



Peshastin Water District Acquisition

Ron Slabaugh, W/WW Manager

September 19, 2022

Why we're here today

- Informational - no action requested
 - Last update May 16, 2022
- Progress update
- Seek feedback
- Next steps

Progress to Date

- Acquired as-built documentation
- Surveyed system and updated PUD GIS water database
- Land rights analysis expected completion by end Nov.
- Interim and final plan for meter reading and billing
- Preparation of purchase & sale agreement by year end

Progress to Date

- Capital improvement plan developed
 - New well \$1,825,000
 - Distribution metering improvements \$66,000
 - Booster pump station replacement \$478,000
 - Reservoir safety improvements \$356,000
 - SCADA improvements \$239,000
 - Automatic meter reading system replacement \$100,000
 - TOTAL ~\$3,100,000**

Progress to Date

- Water rights
 - Two consumptive rights totaling 407 acre-ft/year
 - Current use approximately 155 acre-ft/yr
 - In good standing with WA Dept. of Ecology with development schedules extended to November 1, 2028
 - Unable to locate documentation that transferred ownership to PWD
 - Currently preparing deeds for signature by Bluebird & Peshastin HiUp

Progress to Date

- Financial analysis – guiding philosophy that acquisition be financially neutral to existing PUD customers
 - PWD adopted a rate plan with 4% annual increases through 2031. The average PWD customer would pay about \$5 more per month in 2022 compared to PUD rates
 - Chelan PUD rates are estimated to cover operating expenses and existing PWD debt service
 - Since the PWD capital plan would require additional debt service, a rate adder would be needed to recover the cost
 - With internal loan terms (4.1% interest, 20 years) each million borrowed would add debt service equivalent to \$12/mo. Per residential customer

Progress to Date

- Financial analysis – cont.
 - Debt funding the entire capital plan would increase the residential bill \$38 per month for the 20-year term of the loan
 - Chelan PUD will apply for all feasible grant funding, such as system acquisition funding through WA Dept. of Health
 - The \$1 million grant administered by WA Dept. of Commerce will not be pursued due to cost impacts and compliance/administrative requirements
 - Same funding offered for Dryden WW. Staff advised Board we would not accept grant for Dryden project on June 20, 2022

Next Steps

- Coordinated outreach with PWD to confirm community support
- Finalize purchase and sale agreement and closing documentation
- Resolution authorizing GM signature of purchase and sale agreement by end 2022
- Close transaction and transition to full PUD ownership/operation in 2023

Questions