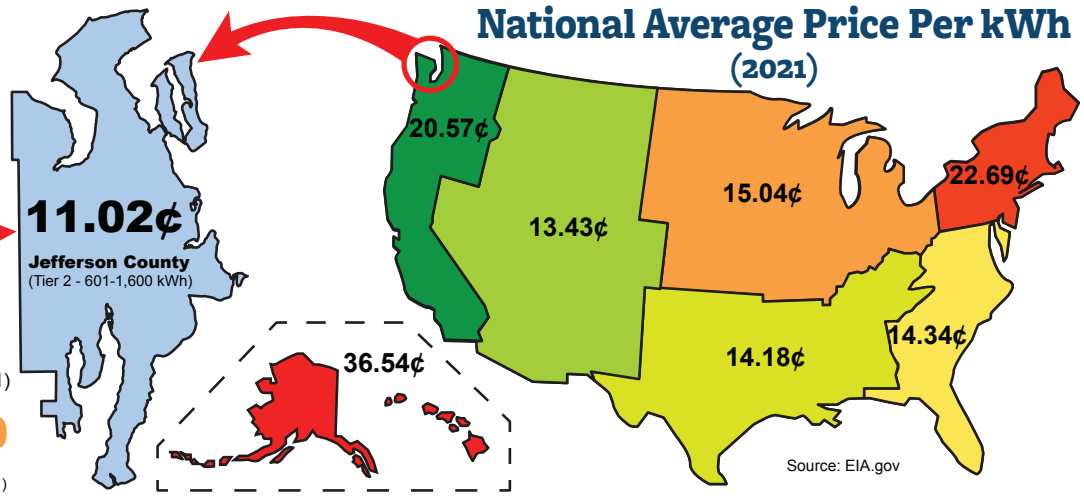


\$91.08

Jefferson County
Average Monthly Bill (2021)

\$121.01
U.S. National
Average Monthly Bill (2021)

\$117.90
U.S. West Coast
Average Monthly Bill (2021)



Rates and the Costs of Providing Services

In 2021, after a yearlong rate study, the PUD approved a series of rate increases over multiple years. The increases were put into place in an attempt to recover the costs to the PUD for providing each utility service. The third step of those rate increases goes into effect in 2023.

Unlike other local government agencies, PUD revenues come almost exclusively from rates, with only a small portion from taxes. Our rates have to cover the costs of providing the services. COVID, supply chain delays, labor shortages, inflation, and other international issues have increased the PUD's costs dramatically. To make sure that, like you, we can pay our bills, the PUD must pass on some of its increased costs to its customer owners in the form of increased rates.

Water and sewer rate increases went into effect on January 5th and will show up on customer bills this month. Please note, the PUD does

Residential Electric	2022	2023	2024
Base Rate	\$23.50	\$26.00	\$28.50
0-600kWh	\$0.090	\$0.093	\$0.096
601-1600kWh	\$0.110	\$0.113	\$0.117
1600+kWh	\$0.125	\$0.129	\$0.133
Low Income	(\$50.18)	(\$55.51)	(\$60.85)
Monthly Bill @550kWh	\$73.00	\$74.65	\$81.30
Mnthly Bill @1000kWh	\$133.50	\$139.00	\$145.50
Monthly Bill @1601kWh	\$223.63	\$232.53	\$241.43

not provide water or sewer to the residents within Port Townsend city limits. Electric service rate increases go into effect this July. Our rate increases are staggered to coincide with low usage periods. Summer bills for water are generally highest due to extra water used for outdoor watering of lawns and gardens. In the winter, electric bills are higher because of extra power used for indoor heating, and generally more time spent indoors.

What are the costs that the PUD is trying to recover? There's lots. On the electric side, the PUD continues to service the initial loan that allowed us to enter the electric business to begin with.

Article Continued on Next Page

Residential Water	2022	2023	2024
Base Rate (5/8")	\$34.80	\$40.83	\$42.61
Capital Surcharge	\$5.00	\$5.00	\$7.00
0-5000	\$0.31	\$0.36	\$0.38
5001-10,000	\$0.43	\$0.50	\$0.52
10,001-30,000	\$0.58	\$0.68	\$0.70
30,001+	\$1.07	\$1.25	\$1.31
Low Income	(\$15.44)	(\$17.25)	(\$19.78)
Monthly Bill @ 5,000 gallons	\$55.30	\$63.83	\$66.61
Monthly Bill @ 10,000 gallons	\$82.80	\$95.83	\$101.61
Monthly Bill @ 15,000	\$126.80	\$147.83	\$154.61

How a Dollar Earned is Spent

Electric Service	\$1.00	Water Service	\$1.00
Power Production Cost	\$0.00	Power Production Cost	\$0.00
Cost of Purchased Power	\$0.03	Cost of Purchased Power	\$0.37
Transmission Expense	\$0.00	Transmission Expense	\$0.05
Distribution Expense—Operation	\$0.29	Distribution Expense—Operation	\$0.07
Distribution Expense—Maintenance	\$0.12	Distribution Expense—Maintenance	\$0.10
Customer Accounts Expense	\$0.06	Customer Accounts Expense	\$0.05
Customer Service and Info. Expense	\$0.00	Customer Service and Info. Expense	\$0.00
Administrative and General Expense	\$0.28	Administrative and General Expense	\$0.11
Depreciation & Amortization Expense	\$0.08	Depreciation & Amortization Expense	\$0.12
Tax Expense--Other	\$0.04	Tax Expense--Other	\$0.06
Interest on Long-Term Debt	\$0.04	Interest on Long-Term Debt	\$0.06
Total Cost of Service	\$0.93	Total Cost of Service	\$0.99
Operating Margins	\$0.07	Operating Margins	\$0.01

Rates and the Costs Continued...

Originally \$115M, the PUD pays, on average, around \$6M a year to the USDA to cover interest and principal. As of February 2023, we owe \$89M, meaning we've paid down \$26M to date, which as of April 2023, will be 10 years of being in the electric power business.

Besides ongoing operating expenses like labor and materials, the PUD spends millions every year in capital projects to ensure our grid is functioning and reliable. Fierce storms and aging infrastructure have put us to the test the last few winters. This past November, the PUD lost its first substation transformer to age and wear. Fortunately, another replacement transformer was onsite thanks to proper planning. Unfortunately for us, at least 4 more substation

transformers are of similar age with no backup onsite. The PUD approved the series of four year increases with this in mind, allowing us to maintain and build up reserves that would not only cover increased expenses, but future replacement of essential infrastructure.

A similar story exists for our water and sewer departments. We have a lot of aging infrastructure reaching the end of its projected useful life and much that has moved well past it. Expenses are up, and not projected to go down. While the water team has found grants and loans to cover some projects, others, like rapidly deteriorating water mains along Rhody Drive, are unlikely to qualify and must be covered by rates in order to keep serving customers.

Wastewater Service Rate Table	3/5/23	3/5/24	3/5/25	3/5/26
Standard Base Rate	\$61.99	\$72.39	\$82.78	\$84.93
Standard Low-Income Discount	(\$18.60)	(\$21.72)	(\$24.83)	(\$25.48)
Beckett Point Base Rate	\$81.53	<i>Beckett Point rates reviewed by Commission on an annual basis</i>		
Beckett Point Low-Income Discount	(\$24.46)			
Kala Point Base Rate	\$31.19	\$42.38	\$47.98	\$49.22
Kala Point Low-Income Discount	(\$11.04)	(\$12.71)	(\$14.39)	(\$14.77)

PUD Fiber Signup is Live!	Jeff Randall	Ken Collins	Dan Toepper	Kevin Streett
Register today on jeffpud.org/fiber-registration	jrandall@jeffpud.org (360) 316-6694	kcollins@jeffpud.org (360) 316-1475	dtoepper@jeffpud.org (360) 302-0448	kstreett@jeffpud.org (360) 385-8360