

Peshastin Water District Acquisition Public Hearing

January 22, 2024

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Why we're here today

- Review public comments received
- Review financial and rate considerations
- Public comment
- Next steps

Acquisition Considerations/Priorities

- PUD responding to Peshastin Water District (PWD) request
- PWD leadership is committed to this effort
- PWD outreach to customers indicates support
- PUD presently operates the Peshastin wastewater system
- Community benefit of single utility provider
- Acquisition shall be financially neutral to existing PUD customers

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
 - Held public information meeting
- ✓ January 22
 - Rate hearing - today

Community feedback

- Information meeting included ~15 community members
- General support for PUD becoming operator
 - Desire for continued safe, reliable water service
 - Discussion about PUD long-term commitment to the community
- Concerns with premature assessment of rate adders
 - Desire alignment of implementation of rate adders with timing of capital projects
- Requested additional validation of water rights value
- Requested recognition of past capital investments and value of PWD assets

Rate adder considerations

- September 2022 estimated at \$38/month per residential customer
- January 2024 Example
 - \$16 Residential
 - \$30 Commercial
 - \$1,655 Industrial
- December 2023 Example
 - \$17 Residential
 - \$33 Commercial
 - \$1,780 Industrial
- Refinements include:
 - Consideration for water rights valuation
 - Removed specific improvement projects that are common to existing PUD improvement needs
 - Estimated capital improvement costs adjusted from ~\$3.1M to ~\$2.67M
 - Decline in market interest rates
 - Utilizing existing PWD cash to apply towards capital projects
- Future grant funding or significant growth could trigger re-evaluation

Refined loan terms

- PWD 2023 year end financial statements
- Refreshed market interest rates
- Loan reserves to support scheduled payments
- Leverage cash balances to apply towards new capital
- Proposed terms will be set by Resolution

- Replacement Loan
 - Debt service similar to existing PWD debt and supported by rate revenues
 - \$1,040,000
 - 10-year maturity
 - Interest rate 3.0%
- New Capital Loan
 - Debt service to be supported by rate adders
 - \$1,580,000
 - 20-year maturity
 - Interest rate 4.0%



Planned rate and fee adjustments

- PWD customers will transition to existing PUD policies, rates, fees and charges
- Continue existing large industrial customer tank surcharge rates
- Rate adder to cover new capital loan
- Additional low-income/senior disabled discount applicable to proposed rate adder
- Rate adder and tank surcharge will sunset upon payoff of internal loans

Schedule of next steps

February 5

- Present resolution seeking adoption of rate plan
- Present resolution seeking approval of internal loan terms

February/March

- System programming of rates/testing
- Meter installation

March – Acquisition completion target

Public comment

Questions?

Appendix

Progress to date

- Resolution 22-14730 authorized General Manager to execute PWD water system transfer agreement and included the following terms:
 - PUD will not pay monetary consideration for acquiring PWD assets
 - PUD will pay outstanding PWD liabilities that encumber assets
 - PWD will transfer all assets to PUD
 - Transition period no less than six months
 - PUD has full authority and discretion to set water rates

Progress to date

- Agreement signed late September 2023
 - Transaction closing targeted for late March 2024
- Transition plan under development / implementation
- Land rights analysis completed
 - PWD currently acquiring easements
- Water rights deeds acquired

Progress to date

- Refined capital improvement plan
- Developed financing options
- PWD water rights valuation completed by third-party
 - Excess water rights value estimated at ~\$1M
- Identified future board action

Planned rate and fee adjustments

Peshastin Water District New Connection Charges

Connection Size	Charge
5/8"	\$6,000
1"	\$6,000
1 ½"	\$9,500
2"	\$10,500
4"	\$12,000

Chelan PUD System Development Charge (SDC)

Connection Size	Charge
5/8"	\$3,372
1"	\$8,430
1 ½"	\$16,860
2"	\$26,976
3"	\$50,580
4"	\$84,300

Customers of both systems pay applicable infrastructure costs (meter fee, chamber costs, etc.)

Estimated customer impacts 2024 Rate Schedules

Example of average monthly Residential Customer

PWD Rates	PUD Rates	PUD + Rate Adder	Average Monthly Impact
\$67	\$63	\$79	\$12

- 5/8" Meter and ~6,000 gallons per month
- Proposed rate adder ~\$16/month
- Qualifying low-income senior/disabled customers eligible ~\$20/month discount

Estimated customer impacts 2024 Rate Schedules

Example of low use monthly Residential Customer

PWD Rates	PUD Rates	PUD + Rate Adder	Average Monthly Impact
\$58	\$50	\$66	\$8

- 5/8” Meter and ~3,000 gallons per month
- Proposed rate adder ~\$16/month
- Qualifying low-income senior/disabled customers eligible ~\$20/month discount

Estimated customer impacts 2024 Rate Schedules

Example of high use monthly Residential Customer

PWD Rates	PUD Rates	PUD + Rate Adder	Average Monthly Impact
\$104	\$133	\$149	\$45

- 5/8” Meter and ~20,000 gallons per month
- Proposed rate adder ~\$16/month
- Qualifying low-income senior/disabled customers eligible ~\$20/month discount

Estimated customer impacts 2024 Rate Schedules

Example of average monthly Commercial Customer

PWD Rates	PUD Rates	PUD + Rate Adder	Average Monthly Impact
\$188	\$189	\$219	\$31

- 1 ½” Meter and ~19,000 gallons per month
- Proposed rate adder ~\$30/month

Estimated customer impacts 2024 Rate Schedules

Example of average monthly Industrial Customer

PWD Rates	PUD Rates	PUD + Rate Adder	Average Monthly Impact
\$4,670	\$4,120	\$5,775	\$1,105

- 8" Meter and ~671,000 gallons per month
- Proposed rate adder ~\$1,655
- Does not include tank surcharge for applicable customers