

2018 Budget Review as of Sept 25, 2017

Description	2018	2018	2018 proposed changes
	PROPOSED	PROPOSED	
	30-Aug	25-Sep	
	EES Rate Study		
Required:			
Additional revenues:	-	-	
Additional borrowing:	-	-	
TIER <i>Electric</i>	1.37	1.75	
OTIER <i>Electric</i>	1.11	1.46	
DSC <i>Electric</i>	1.58	1.76	
Net Cash Inflow (Outflow)	(2,386,287)	(242,293)	
Revenue	37,324,315	38,124,315	(800,000)
Additional Revenue requir	-	-	
Low Income credit	(200,000)	(200,000)	-
* 2017 reflects \$2,078,195 rate increase implemented			
Wholesale Power Costs	16,989,787	16,989,783	
* BPA has provided rate increase structure for 2018.			
Employees			
Electric	5,292,342	5,340,799	(48,457)
Water	950,666	960,533	(9,867)
Telecom	110,404	110,404	-
General Fund	-	-	-
	6,353,412	6,411,736	(58,324)
* Propose to move 3 new positions to 2019.			
Conservation specialist	(58,324)	-	
General Foreman	(144,784)	(144,784)	
Groundman	(85,412)	(85,412)	
Depreciation	6,462,062	6,444,162	17,900
Construction Work Plan			
Electric	4,940,000	4,272,500	667,500
Telecom	100,000	100,000	-
Water	585,000	460,000	125,000
	5,625,000	4,832,500	792,500
Consultants	4,457,921	4,247,386	210,535
Increase in CWIP for electric and water projects.			
* Propose to reduce tree trimming	(500,000)	(500,000)	
* Proposed use of funds from Gen	231,267	356,265	
General Plant	\$1,047,000	\$977,000	70,000
Material	1,673,093	981,087	692,006
Membership	165,890	165,890	-
* Proposed addition of NRECA membership			
Training	188,206	188,206	-
* Less \$25,000			
Fleet	446,815	442,315	4,500
Debt	7,184,957	7,184,957	-

**Jefferson County PUD No. 1
Income Statement**

**2018
Budget**

COMBINED

1. Operating Revenue	38,124,315
3. Cost of Purchased Power	15,413,667
4. Transmission Expense	1,576,116
6. Distribution Expense - Operation	1,687,809
7. Distribution Expense - Maintenance	2,506,739
8. Customer Accounts Expense	1,418,676
9. Customer Service and Informational Expense	174,619
11. Administrative and General Expense	3,066,850
13. Depreciation & Amortization Expense	6,444,162
15. Tax Expense - Other	2,216,361
16. Interest on Long-Term Debt	3,154,367
19. Other Deductions	0
20. Total Cost of Utility Service	37,659,365
21. Operating Margins (Loss)	464,950
25. Non-Operating Margins (Loss)	2,158,621
29. Net Margins (Loss)	2,623,571
Less Construction Projects	4,745,402
Less General Plant Purchases	977,000
Less Principal on Long Term Debt	3,929,314
Add'l Interest Paid on Long Term Debt	101,276
Principal Received on LUDs	(442,966)
Add Depreciation (non-cash)	(6,444,162)
Total Cash Expenditures/Cash Outflow	2,865,863
Borrowing	0
Net Cash Inflow/(Outflow)	(242,293)

**Jefferson County PUD No. 1
Income Statement**

**2018
Budget**

	ELECTRIC	WATER	GENERAL FUND
1. Operating Revenue	35,895,255	2,228,748	312
3. Cost of Purchased Power	15,290,490	123,177	
4. Transmission Expense	1,576,116		
6. Distribution Expense - Operation	1,083,500	604,309	
7. Distribution Expense - Maintenance	2,216,670	290,069	
8. Customer Accounts Expense	1,242,201	176,475	
9. Customer Service and Informational Expense	145,609	29,010	
11. Administrative and General Expense	2,366,747	562,646	137,456
13. Depreciation & Amortization Expense	5,723,743	720,419	
15. Tax Expense - Other	2,097,711	118,650	
16. Interest on Long-Term Debt	2,856,980	233,319	64,068
19. Other Deductions	0		
20. Total Cost of Service	34,599,767	2,858,074	201,524
21. Operating Margins (Loss)	1,295,488	(629,326)	(201,212)
25. Non-Operating Margins (Loss)	855,984	637,284	665,353
29. Net Electric Margins (Loss)	2,151,472	7,958	464,141
Less Construction Projects	4,285,402	460,000	
Less General Plant Purchases	977,000	0	
Less Principal on Long Term Debt	3,157,438	664,000	107,876
Add'l Interest Paid on Long Term Debt	93,641	7,635	
Principal & Interest Received on LUDs		(442,966)	
Add Depreciation (non-cash)	(5,723,743)	(720,419)	
Total Cash Expenditures/Cash Outflow	2,789,738	(31,750)	
Borrowing	0	0	0
Net Cash Inflow/(Outflow)	(638,266)	39,708	356,265
TIER (Goal of 1.25)	1.75		
DSC (Goal of 1.25)	1.76		

**Jefferson County PUD No. 1
Income Statement**

	Actual Jan - July 2017	Budgeted Aug - Dec 2017	2017 Estimated	2017 Budget	2018 Budget
COMBINED					
1. Operating Revenue	23,655,865	14,169,922	37,825,787	36,318,587	38,124,315
3. Cost of Purchased Power	8,594,675	5,578,248	14,172,923	14,152,530	15,413,667
4. Transmission Expense	1,050,162	785,177	1,835,339	1,910,034	1,576,116
6. Distribution Expense - Operation	696,794	616,777	1,313,571	1,460,040	1,687,809
7. Distribution Expense - Maintenance	828,063	1,216,883	2,044,946	2,912,508	2,506,739
8. Customer Accounts Expense	788,681	591,805	1,380,486	1,413,390	1,418,676
9. Customer Service and Informational Expense	48,331	67,934	116,265	161,454	174,619
11. Administrative and General Expense	1,435,768	1,117,834	2,553,602	2,716,041	3,066,850
13. Depreciation & Amortization Expense	3,350,477	2,223,768	5,574,245	5,337,053	6,444,162
15. Tax Expense - Other	1,364,683	792,436	2,157,119	2,026,933	2,216,361
16. Interest on Long-Term Debt	1,880,568	1,386,903	3,267,471	3,302,046	3,154,367
19. Other Deductions	4,540	208,331	212,871	0	0
20. Total Cost of Utility Service	20,042,742	14,586,096	34,628,837	35,392,029	37,659,365
21. Operating Margins (Loss)	3,613,123	(416,174)	3,196,950	926,558	464,950
25. Non-Operating Margins (Loss)	1,331,394	476,310	1,807,704	1,124,284	2,158,621
29. Net Margins (Loss)	4,944,518	60,136	5,004,654	2,050,842	2,623,571
Less Construction Projects			0	1,757,000	4,745,402
Less General Plant Purchases					977,000
Less Principal on Long Term Debt			3,967,422	175,000	3,929,314
Add'l Interest Paid on Long Term Debt			127,696		101,276
Principal Received on LUDs			(370,000)		(442,966)
Add Depreciation (non-cash)			(5,574,245)		(6,444,162)
Total Cash Expenditures/Cash Outflow			(1,849,127)	1,932,000	2,865,863
Borrowing			0	0	0
Net Cash Inflow/(Outflow)			6,853,781	118,842	(242,293)

**Jefferson County PUD No. 1
Income Statement**

	Actual Jan - July 2017	Budgeted Aug - Dec 2017	2017 Estimated	2017 Budget	2018 Budget
ELECTRIC					
1. Operating Revenue	22,453,945	13,243,626	35,697,571	34,163,505	35,895,255
3. Cost of Purchased Power	8,530,960	5,521,759	14,052,719	14,032,759	15,290,490
4. Transmission Expense	1,050,162	785,177	1,835,339	1,910,034	1,576,116
6. Distribution Expense - Operation	416,066	418,116	834,182	986,669	1,083,500
7. Distribution Expense - Maintenance	662,800	1,117,361	1,780,161	2,674,162	2,216,670
8. Customer Accounts Expense	714,313	522,860	1,237,173	1,248,986	1,242,201
9. Customer Service and Informational Expense	48,272	55,958	104,230	133,002	145,609
11. Administrative and General Expense	1,142,713	789,866	1,932,580	1,939,345	2,366,747
13. Depreciation & Amortization Expense	2,936,348	1,944,544	4,880,892	4,666,900	5,723,743
15. Tax Expense - Other	1,305,586	745,682	2,051,268	1,918,186	2,097,711
16. Interest on Long-Term Debt	1,706,059	1,242,874	2,948,933	2,950,620	2,856,980
19. Other Deductions (low income program)	4,540	208,331	212,871	0	0
20. Total Cost of Electric Service	18,517,819	13,352,528	31,870,347	32,460,663	34,599,767
21. Operating Margins (Loss)	3,936,126	(108,902)	3,827,224	1,702,842	1,295,488
25. Non-Operating Margins (Loss)	807,879	154,685	962,564	371,244	855,984
29. Net Electric Margins (Loss)	4,744,005	45,783	4,789,788	2,074,086	2,151,472
Less Construction Projects			0	1,757,000	4,285,402
Less General Plant Purchases					977,000
Less Principal on Long Term Debt			3,157,439		3,157,438
Add'l Interest Paid on Long Term Debt			117,540		93,641
Add Depreciation (non-cash)			(4,880,892)		(5,723,743)
Total Cash Expenditures/Cash Outflow			(1,605,914)	1,757,000	2,789,738
Borrowing			0		0
Net Cash Inflow/(Outflow)			6,395,702	317,086	(638,266)
TIER (Goal of 1.25)	3.78		2.62	1.70	1.75
DSC (Goal of 1.25)	2.97		2.03	2.28	1.76

**Jefferson County PUD No. 1
Income Statement**

	Actual Jan - July 2017	Budgeted Aug - Dec 2017	2017 Estimated	2017 Budget	2018 Budget
WATER					
1. Operating Revenue	1,201,638	926,281	2,127,919	2,154,878	2,228,748
3. Cost of Purchased Power Production	63,715	56,489	68,526	119,771	123,177
6. Distribution Expense - Operation	280,729	198,661	479,390	473,371	604,309
7. Distribution Expense - Maintenance	165,263	99,522	264,785	238,346	290,069
8. Customer Accounts Expense	74,368	68,945	143,313	164,404	176,475
9. Customer Service and Informational Expense	60	11,976	12,036	28,452	29,010
11. Administrative and General Expense	193,198	172,786	365,984	413,622	562,646
13. Depreciation & Amortization Expense	414,128	279,224	693,352	670,153	720,419
15. Tax Expense - Other	59,097	46,754	105,851	108,747	118,650
16. Interest on Long-Term Debt	132,740	114,721	247,461	281,091	233,319
20. Total Cost of Water Service	1,383,297	1,049,078	2,380,697	2,497,957	2,858,074
21. Operating Margins (Loss)	(181,659)	(122,797)	(252,778)	(343,079)	(629,326)
25. Non-Operating Margins (Loss)	209,309	89,215	298,524	214,116	637,284
29. Net Water Margins (Loss)	27,649	(33,582)	45,745	(128,963)	7,958
Less Construction Projects			0		460,000
Less General Plant Purchases					0
Less Principal on Long Term Debt			716,612		664,000
Add'l Interest Paid on Long Term Debt			10,156		7,635
Principal & Interest Received on LUDs			(370,000)		(442,966)
Add Depreciation (non-cash)			(693,352)		(720,419)
Total Cash Expenditures/Cash Outflow			(336,585)	0	(31,750)
Borrowing			0		0
Net Cash Inflow/(Outflow)			382,330	(128,963)	39,708

**Jefferson County PUD No. 1
Income Statement**

	Actual Jan - July 2017	Budgeted Aug - Dec 2017	2017 Estimated	2017 Budget	2018 Budget
GENERAL FUND					
1. Operating Revenue	282	15	297	204	312
11. Administrative and General Expense	99,857	155,181	255,038	363,074	137,456
13. Depreciation & Amortization Expense					
15. Tax Expense - Other					
16. Interest on Long-Term Debt	41,769	29,308	71,077	70,335	64,068
19. Other Deductions					
20. Total Cost	141,625	184,489	326,115	433,409	201,524
21. Operating Margins (Loss)	(141,343)	(184,474)	(325,818)	(433,205)	(201,212)
25. Non-Operating Margins (Loss)	314,206	232,410	546,616	538,924	665,353
29. Net Margins (Loss)	172,863	47,936	220,799	105,719	464,141
Less Principal on Long Term Debt			93,372	175,000	107,876
Borrowing			0		
Net Cash Inflow/(Outflow)			127,427	(69,281)	356,265

Item No.	Description	2018
100 New Line Construction		
	101 Construct Underground Distribution line extensions and service runs to serve new customers; Single-Phase and	\$200,000
	102 Construct Overhead Distribution line extensions and service lines to serve new customers; Single-Phase and Thru	\$75,000
	103 Construction for new Subdivisions. Approximately 1 per year.	\$0
New Line Construction :: Annual Totals		<u>\$275,000</u>
200 New Distribution Main-Line Construction		
	201 Install 8 miles of 15 kv 336 ACSR Three-Phase distribution overhead as underbuild on existing Transmission Line	\$0
New Distribution Main-Line Construction :: Annual Totals		<u>\$0</u>
300 Conversion		
	301 Convert Single-Phase to Three-Phase	\$0
	302 Convert Single-Phase OH Distribution to UG along Olele Point Road	\$350,000
	303 Convert OH Distribution to UG 2 Locations	\$400,000
Distribution-Line Conversion :: Annual Totals		<u>\$750,000</u>
400 New Substations		
	401 Irondale Substation; Irondale Substation New Transformer Bay including New Station Relays and Distribution Bu	\$1,000,000
New Substations :: Annual Totals		<u>\$1,000,000</u>
500 Substation Changes		
	501 Replace Aging Substation 15KV Regulators, bypass switches, and Controls at Hastings, Irondale, and Kearney.	\$0
	502 Irondale Sub: Replace Aging Substation 15KV Regulators, bypass switches, and Controls; Install new regulator ra	\$0
	503 Replace Aging Substation 15KV Reclosers, bypass switches, and Relays.	\$50,000
	504 Replace Aging Substation Wet-Cell Batteries with Dry-Cell Batteries, and their chargers.	\$32,500
	505 SCADA System Substation Communications and Devices Upgrades.	\$30,000
	506 Replace 115kv Primary Fuse Protection with 115kv Circuit Breaker at Irondale.	\$0
	506 Spare 115kv 20MVA Subststion Transformer	\$0
Substation Changes :: Annual Totals		<u>\$112,500</u>
600 Miscellaneous Distribution Equipment		
	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. 40 per year.	\$140,000
	602-1 Install/Upgrade meters to serve new/existing customers. XX per year.	\$25,000
	602-2 CT replacement of aging units. XX per year.	\$50,000
	604-1 Install four new Three-Phase distribution-line reclosers.	\$0
	605-1 Install new line Regulators. 3 per year.	\$75,000
	605-2 Regulator replacement of aging units. XX per year.	\$0
	607 Pole Replacements. 20 per year.	\$80,000
	608 Replace Aging Conductors. XX projects - X miles per year.	\$275,000
		\$0
	609 Miscellaneous Replacements	\$0
	610 Wildlife Protection. X sites.	\$25,000
Miscellaneous Distribution Equipment :: Annual Totals		<u>\$740,000</u>
700 Other Distribution Items		
	701 Security and Street Lighting	\$20,000
	703 SCADA System Distribution Line Devices Communications and Control Upgrades.	\$20,000
	704 SCADA Master Stations; Office Installations	\$40,000
	705 Build AMR Metering System	\$1,050,000
Other Distribution Items :: Annual Totals		<u>\$1,130,000</u>
1000 Transmission Line and Station Changes		
		\$0
	1001 Move Transmission Poles for easements	\$60,000
Transmission Line and Station Changes :: Annual Totals		<u>\$60,000</u>
1100 Other Transmission Items		
	1101 Easements and Right-of-Way	\$80,000
Other Transmission Items :: Annual Totals		<u>\$80,000</u>
1200 Communications		
	Telecom \$100,000	\$75,000
	1201 Fiber Line Extensions	\$50,000
Communications :: Annual Totals		<u>\$125,000</u>
2015-2019 Plan of Service :: Annual Cost		<u>\$4,272,500</u>
Possible Reductions	spread meter replacement out over 3 year	\$0
	push meter replacement out another year - reduce 2017 by \$ 1.2M; 2018 by \$.2M	\$0
	eliminate underbuild of 3 phase on CPUD old line -	\$0
2015-2019 Plan of Service with changes		<u>\$4,272,500</u>
ELECTRIC PROJECTS COMPLETED INTERNALLY-FROM ALL DEPTS 107.2 EXCEPT CONTRACTORS		<u>\$2,337,971</u>
ELECTRIC PROJECTS COMPLETED BY CONTRACTORS (LINKED TO CONSULTANTS PAGE)		<u>\$1,934,529</u>

New building for PUD	Put on hold for few years	0
	1 new double-wide - relocate	2000000
	2 Union Bank	2000000
	3 Retro existing bd.	1200000
	4 Do nothing - upgrade existing bds.	100000
Notes	Option 1, 2, and 3 could sell existing office at hadlock	

	Water/ Sewer Capital Plan projections	<u>2018</u>
Water Capital Work Plan for 2017 Budget		
Coyle Water System -	Extension of Water Main Approximately 600 LF and tie into lower section	50,000
	Engineering	
	Permitting	
	Contracting - Bid, preconstruction, contract management, etc.	
	SCADA upgrade	10,000
Marrowstone Island	Causeway replacement of water line (contract engineer and construction work)	50,000
New Pump House at Snow Creek	Complete replacement	
	engineering and design	
	permits	
	Contract, bid, project management	100,000
Quilcene - more connections	New well to existing	
	Water Rights	
	property acquisition	
	pump test/ permits/ DOE/ DOH	30,000
Shine Platt	Design of new water line - construction	125,000
	Engineering costs	25,000
New Water Tank Ocean Grove	Design/ construction of new Storage Facility for Quimper	
	Looping lines to better connect Quimper	20,000
System Wide Project	Fire hydrant maintenance / replacement program	50,000
	Total	<hr/> 460,000
	WATER PROJECTS COMPLETED INTERNALLY-FROM ALL DEPTS 105.1 EXCEPT CONTRACTORS	<u>\$120,371</u>
	WATER PROJECTS COMPLETED BY CONTRACTORS (LINKED TO CONSULTANTS PAGE)	<u>\$339,629</u>

Schedule of Consultants and Contractors
2018 Budget

Company/Individual	Type of Assistance	Amount	Divisions
Executive Department:			
10439 Richard Hughes	Legal	100,000	1, 2
10068 Discovery Bay Group, LLC	Consulting/project manager	24,000	1, 2
10234 WA State Auditors Office	Audit of 2017	67,159	1,2,3
10451 Attorney / Ascent	Telecom legal	68,562	3
10549 Peninsula Legal SecretarialCamr	Transcription services	13,980	1,2
10576 Architect	Architect services	0	1,2
Remodeling contractor	Remodel PT Hadlock	0	1, 2
PR Consultant (by Communicatic	General survey	35,000	1,2
Total Executive Department		308,701	
Electric Operations Department:			
	Substation vegetation managem	20,000	1
10,016 Tree Trimming	Tree trimming/right of way clear	500,000	1
Cellnet Technology (L&G)	Meter reading	320,000	1
Engineering	Misc engineering consulting	50,000	1
Construction Contractors	Construction of plant	1,934,529	1
EES Estimated cost study	electric / water /sewer / telecom	40,000	1,2
Total Electric Operations Department		2,864,529	
Water Operations Department:			
	Water System Plan - professional fees other	120,000	2
	Marrowstone Island well sampling	20,000	2
10,249 Spectra Laboratories	Water testing	14,960	2
	Construction Contractors	339,629	2
Total Water Operations Department		494,589	
Finance Department:			
10,486 UtiliBiz Solutions/Moss Adams	Accounting support and training	200,000	1, 2
10,309 NISC	Software and support	283,076	1, 2
Total Finance Department		483,076	
Information Technology Department:			
	Training	5,000	1, 2
Total Information Technology Department		5,000	
Human Resources Department:			
10,572 Labor Attorney	Employment related issues	25,000	1, 2
	Classification / Salary Survey	20,000	1, 2
	Wellness Program	10,000	1,2
Total Human Resources Department		55,000	
Sewer Department:			
10,097 Goodman Septic Service	Pumping septic	17,932	2
10,219 Shold Excavating	Repair tanks	10,000	2
10,005 ACLS Mowing	Mowing drain fields, reservoirs	8,559	2
Total Sewer Department		36,492	

TOTAL CONSULTANTS AND CONTRACTORS

4,247,386

Materials & Stores Clearing

Div	G/L	Dept	8/16-7/17		2018	
			Actual	% of Materials	Budget	%
			2018 % Increase-->		2.00%	
1	107.2	2	652,119	94.50%	949,200	96.7500%
1	593.1	2	6,645	0.96%	19,622	2.0000%
1	594.1	2	28,411	4.11%	9,811	1.0000%
1	595.1	2	0	0.00%	491	0.0500%
1	596.1	2	3,145	0.46%	981	0.1000%
1	597.1	2	(213)	-0.03%	491	0.0500%
1	598.1	2	0	0.00%	491	0.0500%
			690,106	100.00%		100.0000%
163						
Stores Clearing			331,376		240,378	From payroll
A/P 163 & 163.15					36,800	
Total Materials/Stores			1,021,482		981,087	

2018 SCHEDULE OF COMPANY MEMBERSHIPS

ORGANIZATION	AMOUNT	1.930.2	2.930.2
10013 American Water Works	355		355
10121 Jeff Co. Utility Coordinating Council	100		100
10116 NWPPA Utility membership	15,263	15,263	
10116 NWPPA LERG- Labor and Employee Relations Group	645	645	
10201 Public Power Council	18,323	18,323	
Western Washington Public Utilitites (WWPU)	0		
BPA WECC DUES (these are on the power bill)	19,767	19,767	\$.00005/kWh purchased
BPA PEAK (these are on the power bill)	19,767	19,767	\$.00005/kWh purchased
10278 WPUDA	61,140	50,746	10,394
10452 WUCC (?? No membership in 2016)	150		150
10190 PNWS-American Water Works Assoc.	250		250
10222 SHRM Society for Human Resource Management	200	140	60
NRECA	29,881	29,881	
10570 East Jefferson County Fire Chief's Assoc	50	50	
Total	165,890	<u>154,581</u>	<u>11,309</u>

Are these costs for 1.930.2 or 3.930.2?
 2017 budget had these in 3.930.2

13

2018 Conferences, Meetings and Outside Training Plan

Name of Conference	Dates	Location (City, State)	Employee(s) to Attend	Business Purpose	Costs							
					Registration	Ground Transportation	Meals	Lodging	Airfare	Other	Total Costs	
1-Executive												
Various			Jeff Randall	PUD business/governance							4,800	4,800
Various			Ken Collins	PUD business/governance							4,800	4,800
Various			Wayne King	PUD business/governance							4,800	4,800
WAPRO	Nov-16	Bellevue	Annette	Workshop	175	50	50	179				454
ECM Fair	Sep-16	Tumwater	Annette/Kris?	Information Fair		25	25					50
WPUDA Records Roundtable	Jul-05	Leavenworth	Annette	Roundtable	400	100	400	600				1,500
Classes/Tests to attain	On-going	All over	Annette	To attain certification	3,000							3,000
Spring NWPPA	2018	TBD	Annette		1,000	200	600	800				2,600
SOS or Archives	2018	TBD	Annette		0	100	200	400				700
Various	5 days		Jim	PUD business	500	200	500	300				1,500
Various				Training on telecom							11,652	11,652
1 Department Total					5,075	675	1,775	2,279	0	26,052	35,856	
2-Electric Operations/Engineering												
Various (need training planned)				Various							75,000	75,000
											0	0
											0	0
											0	0
2 Department Total					0	0	0	0	0	75,000	75,000	
3-Water Division												
Manager					5,000							5,000
water treatment plant certification review			Jerry Rubert	training, CEU	1,500	300	675	900				3,375
water distribution certification review			Jose Escalera	training, CEU	1,500	300	675	900				3,375
Water PUD conference			Eric Storey	training, CEU	1,500	300	675	900				3,375
Water training			Doug Reeder	training, CEU	1,500	300	675	900				3,375
Water training			New Guy	training, CEU	1,500	300	675	900				3,375
3 Department Total					12,500	1,500	3,375	4,500	0	0	21,875	
4-Finance												
NISC Regional Workshops			3 Billing	CIS training	2,600			1,000	1,500			5,100
RUS Accounting			4 Accounting	Accounting	4,000		2,000	3,000	2,800			11,800
Customer Service			6 CSRs	Customer Service	3,000	500	1,200	900				5,600
Supervisor Training			Jean, Kim	Supervisor training	1,000		600	600				2,200
4 Department Total					10,600	500	3,800	5,500	4,300	0	24,700	
5-Information Technology												
Certificate course (6 day)			Kris / Rita	IT	5,000	1,000	1,000	3,000	2,000			12,000
											0	0
5 Department Total					5,000	1,000	1,000	3,000	2,000	0	12,000	
6-Human Resources												
NWPPA-Labor and Employee	October	2018	Debbie Lund	PUD Governance	550	250	260	400				1,460
NWPPA-Communications Cor	September	2018	Debbie Lund	PUD Governance	780	250	260	600				1,890
PURMS-Bi Annual Meeting	Spring	Burien	Debbie Lund	PUD Business/Governance		50		200				250
PURMS-Bi Annual Meeting	Fall	Burien	Debbie Lund	PUD Business/Governance		50		200				250
WPUDA - Communications M	Fall	TBD	Debbie Lund	PUD Business/Governance		100	50	200				350
Various			Debbie Lund	Training	350	200	50					600
Wellness Program			District	Training							10,000	10,000
6 Department Total					1,680	900	620	1,600	0	10,000	14,800	
7-Resource Management												
Various			Bill	Various resource management	500		500	1,000	500			2,500
											0	0
7 Department Total					500	0	500	1,000	500	0	2,500	
8-Sewer												
water distribution certification review			Randy Calkins	training, CEU	500	100	225	300		350		1,475
8 Department Total					500	100	225	300	0	350	1,475	
Totals					\$35,855	\$4,675	\$11,295	\$18,179	\$6,800	\$111,402	\$188,206	

Proposed Rate Increase for 2018

Base Sales	\$668,833	67%
kWh Sales	\$326,121	33%
Rate 43 not includ	\$4,970	
Total	\$999,923	

Base Rate

		Customer Accounts		Annual	Base Rev Share	January \$/Cust	% Rev
		Jan-May	Jun-Dec	Total			
Rate 7 -Residential	\$22,543,086	83,770	117,324	201,094	\$ 402,187	\$ 2.00	1.8%
Rate 24 -General Service (<50 kW)	\$4,603,881	9,995	13,972	23,967	\$ 59,919	\$ 2.50	1.3%
Rate 25 -Small Demand	\$2,240,656	362	523	885	\$ 64,421	\$ 72.75	2.9%
Rate 26 -Large Demand	\$895,954	15	21	36	\$ 25,759	\$ 715.54	2.9%
Rate 31 -Large Demand Primary	\$1,011,775	50	70	120	\$ 29,089	\$ 242.41	2.9%
Rate 29 -Irrigation	\$3,540	1	13	14	\$ 102	\$ 7.27	2.9%
Rate 43 -Interruptible Schools	\$502,235	20	28	48	\$ -	\$ -	0.0%
Street & Hwy Lighting	\$187,204	1,201	1,682	2,883	\$ 7,045	\$ 2.44	3.8%
PTP	\$2,793,339	5	7	12	\$ 80,311	\$ 6,692.56	2.9%
Total	\$34,781,669	95,420	133,640	229,060	\$ 668,833		1.9%
Average Unit Increase					\$ 2.92		

kWh sales

		kWh Sales		Annual kWh	Block kWh Share	June \$/kWh	% kWh
		Jan-May	Jun-Dec	Total			
Rate 7 -Residential	\$22,543,086	0	100,006,579	100,006,579	\$219,112	\$0.0022	1.0%
Rate 24 -General Service (<50 kW)	\$4,603,881	0	23,177,611	23,177,611	\$50,782	\$0.0022	1.1%
Rate 25 -Small Demand	\$2,240,656	0	12,097,447	12,097,447	\$26,505	\$0.0022	1.2%
Rate 26 -Large Demand	\$895,954	0	5,573,249	5,573,249	\$12,211	\$0.0022	1.4%
Rate 31 -Large Demand Primary	\$1,011,775	0	4,933,380	4,933,380	\$10,809	\$0.0022	1.1%
Rate 29 -Irrigation	\$3,540	0	46,857	46,857	\$103	\$0.0022	2.9%
Rate 43 -Interruptible Schools	\$502,235	0	2,268,289	2,268,289	\$0	\$0.0000	0.0%
Street & Hwy Lighting	\$187,204	0	743,889	743,889	\$1,630	\$0.0000	0.9%
PTP	\$2,793,339	0	0	-	\$0	\$0.0022	0.0%
Total	\$34,781,669	0	148,847,302	148,847,302	\$321,151		0.9%
					\$0.0022		

Rate	#Customers	Average kWh / month	Revenues at Current Rates	2016			Proposed 2018 Increase: EES Study		EES two years combined	Proposed 2018 Increase for projected cost of power increase			
				2016	Jan-17	Jun-17	Jan-18	Jun-18		Jan-18	Jun-18	Jan-18	Jun-18
Rate 7: Residential / Farm Rates													
Basic (Base) 1ph			\$ 7.49	\$ 14.50	\$ 14.50	\$ 17.00	\$ 17.00		\$ 2.00		\$ 19.00		
Basic (Base) 3ph					\$ 27.00	\$ 27.00	\$ 27.00		\$ 2.00		\$ 29.00		
Energy includes taxes (consumption)													
Block 1 (first 600 kWh)			\$ 0.85011	\$ 0.85011	\$ 0.08600	\$ 0.08600	\$ 0.08600				0.0022	0.0882	
Block 2 (> 600 kWh)			\$ 0.103589	\$ 0.103589	\$ 0.010480	\$ 0.010480	\$ 0.010480				0.0022	0.01268	
Average Rate Increase at YE	16,683	1,000	\$ 20,318,884			8.1%		3.3%	10.9%		\$ 402,187	\$ 223,620	
Rate24: General Service (<50kW)													
Basic (Base) 1ph			\$ 9.66	\$ 17.00	\$ 17.00	\$ 19.00	\$ 19.00		\$ 2.50		\$ 21.50		
Basic (Base) 3ph					\$ 34.00	\$ 34.00	\$ 34.00		\$ 2.50		\$ 36.50		
Energy includes taxes (consumption)					\$ 0.09850	\$ 0.09850	\$ 0.09850				0.0022	0.1007	
Winter			\$ 0.095072	\$ 0.095072									
Summer			\$ 0.091974	\$ 0.091974									
Average Rate Increase at YE	1,988	1,757	\$ 4,155,812			8.9%		3.4%	10.8%		\$ 59,919	\$ 51,826	
Rate25: Small Demand General Service (50-350kW)													
Basic (Base)			\$ 51.67	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00		\$ 72.75		\$ 132.75		
Demand - All kW					\$ 5.00	\$ 5.00	\$ 5.50						
Winter (over 50kW)			\$ 9.01	\$ 9.01									
Summer (over 50kW)			\$ 6.01	\$ 6.01									
Energy					\$ 0.08100	\$ 0.08100	\$ 0.08300				0.0022	0.0852	
Winter			\$ 0.094791	\$ 0.094791									
Summer			\$ 0.086638	\$ 0.086638									
Block 2			\$ 0.069280	\$ 0.069280									
Average Rate Increase at YE	73	24,840	\$ 2,019,432			5.4%		3.7%	10.95%		\$ 64,421	\$ 27,051	
Rate 26: Large Demand General Service (>350kW)													
Basic (Base)			\$ 104.46	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00		\$ 715.54		\$ 825.54		
Demand - All kW					\$ 9.00	\$ 9.00	\$ 9.00						
Winter (over 50kW)			\$ 8.94	\$ 8.94									
Summer (over 50kW)			\$ 5.96	\$ 5.96									
Energy			\$ 0.06706	\$ 0.06706	\$ 0.07200	\$ 0.07200	\$ 0.07350				0.0022	0.0757	
Average Rate Increase at YE	3	270,405	\$ 807,535			10.0%		5.1%	10.9%		\$ 25,759	\$ 12,462	

Rate 31: Primary General Service									
Basic (Base)			\$ 339.51	\$ 339.51	\$ 300.00	\$ 300.00	\$ 300.00	\$ 242.41	\$ 542.41
Demand - All kW					\$ 8.25	\$ 8.25	\$ 8.50		
Winter			\$ 8.64	\$ 8.64					
Summer			\$ 5.76	\$ 5.76					
Energy			\$ 0.06492	\$ 0.06492	\$ 0.07000	\$ 0.07000	\$ 0.07250	0.0022	0.0747
Average Rate Increase at YE	10	74,779	\$ 912,375		0.0%	9.9%	5.1%	10.9%	
								\$ 29,089	\$ 11,031
Rate 29: Irrigation*									
Basic (Base)			\$ 24.28	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 7.27	\$ 37.27
Energy includes taxes (consumption)					\$ 0.06500		\$ 0.00665	0.0022	0.00885
Block 1			\$ 0.06372	\$ 0.63720					
Block 2			\$ 0.05483	\$ 0.05483					
Average Rate Increase at YE	3	3,351	\$ 3,163		0.0%	6.1%	2.0%	11.9%	
								\$ 102	\$ 105
Rate 43: Interruptible Schools									
Basic (Base)			\$ 339.51	\$ 339.51	\$ 300.00	\$ 300.00	\$ 300.00		
Demand - All kW			\$ 4.60	\$ 4.60	\$ 5.00	\$ 5.00	\$ 5.50		
Energy			\$ 0.06066	\$ 0.06066	\$ 0.06800	\$ 0.06800	\$ 0.06800	0	0.068
Average Rate Increase at YE	4	105,504	\$ 447,287		0.0%	4.7%	7.3%	12.3%	
								\$ -	\$ -
Street and Highway Lighting									
Less than 100 Watts			\$ 12.00	\$ 13.00				\$ 2.00	
100 >= 200 Watts			\$ 14.00	\$ 15.00				\$ 2.00	
More than 200 Watts			\$ 16.00	\$ 17.00				\$ 2.00	
Average Rate Increase at YE	240		\$ 187,204			7.1%	0.0%	14.3%	
								\$ 5,382	\$ 1,663
PTP* Administrative fees per month.									
Average Rate Increase at YE								\$ 6,692.56	\$ 6,692.56
								\$ 80,311	
Total								\$ 667,170	\$ 327,758

Notes:

*Rate 31. Irrigation The COSA shows these customers are paying far less than their cost of service.
Historic year for costs is CY 2015
Historic year for loads is CY 2015.
Test year for the revenue requirements is the budget for CY 2017.
Allocation uses the load data projected for 2017.
Expenses for 2018-2020 were forecast assuming an average annual escalation rate of 2.5% per year for costs that were not fixed
Power supply costs are based on 100% purchases from BPA at forecasted rates
Capital improvement projects are assumed to be fully-funded by retail rate revenues or reserve funds (no new debt).

EES Recommendation:

PUD has not had a rate increase since the time of its inception

PUD has a rate increase from BPA coming in October 2017 and is planning on increasing staffing and spending capital to better maintain and improve the current system.

These pressures have led to the need for a rate increase for the coming year.

For 2017, revenues are expected to be \$31.6 million, while expenses are projected to be \$35.0 million. This results in a 10.8% or \$3.4 million deficit in retail rate revenues if all capital projects were funded from rates. As the PUD has the ability to fund a portion of its \$3.7 capital budget from reserves, it was determined that \$2.37 million of CIP be funded from rates and \$1.36 million be funded from reserves. This results in the need for a 6.6% increase for 2017. Having a rate increase and funding a large share of the CIP from rates allows the utility to achieve a projected Debt Service Coverage (DSC) ratio of 1.4. This is necessary to meet borrowing requirements and provide financial stability.

Because of the shortfall in revenues is partially offset by reserve funds, the rate increase in 2017 is lower than the required 10.8%. This means that in 2018 the shortfall in revenues will be greater than shown in Table 6. At the current time it is recommended that close to \$100,000 of reserves should be used and that \$4.45 million of CIP for 2018 should be funded from rates. This would result in a rate increase of 6.1% for the year and a DSC of 1.6. By spreading out the rate increases more evenly over 2017 and 2018, customers see a more moderate impact and the customer increases its financial stability over time.

Given current projections. The rate increases for 2019 and 2020 would be in the range of 3% per year which tracks more closely with inflation.

It is important to note that the PUD's current revenue to cost balance needs to be continually monitored. Both short and long term supply and operating cost considerations need to be evaluated and analyzed as the Board of Commissioners works with the PUD's management to reach its operating objectives.

Because PTP is such a large customer and is served off of the transmission line, the PUD can calculate its share of BPA purchases each month and pass through the cost. AN amount is currently added to reflect the PUD's administrative fees and taxes. The COSA shows that the monthly payment for