

- Included in Electric Distribution Maintenance: \$1,000,000 for tree trimming.
- Per RCW 54.16.100 and the compensation study in progress, included \$200,000 for raises in Administrative and General Expenses.
- Principal and interest payments are based on amortization schedules.



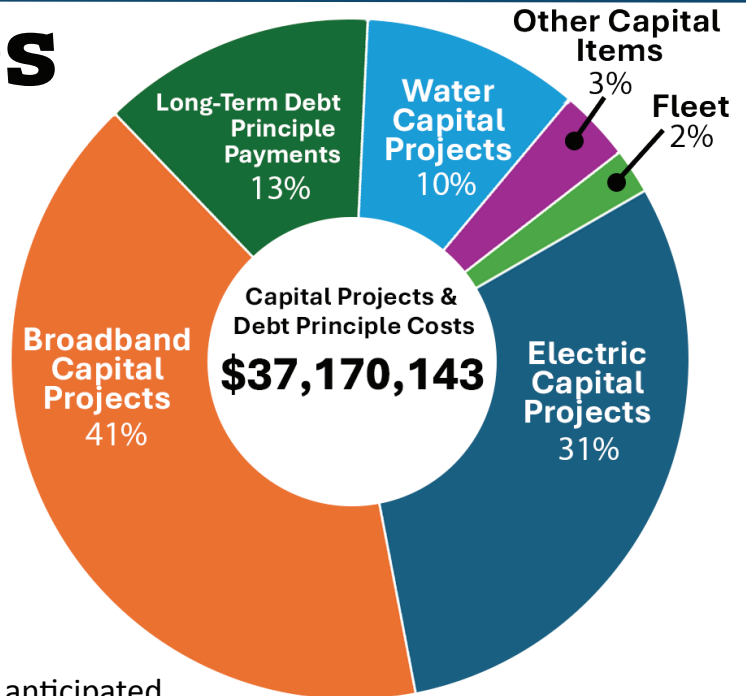
PUD commissioners discuss the 2026 budget during the annual hearing held October 6th.

Board Approves 2026 Budget

During the annual Budget Hearing held on October 6th, PUD Commissioners approved their largest annual budget to date with planned expenditures of \$89 million dollars in 2026.

The balanced budget includes \$52.5M in operating and \$37.1M in capital expenditures for the district's combined electric, water, wastewater, and broadband utilities. Year-over-year capital expenses are up 3.5% as the PUD continues to make large investments in repairing, upgrading and expanding infrastructure, though the total increase of the PUD's operations budget is only \$1.1M over 2025.

On the operations ledger, the PUD's largest expense is purchased power from the Bonneville Power Administration (BPA), accounting for 33% of total operating costs. All of the PUD's 95% carbon-free electricity is provided by the BPA and primarily generated by hydroelectric dams along the Columbia River. The cost of purchased power for the utility is



anticipated to rise by \$300,000 in 2026 representing a 9% increase in purchased power and 20% increase in transmission.

Labor and benefits account for the PUD's second largest operating expense at \$13.3M, which is up slightly from \$12.6M in 2025.

Tree trimming and vegetation management along transmission and distribution corridors are a top priority for 2026. The PUD has maintained an annual tree trimming expense budget of \$1M. Beginning in 2026, the PUD is working to switch from a 7-year trimming cycle to a 4-year program to help with reliability.

Electric capital expenditures include \$11.2M for system improvements. Substation upgrades account for more than half of the annual expense due to aging infrastructure and growth needs in the region. \$3.6M is planned for distribution line feeders, allowing for better peak load management during

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Combined Utility Expenses

Expense Category	Amount
Purchased Power Costs	\$17,312,120
Labor and Benefits	\$13,315,961
Depreciation	\$7,745,678
Taxes	\$3,234,916
Administrative & General Expenses	\$2,929,747
Interest on Long-Term Debt	\$2,733,395
Professional/Consulting Services	\$1,895,559
Contracting	\$1,644,505
Fleet	\$949,817
Safety	\$774,740
Total	\$52,536,438

Budget, continued

cold conditions and the ability to quickly transfer power from one substation to another.

The Commission approved \$5.2M in operating expenses for the PUD's water utility. On the capital side, the largest water project for 2026 is the complete water main replacement for the Coyle system, which is estimated at \$2.6M. The Coyle project was awarded a grant and low interest loan through the Public Works Board to address upwards of 60% water leak loss throughout the system.

Broadband continues to drive the PUD's largest capital investments. In 2024–2025, the PUD built more than 200 miles of fiber from Quilcene to Gardiner. More details about broadband projects are available in the write-up at right.

Commissioners requested PUD staff present quarterly financial analyses to provide a deeper understanding of how the approved budget is implemented across the utility. Across its service offerings, Jefferson PUD provides electricity to more than 21,000 homes and businesses in east Jefferson County, water service to 5,200 homes, wastewater service for 380 households, and more than 500 residential broadband connections to date.

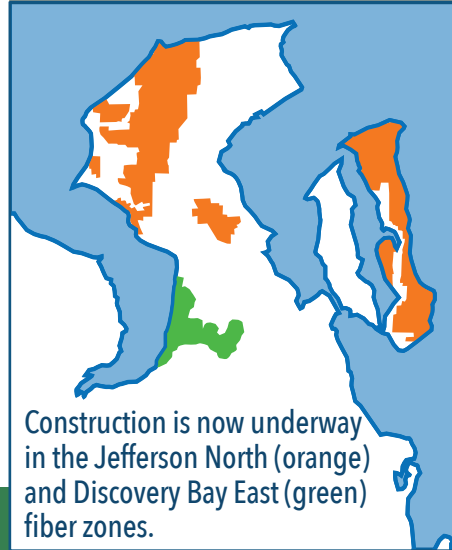
Learn more: jeffpud.org/finances

GIG-SPEED AHEAD:

Fiber Construction is underway in the Jefferson North and Discovery Bay East fiber zones

Contract crews have begun work on the next 100 miles of overhead and underground fiber between Discovery Bay and Marrowstone Island, extending service past more than 1,000 homes.

Customers on Marrowstone Island will see trenching work along Flagler Road and can expect partial lane closures through January.



Construction is now underway in the Jefferson North (orange) and Discovery Bay East (green) fiber zones.

The \$13 million combined project is funded through state grants and low interest loans from the Washington State Public Works Board and State Broadband Office.

In-home customer connections for the new fiber areas are expected in 2026 once all network components are complete.

FROM CLASSROOM TO CLEAN WATER

Chimacum High natural resource students received a behind-the-scenes look at the day-to-day operation of essential water and wastewater systems.



Water Treatment Plant Operator, Eric Storey explaining well operation.



Wastewater Treatment Plant Operator, Joey Barkle walks through membrane bioreactor operation at the Hadlock wastewater facility.

Students toured JPUD's Sparling Well—the largest well and centerpiece of the Quimper water system—to learn how local geography, hydrology, and chemistry work together to deliver safe, clean drinking water to homes. The Sparling Well can produce more than 2 million gallons per day at peak usage and provides water for more than 3,700 connections across mid-county.

Students also visited the new Port Hadlock Wastewater Facility, which came online in September. Wastewater plant operator, Joey Barkle, and Jefferson County Wastewater Project Manager, Samantha Harper showcased the cutting-edge tech that treats and transforms wastewater into clean water and usable fertilizer.

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