

# Strategic Plan Implementation: Funding Utility Infrastructure for Growth

December 6, 2021

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# Why We're Here Today

Board update on system impact fees/system development charges for strategic plan implementation

Absent Board objection, implement fees under existing General Manager authority of Resolution 07-13163

# System Impact/SDC Timeline

*Summary of 2021 and future efforts*

- **July**
  - Consultant results and options shared with the Board
- **August**
  - Outreach Plan developed/approved
- **September**
  - Outreach material development
- **October**
  - Host Topic Team meeting
- **November**
  - Online Open House
  - Comment period Nov. 4 – 19
  - Progress update with Board Nov. 15
- **December**
  - Share feedback with Board
  - Board discussion and consideration of charges
- **April 1, 2022**
  - Proposed effective date

# Strategic Plan Implementation Items



- Electric: Consider assessing a proportionate share of infrastructure cost (substation/transmission) to new connections
- Water/Wastewater: Lean towards self-sustainability; associated rate plans assumed a \$1,000 increase in water SDC amount

# Topic Team Feedback

- Overall, feedback is positive and supportive of efforts.
  - Options developed align with Topic Team vision
  - Reinforced that fees are assessed to new or growing customers, in support of the growth pays for growth philosophy
  - Encouraged consideration of impact of large increase in fees, particularly water and wastewater, where the change is significant

# Open house feedback

- Focus on new proposed electric system impact fee
- Open house/public outreach and communication in Wenatchee World, Leavenworth Echo, Chelan PUD Facebook, Wenatchee World Facebook, radio interviews, and other outreach
- Feedback is positive and supportive of approach
  - Growth paying for growth is appropriate and fair
  - Great balance between keeping electric rates low while supporting new development
  - Assessing costs based on cost causation appreciated
  - Some concern of cost passed through from developers to homebuyers as fees increase

# New Electric Infrastructure Funding Approach

- A fee for new or expanding electric connections
- Consistent with existing Board policy that “growth pays for growth”
- Worked with consultants to understand cost basis for substations and related infrastructure
- Fee proposed to cover costs not already funded by rates or District reliability investment

# Proposed Electric Fees

Service Rating	Single Phase	Three Phase 208V	Three Phase 480V
1-100A	\$325	\$560	\$1,295
101-200A	\$650	\$1,120	\$2,590
201-400A	\$1,295	\$2,245	\$5,180
401-600A	\$1,945	\$3,370	\$7,770
601-800A	\$2,590	\$4,490	\$10,360
801-1000A	\$27/kW	\$27/kW	\$27/kW

*Amounts would be added to existing Service Connection Fees*

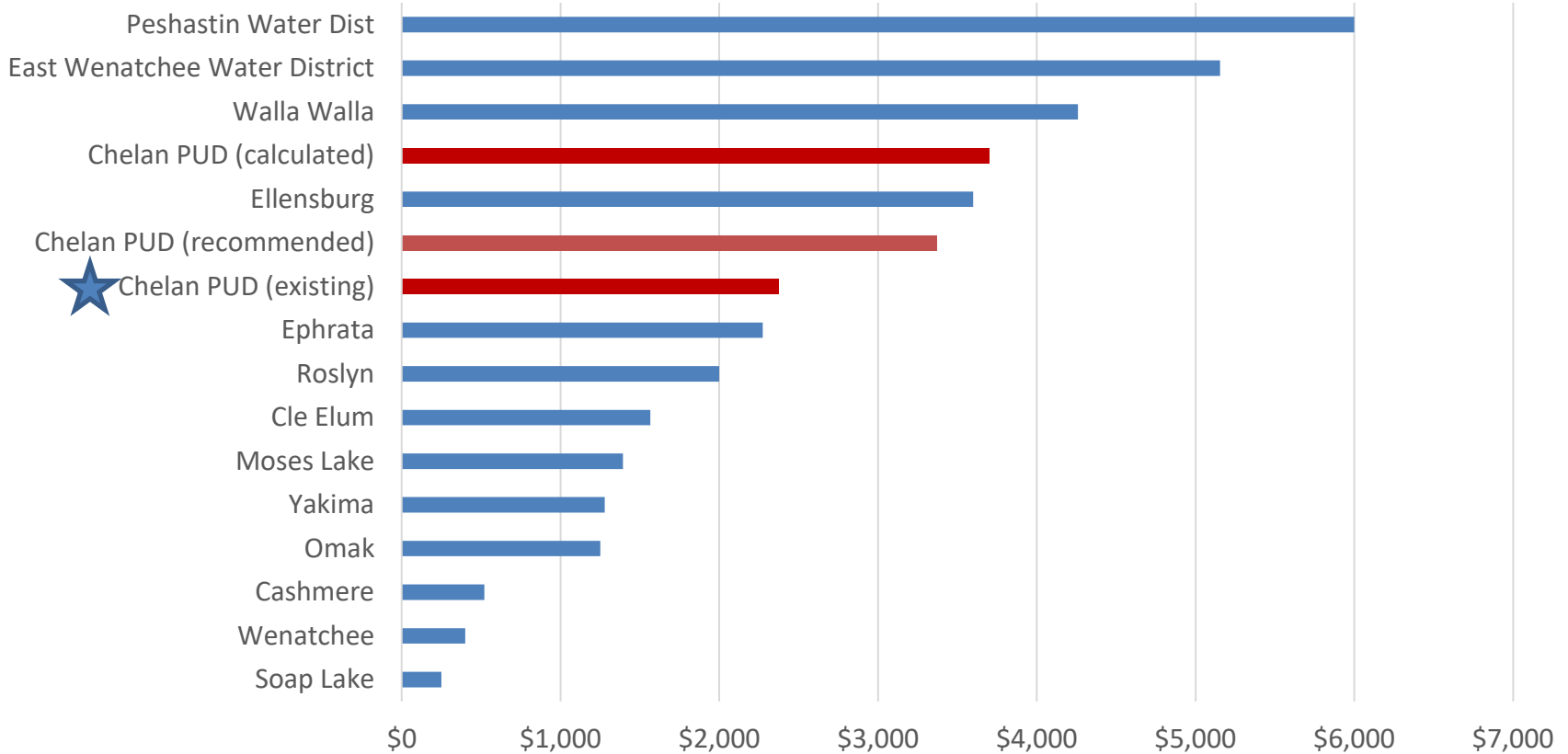


# Water/Wastewater Growth Funding

- Consultant study showed existing charges well below cost
- Staff recommends increasing existing SDCs by \$1,000
  - Per residential wastewater connection
  - Per 5/8" water connection, others scaled on AWWA factors
- May consider additional increases as part of future rate plans

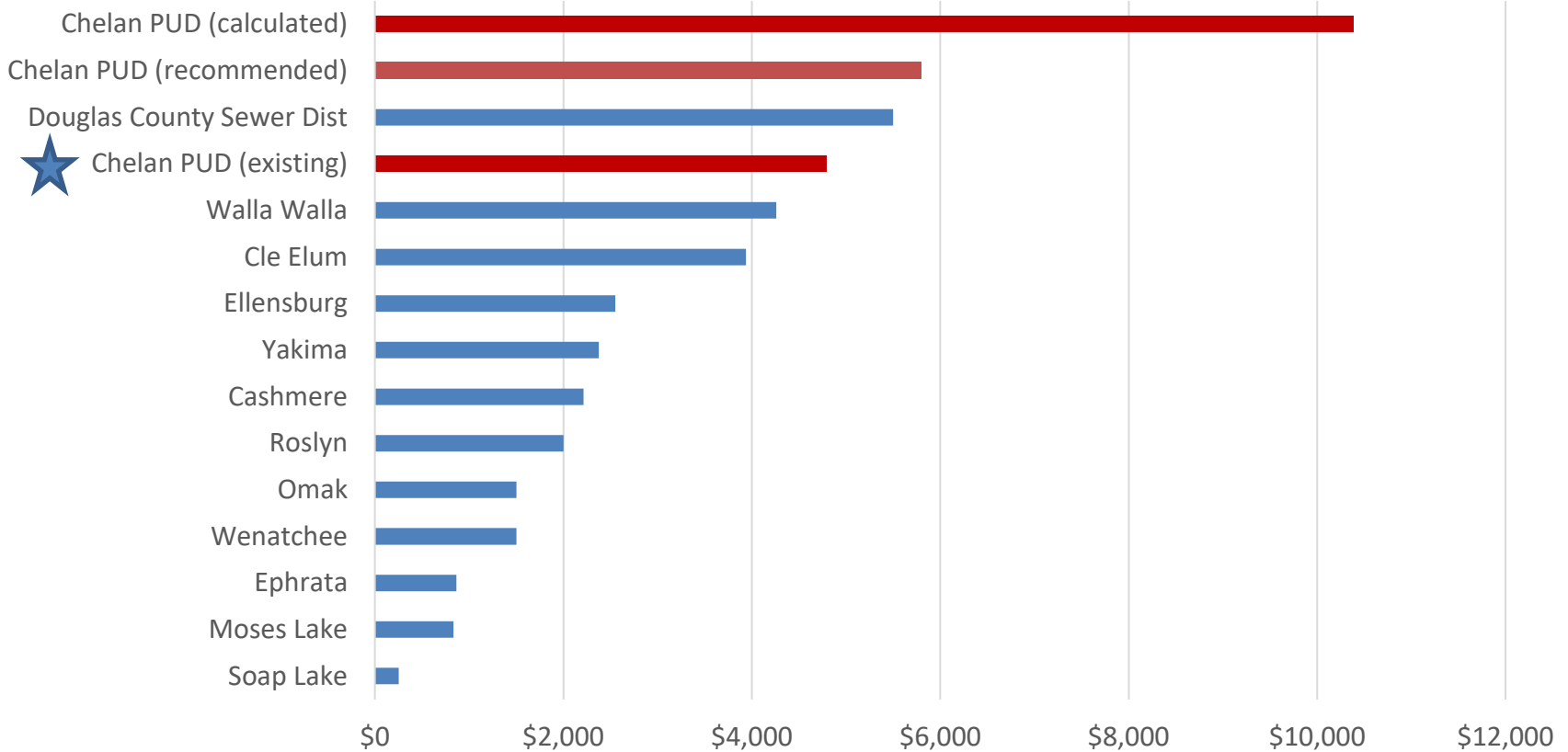
# Water SDC Comparison

Water SDC Rate Survey (Single Family)



# Wastewater SDC Comparison

Wastewater SDC Rate Survey (Single Family)



Board discussion/questions?

Additional public feedback?

# Next Steps if Supported

- Effective April 1, 2022, include electric System Impact Fees as a part of an increase to the existing service connection fees at the amounts presented, which are approximately equivalent to \$27/kW
- Effective April 1, 2022, increase existing water and wastewater system development charges by \$1,000 per connection for each equivalent residential unit and 5/8" water meter