

(b) **Arbitration**

Any contract dispute or contract issue between the Parties arising out of this Agreement, which is not excluded by section 10(a) above, shall be subject to arbitration, as set forth below.

- (1) Jefferson may request that BPA engage in binding arbitration to resolve any dispute. If Jefferson requests such binding arbitration and BPA determines in its sole discretion that binding arbitration of the dispute is appropriate under BPA's Binding Arbitration Policy or its successor, then BPA shall engage in such binding arbitration, provided that the remaining requirements of this section 10 are met. BPA may request that Jefferson engage in binding arbitration to resolve any dispute. In response to BPA's request, Jefferson may agree to binding arbitration of such dispute, provided that the remaining requirements of this section 10 are met. Before initiating binding arbitration, the Parties shall draft and sign an agreement to engage in binding arbitration, which shall set forth the precise issue in dispute, the amount in controversy and the maximum monetary award allowed, pursuant to BPA's Binding Arbitration Policy or its successor.



- (2) Non-binding arbitration shall be used to resolve any dispute arising out of this contract that is not excluded by section 10(a) above and is not resolved via binding arbitration, unless Jefferson notifies BPA that it does not wish to proceed with non-binding arbitration.

(c) **Arbitration Procedure**

Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The Parties agree that a fundamental purpose for arbitration is the expedient resolution of disputes; therefore, the Parties shall make best efforts to resolve an arbitrable dispute within one year of initiating arbitration. The rules for arbitration shall be agreed to by the Parties.

(d) **Arbitration Remedies**

The payment of monies shall be the exclusive remedy available in any arbitration proceeding pursuant to this section. This shall not be interpreted to preclude the Parties from agreeing to limit the object of arbitration to the determination of facts. Under no circumstances shall specific performance be an available remedy against BPA.

(e) **Finality**

- (1) In binding arbitration, the arbitration award shall be final and binding on the Parties, except that either Party may seek judicial review based upon any of the grounds referred to in the Federal Arbitration Act, 9 U.S.C. §1-16 (1988). Judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof.
- (2) In non-binding arbitration, the arbitration award is not binding on the Parties. Each Party shall notify the other Party within 30 calendar days, or such other time as the Parties otherwise agreed to, whether it accepts or rejects the arbitration award. Subsequent to non-binding arbitration, if either Party rejects the arbitration award, either Party may seek judicial resolution of the dispute, provided that such suit is brought no later than 395 calendar days after the date the arbitration award was issued.

(f) **Arbitration Costs**

Each Party shall be responsible for its own costs of arbitration, including legal fees. Unless otherwise agreed to by the Parties, the arbitrator(s) may apportion all other costs of arbitration between the Parties in such manner as the arbitrator(s) deem reasonable taking into account the circumstances of the case, the conduct of the Parties during the proceeding, and the result of the arbitration.

**11. UNCONTROLLABLE FORCES**

The Parties shall not be in breach of their respective obligations to the extent the failure to fulfill any obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control of, and without the fault or



negligence of, the Party claiming the Uncontrollable Force, that prevents that Party from performing its contractual obligations under this Agreement and which, by exercise of that Party's reasonable care, diligence and foresight, such Party was unable to avoid. Uncontrollable Forces include, but are not limited to:

- (a) strikes or work stoppage;
- (b) floods, earthquakes, or other natural disasters; terrorist acts; and
- (c) final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such Party shall: (1) immediately notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable; (2) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable; (3) keep the other Party apprised of such efforts on an ongoing basis; and (4) provide written notice of the resumption of performance. Written notices sent under this section must comply with Exhibit A, Notices and Contact Information.

## 12. STANDARD PROVISIONS

### (a) **Amendments**

Except where this Agreement explicitly allows one Party to unilaterally amend a provision or revise an exhibit, no amendment or exhibit revision to this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

### (b) **Interpretations**

BPA may issue interpretations, determinations, and findings related to this Agreement that are binding on the Parties. Such decisions shall be provided to Jefferson in writing. In administering this Agreement, only the written statements of BPA officials acting within the scope of their authority shall be considered to be official BPA statements.

### (c) **Assignment**

This Agreement is binding on any successors and assigns of the Parties. BPA may assign this Agreement to another Federal agency to which BPA's

statutory duties have been transferred. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld. BPA shall consider any request for assignment, consistent with applicable BPA statutes.

(d) **Entire Agreement**

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement.

(e) **Order of Precedence**

In the event of conflict, the body of this Agreement shall prevail over the exhibits of this Agreement. If the terms and conditions of the Implementation Manual conflict with the terms and conditions of this Agreement, the terms and conditions of this Agreement will take precedence.

(f) **No Third Party Beneficiaries**

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

(g) **Severability**

If any term of this Agreement is found to be invalid by a court of competent jurisdiction, then such term shall remain in force to the maximum extent permitted by law. All other terms shall remain in force unless that term is determined not to be severable from all other provisions of this Agreement by such court.

(h) **Waivers**

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

**13. TERMINATION**

All notices sent under this section 13 shall be sent in accordance with Exhibit A, Notices and Contact Information.

(a) **Customer's Right to Terminate**

If Jefferson has no Measures in the process of being implemented and all outstanding invoice packages have been submitted to BPA, then Jefferson may terminate this Agreement upon thirty days' prior written notice to BPA. However, if Jefferson does have Measures in the process of being implemented, then Jefferson must submit any associated invoice packages prior to submitting a notice of termination. Any such termination will take effect upon BPA's payment of the final Approved Invoice Payment Amount.

Jefferson may not submit invoices for implemented Measures after Jefferson has submitted a notice of termination.

If BPA has made any progress payments to Jefferson pursuant to the Implementation Manual and the relevant Measure(s) are yet to be fully implemented, or if Jefferson otherwise owes money to BPA under this Agreement, and Jefferson provides BPA written notice to terminate this Agreement, then the Parties shall work together to develop a mutually agreeable completion and repayment schedule. Jefferson will be required to have Measures under this Agreement completed by September 30 of the Rate Period in which the termination notice is provided to BPA. Termination of this Agreement will not be effective prior to BPA being reimbursed amounts owed or until BPA determines sufficient Measure completion.

(b) **BPA's Right to Terminate**

BPA may terminate this Agreement upon thirty days' prior written notice to Jefferson if BPA determines that Jefferson:

- (1) has failed to comply with the record-keeping requirements included in the Implementation Manual;
- (2) has failed to use any portion of the Implementation Budget in a manner consistent with this Agreement;
- (3) has posed a significant environmental, health or safety threat;
- (4) has reported falsified information to BPA; or
- (5) has made any other material breach of this Agreement.

Any notice of termination sent by BPA shall include an effective date of such termination.

If BPA terminates this Agreement, then Jefferson's Available Implementation Budget will be zero as of the date of termination. Jefferson will not be allowed a completion period for any Measures Jefferson has in progress beyond the termination date. Further, Jefferson shall have 30 days after the termination date to provide a refund to BPA of any progress payments BPA made to Jefferson for Measures for which Jefferson had not yet submitted an invoice.

Termination by BPA under this section 13(b) is without prejudice to any other remedies available to BPA under law.

(c) **Termination Upon Termination of Power Sales Agreement**

If Jefferson's Power Sales Agreement Contract No. 10PB-12246 is terminated, then this Agreement shall terminate on the same date. If such actions occur, Jefferson's Available Implementation Budget will be zero as of the date of termination. Jefferson will not be allowed a completion period for





**Exhibit A**  
**NOTICES AND CONTACT INFORMATION**

**1. NOTICES AND CONTACT INFORMATION**

**(a) Notices**

Any notice required under this Agreement that requires such notice to be provided under the terms of this section shall be provided in writing to the other Party in one of the following ways:

- (1) delivered in person;
- (2) by a nationally recognized delivery service with proof of receipt;
- (3) by United States Certified Mail with return receipt requested;
- (4) electronically, if both Parties have the means to verify the electronic notice's origin, date, time of transmittal and receipt; or
- (5) by another method agreed to by the Parties.

Notices are effective when received. Either Party may change the name or address for delivery of notice by providing notice of such change consistent with this section. Parties shall deliver notices to the following person and address:

**(b) Contact Information**

If to Jefferson:

Jefferson County PUD No 1  
310 Four Corners Road  
Port Townsend, WA 98368  
Attn: James Parker  
Manager  
Phone: 360-385-8340  
E-Mail: jparker@jeffpud.org

If to BPA:

Bonneville Power Administration  
909 First Avenue, Suite 380  
Seattle, WA 98104  
Attn: Dena Hilde – PEK/Seattle  
Utility COTR  
Phone: 206-220-6792  
E-Mail: DLHilde@bpa.gov

**2. REVISIONS**

When a Party to this Agreement requests a change to their contact information included in section 1(b) of this exhibit, then the requesting Party must send notice of such requested change to the other Party. BPA may unilaterally revise this exhibit to implement such requested changes to section 1(b). All other revisions to this exhibit shall be by mutual agreement of all the Parties.



## **ENERGY EFFICIENCY PROGRAMS**

### **MONTHLY REPORT**

**August 2022**

## MONTHLY REPORT

**TABLE 1: CALENDAR YEAR SUMMARY:**

Program	# Projects/Units	Incentive	kWh bus bar Saved
Commercial Lighting	3	\$5,978	43,426.25
Commercial Ductless Heat Pump	2	\$39,250	139,308.14
Commercial Heat Pump Retrofit	1	\$3,000	12,897.36
Commercial Connected Thermostat			
Commercial Refrigerated Door	2	\$36,633.44	567,523
Residential Ductless Heat Pump	144	\$179,700	313,022.63
Residential Ductless Heat Pump (LOW INCOME)	6	\$24,000	10,725.10
Residential VSHP/Non VSHP - PTCS	79	\$96,400	273,864.24
Residential ASHP – Non PTCS	1	\$1,500	6,996.71
Residential Windows	23	\$23,332.26	18,391.57
Residential Heat Pump Water Heater	10	\$6,700	17,152.48
Residential SMART Thermostats	11	\$1,950	7,714.86
Residential Appliance	27	\$1,831	5,695.03
Residential Weatherization	11	\$17,483.64	7,643.17
Residential Duct Sealing			
Residential NEEM Manufactured Home			
Residential Electric Vehicle Charging			
<b>TOTALS</b>	<b>320</b>	<b>\$420,674.17</b>	<b>1,416,255</b>

### **MONTHLY SUMMARY**

There were 28 projects completed in August. They consisted of one Commercial Heat Pump Retrofit project, 12 Residential Ductless Heat Pump projects, one Residential Variable Speed Heat Pump conversion project, one Residential Non-Variable Speed Heat Pump conversion project, four Residential Variable Speed Heat Pump Upgrade projects, three Residential Appliance projects, three Residential Heat Pump Water Heater projects, and three Residential Window projects.

I answered 28 incoming customer and trade ally calls in August and called out 17 times to customers and/or trade allies for follow up to questions or to explain the incentives and program process.

In addition, I responded to 10 emails from both customers and trade allies.

**Table 2: EEI Budget for FY2022/2023**

Funds available	Requested this month-including pay for performance	Number of Projects	kWh savings bus bar	Remaining Funds
<b>\$931,294.87</b>	<b>\$25,216.73</b>	<b>463</b>	<b>1,817,773.28</b>	<b>\$186,370.56</b>

**NOTE: \$12,923.45 was added to the remaining funds from the BPA Unassigned Account allocation on 5/31/2022.**

### **MONTHLY DETAILS:**

### **Commercial Lighting Program:**

The were no Commercial Lighting projects completed this month.

The WSDOT Street Light (\$3,851 incentive and 29,624.53 kWh bus bar saving) Incentive Agreement was returned signed in August.

Table 3 below provides month and year comparison details for the Commercial Lighting program.

**Table 3: Commercial Lighting Program Results (in bus bar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>YEAR TOTAL</b>	<b>3</b>	<b>\$5,978</b>	<b>43,426.25</b>

### **Commercial Ductless Heat Pump Program**

There were no projects completed in August.

Table 4 below provides month and year comparison details for the Commercial Ductless Heat Pump program.

**Table 4: Commercial Ductless Heat Pump Program Results (in bus bar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>YEAR TOTAL</b>	<b>2</b>	<b>\$39,250</b>	<b>139,308.14</b>

### **Commercial HVAC Projects:**

There was one (PT Uptown LLC-Green Crow Taco \$3,000 incentive and 12,987.36 kWh bus bar savings) project completed in August.

Andy continues to support Jefferson Healthcare on a new AHU replacement on top of the hospital.

Table 5 below provides month and year comparison details for the Commercial HVAC program.

**Table 5: Commercial Heat Pump Retrofit Program Results (in bus bar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	1	\$3,000	12,897.36
<b>YEAR TOTAL</b>	<b>1</b>	<b>\$3,000</b>	<b>12,897.36</b>

### **Residential Ductless Heat Pump Program (DHP):**

There were 12 projects submitted this month.

Table 6 below provides month and year comparison details for the Ductless Heat Pump program.



**Table 6: Ductless Heat Pump Program Results (in bus bar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	12	\$9,600	23,648.37
<b>YEAR TOTAL</b>	<b>144</b>	<b>\$179,700</b>	<b>313,022.63</b>

**Residential Ductless Heat Pump LOW INCOME Program (DHP):**

There were no projects submitted this month.

Table 7 below provides month and year comparison details for the Ductless Heat Pump LOW INCOME program.

**Table 7: Ductless Heat Pump Program LOW INCOME Results (in bus bar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>YEAR TOTAL</b>	<b>6</b>	<b>\$24,000</b>	<b>10,725.10</b>

**Residential Variable/Non Variable Speed Heat Pump Program - PTCS:**

There were six (two conversions and four upgrades) projects completed this month.

Table 8 below provides month and year comparison details for the 2022 Residential Variable and Non Variable Speed Heat Pump program.

**Table 8: Residential Variable/Non Variable Speed Heat Pump Program Results – PTCS (in bus bar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	6	\$5,800	15,985.70
<b>TOTALS</b>	<b>79</b>	<b>\$96,400</b>	<b>273,864.24</b>

**Residential Air Source Heat Pump Program – Non PTCS:**

There were no projects completed this month.

Table 9 below provides month and year comparison details for the 2022 Residential Air Source Heat Pump program.

**Table 9 Residential Air Source Heat Pump Program Results – Non PTCS (in bus bar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>TOTALS</b>	<b>1</b>	<b>\$1,500</b>	<b>6,996.71</b>

**Residential Heat Pump Water Heater:**

There were three Heat Pump Water Heater projects completed this month.

Table 10 below provides month and year comparisons for the Residential Heat Pump Water Heater program.

**Table 10: Residential Heat Pump Water Heater Program Results (in busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	3	\$2,000	5,158.07
<b>TOTAL</b>	<b>10</b>	<b>\$6,700</b>	<b>17,152.48</b>

**Residential Advanced SMART Thermostat program:**

There were no Advanced SMART Thermostat projects completed this month.

Table 11 below provides month and year comparisons comparison details for the Residential SMART Thermostat program.

**Table 11: Residential SMART Thermostat Program Results- Residential (busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>\$1,950</b>	<b>7,714.86</b>

**Residential Appliance program:**

There were three Residential Appliance projects submitted this month.

Table 12 below provides month and year comparison details for the Residential Appliance program.

**Table 12: Residential Appliance Program Results (busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	3	\$205	592.92
<b>TOTAL</b>	<b>27</b>	<b>\$1,831</b>	<b>5,695.03</b>

**Residential Weatherization program:**

There were no Residential Weatherization projects submitted this month.

Table 13 below provides month and year comparison details for the Residential Weatherization program.

**Table 13: Residential Weatherization Program Results (in busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>\$17,483.64</b>	<b>7,643.17</b>

**Residential Window program:**

There were three Residential Window projects submitted this month.

Table 14 below provides month and year comparison details for the Residential Window program.

**Table 14: Residential Window Program Results (in busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	3	\$2,193.46	2,264.41
<b>TOTAL</b>	<b>23</b>	<b>\$23,332.26</b>	<b>18,391.57</b>

#### **Residential Duct Sealing program:**

There were no Residential Duct Sealing projects submitted this month.

Table 15 below provides month and year comparison details for the Residential Duct Sealing program.

**Table 15: Residential Duct Sealing Program Results (in busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### **Residential NEEM Manufactured Home program:**

There were no Residential Manufactured Home projects submitted this month.

Table 16 below provides month and year comparison details for the Residential NEEM Manufactured Home program.

**Table 16: Residential NEEM Manufactured Home Program Results (in busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### **Residential Electric Vehicle Charging program:**

There were no Residential Electric Vehicle Charging projects submitted this month.

Table 17 below provides month and year comparison details for the Residential Electric Vehicle Charging program.

**Table 17: Residential Electric Vehicle Charging program Results (in busbar kWh)**

Month	2022 Projects	Incentives	2022 kWh
August	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

The total annual kWh savings for August for all of Jefferson County PUD's Energy Efficiency programs equals 60,456.86 kWh (busbar).

The Total Incentives paid by Evergreen Consulting Group in August equals \$22,798.46.



## **AGENDA REPORT**

**DATE:** October 3, 2022  
**TO:** Board of Commissioners  
**FROM:** Samantha Harper, P.E.  
**RE:** Agreement for Operation and Maintenance Services between the Port and PUD for two (2) large on-site septic system at the Jefferson County Airport

---

**BACKGROUND:** The Port of Port Townsend approached the PUD to provide operation and maintenance (O&M) services for two (2) large on-site septic systems (LOSS) at the Jefferson County Airport. See attached map of the Jefferson County Airport Large On-site Septic system. The Airport O&M agreement includes the Spruce Goose Restaurant, NW Hangars LLC., and AERO Museum, shown in yellow on the map attached. The Airport Hangars O&M agreement includes Hangar Numbers 4, 7 & 8, shown in red on the map attached. RCW 54.16.310, authorizes the PUD to provide operation and maintenance services and charge for the services. The operation and maintenance agreements are the same format as done for the Port of Port Townsend's Herb Beck Large On-site Septic System.

**ANALYSIS/FINDINGS:** On September 7, 2022, PUD staff and the Port's consultant met on-site to perform a walkthrough on both large on-site septic systems. Once the O&M Agreements are fully executed, the PUD's first step would be to perform an in-depth review on both LOSS, existing paperwork and in the field, in order to verify if there are any corrections needed prior to "normal" operation and maintenance monitoring and activities.

**FISCAL IMPACT:** The current Schedule of Water and Sewer Charges and Fees contains a monthly charge for O&M services for large on-site septic systems. The Port will be charged a monthly O&M service fee for each LOSS.

**RECOMMENDATION:** Approval of both Resolutions 2022-0XX authorizing the General Manager to execute Agreements for Operation and Maintenance Services for the Port of Port Townsend's Large On-site Septic Systems at the Jefferson County Airport.

Attachment: 

1. Jefferson County Airport Map
2. Resolution 2022-0XX Spruce Goose, NW Hangars LLC and Aero Museum
3. Agreement for Operation and Maintenance Services between the Port and the PUD for Airport Large On-site System
4. Attachment A – O&M Agreement Description of Services.
5. Resolution 2022-0XXX Airport Hangars

6. Agreement for Operation and Maintenance Services between the Port and the PUD for Airport Hangar Nos. 4, 7 & 8 Large On-site System
7. Attachment A – O&M Agreement Description of Services.



# Jefferson County Airport Large On-site Septic Systems Map



## LEGEND

Yellow System under the Airport O&M Agreement

Red System under the Hangars 4, 7 and 8 O&M Agreement

NOTE: Septic tanks and piping not shown on map

SAH 220920





**PUBLIC UTILITY DISTRICT NO. 1  
OF  
JEFFERSON COUNTY**

**RESOLUTION NO. 2022-0\_\_**

A RESOLUTION of the Board of Commissioners of the Public Utility District No. 1 of Jefferson County, Washington (the “PUD”), authorizing the General Manager to execute an Agreement for Operation and Maintenance Services for the Port of Port Townsend’s Large On-site Septic System at the Jefferson County Airport.

WHEREAS, the Port of Port Townsend (Port) and the PUD are entering into an Operation and Maintenance Agreement for the Spruce Goose Restaurant, NW Hangars LLC and the Aero Museum Large On-site Septic System (LOSS); and

WHEREAS, RCW 54.16.310, authorizes the PUD to provide operation and maintenance services and charge for its services; and

WHEREAS, The Jefferson County Code Section 8.15 states that the management of community on-site sewage systems shall be managed by an entity approved by Jefferson County Public Health Department Jefferson, and Jefferson County Health Board Resolution May 25, 1993, authorized the PUD to perform Operation and Maintenance (O&M) and inspection services.; and

WHEREAS, Exhibit A of this resolution is the O&M agreement for the Spruce Goose Restaurant, NW Hangars LLC and the Aero Museum Large On-site Septic System (LOSS); and

WHEREAS, The Port will be charged the PUD’s most current monthly operations and maintenance rates as stated in the most current Water and Sewer Charges and Fees Schedule; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington as follows:

Section 1. The foregoing recitals are hereby incorporated into this Resolution.

Section 2. The PUD authorizes the General Manager to execute an Agreement for O&M Services for the Port of Port Townsend’s Large On-site Septic System at Spruce Goose Restaurant, NW Hangars LLC and the Aero Museum on behalf of the PUD.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, at a regular open meeting held this 3rd day of October 2022.

\_\_\_\_\_  
Kenneth Collins, President

\_\_\_\_\_  
Jeff Randall, Vice President

ATTEST:

\_\_\_\_\_  
Dan Toepper, Secretary



**Agreement for Operation and Maintenance Services**  
**For**  
**the Port of Port Townsend Airport**  
**Spruce Goose Restaurant, AERO Museum and NW Hangars LLC**  
**Large On-site Septic System**

This Agreement for the Airport Large On-site Septic System is made this \_\_\_\_ day of \_\_\_\_\_, 2022, by and between Public Utility District No. 1 of Jefferson County ("PUD") and the Port of Port Townsend ("Port").

**RECITALS**

WHEREAS, the Port of Port Townsend is the owner of the Jefferson County airport in Jefferson County, Washington, which includes a Large On-site Septic System for The Spruce Goose Restaurant (SEP2005-00344) located at 310 Airport Rd., AERO Museum (SEP2005-00234) located at 105 Airport Rd. and NW Hangars LLC (SEP2005-430) located at 191 Airport Rd. The original septic permit which includes the drainfield was for the Spruce Goose Restaurant and under septic permit (SEP1988-00102). The Spruce Goose Restaurant, AERO Museum and the NW Hangars LLC are associated with the Port parcel numbers 001-284-006 and 001-331-002, respectively.

WHEREAS, the Large On-site Septic System includes a drainfield, individual septic tanks for each location, a booster pump (regional, for all three connections), a Nibbler pre-treatment system (Spruce Goose only), and associated piping.

WHEREAS, the PUD may acquire, operate, maintain and add to sewage systems per Revised Code of Washington (RCW) 54.16.

WHEREAS, the PUD is authorized to provide operation and maintenance services to Large On-site septic systems under County Code 8.15.

**PUD SERVICES**

The PUD shall provide the following services to the System:

**1. Basic Services**

The PUD shall become acquainted with the System, including all physical facilities (tanks, collection system, valves, pumps, drainfields, controls, etc.) and operations and maintenance requirements.

The PUD will conduct Basic Services for the Septic System according to those activities described in the Description of Large On-site Septic System Services (Attachment A) in

accordance with accepted public health practices, Department of Health (DOH) and Jefferson County regulations.

## 2. Additional Services

Services other than Basic Services are also described in the Description of Large On-site Septic System Services (Attachment A). Any or all of these services are subject to this Agreement.

## **PUD CHARGES**

The Port agrees to pay the PUD has described in Attachment A. The PUD will invoice the Port to the address below:

Port of Port Townsend  
Accounts Receivable  
PO Box 1180  
Port Townsend WA 98368

## **OWNER RESPONSIBILITIES**

The Port is responsible for customer and all business aspects of the System including, all decisions on connections / disconnections, customer charges, customer billing, and customer relations.

Any new connection to, or expansion of, the System must be coordinated with the PUD to ensure system capacity is available.

The Port will provide the PUD with a detailed system description in the form of design or as-built drawings, and any available Operations and Maintenance Manual(s).

The Port will provide a Professional Engineer or DOH Licensed Septic Designer to meet consultation or system design needs.

## **TERMS AND CONDITIONS**

This Agreement includes all the terms and conditions in the PUD's agreement with the Port. Without limiting the foregoing, it is agreed as follows:

1. The PUD does not own the System. The PUD's responsibility is limited to the services set forth above.
2. The Port hereby grants the PUD license to enter onto the System properties in performance of the PUD responsibilities under this Agreement.
3. Duration. This Agreement shall remain in force unless amended or terminated with 90 day written notice by either party. If termination is proposed, the terminating party shall

forward a copy of the Agreement termination notification to the DOH and Jefferson County.

4. Integration. This Agreement constitutes the entire agreement between the parties. There are no other verbal or written agreements or representations which modify or affect this Contract.
5. Amendments to this Agreement shall be in writing and shall be signed by the responsible person from each party.
6. Indemnification. The Port shall assume the risk or, be liable for, and pay all damages, loss, cost and expense of any party arising out of the performance of this Agreement unless such damage, loss, cost or expense is caused solely by the negligence or willful misconduct of the PUD and its employees. The Port shall indemnify and hold harmless from all claims, losses, suits, actions, costs, counsel fees, litigation, litigation costs, expenses, damages, judgments or decrees by reason of damage to any property or business and/or death, injury or disability to any person or party arising out of or suffered directly or indirectly by reason of or in connection with the performance of this Agreement or any action, error or omission of the Port, Port's employees, agents or subcontractors, whether by negligence or otherwise. Both parties will agree on liability via arbitration or mediation.

PUD No. 1 of Jefferson County

By: \_\_\_\_\_  
Kevin Streett, General Manager

Date: \_\_\_\_\_

Port of Port Townsend

By: \_\_\_\_\_

Date: \_\_\_\_\_

## **ATTACHMENT A**

### **Description of Large On-site Septic System Services**

#### **1. PURPOSE**

The purpose of this attachment is to provide a description of services, service fees and communication protocol between the Public Utility District No. 1 of Jefferson County (PUD) and the Port of Port Townsend (Port) for the operation and maintenance of the Airport Large On-site Septic System (Airport LOSS).

#### **2. CERTIFICATIONS REQUIRED**

Installation of system components, pumping of tanks, and system maintenance must be completed by certified personnel according to WAC 246-272A-0340.

#### **3. BASIC SERVICES**

Basic Services will be billed monthly per charges listed in the current approved Schedule of Charges for Water and Sewer Services. The Port will be subject to monthly operation and maintenance fee increases as approved by the Board of Commissioners.

Basic Services includes taking routine inspection and monitoring of the Port's Airport LOSS. This includes basic assessment of all operational features of the Airport LOSS by monitoring pump run times, and drainfield dosing data.

The monthly fee does not cover operational cost such as electrical service, water service, drainfield mowing, screen replacement and or periodic septic tank pumping. These operational costs would be billed on a time and material basis.

Pump records will be taken monthly, along with drainfield dosing. These records will be maintained by the PUD and provided to the Port on request.

As part of Basic Services, the PUD will analyze pump data and note any unusual observations; determine the cause(s) of any malfunctions; gather monthly meter readings; and check for alarm lights, drainfield problems and other irregularities in the septic system.

Administrative obligations under this task are to ensure that the proper records are maintained; prepared; and provided to the Port upon request. In addition, the PUD will calculate any PUD charges (Basic and Additional Services) and prepare monthly

billings. Additional Services will be billed as stated in Section 4.

#### **4. ADDITIONAL SERVICES**

All Additional Services will be billed on a time and material basis. When an Additional Services is invoiced/billed a written report accompany the invoice/bill and will contain a brief description of activities, issues, and planned follow-up for any unresolved issues. A copy of this report will be sent to the Port's Deputy Director and to the Accounting Department.

Additional Services may be needed in order to provide continuous high-quality service to the Port's Airport LOSS customers and to meet regulatory requirements.

##### **4.1 Annual Operation and Maintenance inspection**

The PUD reserves the right to contract a 3rd party approved septic contractor to assist or perform the annual operation and maintenance inspection. This service will include all services necessary for the annual reporting.

##### **4.2 Incident Response**

Activity under this category involves incidents that require PUD personnel to respond, which includes emergency responses. The PUD is expected to assess the situation and respond.

##### **4.3 System Investigation / Repairs / Replacement**

System Investigation / Repairs / Replacements activities will occur when components fail or malfunction. The PUD is expected to assess the needs, oversee or conduct appropriate repair according to DOH and Jefferson County standards, including ordering replacement / repair parts as necessary. When System Investigation / Repairs / Replacements are required, the PUD will immediately advise the Port of the nature of the concern, and the approach proposed.

##### **4.4 Planned System Improvements**

Planned or required system upgrades will be initiated, scheduled, and approved by the Port.

##### **4.5 Planning and Technical Assistance**

The PUD will assist the Port and / or its consultants in preparation of various planning documents, such as revisions to the Operations and Maintenance Manual(s), system improvement plans, system capacity assessment, etc.

#### 4.6 GIS Assistance and Mapping

The PUD may be asked to apply resources for GIS map development to help the Port in describing service area and system descriptions component descriptions and locations.

### 5. NOTIFICATIONS.

For communication between the PUD and the Port, the following notifications are required:

- 5.1 When a septic issue is discovered, the PUD will report the incident to the Port contact.
- 5.2 In the case where the repair and or issue is time critical, the PUD will immediately begin the work to repair the issue to prevent damage or contamination.
- 5.3 If the issue is not time critical, the PUD will investigate the incident, determine potential solution and discuss with the Port contact.

#### **PUD Contact:**

Randy Calkins  
Wastewater Manager  
Address: 310 Four Corners Rd.  
Port Townsend, WA 98368  
Phone: 360-301-0249  
Email: [rcalkins@jeffpud.org](mailto:rcalkins@jeffpud.org)  
PUD No. 1 Customer Service  
Phone: 360-385-5800

#### **Port Contact:**

Eric Toews  
Deputy Director  
Address: P.O. Box 1180  
Port Townsend, WA 98368  
Phone:  
Email: [eric@portofpt.com](mailto:eric@portofpt.com)  
Port Administration Office  
Phone: 360-985-0656

**PUBLIC UTILITY DISTRICT NO. 1  
OF  
JEFFERSON COUNTY**

**RESOLUTION NO. 2022-0\_\_**

A RESOLUTION of the Board of Commissioners of the Public Utility District No. 1 of Jefferson County, Washington (the “PUD”), authorizing the General Manager to execute an Agreement for Operation and Maintenance Services for the Port of Port Townsend’s Large On-site Septic System at the Jefferson County Airport.

WHEREAS, the Port of Port Townsend (Port) and the PUD are entering into an Operation and Maintenance Agreement for Airport Hangar Nos. 4, 7 and 8 Large On-site Septic System (LOSS); and

WHEREAS, RCW 54.16.310, authorizes the PUD to provide operation and maintenance services and charge for its services; and

WHEREAS, The Jefferson County Code Section 8.15 states that the management of community on-site sewage systems shall be managed by an entity approved by Jefferson County Public Health Department Jefferson, and Jefferson County Health Board Resolution May 25, 1993, authorized the PUD to perform Operation and Maintenance (O&M) and inspection services; and

WHEREAS, Exhibit A of this resolution is the O&M agreement for the Airport Hangar Nos. 4, 7 and 8 Large On-site Septic System (LOSS); and

WHEREAS, The Port will be charged the PUD’s most current monthly operations and maintenance rates as stated in the most current Water and Sewer Charges and Fees Schedule; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington as follows:

Section 1. The foregoing recitals are hereby incorporated into this Resolution.

Section 2. The PUD authorizes the General Manager to execute an Agreement for O&M Services for the Port of Port Townsend’s Large On-site Septic System at Airport Hangar Nos. 4, 7 and 8 on behalf of the PUD.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, at a regular open meeting held this 3rd day of October 2022.

\_\_\_\_\_  
Kenneth Collins, President

\_\_\_\_\_  
Jeff Randall, Vice President

ATTEST:

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Dan Toepper, Secretary



## Agreement for Operation and Maintenance Services

For

the Port of Port Townsend Airport

Hangar Numbers 4, 7 and 8

Large On-site Septic System

This Agreement for the Airport Hangar Numbers (Nos.) 4, 7 and 8 Large On-site Septic System is made this \_\_\_\_ day of \_\_\_\_\_, 2022, by and between Public Utility District No. 1 of Jefferson County ("PUD") and the Port of Port Townsend ("Port").

### RECITALS

WHEREAS, the Port of Port Townsend is the owner of the Jefferson County airport in Jefferson County, Washington, which includes a Large On-site Septic System for Hangar No. 4 (SEP2008-00076), Hangar Nos. 7 & 8 (SEP2008-00096) and Tank only permit for Hangar No. 4 (SEP2008-00191). Hangar Nos. 4, 7 & 8 are associated with the Port parcel number 001-331-002, respectively.

WHEREAS, the Large On-site Septic System includes a 2 modular Glendon drainfield, individual septic tanks for each location, and associated piping.

WHEREAS, the PUD may acquire, operate, maintain and add to sewage systems per Revised Code of Washington (RCW) 54.16.

WHEREAS, the PUD is authorized to provide operation and maintenance services to Large On-site septic systems under County Code 8.15.

### PUD SERVICES

The PUD shall provide the following services to the System:

#### 1. Basic Services

The PUD shall become acquainted with the System, including all physical facilities (tanks, collection system, valves, pumps, drainfields, controls, etc.) and operations and maintenance requirements.

The PUD will conduct Basic Services for the Septic System according to those activities described in the Description of Large On-site Septic System Services (Attachment A) in accordance with accepted public health practices, Department of Health (DOH) and Jefferson County regulations.

#### 2. Additional Services

Services other than Basic Services are also described in the Description of Large On-site Septic System Services (Attachment A). Any or all of these services are subject to this Agreement.

## **PUD CHARGES**

The Port agrees to pay the PUD has described in Attachment A. The PUD will invoice the Port to the address below:

Port of Port Townsend  
Accounts Receivable  
PO Box 1180  
Port Townsend WA 98368

## **OWNER RESPONSIBILITIES**

The Port is responsible for customer and all business aspects of the System including, all decisions on connections / disconnections, customer charges, customer billing, and customer relations.

Any new connection to, or expansion of, the System must be coordinated with the PUD to ensure system capacity is available.

The Port will provide the PUD with a detailed system description in the form of design or as-built drawings, and any available Operations and Maintenance Manual(s).

The Port will provide a Professional Engineer or DOH Licensed Septic Designer to meet consultation or system design needs.

## **TERMS AND CONDITIONS**

This Agreement includes all the terms and conditions in the PUD's agreement with the Port. Without limiting the foregoing, it is agreed as follows:

1. The PUD does not own the System. The PUD's responsibility is limited to the services set forth above.
2. The Port hereby grants the PUD license to enter onto the System properties in performance of the PUD responsibilities under this Agreement.
3. Duration. This Agreement shall remain in force unless amended or terminated with 90 day written notice by either party. If termination is proposed, the terminating party shall forward a copy of the Agreement termination notification to the DOH and Jefferson County.
4. Integration. This Agreement constitutes the entire agreement between the parties.

There are no other verbal or written agreements or representations which modify or affect this Contract.

5. Amendments to this Agreement shall be in writing and shall be signed by the responsible person from each party.
6. Indemnification. The Port shall assume the risk or, be liable for, and pay all damages, loss, cost and expense of any party arising out of the performance of this Agreement unless such damage, loss, cost or expense is caused solely by the negligence or willful misconduct of the PUD and its employees. The Port shall indemnify and hold harmless from all claims, losses, suits, actions, costs, counsel fees, litigation, litigation costs, expenses, damages, judgments or decrees by reason of damage to any property or business and/or death, injury or disability to any person or party arising out of or suffered directly or indirectly by reason of or in connection with the performance of this Agreement or any action, error or omission of the Port, Port's employees, agents or subcontractors, whether by negligence or otherwise. Both parties will agree on liability via arbitration or mediation.

PUD No. 1 of Jefferson County

By: \_\_\_\_\_

Kevin Streett, General Manager

Date: \_\_\_\_\_

Port of Port Townsend

By: \_\_\_\_\_

Date: \_\_\_\_\_

## **ATTACHMENT A**

### **Description of Large On-site Septic System Services**

#### **1. PURPOSE**

The purpose of this attachment is to provide a description of services, service fees and communication protocol between the Public Utility District No. 1 of Jefferson County (PUD) and the Port of Port Townsend (Port) for the operation and maintenance of the Airport Hangars No. 4, 7 & 8 Large On-site Septic System (Airport Hangars LOSS).

#### **2. CERTIFICATIONS REQUIRED**

Installation of system components, pumping of tanks, and system maintenance must be completed by certified personnel according to WAC 246-272A-0340.

#### **3. BASIC SERVICES**

Basic Services will be billed monthly per charges listed in the current approved Schedule of Charges for Water and Sewer Services. The Port will be subject to monthly operation and maintenance fee increases as approved by the Board of Commissioners.

Basic Services includes taking routine inspection and monitoring of the Port's Airport Hangars LOSS. This includes basic assessment of all operational features of the Airport Hangars LOSS by monitoring pump run times, and drainfield dosing data.

The monthly fee does not cover operational cost such as electrical service, water service, drainfield mowing, screen replacement and or periodic septic tank pumping. These operational costs would be billed on a time and material basis.

Pump records will be taken monthly, along with drainfield dosing. These records will be maintained by the PUD and provided to the Port on request.

As part of Basic Services, the PUD will analyze pump data and note any unusual observations; determine the cause(s) of any malfunctions; gather monthly meter readings; and check for alarm lights, drainfield problems and other irregularities in the septic system.

Administrative obligations under this task are to ensure that the proper records are maintained; prepared; and provided to the Port upon request. In addition, the PUD will calculate any PUD charges (Basic and Additional Services) and prepare monthly

billings. Additional Services will be billed as stated in Section 4.

#### **4. ADDITIONAL SERVICES**

All Additional Services will be billed on a time and material basis. When an Additional Services is invoiced/billed a written report accompany the invoice/bill and will contain a brief description of activities, issues, and planned follow-up for any unresolved issues. A copy of this report will be sent to the Port's Deputy Director and to the Accounting Department.

Additional Services may be needed in order to provide continuous high-quality service to the Port's Airport Hangars LOSS customers and to meet regulatory requirements.

##### **4.1 Annual Operation and Maintenance inspection**

The PUD reserves the right to contract a 3rd party approved septic contractor to assist or perform the annual operation and maintenance inspection. This service will include all services necessary for the annual reporting.

##### **4.2 Incident Response**

Activity under this category involves incidents that require PUD personnel to respond, which includes emergency responses. The PUD is expected to assess the situation and respond.

##### **4.3 System Investigation / Repairs / Replacement**

System Investigation / Repairs / Replacements activities will occur when components fail or malfunction. The PUD is expected to assess the needs, oversee or conduct appropriate repair according to DOH and Jefferson County standards, including ordering replacement / repair parts as necessary. When System Investigation / Repairs / Replacements are required, the PUD will immediately advise the Port of the nature of the concern, and the approach proposed.

##### **4.4 Planned System Improvements**

Planned or required system upgrades will be initiated, scheduled, and approved by the Port.

##### **4.5 Planning and Technical Assistance**

The PUD will assist the Port and / or its consultants in preparation of various planning documents, such as revisions to the Operations and Maintenance Manual(s), system improvement plans, system capacity assessment, etc.

#### 4.6 GIS Assistance and Mapping

The PUD may be asked to apply resources for GIS map development to help the Port in describing service area and system descriptions component descriptions and locations.

### 5. NOTIFICATIONS.

For communication between the PUD and the Port, the following notifications are required:

- 5.1 When a septic issue is discovered, the PUD will report the incident to the Port contact.
- 5.2 In the case where the repair and or issue is time critical, the PUD will immediately begin the work to repair the issue to prevent damage or contamination.
- 5.3 If the issue is not time critical, the PUD will investigate the incident, determine potential solution and discuss with the Port contact.

#### **PUD Contact:**

Randy Calkins  
Wastewater Manager  
Address: 310 Four Corners Rd.  
Port Townsend, WA 98368  
Phone: 360-301-0249  
Email: [rcalkins@jeffpud.org](mailto:rcalkins@jeffpud.org)  
PUD No. 1 Customer Service  
Phone: 360-385-5800

#### **Port Contact:**

Eric Toews  
Deputy Director  
Address: P.O. Box 1180  
Port Townsend, WA 98368  
Phone:  
Email: [eric@portofpt.com](mailto:eric@portofpt.com)  
Port Administration Office  
Phone: 360-985-0656

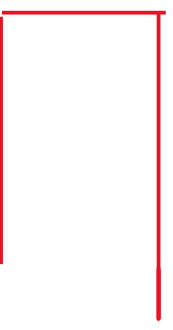


## **AGENDA REPORT**

**DATE:** October 3, 2022  
**TO:** Board of Commissioners  
**FROM:** Scott Bancroft  
**RE:** Timber Sale

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On September 10, 2022, a wildland fire started on Washington State DNR property parcel 801063001. The wildfire spread to property owned by PUD parcel 801061004 also known as Peterson Lake. The fire impacted area 69 of PUD Forest Management Plan. Area 69 is a 6.7 acres section of the 210.52 acres owned by PUD. The fire burned about 3.5 acres of area 69. This wildland fire could have been much worse if not for local firefighters from Chimacum, Quilcene, Port Townsend and Discovery Bay. The local firefighters fought the fire all night. Assistance from DNR was made available the night of September 10, 2022. The wildland fire was considered totally extinguished on September 14, 2022. PUD staff is requesting approval to harvest timber in area 69. The harvest would remove burned trees to prevent potential bug infestation and disease, the section would then be replanted with Douglas fir and Cedar mix for future generations.









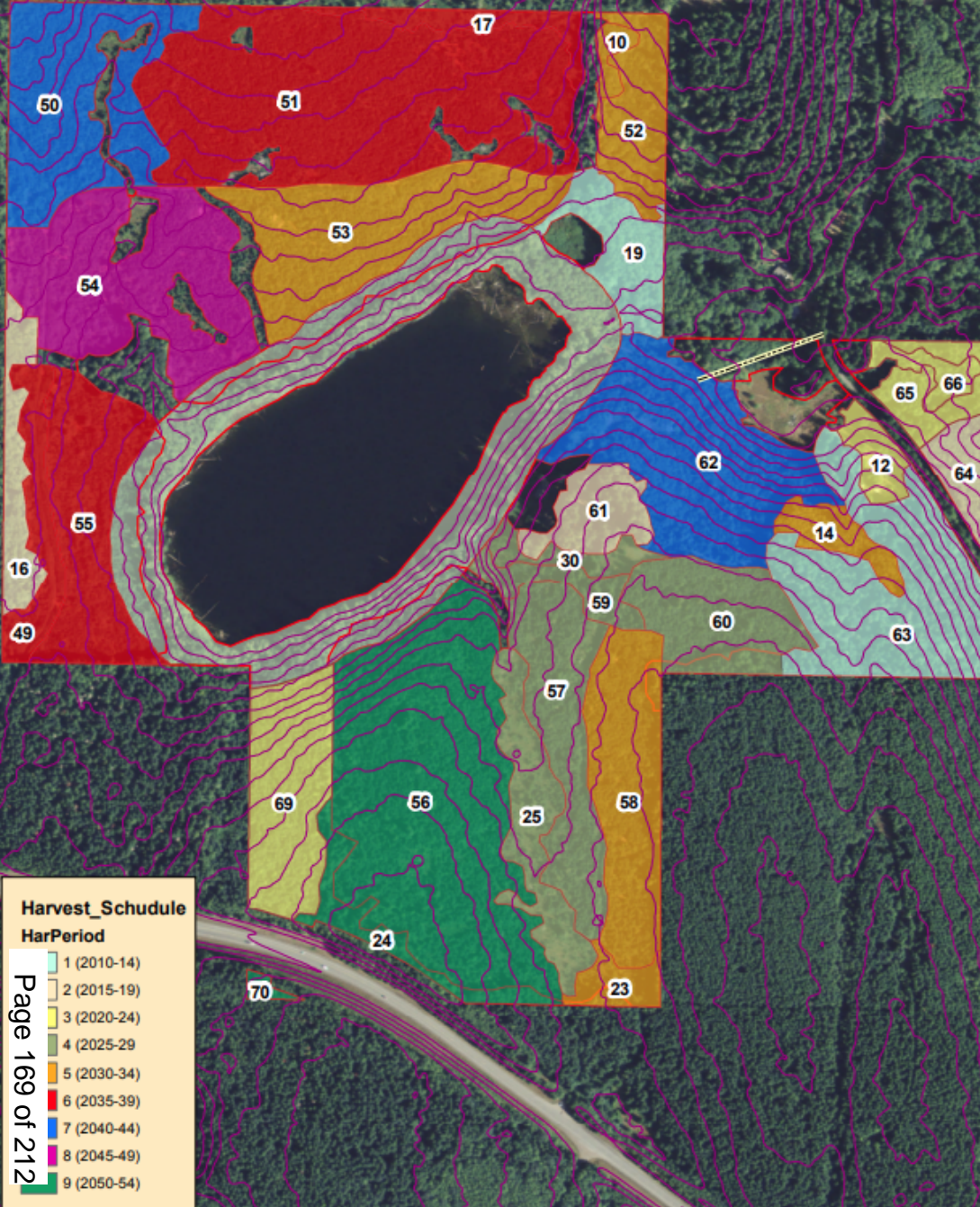












# Proceeds of Timber Sale

- Pre-commercial thinning in areas 51, 53, 54, 60, 62.
- Maintaining the rental properties.
- Clean-up from logging.
- Replanting of trees.



# Jefferson County PUD No. 1

## 2023 Budget



The proposed budget for 2023 on the following pages shows Staff's best idea on what money will be coming into the PUD and what money will be going out. This is a guide to the financial path that will allow the PUD to operate day to day as well as complete capital projects.

In 2023, we are budgeting for our new broadband utility. Most of the budget numbers for broadband are based on the probability of building out our fiber and adding connections as an Internet Service Provider.

As part of the budget packet, Staff has included supplementary pages showing a look back at the actual operating revenues and expenses since 2017. Also, a 10-year forecast is included in the supplementary pages. An outline of capital purchases and projects that will need to be completed in the next 5 to 10 years is included.

**Electric Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$46,009,532
Other	\$31,442
Interest	\$4,902
Customer Contributions	\$1,539,542
Grant/Loan Proceeds	\$5,530,555
	<u>\$53,115,973</u>

Expenses	
Purchased Resources	\$19,499,834
Operations & Maintenance	\$7,895,774
Customer Related	\$2,098,849
Administrative and General	\$5,132,534
Taxes	\$2,554,821
Debt	\$6,877,373
Capital	\$6,779,150
	<u>\$50,838,335</u>

**Net Change in Op. Reserves      \$ 2,277,638**

**Broadband Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$828,070
Other	\$600,000
Interest	\$0
Customer Contributions	\$205,000
Grant/Loan Proceeds	\$15,879,366
	<u>\$17,512,436</u>

Expenses	
Purchased Resources	\$15,819
Operations & Maintenance	\$1,247,159
Customer Related	\$149,528
Administrative and General	\$550,003
Taxes	\$16,048
Debt	\$387,394
Capital	\$15,172,063
	<u>\$17,538,014</u>

**Net Change in Op. Reserves      \$ (25,578)**

**Water Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$4,671,610
Other	\$380,815
Interest	\$24,651
Customer Contributions	\$263,519
Grant/Loan Proceeds	\$3,019,982
	<u>\$8,360,577</u>

Expenses	
Purchased Resources	\$142,432
Operations & Maintenance	\$1,634,101
Customer Related	\$260,493
Administrative and General	\$1,257,099
Taxes	\$169,026
Debt	\$793,515
Capital	\$3,532,419
	<u>\$7,789,085</u>

**Net Change in Op. Reserves      \$ 571,492**

**Sewer Summary (cash basis)**

	2023
Revenues	Budget
Sales	\$243,441
Other	\$28,770
Interest	\$1,862
Customer Contributions	\$19,908
Grant/Loan Proceeds	\$0
	<u>\$293,981</u>

Expenses	
Purchased Resources	\$10,607
Operations & Maintenance	\$387,577
Customer Related	\$19,619
Administrative and General	\$94,971
Taxes	\$12,770
Debt	\$51,538
Capital	\$55,000
	<u>\$632,082</u>

**Net Change in Op. Reserves      \$ (338,101)**

## 2023 Budget Presentation Talking Points

1. Electric and Water Revenues were increased by 4.5% based on 2021 Rate increases.
2. Broadband Revenues are based on projected connections along with current connections.
3. We raised expenses by 8%.
4. We raised our Fleet Expenses by 8% based on new vehicles and personnel.
5. We have budgeted for 11 new positions in 2023. The positions include 1 Broadband Admin, 2 Broadband Tech, 1 SCADA/Substation Apprentice, 1 Network Engineer, 3 Linemen, 1 Summer Intern, 1 Water Meter Reader, and 1 Custodian.
6. We kept our Purchased Power cost about the same but did add some for projected BPA reserves cost adjustment.
7. Electric Transmission Expense is primarily Bonneville Power Administration (BPA) but also includes expenses (labor, materials, fleet) associated with maintaining transmission lines.
8. Included in Electric Distribution Expense—Maintenance is \$800,000 for tree trimming.
9. Included in the Administrative and General expenses is \$150,000 available for raises per RCW 54.16.100.
10. Interest on Long-Term Debt is based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
11. Labor, Benefits, Fleet, and Inventory Expenses are based on historical information
12. All expenses are based on actual expenses from June 2021 to May 2022.
13. Training Budgets were reduced based on historical training expenses.
14. We have included a COLA increase for Non-Represented Employees and COLAs for Union Employees per their contracts.
15. Property tax revenues have been kept at the same level as last year and 100% of the funds will go toward Broadband.
16. Electric Construction Projects are based on the previously approved 4-year work plan with Board approved additions.
17. Water Construction Projects are based on current needs and our 10-year work plan.
18. Broadband Construction Projects are based on previously approved Grant Areas and applications.
19. General Plant capital purchases include warehouse improvements, information technology equipment, fleet, electric tools, communications, and engineering costs.
20. Principal payments on long-term debt are based on the amortization schedules within our loan documents with RUS, USDA Rural Development, and bonds.
21. Added depreciation back into the cash flow as our construction costs should be close to our depreciation rate. We are replenishing our assets at the same rate they are depreciating.
22. We still have some LUDs that are paying on assessments which the Treasurer's Office collects and then we pay the bond payments.
23. We incorporated a 10-year Financial Forecast into the 2023 budget along with a 5-year look back.



**EXHIBIT A**  
**2023 PUD Electric, Water, and Broadband Utility Budgets**

	<u>Electrical</u> <u>Utility</u>	<u>Water</u> <u>Utility</u>	<u>Broadband</u> <u>Utility</u>	<u>Talking</u> <u>Points</u>
<b>Operating Revenues</b>	\$46,009,532	\$4,915,051	\$828,070	1,2
<b>Operating Expenses</b>				3,4,5
Power Production Cost	\$0	\$2,027	\$0	
Cost of Purchased Power	\$17,095,180	\$151,012	\$15,819	6
Transmission Expense	\$2,404,654	\$0	\$0	7
Distribution Expense--Operation	\$3,116,911	\$1,412,908	\$440,469	
Distribution Expense--Maintenance	\$4,778,863	\$608,771	\$806,690	8
Customer Accounts Expense	\$2,075,683	\$280,113	\$149,528	
Customer Service and Informational Expense	\$23,166	\$0	\$0	
Administrative and General Expense	\$5,132,534	\$1,352,069	\$550,003	9
Depreciation & Amortization Expense	\$5,605,637	\$388,013	\$0	
Tax Expense--Other	\$2,554,821	\$181,796	\$16,048	
Interest on Long-Term Debt	\$2,756,315	\$182,692	\$0	10
Interest Expense--Other	\$0	\$0	\$0	
Other Deductions	\$0	\$0	\$0	
<b>Total Operating Expenses</b>	<b>\$45,543,764</b>	<b>\$4,559,401</b>	<b>\$1,978,557</b>	11,12,13,14
<b>Net Operating Margins (Loss)</b>	<b>\$465,768</b>	<b>\$355,650</b>	<b>(\$1,150,487)</b>	
<b>Property Tax Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$600,000</b>	15
<b>Non-Operating Margins (Loss)</b>	<b>\$1,575,886</b>	<b>\$719,525</b>	<b>\$205,000</b>	
<b>Net Margins (Loss)</b>	<b>\$2,041,654</b>	<b>\$1,075,175</b>	<b>(\$345,487)</b>	
<b>Cash Flow Budget</b>				
Construction Projects	\$6,044,500	\$3,477,419	\$0	16,17
General Plant Purchases	\$734,650	\$110,000	\$15,172,062	18,19
Principal on Long Term Debt	\$4,121,058	\$662,361	\$387,394	20
Add Depreciation & Amortization (non-cash)	(\$5,605,637)	(\$388,013)	\$0	21
Principal & Interest Received on LUDs	\$0	(\$442,966)	\$0	22
Grants and Loan Funds	(\$5,530,555)	(\$2,577,016)	(\$15,879,366)	
<b>Total Cash Expenditures/Cash Outflow</b>	<b>(\$235,984)</b>	<b>\$841,785</b>	<b>(\$319,910)</b>	23
<b>Net Cash Inflow/(Outflow)</b>	<b>\$2,277,638</b>	<b>\$233,390</b>	<b>(\$25,577)</b>	
Net TIER (Minimum of 1.25)	1.74			
Net DSC (Minimum of 1.25)	1.51			

**Electric Utility  
Expense Changes  
2022 Budget to 2023 Budget**

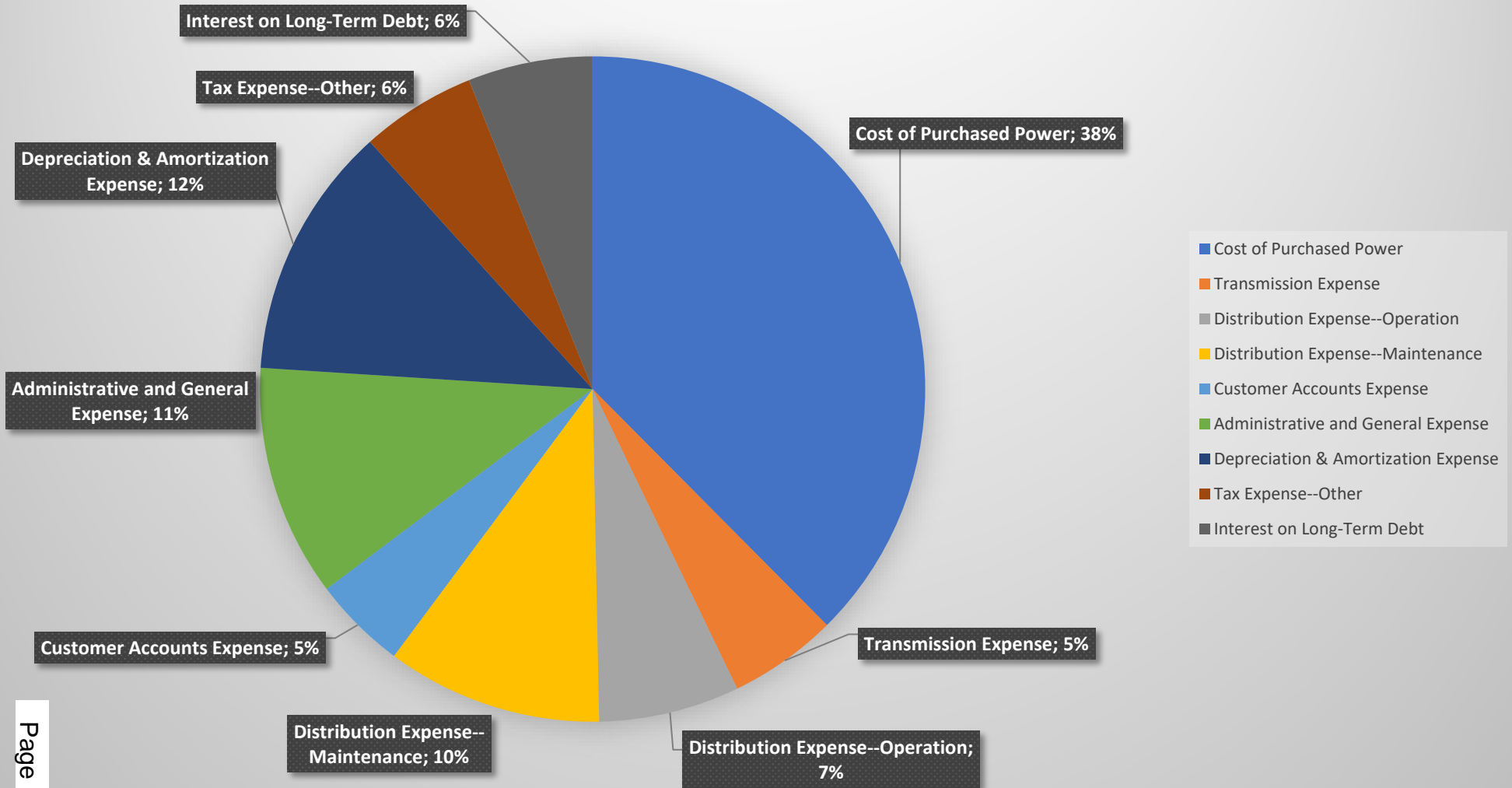
	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$40,094,599	\$46,009,532	\$5,914,933
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$0	\$0
Cost of Purchased Power	\$15,050,647	\$17,095,180	\$2,044,533
Transmission Expense	\$1,988,049	\$2,404,654	\$416,605
Distribution Expense--Operation	\$2,472,245	\$3,116,911	\$644,666
Distribution Expense--Maintenance	\$5,016,304	\$4,778,863	(\$237,441)
Customer Accounts Expense	\$2,202,865	\$2,075,683	(\$127,182)
Customer Service and Informational Expense	\$18,794	\$23,166	\$4,372
Administrative and General Expense	\$5,537,981	\$5,132,534	(\$405,447)
Depreciation & Amortization Expense	\$5,548,199	\$5,605,637	\$57,438
Tax Expense--Other	\$2,262,163	\$2,554,821	\$292,658
Interest on Long-Term Debt	\$2,720,820	\$2,756,315	\$35,495
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$42,818,067</b>	<b>\$45,543,764</b>	<b>\$2,725,697</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$2,723,468)</b>	<b>\$465,768</b>	<b>\$3,189,236</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$2,088,887</b>	<b>\$1,575,886</b>	<b>(\$513,001)</b>
<b>Net Margins (Loss)</b>	<b>(\$634,581)</b>	<b>\$2,041,654</b>	<b>\$2,676,235</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$3,595,500	\$6,044,500	\$2,449,000
General Plant Purchases	\$3,111,550	\$734,650	(\$2,376,900)
Principal on Long Term Debt	\$3,474,557	\$4,121,058	\$646,501
Add Depreciation & Amortization (non-cash)	(\$5,548,199)	(\$5,605,637)	(\$57,438)
Principal & Interest Received on LUDs	\$0	\$0	\$0
Grants and Loan Funds	\$0	(\$5,530,555)	(\$5,530,555)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$4,633,408</b>	<b>(\$235,984)</b>	<b>(\$4,869,392)</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$5,267,989)</b>	<b>\$2,277,638</b>	<b>\$7,545,627</b>
Net TIER (Minimum of 1.25)	0.77	1.74	0.97
Net DSC (Minimum of 1.25)	1.23	1.51	0.28

**Water Utility  
Expense Changes  
2022 Budget to 2023 Budget**

	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$2,757,235	\$4,915,051	\$2,157,816
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$2,027	\$2,027
Cost of Purchased Power	\$135,041	\$151,012	\$15,971
Transmission Expense	\$0	\$0	\$0
Distribution Expense--Operation	\$1,024,330	\$1,412,908	\$388,578
Distribution Expense--Maintenance	\$605,218	\$608,771	\$3,553
Customer Accounts Expense	\$207,322	\$280,113	\$72,791
Customer Service and Informational Expense	\$0	\$0	\$0
Administrative and General Expense	\$1,097,305	\$1,352,069	\$254,764
Depreciation & Amortization Expense	\$428,634	\$388,013	(\$40,621)
Tax Expense--Other	\$133,811	\$181,796	\$47,985
Interest on Long-Term Debt	\$235,079	\$182,692	(\$52,387)
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$3,866,740</b>	<b>\$4,559,401</b>	<b>\$692,661</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$1,109,505)</b>	<b>\$355,650</b>	<b>\$1,465,155</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$247,535</b>	<b>\$719,525</b>	<b>\$471,990</b>
<b>Net Margins (Loss)</b>	<b>(\$861,970)</b>	<b>\$1,075,175</b>	<b>\$1,937,145</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$633,105	\$3,477,419	\$2,844,314
General Plant Purchases	\$55,000	\$110,000	\$55,000
Principal on Long Term Debt	\$633,513	\$662,361	\$28,848
Add Depreciation & Amortization (non-cash)	(\$428,634)	(\$388,013)	\$40,621
Principal & Interest Received on LUDs	(\$442,966)	(\$442,966)	\$0
Grants and Loan Funds	\$0	(\$2,577,016)	(\$2,577,016)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$450,018</b>	<b>\$841,785</b>	<b>\$391,767</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$1,311,988)</b>	<b>\$233,390</b>	<b>\$1,545,378</b>

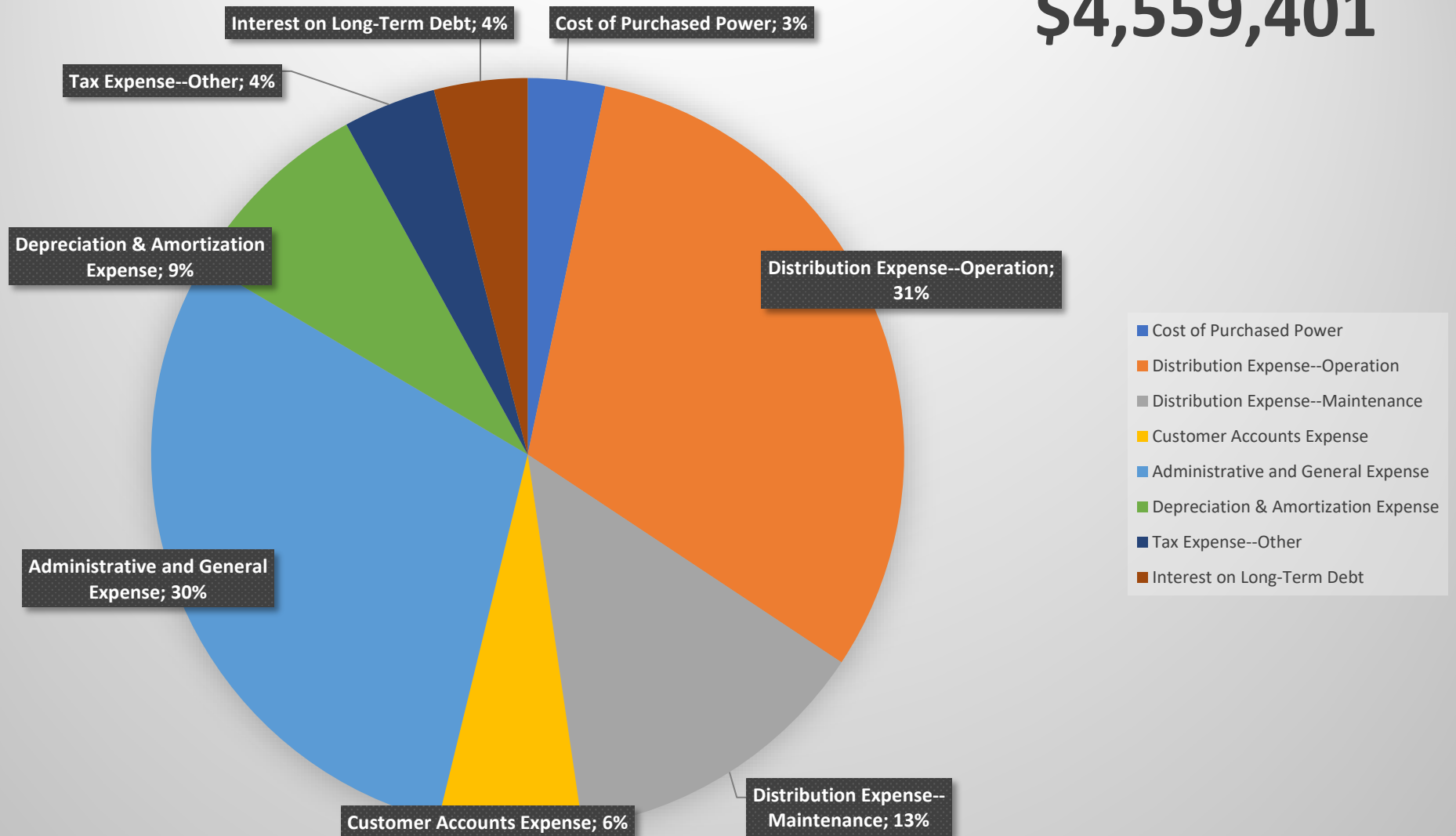
# Electric Expenses

## \$45,543,764



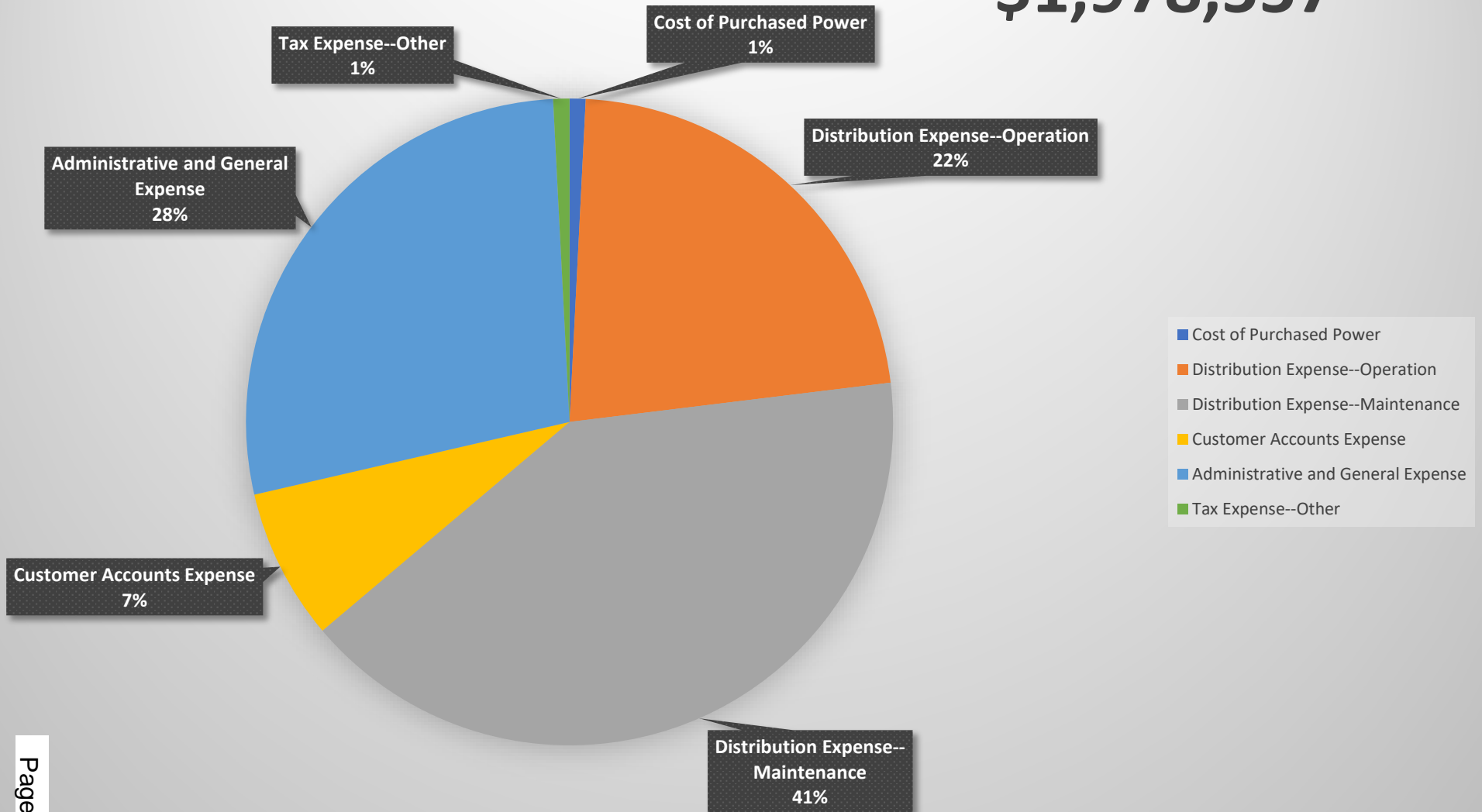
# Water Expenses

## \$4,559,401



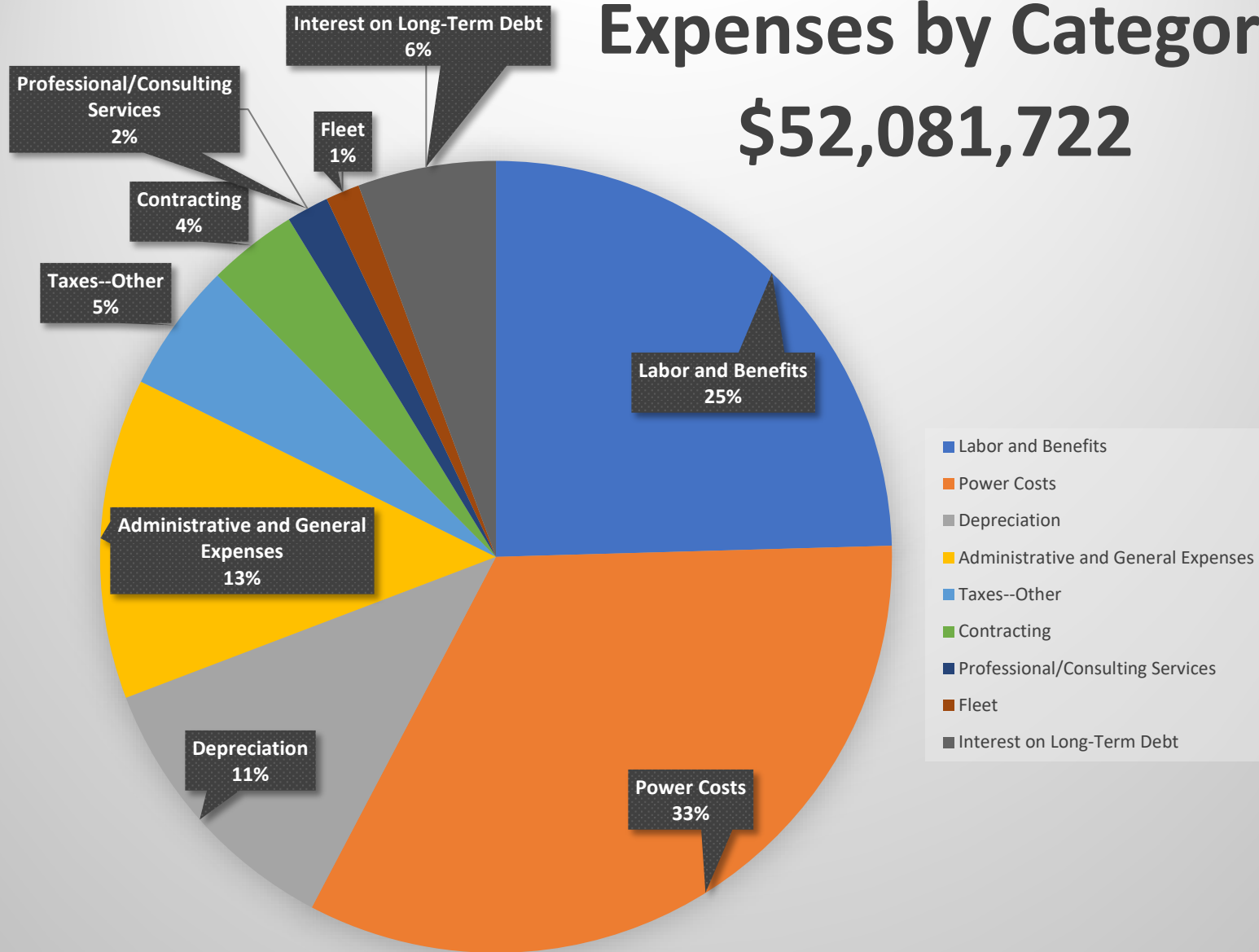
# Broadband Expenses

## \$1,978,557



# Expenses by Category

## \$52,081,722



## Combined Utility Expenses By Category

Expense Category	Amount	Percentage
Labor and Benefits	\$12,787,059	25%
Power Costs	\$17,264,038	33%
Depreciation	\$5,993,650	12%
Administrative and General Expenses	\$6,816,572	13%
Taxes--Other	\$2,752,665	5%
Contracting	\$1,904,458	4%
Professional/Consulting Services	\$901,447	2%
Fleet	\$722,826	1%
Interest on Long-Term Debt	\$2,939,007	6%
<b>Total</b>	<b>\$52,081,722</b>	<b>100%</b>

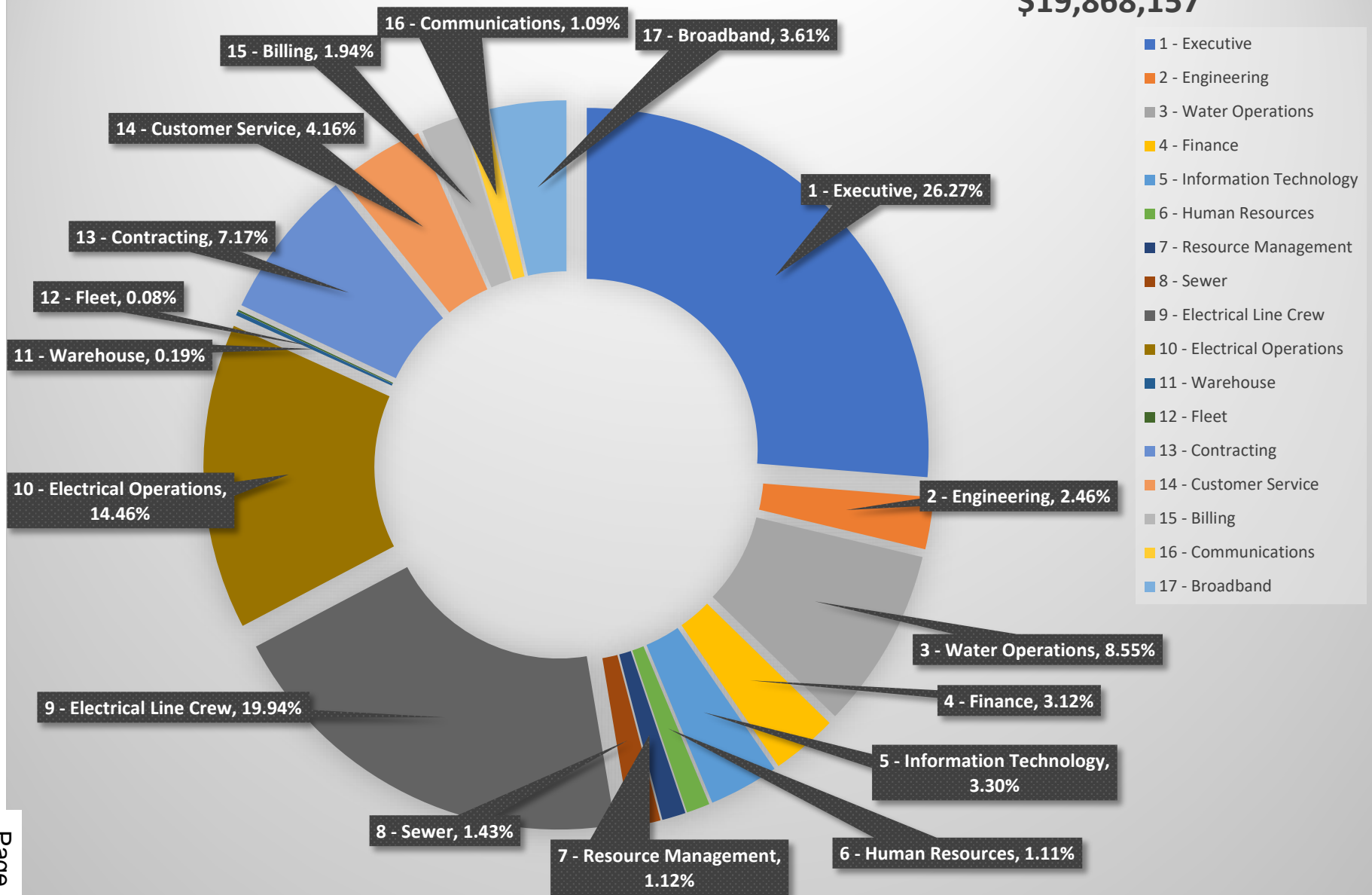


# Expense Allocation By Department

Department	Labor and Benefits	Administrative and		Professional and		Total	Percentage
		General	Contracting	Consulting Services	Fleet		
1 - Executive	\$2,963,073	\$1,443,373	\$39,967	\$707,728	\$66,184	\$5,220,324	26.27%
2 - Engineering	\$438,886	\$44,174	\$2,734	\$0	\$2,842	\$488,635	2.46%
3 - Water Operations	\$1,093,651	\$255,765	\$89,590	\$1,178	\$258,794	\$1,698,979	8.55%
4 - Finance	\$506,108	\$110,755	\$2,407	\$0	\$0	\$619,270	3.12%
5 - Information Technology	\$422,943	\$229,214	\$1,604	\$2,410	\$186	\$656,357	3.30%
6 - Human Resources	\$187,462	\$28,092	\$802	\$3,737	\$0	\$220,093	1.11%
7 - Resource Management	\$211,462	\$9,525	\$802	\$834	\$0	\$222,623	1.12%
8 - Sewer	\$153,867	\$14,119	\$62,574	\$3,459	\$49,768	\$283,786	1.43%
9 - Electrical Line Crew	\$3,146,859	\$480,021	\$149,071	\$26,950	\$158,313	\$3,961,214	19.94%
10 - Electrical Operations	\$1,984,993	\$687,033	\$11,884	\$10,646	\$178,772	\$2,873,328	14.46%
11 - Warehouse	\$18,821	(\$532)	\$14,868	\$0	\$4,313	\$37,469	0.19%
12 - Fleet	\$11,574	\$3,057	\$802	\$0	\$192	\$15,625	0.08%
13 - Contracting	\$0	\$2,707	\$1,416,456	\$4,903	\$0	\$1,424,066	7.17%
14 - Customer Service	\$773,668	\$26,353	\$4,813	\$21,371	\$0	\$826,206	4.16%
15 - Billing	\$372,911	\$9,570	\$2,407	\$0	\$0	\$384,888	1.94%
16 - Communications	\$78,034	\$116,284	\$802	\$22,338	\$0	\$217,459	1.09%
17 - Broadband	\$422,746	\$92,859	\$102,875	\$95,892	\$3,463	\$717,835	3.61%
Totals	\$12,787,059	\$3,552,367	\$1,904,458	\$901,447	\$722,826	\$19,868,157	

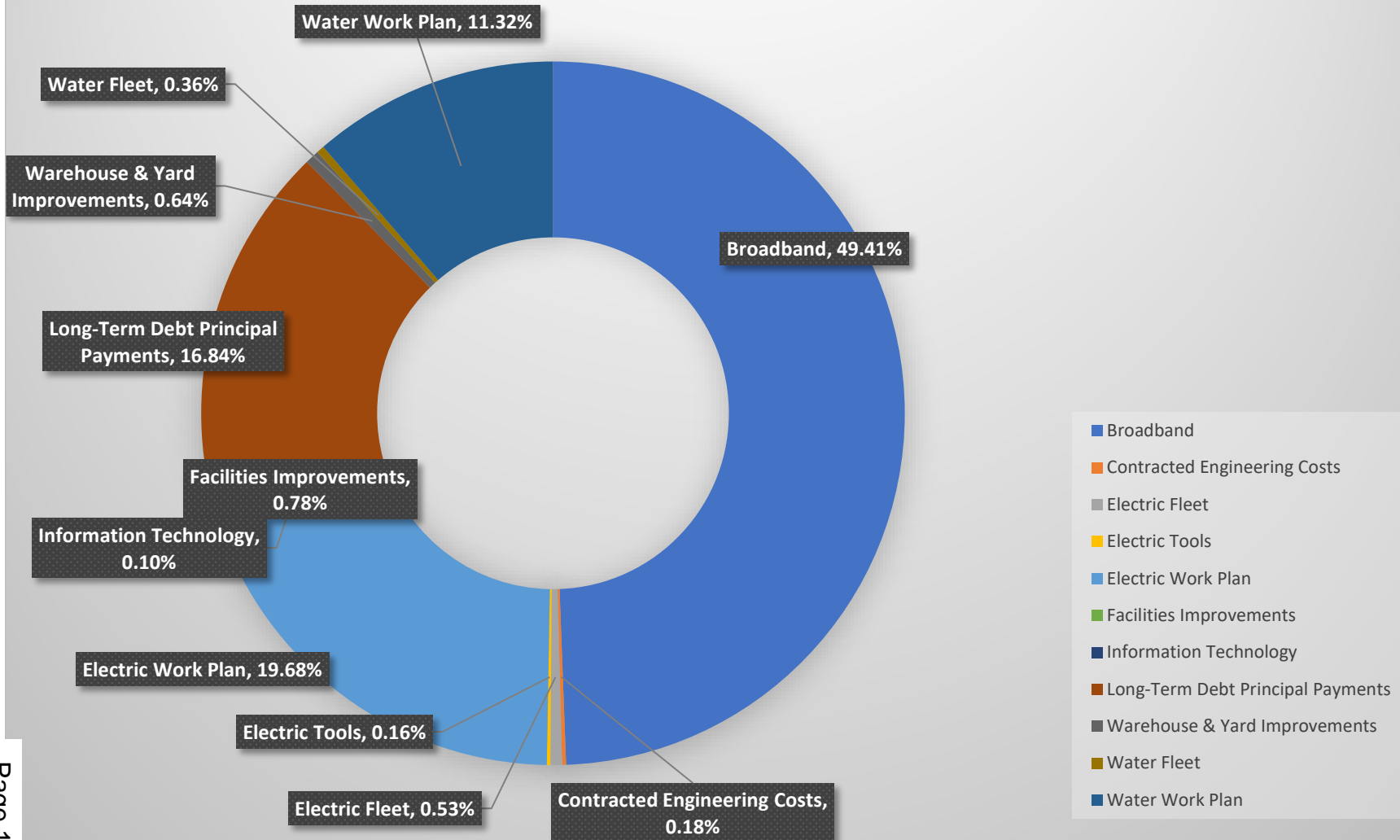
## Expense Allocation By Department

**\$19,868,157**



# Capital and Debt Principal Costs

## \$30,709,444



## Capital and Debt Principal Costs By Category

Cost Group	Amount	Percentage
Broadband	\$15,172,062	49.41%
Contracted Engineering Costs	\$55,000	0.18%
Electric Fleet	\$164,000	0.53%
Electric Tools	\$50,000	0.16%
Electric Work Plan	\$6,044,500	19.68%
Facilities Improvements	\$238,150	0.78%
Information Technology	\$30,000	0.10%
Long-Term Debt Principal Payments	\$5,170,813	16.84%
Warehouse & Yard Improvements	\$197,500	0.64%
Water Fleet	\$110,000	0.36%
Water Work Plan	\$3,477,419	11.32%
<b>Total</b>	<b>\$30,709,444</b>	<b>100%</b>

### 2023 Electric Work Plan Capital Costs

Item #	Description	Budget Amount
101	UG Distribution Line Extensions	\$300,000
102	OH Distribution Line Extensions	\$175,000
103	New Subdivision	\$150,000
202	Underground Feeds Out of Irondale Bay 2	\$100,000
301	Convert Single Phase to Three Phase	\$150,000
303	Convert OH to UG 4 Locations	\$380,000
501	Replace Aging Substation Equipment--Hastings	\$235,000
503	Replace/Install New Relays	\$120,000
505	SCADA System Substation Communications and Devices Upgrades	\$100,000
507-2	New Breaker Hastings	\$210,000
601-1	Install new pole-mount Transformers to serve new customers. 10 per year	\$30,000
601-2	Install new pad-mount Transformers to serve new customers. 15 per year	\$40,000
601-3	Transformer replacement of aging units. 60 per year	\$180,000
604-1	Install four new Three-Phase distribution line reclosers	\$0
605-1	Install new line regulators	\$175,000
605-2	Regulator replacement of aging units	\$0
607	Pole Replacements. 20 per year	\$180,000
608	Replace Aging Conductors	\$354,500
608-1	Install Single Phase 15kv 1/0 Distribution Line	\$225,000
610	Wildlife Protection. X sites	\$25,000
701	Security and Street Lighting	\$20,000
703	SCADA System Distribution Line Devices Communications and Control Upgrades	\$90,000
704	SCADA Communications	\$40,000
705-1	Meter Replacement Project	\$2,300,000
1001	Move Transmission Poles for Easements	\$160,000
1002	Install 115kVA Switches	\$125,000
1101	Easements and Right-of-Way	\$80,000
1201	Fiber Line Extensions	\$0
1302	Fencing	\$100,000
<b>Total Electric Capital Costs</b>		<b>\$6,044,500</b>

### 2023 Water Work Plan Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Quilcene Water Tank	\$2,577,016
WSDOT Culvert Replacement Chimacum Creek	\$410,403
Brinnon Consolidation Projects--Feasibility Studies	\$180,000
Service Line Replacement	\$60,000
Well Pump and Motor Replacement	\$40,000
Booser Pump Replacements	\$60,000
Water Distribution Replacement	\$140,000
Wastewater system improvements	\$10,000
<b>Total Water Capital Costs</b>	<b>\$3,477,419</b>

### 2023 Broadband Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Huts/Buildings	\$163,506
Fiber	\$9,655,334
Engineering	\$1,699,975
Core PON	\$210,134
Drops	\$1,527,980
ONTs	\$771,247
Consulting	\$125,529
Contingency	\$1,018,357
<b>Total Broadband Capital Costs</b>	<b>\$15,172,062</b>

### 2023 Facilities Improvements

<b>Description</b>	<b>Budget Amount</b>
Solar Panel Installation at 310 Four Corners	\$238,150
<b>Total Facilities Improvements Capital Costs</b>	<b>\$238,150</b>



### 2023 Warehouse and Yard Improvements Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Log, clear area at 310 Four Corners for new fiber lay yard. Costs are from fencing and County requirements.	\$130,000
Install utility pole bunks between the asphalt road and storm water drainage pond.	\$30,000
Install concrete base around PUD oil storage facility in the open shed.	\$30,000
Install fencing around Oil containment with two 8' gates.	\$7,500
<b>Total Warehouse and Yard Capital Costs</b>	<b>\$197,500</b>

### 2023 Information Technology Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Network Switches	\$30,000
<hr/>	
<b>Total IT Capital Costs</b>	<b>\$30,000</b>

### 2023 Electric Fleet Capital Costs

<b>Description</b>	<b>Budget Amount</b>	
Electric Vehicle	\$50,000	On order
Ford Ranger	\$32,000	On order
Ford Ranger	\$32,000	On order
Administration SUV	\$50,000	
<b>Total Electric Fleet Capital Costs</b>	<b>\$164,000</b>	

### 2023 Water Fleet Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Vehicle--Sewer	\$55,000
Vehicle--Water	\$55,000
<b>Total Water Fleet Capital Costs</b>	<b>\$110,000</b>

### 2023 Electric Tools

Description	Budget Amount
Tools	\$50,000
Total Electric Tools Capital Costs	\$50,000

### 2023 Contracted Engineering Capital Costs

<b>Description</b>	<b>Budget Amount</b>
Contracted Electric Engineering	\$25,000
Contracted Water Engineering	\$30,000
<b>Total Contracted Engineering Capital Costs</b>	<b>\$55,000</b>

**2023 Cash Summary  
Through July 31, 2022**

Cash-Operating Depository	\$ 586,472
Cash-Jefferson County Treasurer General	\$ 127,433
Cash-Payroll Clearing-1st Security Payroll Clearing	\$ 15
Working Funds	\$ 2,000
Cash-1996 Bond LUD #6	\$ 9,209
Cash-1996 Bond LUD #8	\$ 31,644
Temp Invest Jefferson County Treasurer Gen	\$ 163,303
Tax Revenue Fund	\$ 3,312,425
Tax Revenue Fund Investment	\$ 1,925,000
Operating Account - Jefferson County Treasurer	\$ 90,924
<b>2022 Ending Unrestricted Cash</b>	<b>\$ 6,248,425</b>
2023 Net Cash Outflow	<u>\$1,476,601</u>
<b>2023 Ending Unrestricted Cash</b>	<b>\$ 7,725,026</b>

**Restricted Cash**

Other Special Funds	\$ 250
Tri Area Bond Investment	\$ 164,817
Capital Reserves	\$ 100,000
Cash-2009 Bond LUD #14	\$ 1,434
Cash-2008 Bond LUD #15	\$ 482
Cash-1999 Bond LUD #11	\$ 2,404
LUD #14 Bond Investment	\$ 1,012,453
LUD #15 Bond Investment	\$ 370,935
Meter Replacment--2024 Work	\$ 1,008,850
<b>2023 Ending Restricted Cash</b>	<b>\$ 2,661,625</b>

# 2023 Budget

## Supplementary Pages





**Electric Utility  
Budget Comparison  
2022 to 2023**

	<b>2022</b>	<b>2023</b>	
	<b>Approved</b>	<b>Proposed</b>	<b>Change</b>
<b>Operating Revenues</b>	\$40,094,599	\$46,009,532	\$5,914,933
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$0	\$0
Cost of Purchased Power	\$15,050,647	\$17,095,180	\$2,044,533
Transmission Expense	\$1,988,049	\$2,404,654	\$416,605
Distribution Expense--Operation	\$2,472,245	\$3,116,911	\$644,666
Distribution Expense--Maintenance	\$5,016,304	\$4,778,863	(\$237,441)
Customer Accounts Expense	\$2,202,865	\$2,075,683	(\$127,182)
Customer Service and Informational Expense	\$18,794	\$23,166	\$4,372
Administrative and General Expense	\$5,537,981	\$5,132,534	(\$405,447)
Depreciation & Amortization Expense	\$5,548,199	\$5,605,637	\$57,438
Tax Expense--Other	\$2,262,163	\$2,554,821	\$292,658
Interest on Long-Term Debt	\$2,720,820	\$2,756,315	\$35,495
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$42,818,067</b>	<b>\$45,543,764</b>	<b>\$2,725,697</b>
<b>Net Operating Margins (Loss)</b>	(\$2,723,468)	\$465,768	\$3,189,236
<b>Non-Operating Margins (Loss)</b>	\$2,088,887	\$1,575,886	(\$513,001)
<b>Net Margins (Loss)</b>	<b>(\$634,581)</b>	<b>\$2,041,654</b>	<b>\$2,676,235</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$3,595,500	\$6,044,500	\$2,449,000
General Plant Purchases	\$3,111,550	\$734,650	(\$2,376,900)
Principal on Long Term Debt	\$3,474,557	\$4,121,058	\$646,501
Add Depreciation & Amortization (non-cash)	(\$5,548,199)	(\$5,605,637)	(\$57,438)
Principal & Interest Received on LUDs	\$0	\$0	\$0
Grants and Loan Funds	\$0	(\$5,530,555)	(\$5,530,555)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$4,633,408</b>	<b>(\$235,984)</b>	<b>(\$4,869,392)</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$5,267,989)</b>	<b>\$2,277,638</b>	<b>\$7,545,627</b>
Net TIER (Minimum of 1.25)	0.77	1.74	0.97
Net DSC (Minimum of 1.25)	1.23	1.51	0.28

**Electric Utility**  
**Actuals to Budget**  
**2022 to 2023**

	<b>2022</b>	<b>2023</b>	
	<b>Actuals**</b>	<b>Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$40,964,546	\$46,009,532	\$5,044,986
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$0	\$0
Cost of Purchased Power	\$15,124,755	\$17,095,180	\$1,970,425
Transmission Expense	\$1,999,003	\$2,404,654	\$405,651
Distribution Expense--Operation	\$2,115,032	\$3,116,911	\$1,001,879
Distribution Expense--Maintenance	\$3,977,080	\$4,778,863	\$801,783
Customer Accounts Expense	\$1,684,960	\$2,075,683	\$390,723
Customer Service and Informational Expense	\$12,349	\$23,166	\$10,817
Administrative and General Expense	\$4,335,931	\$5,132,534	\$796,603
Depreciation & Amortization Expense	\$5,619,845	\$5,605,637	(\$14,208)
Tax Expense--Other	\$2,341,991	\$2,554,821	\$212,830
Interest on Long-Term Debt	\$2,592,082	\$2,756,315	\$164,233
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$39,803,028</b>	<b>\$45,543,764</b>	<b>\$5,740,736</b>
<b>Net Operating Margins (Loss)</b>	<b>\$1,161,518</b>	<b>\$465,768</b>	<b>(\$695,750)</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$2,209,159</b>	<b>\$1,575,886</b>	<b>(\$633,273)</b>
<b>Net Margins (Loss)</b>	<b>\$3,370,677</b>	<b>\$2,041,654</b>	<b>(\$1,329,023)</b>

\*\*2022 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*

**Water Utility  
Budget Comparison  
2022 to 2023**

	<b>2022</b>	<b>2023</b>	<b>Change</b>
	<b>Approved</b>	<b>Proposed</b>	
<b>Operating Revenues</b>	\$2,757,235	\$4,915,051	\$2,157,816
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$2,027	\$2,027
Cost of Purchased Power	\$135,041	\$151,012	\$15,971
Transmission Expense	\$0	\$0	\$0
Distribution Expense--Operation	\$1,024,330	\$1,412,908	\$388,578
Distribution Expense--Maintenance	\$605,218	\$608,771	\$3,553
Customer Accounts Expense	\$207,322	\$280,113	\$72,791
Customer Service and Informational Expense	\$0	\$0	\$0
Administrative and General Expense	\$1,097,305	\$1,352,069	\$254,764
Depreciation & Amortization Expense	\$428,634	\$388,013	(\$40,621)
Tax Expense--Other	\$133,811	\$181,796	\$47,985
Interest on Long-Term Debt	\$235,079	\$182,692	(\$52,387)
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$3,866,740</b>	<b>\$4,559,401</b>	<b>\$692,661</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$1,109,505)</b>	<b>\$355,650</b>	<b>\$1,465,155</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$247,535</b>	<b>\$719,525</b>	<b>\$471,990</b>
<b>Net Margins (Loss)</b>	<b>(\$861,970)</b>	<b>\$1,075,175</b>	<b>\$1,937,145</b>
<b>Cash Flow Budget</b>			
Construction Projects	\$633,105	\$3,477,419	\$2,844,314
General Plant Purchases	\$55,000	\$110,000	\$55,000
Principal on Long Term Debt	\$633,513	\$662,361	\$28,848
Add Depreciation & Amortization (non-cash)	(\$428,634)	(\$388,013)	\$40,621
Principal & Interest Received on LUDs	(\$442,966)	(\$442,966)	\$0
Grants and Loan Funds	\$0	(\$2,577,016)	(\$2,577,016)
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$450,018</b>	<b>\$841,785</b>	<b>\$391,767</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(\$1,311,988)</b>	<b>\$233,390</b>	<b>\$1,545,378</b>

**Water Utility**  
**Actuals to Budget**  
**2022 to 2023**

	<b>2022</b>	<b>2023</b>	
	<b>Actuals**</b>	<b>Budget</b>	<b>Change</b>
<b>Operating Revenues</b>	\$3,229,060	\$4,915,051	\$1,685,991
<b>Operating Expenses</b>			
Power Production Cost	\$0	\$2,027	\$2,027
Cost of Purchased Power	\$139,097	\$151,012	\$11,915
Transmission Expense	\$0	\$0	\$0
Distribution Expense--Operation	\$878,491	\$1,412,908	\$534,417
Distribution Expense--Maintenance	\$558,557	\$608,771	\$50,214
Customer Accounts Expense	\$194,918	\$280,113	\$85,195
Customer Service and Informational Expense	\$0	\$0	\$0
Administrative and General Expense	\$926,300	\$1,352,069	\$425,769
Depreciation & Amortization Expense	\$629,860	\$388,013	(\$241,847)
Tax Expense--Other	\$151,150	\$181,796	\$30,646
Interest on Long-Term Debt	\$273,870	\$182,692	(\$91,178)
Interest Expense--Other	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$3,752,243</b>	<b>\$4,559,401</b>	<b>\$807,158</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$523,183)</b>	<b>\$355,650</b>	<b>\$878,833</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$260,554</b>	<b>\$719,525</b>	<b>\$458,971</b>
<b>Net Margins (Loss)</b>	<b>(\$262,629)</b>	<b>\$1,075,175</b>	<b>\$1,337,804</b>

\*\*2022 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*

**Capital Budget Comparison  
2022 to 2023**

<b>Project Name</b>	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>Variance</b>
<b>Electric Work Plan</b>	\$3,595,500	\$6,044,500	\$2,449,000
<b>Water Work Plan</b>	\$633,105	\$3,477,419	\$2,844,314
<b>Broadband</b>	\$2,104,050	\$15,172,062	\$13,068,012
<b>Facilities Improvements</b>	\$310,000	\$238,150	(\$71,850)
<b>Warehouse &amp; Yard Improvements</b>	\$197,500	\$197,500	\$0
<b>Information Technology</b>	\$85,000	\$30,000	(\$55,000)
<b>Electric Fleet</b>	\$242,500	\$164,000	(\$78,500)
<b>Water Fleet</b>	\$55,000	\$110,000	\$55,000
<b>Electric Tools and PPE</b>	\$50,000	\$50,000	\$0
<b>Contracted Engineering Costs</b>	\$122,500	\$55,000	(\$67,500)
	<b>\$7,395,155</b>	<b>\$25,538,631</b>	<b>\$18,143,476</b>

**Electric Utility**  
**Actuals to Budget**  
**5 Year Look Back Compared to 2023**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals**</b>	<b>Budget</b>
<b>Operating Revenues</b>	\$35,921,744	\$36,934,122	\$38,398,203	\$37,912,318	\$39,287,746	\$40,964,546	\$46,009,532
<b>Operating Expenses</b>							
Power Production Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Purchased Power	\$14,480,267	\$14,933,122	\$15,204,855	\$14,717,058	\$15,242,290	\$15,124,755	\$17,095,180
Transmission Expense	\$1,760,778	\$1,825,877	\$1,883,441	\$1,832,052	\$1,950,421	\$1,999,003	\$2,404,654
Distribution Expense--Operation	\$800,596	\$1,114,352	\$1,471,987	\$1,574,671	\$1,777,535	\$2,115,032	\$3,116,911
Distribution Expense--Maintenance	\$1,895,916	\$2,412,616	\$2,585,373	\$3,114,151	\$2,768,549	\$3,977,080	\$4,778,863
Customer Accounts Expense	\$1,296,389	\$1,320,922	\$1,465,794	\$1,228,908	\$1,305,362	\$1,684,960	\$2,075,683
Customer Service and Informational Expense	\$82,821	\$83,750	\$40,874	\$12,433	\$24,808	\$12,349	\$23,166
Administrative and General Expense	\$2,270,419	\$2,500,497	\$2,540,211	\$2,672,839	\$3,197,515	\$4,335,931	\$5,132,534
Depreciation & Amortization Expense	\$5,083,334	\$5,202,894	\$5,319,171	\$5,497,554	\$5,538,986	\$5,619,845	\$5,605,637
Tax Expense--Other	\$2,078,854	\$2,112,640	\$2,198,268	\$2,174,860	\$2,255,905	\$2,341,991	\$2,554,821
Interest on Long-Term Debt	\$2,950,225	\$2,856,256	\$2,782,558	\$2,701,573	\$2,607,298	\$2,592,082	\$2,756,315
Interest Expense--Other	\$0	\$1,352	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$182,664	\$256	\$2,927	\$39	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$32,882,263</b>	<b>\$34,364,534</b>	<b>\$35,495,459</b>	<b>\$35,526,138</b>	<b>\$36,668,669</b>	<b>\$39,803,028</b>	<b>\$45,543,764</b>
<b>Net Operating Margins (Loss)</b>	\$3,039,481	\$2,569,588	\$2,902,744	\$2,386,180	\$2,619,077	\$1,161,518	\$465,768
<b>Non-Operating Margins (Loss)</b>	\$1,506,208	\$2,621,555	\$1,660,436	\$2,168,111	\$2,115,150	\$2,209,159	\$1,575,886
<b>Net Margins (Loss)</b>	<b>\$4,545,689</b>	<b>\$5,191,143</b>	<b>\$4,563,180</b>	<b>\$4,554,291</b>	<b>\$4,734,227</b>	<b>\$3,370,677</b>	<b>\$2,041,654</b>

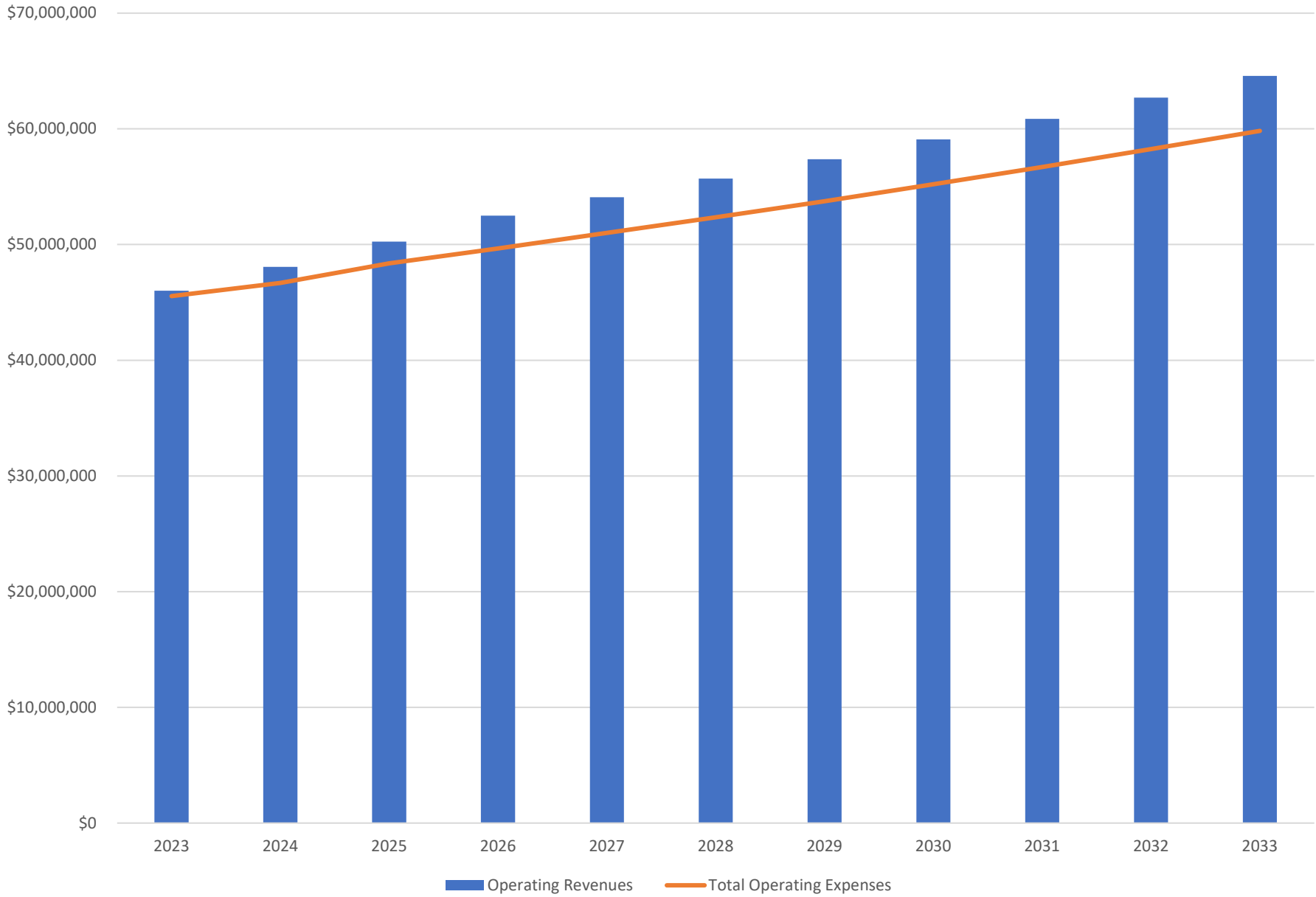
\*\*20 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*

**Water Utility**  
**Actuals to Budget**  
**5 Year Look Back Compared to 2023**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals**</b>	<b>Budget</b>
<b>Operating Revenues</b>	\$2,253,721	\$2,472,823	\$2,713,505	\$2,608,999	\$3,020,841	\$3,229,060	\$4,915,051
<b>Operating Expenses</b>							
Power Production Cost	\$101	\$757	\$209	\$268	\$1,877	\$0	\$2,027
Cost of Purchased Power	\$118,175	\$126,840	\$3,885	\$82,473	\$135,288	\$139,097	\$151,012
Transmission Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distribution Expense--Operation	\$473,524	\$583,854	\$654,726	\$681,484	\$668,170	\$878,491	\$1,412,908
Distribution Expense--Maintenance	\$269,219	\$351,711	\$364,276	\$376,709	\$394,764	\$558,557	\$608,771
Customer Accounts Expense	\$151,067	\$146,842	\$134,888	\$226,078	\$255,519	\$194,918	\$280,113
Customer Service and Informational Expense	\$60	\$2,684	\$330	\$110	\$0	\$0	\$0
Administrative and General Expense	\$432,278	\$511,852	\$699,871	\$893,190	\$1,031,638	\$926,300	\$1,352,069
Depreciation & Amortization Expense	\$714,066	\$710,798	\$701,661	\$696,061	\$774,737	\$629,860	\$388,013
Tax Expense--Other	\$109,548	\$119,954	\$125,901	\$127,246	\$154,504	\$151,150	\$181,796
Interest on Long-Term Debt	\$234,929	\$289,115	\$261,833	\$236,595	\$225,120	\$273,870	\$182,692
Interest Expense--Other	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$247	\$0	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$2,502,967</b>	<b>\$2,846,907</b>	<b>\$2,947,827</b>	<b>\$3,320,214</b>	<b>\$3,641,617</b>	<b>\$3,752,243</b>	<b>\$4,559,401</b>
<b>Net Operating Margins (Loss)</b>	<b>(\$249,246)</b>	<b>(\$374,084)</b>	<b>(\$234,322)</b>	<b>(\$711,215)</b>	<b>(\$620,776)</b>	<b>(\$523,183)</b>	<b>\$355,650</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$284,911</b>	<b>\$372,474</b>	<b>\$915,474</b>	<b>\$418,689</b>	<b>\$637,966</b>	<b>\$260,554</b>	<b>\$719,525</b>
<b>Net Margins (Loss)</b>	<b>\$35,665</b>	<b>(\$1,610)</b>	<b>\$681,152</b>	<b>(\$292,526)</b>	<b>\$17,190</b>	<b>(\$262,629)</b>	<b>\$1,075,175</b>

\*\*20 Actuals are actual expenses recorded January through July and budgeted numbers for August through December.\*\*

Electric Utility Budget Forecast

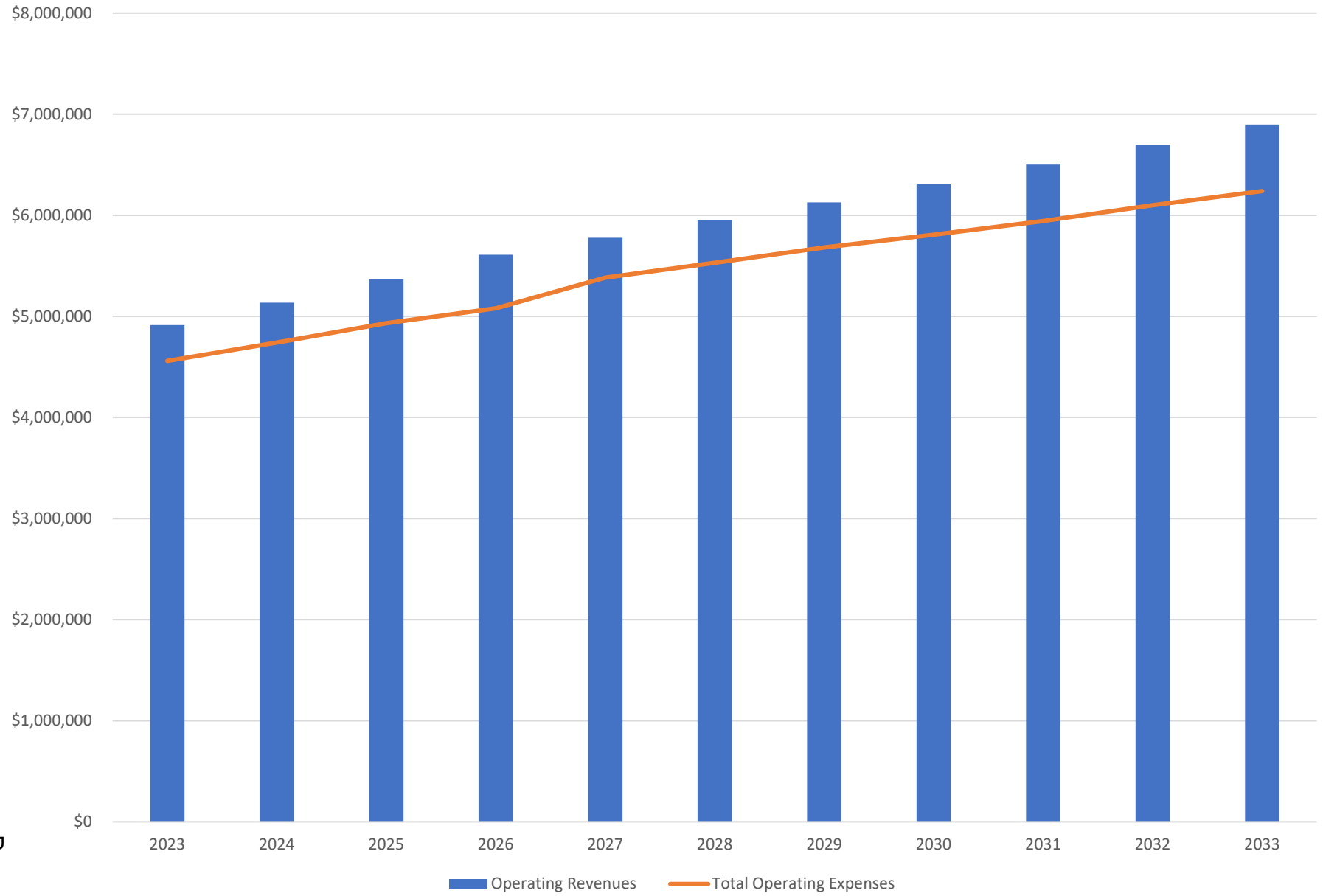




**Electric Utility  
10-Year Forecast  
2023 - 2033**

	<b>2023 Proposed</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>	<b>2029 Forecast</b>	<b>2030 Forecast</b>	<b>2031 Forecast</b>	<b>2032 Forecast</b>	<b>2033 Forecast</b>
<b>Operating Revenues</b>	\$46,009,532	\$48,079,961	\$50,243,559	\$52,504,519	\$54,079,655	\$55,702,045	\$57,373,106	\$59,094,299	\$60,867,128	\$62,693,142	\$64,573,936
<b>Operating Expenses</b>											
Power Production Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Purchased Power	\$17,095,180	\$17,778,987	\$18,490,147	\$19,044,851	\$19,616,197	\$20,204,683	\$20,810,823	\$21,435,148	\$22,078,202	\$22,740,548	\$23,422,765
Transmission Expense	\$2,404,654	\$2,500,840	\$2,600,874	\$2,678,900	\$2,759,267	\$2,842,045	\$2,927,306	\$3,015,126	\$3,105,579	\$3,198,747	\$3,294,709
Distribution Expense--Operation	\$3,116,911	\$3,241,587	\$3,371,251	\$3,472,388	\$3,576,560	\$3,683,857	\$3,794,373	\$3,908,204	\$4,025,450	\$4,146,213	\$4,270,600
Distribution Expense--Maintenance	\$4,778,863	\$4,970,018	\$5,168,818	\$5,323,883	\$5,483,599	\$5,648,107	\$5,817,550	\$5,992,077	\$6,171,839	\$6,356,994	\$6,547,704
Customer Accounts Expense	\$2,075,683	\$2,158,710	\$2,245,059	\$2,312,410	\$2,381,783	\$2,453,236	\$2,526,833	\$2,602,638	\$2,680,718	\$2,761,139	\$2,843,973
Customer Service and Informational Expense	\$23,166	\$24,093	\$25,056	\$25,808	\$26,582	\$27,380	\$28,201	\$29,047	\$29,919	\$30,816	\$31,741
Administrative and General Expense	\$5,132,534	\$5,337,835	\$5,551,349	\$5,717,889	\$5,889,426	\$6,066,109	\$6,248,092	\$6,435,535	\$6,628,601	\$6,827,459	\$7,032,283
Depreciation & Amortization Expense	\$5,605,637	\$5,829,862	\$6,063,057	\$6,244,949	\$6,432,297	\$6,625,266	\$6,824,024	\$7,028,745	\$7,239,607	\$7,456,795	\$7,680,499
Tax Expense--Other	\$2,554,821	\$2,657,014	\$2,763,294	\$2,846,193	\$2,931,579	\$3,019,526	\$3,110,112	\$3,203,416	\$3,299,518	\$3,398,504	\$3,500,459
Interest on Long-Term Debt	\$2,756,315	\$2,182,977	\$2,095,249	\$1,993,151	\$1,903,516	\$1,775,891	\$1,661,668	\$1,557,395	\$1,440,911	\$1,332,228	\$1,198,403
Interest Expense--Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$45,543,764</b>	<b>\$46,681,924</b>	<b>\$48,374,154</b>	<b>\$49,660,422</b>	<b>\$51,000,806</b>	<b>\$52,346,100</b>	<b>\$53,748,983</b>	<b>\$55,207,330</b>	<b>\$56,700,344</b>	<b>\$58,249,443</b>	<b>\$59,823,135</b>
<b>Net Operating Margins (Loss)</b>	\$465,768	\$1,398,037	\$1,869,405	\$2,844,097	\$3,078,849	\$3,355,945	\$3,624,122	\$3,886,969	\$4,166,784	\$4,443,699	\$4,750,801
<b>Non-Operating Margins (Loss)</b>	\$1,575,886	\$1,607,404	\$1,639,552	\$1,672,343	\$1,705,790	\$1,739,905	\$1,774,704	\$1,810,198	\$1,846,402	\$1,883,330	\$1,920,996
<b>Net Margins (Loss)</b>	<b>\$2,041,654</b>	<b>\$3,005,441</b>	<b>\$3,508,957</b>	<b>\$4,516,440</b>	<b>\$4,784,639</b>	<b>\$5,095,850</b>	<b>\$5,398,826</b>	<b>\$5,697,167</b>	<b>\$6,013,186</b>	<b>\$6,327,028</b>	<b>\$6,671,797</b>
<b>Cash Flow Budget</b>											
Construction Projects	\$6,044,500	\$5,147,769	\$5,353,679	\$5,514,290	\$5,679,718	\$5,850,110	\$6,025,613	\$6,206,382	\$6,392,573	\$6,584,350	\$6,781,881
General Plant Purchases	\$734,650	\$682,094	\$709,378	\$730,659	\$752,579	\$775,156	\$798,411	\$822,363	\$847,034	\$872,445	\$898,618
Principal on Long Term Debt	\$4,121,058	\$3,789,737	\$3,877,464	\$3,979,563	\$4,069,198	\$4,196,823	\$4,311,045	\$4,415,318	\$4,531,803	\$4,640,486	\$4,774,311
Add Depreciation & Amortization (non-cash)	(\$5,605,637)	(\$5,829,862)	(\$6,063,057)	(\$6,244,949)	(\$6,432,297)	(\$6,625,266)	(\$6,824,024)	(\$7,028,745)	(\$7,239,607)	(\$7,456,795)	(\$7,680,499)
Principal & Interest Received on LUDs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants and Loan Funds	(\$5,530,555)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Expenditures/Cash Outflow</b>	<b>(\$235,984)</b>	<b>\$3,789,737</b>	<b>\$3,877,464</b>	<b>\$3,979,563</b>	<b>\$4,069,198</b>	<b>\$4,196,823</b>	<b>\$4,311,045</b>	<b>\$4,415,318</b>	<b>\$4,531,803</b>	<b>\$4,640,486</b>	<b>\$4,774,311</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>\$2,277,638</b>	<b>(\$784,296)</b>	<b>(\$368,507)</b>	<b>\$536,877</b>	<b>\$715,441</b>	<b>\$899,028</b>	<b>\$1,087,781</b>	<b>\$1,281,849</b>	<b>\$1,481,383</b>	<b>\$1,686,542</b>	<b>\$1,897,487</b>
Net TIR (minimum of 1.25)	1.74	2.38	2.67	3.27	3.51	3.87	4.25	4.66	5.17	5.75	6.57
Net DSR (minimum of 1.25)	1.51	1.84	1.95	2.14	2.20	2.26	2.32	2.39	2.46	2.53	2.60

## Water Utility Budget Forecast



**Water Utility  
10-Year Forecast  
2023 - 2033**

	<b>2023 Proposed</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>	<b>2029 Forecast</b>	<b>2030 Forecast</b>	<b>2031 Forecast</b>	<b>2032 Forecast</b>	<b>2033 Forecast</b>
<b>Operating Revenues</b>	\$4,915,051	\$5,136,228	\$5,367,359	\$5,608,890	\$5,777,156	\$5,950,471	\$6,128,985	\$6,312,855	\$6,502,240	\$6,697,308	\$6,898,227
<b>Operating Expenses</b>											
Power Production Cost	\$2,027	\$2,108	\$2,192	\$2,258	\$2,326	\$2,396	\$2,468	\$2,542	\$2,618	\$2,696	\$2,777
Cost of Purchased Power	\$151,012	\$157,052	\$163,335	\$168,235	\$173,282	\$178,480	\$183,835	\$189,350	\$195,030	\$200,881	\$206,907
Transmission Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distribution Expense--Operation	\$1,412,908	\$1,469,424	\$1,528,201	\$1,574,047	\$1,621,269	\$1,669,907	\$1,720,004	\$1,771,604	\$1,824,752	\$1,879,495	\$1,935,880
Distribution Expense--Maintenance	\$608,771	\$633,122	\$658,447	\$678,200	\$698,546	\$719,503	\$741,088	\$763,320	\$786,220	\$809,806	\$834,101
Customer Accounts Expense	\$280,113	\$291,318	\$302,970	\$312,059	\$321,421	\$331,064	\$340,996	\$351,226	\$361,762	\$372,615	\$383,794
Customer Service and Informational Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General Expense	\$1,352,069	\$1,406,152	\$1,462,398	\$1,506,270	\$1,551,458	\$1,598,002	\$1,645,942	\$1,695,320	\$1,746,179	\$1,798,565	\$1,852,522
Depreciation & Amortization Expense	\$388,013	\$403,534	\$419,675	\$432,265	\$445,233	\$458,590	\$472,348	\$486,518	\$501,114	\$516,147	\$531,632
Tax Expense--Other	\$181,796	\$189,068	\$196,631	\$202,529	\$208,605	\$214,864	\$221,309	\$227,949	\$234,787	\$241,831	\$249,086
Interest on Long-Term Debt	\$182,692	\$190,000	\$197,600	\$203,528	\$360,651	\$358,587	\$353,402	\$320,423	\$290,503	\$276,668	\$242,898
Interest Expense--Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Expenses</b>	<b>\$4,559,401</b>	<b>\$4,741,777</b>	<b>\$4,931,448</b>	<b>\$5,079,392</b>	<b>\$5,382,791</b>	<b>\$5,531,391</b>	<b>\$5,681,390</b>	<b>\$5,808,251</b>	<b>\$5,942,966</b>	<b>\$6,098,705</b>	<b>\$6,239,596</b>
<b>Net Operating Margins (Loss)</b>	<b>\$355,650</b>	<b>\$394,451</b>	<b>\$435,910</b>	<b>\$529,498</b>	<b>\$394,365</b>	<b>\$419,080</b>	<b>\$447,595</b>	<b>\$504,604</b>	<b>\$559,275</b>	<b>\$598,603</b>	<b>\$658,631</b>
<b>Non-Operating Margins (Loss)</b>	<b>\$719,525</b>	<b>\$733,916</b>	<b>\$748,594</b>	<b>\$763,566</b>	<b>\$778,837</b>	<b>\$794,414</b>	<b>\$810,302</b>	<b>\$826,508</b>	<b>\$843,038</b>	<b>\$859,899</b>	<b>\$877,097</b>
<b>Net Margins (Loss)</b>	<b>\$1,075,175</b>	<b>\$1,128,367</b>	<b>\$1,184,504</b>	<b>\$1,293,064</b>	<b>\$1,173,202</b>	<b>\$1,213,494</b>	<b>\$1,257,897</b>	<b>\$1,331,112</b>	<b>\$1,402,313</b>	<b>\$1,458,502</b>	<b>\$1,535,728</b>
<b>Cash Flow Budget</b>											
Construction Projects	\$3,477,419	\$343,811	\$357,563	\$368,290	\$379,339	\$390,719	\$402,440	\$414,513	\$426,949	\$439,757	\$452,950
General Plant Purchases	\$110,000	\$59,723	\$62,112	\$63,975	\$65,894	\$67,871	\$69,907	\$72,005	\$74,165	\$76,390	\$78,681
Principal on Long Term Debt	\$662,361	\$689,112	\$765,027	\$692,324	\$743,580	\$614,689	\$2,181,862	\$783,096	\$718,102	\$959,162	\$616,346
Add Depreciation & Amortization (non-cash)	(\$388,013)	(\$403,534)	(\$419,675)	(\$432,265)	(\$445,233)	(\$458,590)	(\$472,348)	(\$486,518)	(\$501,114)	(\$516,147)	(\$531,632)
Principal & Interest Received on LUDs	(\$442,966)	(\$442,966)	(\$221,483)	(\$221,483)	(\$221,483)	(\$221,483)	(\$110,742)	(\$110,742)	(\$110,742)	(\$110,742)	(\$55,371)
Grants and Loan Funds	(\$2,577,016)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Expenditures/Cash Outflow</b>	<b>\$841,785</b>	<b>\$246,146</b>	<b>\$543,544</b>	<b>\$470,841</b>	<b>\$522,097</b>	<b>\$393,206</b>	<b>\$2,071,121</b>	<b>\$672,354</b>	<b>\$607,360</b>	<b>\$848,420</b>	<b>\$560,976</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>\$233,390</b>	<b>\$882,221</b>	<b>\$640,960</b>	<b>\$822,223</b>	<b>\$651,106</b>	<b>\$820,288</b>	<b>(\$813,224)</b>	<b>\$658,758</b>	<b>\$794,953</b>	<b>\$610,082</b>	<b>\$974,753</b>

**Jefferson County PUD**  
**Long Range Capital Projects**  
**5 - 10 Year Timeframe**

Will be Reviewed every 2 Years--Next Review 2024

<b>Project/Capital Purchase</b>	<b>Amount</b>
Substation Transformer	\$750,000
Substation Transformer	\$750,000
Quilcene Substation Upgrade	\$5,000,000
Chimacum Substation Circuit	\$5,000,000
Port Ludlow Substation Upgrades	\$5,000,000
Resilency & Reliability Improvements	\$5,000,000
Water Distribution Pipe Replacements	\$750,000
Glen Cove Water Storage Tank	\$6,500,000
Sparling Well Treatment Plant	\$2,500,000
<b>Total</b>	<b>\$31,250,000</b>

**PUBLIC UTILITY DISTRICT NO. 1**  
**OF**  
**JEFFERSON COUNTY, WASHINGTON**

**RESOLUTION NO. 2022-xxx**

A RESOLUTION of the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington (the “PUD”) does not need to increase their regular levy versus the District’s prior year’s levy amount, not including increases that are exempt under RCW 84.55.

**WHEREAS**, the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, has properly given notice of the Public Hearing held Monday, October 3, 2022, to consider the District’s expense budget for the year 2023 pursuant to RCW 84.55; and,

**WHEREAS**, the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the District does not require an increase in property tax revenue from the previous year in excess of the increase resulting from the addition of new construction and improvements to property, any increase in the value of state assessed properties, and refunds in order to discharge the expected expenses and obligations of the PUD and in its best interest.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of Public Utility District No. 1 of Jefferson County that it incorporates the above recitals, and the regular property tax levy limit, not including any increase resulting from the addition of new construction and other increases identified in RCW 84.55.010(1), is hereby authorized for the 2023 tax levy in the amount of \$578,292.62, which is an increase of 0% from the previous year’s levy amount.

**ADOPTED** by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, at a regular open public meeting held this 3rd day of October 2022.

\_\_\_\_\_  
Kenneth Collins, President

\_\_\_\_\_  
Jeff Randall, Vice President

**ATTEST:**

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**Dan Toepper, Secretary**

**PUBLIC UTILITY DISTRICT NO. 1**

**OF**

**JEFFERSON COUNTY**

**RESOLUTION NO. 2022-xxx**

A RESOLUTION of the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington (“the PUD”), adopting a Budget for the Calendar Year 2023.

**WHEREAS**, a proposed budget was submitted to the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington in accordance with applicable law; and

**WHEREAS**, the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington has reviewed a proposed budget for the projected financial transactions of the PUD for the calendar year 2023; and

**WHEREAS**, the Commissioners of PUD No. 1 of Jefferson County has given prior notice in accordance with applicable law, and on Monday, October 3, 2022 held a Public Hearing on the proposed budget starting at 5:00 p.m. and accepted public comment and testimony; and

**WHEREAS**, the Commissioners of PUD No. 1 of Jefferson County considered staff’s estimate of expenditures, capital construction requirements, and projected use of reserve funds, and having considered the public testimony of those customers submitting and offering testimony, the Commission concludes that the 2023 budget summarized in Exhibit “A” hereto fairly meets the needs of the PUD and its customers; and

**NOW, THEREFORE BE IT RESOLVED**, the Commissioners of the PUD No. 1 of Jefferson County incorporates the foregoing recitals and after receiving public testimony and consideration of all the evidence and information provided by the staff, hereby adopts the budget identified on attached Exhibit “A”.

**ADOPTED** by the Commission of Public Utility District No. 1 of Jefferson County, Washington, at a regular open meeting held this 3rd day of October 2022.

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Kenneth Collins, President

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Jeff Randall, Vice President

**ATTEST:**

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**Dan Toepper, Secretary**