

Peshastin Water District Acquisition

March 18, 2024

Heather Irelan, Cathy Melton



Why we're here today

- Progress update on Peshastin Water District (PWD) system transfer
- Proposed next steps
 - Rate equalization charge
- What customers can expect
- Proposed motion for Board consideration

Progress to date

- ✓ Commission meetings
- ✓ Information meeting
- ✓ Public hearing
- ✓ Adoption of rates to support transition
 - Tank Surcharges for warehouses
 - Establish 8" meter basic charge
- ✓ Adoption of terms for replacement loan
- March 26 – transfer closing date

Proposed next steps

- March 26
 - PWD customers will transition to existing PUD policies, rates, fees and charges
 - PUD rates may result in slightly lower bills based on average water usage estimates
 - Existing large industrial customer tank surcharge rates will continue to apply

If directed by the Board:

- Staff will develop a rate equalization charge to:
 - Keep PWD customer bills in line with their existing amounts
 - generate cash flow to contribute to capital projects
- June 1
 - Rate equalization charge becomes effective
 - Mirror PWD's previously adopted revenue forecast and approved rate plan over the next three years
 - Average water users' PUD bills will likely return to amounts similar to PWD bills

Estimated rate equalization charges

PUD rates may result in lower bills based on average water usage estimates, charge would keep bills in line with PWD bills

| Customer Class | Estimated equalization amount |
|------------------|-------------------------------|
| Residential 5/8" | <\$5/month |
| Commercial 1.5" | <\$15/month |
| Industrial 2" | <\$100/month |
| Industrial 8" | <\$700/month |

What can customers expect under proposal

- After June 1, 2024, monthly bills will remain similar to what they've experienced and what was planned by PWD
- Rate equalization charge will be included in annual Fees & Charges review process
- High level of service provided by Chelan PUD
 - More operational support
 - Outage responses
 - One bill, multi-service
 - More payment options
 - Low-income senior/disabled discounts

Questions?

Proposed Motion

To direct staff to establish a rate equalization charge, to be effective June 1, 2024, for all customers within the Peshastin Water District service area such that the monthly revenue from each customer class is expected to be approximately the same as under the Peshastin Water District's current rate schedules, and to design the rate equalization charge to approximate the expected revenue in the 2021 rate plan approved by the Peshastin Water District over the next three years