

Peshastin Water District Merger Next Steps

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Why we're here today

- Review Board requests & feedback
- Review Public Power Benefit options
- Discuss next steps

Recent Board Feedback

- Board requests
 - Public Power Benefit (PPB) options for funding capital needs beyond \$1 million PUD support for excess water rights and approx. \$500,000 in system funded project
 - Availability of PPB funds and allocation timing
- Community feedback
 - Continued request that District fund capital improvement costs not covered by potential future grant funding

District Funding Options

- System funded – potentially impacting all water rates in future
 - Would require rate increases of ~1 - 2% to support estimated debt service
- Public Power Benefit (PPB) – allocate current or future PPB funding to system capital
 - \$1.65M remaining of \$10 million available (after \$4 million increase in October 2023)
 - \$6 million annually for future years

System Funded Option

- 2024 PUD Water System cash reserves are forecast to be in excess of targets, however future capital improvements are expected to fully utilize cash reserves
- Including additional capital without associated funding, would negatively impact Water System cash reserves and/or increase the amount of required internal loans

Water Business Line	2024	With External* Funding	System Funded
	Future Impact		
Cash Reserves – Unrestricted (target)	>\$1.25M		
Cash Reserves – Unrestricted (forecast)	\$3.6M	Neutral	Negative

* Funding from sources outside the existing water system includes PPB, grants, and/or customer funded adder

PPB Funding Options

District Funding	Residential 5/8" Adder	Commercial 1.5" Adder	Industrial 8" Adder
\$1M water rights + ~\$500,000 system capital	\$16 per ERU per month	\$30	\$1,655
Additional support \$400,000	\$12	\$22	\$1,200
Additional support \$800,000	\$7	\$14	\$750
Additional support \$1,200,000	\$3	\$5	\$300
Additional support \$1,600,000	\$0	\$0	\$0

PPB Funding Administration

(Guidance requested today)

Options

- A. Allocate PPB funding from remaining 2024 funds
- B. Plan lump sum funding as part of 2025 allocations
- C. Align PPB funding with capital project schedule
 - Staff recommendation: Allows for consideration of future grant funding potential and impact of economic factors on project cost

Next Steps

- Rate decision pending results of Board discussion
- Late March
 - Closing of transfer agreement
 - Final bills sent by Peshastin Water District
- April
 - Meter installation
 - First Chelan PUD water bills

Appendix

Progress to date

- ✓ December 18
 - Progress update
 - Previewed rate proposal
- ✓ January 8
 - Reviewed feedback to date
 - Previewed outreach plan, set rate hearing and informational meeting
 - Public comment period began
- ✓ January 17
 - Public information meeting
- ✓ January 22
 - Rate hearing
- ✓ February 5
 - Resolution establishing 8” water meter basic charge, 2 warehouse tank surcharges, and approved internal replacement loan terms
- ✓ February 20 - today

2024 PPB Funding Allocations

Project	2024 Funding Recommendation
Fiber – Final Year of 11-year Plan	\$2.1M
Fiber – Bridge Funding for Design	\$750k
Stehekin Reliability – Phase 1	\$1.0M
Manson – Old Swim Hole Connection to Manson Bay (PUD Park)	\$500k
5 th Street Campus Redevelopment	\$4.0M
Total	\$8.35M