

# Public Utility District #1 of Ferry County

## 2024 Budget

December 18, 2023

**Budget Summary** - The Approved Budget for 2024 reflects an increase of approximately 16% from the 2023 Budget. For the past several years, the District has seen a growth in energy sales revenues of about 10% per year due to increased electric load. The 2024 budget reflects a continuation of this trend. A larger energy load will result in additional operating costs as well as a need for added capital expenditures to provide reliable service and maintain adequate material levels. The utility's retail rates have not risen since 2017 and this budget does not anticipate a change in 2024. To ease monetary impact on the customers, the District plans to utilize existing G&O funds to supplement resources for the year. Thus, predicting a total budget of 9.98 million dollars.

The cost of purchased power from Bonneville Power Administration will continue to be the largest use of operating funds for the District; cost is estimated at 3.6 million dollars for 2024. If expected sales are realized, the respective power costs will rise to provide the energy in demand. Power costs reflect a 16% increase in 2024.

Labor and benefit costs are also a sizable portion of the uses reflected in the budget. The district is anticipating 19.75 FTE employees. Insurance costs and other benefit expenditures are expected to rise by a total of 9% during 2024. The labor dollars and benefits are reflected within each operating budget category based on work trends over the most recent years.

The 2024 Budget for capital expenditures reflects a considerable increase of over 27% from the 2023 capital budget. Capital items needed to maintain the integrity of the system and provide for the recent construction demand are included. There are upgrades needed to existing substations, transformers, regulators, reclosers, and meters; monies are included for those needs.

**The Methodology** - The District's annual budgeting is based on a methodology often used by municipal agencies, zero-based budgeting. It begins with the assumption that all items for the budget begin with a zero base. In other words, there are no "carry-overs" from prior years. Each budget item is analyzed by reviewing historical trends and adjusting for future expectations for the ensuing year. In effect, the annual budget is "built from the ground up."

**Sources of Funds** - Budgeted funds reflect a rise from last year of 16.3%. There have been more than two hundred new residential meters added to the system during the last four years which has increased residential sales revenues as previously mentioned. In addition, the District has seen an overall increased demand from existing commercial and industrial customers. As always, extreme weather conditions could affect sources of funds; however, they are not factored into the

sales predictions since the impact is unknown at this time. Miscellaneous revenues are virtually stagnant from the previous year's budget with the exception of interest revenues. With the surge in interest rates in 2023, the District realized a larger than expected increase from that source; the 2024 budget anticipates a continuation of those interest rates. As previously mentioned, the District may utilize existing G&O funds to supplement resources in 2024 if necessary.

## **Uses of Funds**

**Operating Budget** - Operating costs for 2024 are estimated to increase from the previous year by 14.8%. The largest factors besides the additional purchased power and labor and benefit costs previously mentioned are the rising costs for services and supplies. In addition, an increase is projected in the District's utility taxes and privilege taxes owed to the State of Washington due to the increased energy sales expected.

**Financing** - The Budget does not include monies for financing activities since the District does not currently have any long-term debt service. The 2024 budget does not anticipate any new debt requirements.

**Capital Budget** - The Capital expenditures for 2024 contemplate the replacement of aging poles, the purchase of overhead and underground conductor, transformers, regulators, reclosers, and meters, along with other needed materials during day-to-day maintenance and operations as well as for new construction projects. The goal for 2024 is to purchase sufficient AMI meters and gateways to update the remainder of the District's system to this technology. The District also plans to begin the first stage of substation transformer upgrades which will include the engineering phase. In addition, this year's fleet budget includes funds for the replacement of aging equipment. General plant maintenance is a continual need at the district shop and office consisting of painting, fencing, and building repairs. The significant expenditures for this year include:

- \$ 80,000 for power poles
- \$150,000 for overhead conductor and underground cable
- \$175,000 for transformers, regulators, and reclosers
- \$150,000 for substation upgrades
- \$250,000 for AMI meters and gateways
- \$100,000 for miscellaneous materials; cross arms, insulators, cut outs, etc.
- \$ 40,000 for general plant maintenance
- \$ 32,500 for phone system upgrade, website & software upgrades
- \$130,000 for fleet replacements

**PUD No. 1 of Ferry County**

**Approved Budget**

**2024**

<b>Operating Budget</b>		<b>2023</b>	<b>2024</b>	
<b>Acct #</b>	<b>Sources</b>	<b>Budget</b>	<b>Budget</b>	<b>% Change</b>
440.100	ENERGY SALES-RESIDENTIAL	3,251,000	4,025,000	23.81%
440.150	ENERGY SALES-RESIDENTIAL REPUBLIC	698,000	784,000	12.32%
440.200	ENERGY SALES-RESIDENTIAL SEASONAL	341,000	-	-100.00%
441.000	ENERGY SALES-IRRIGATION	83,000	81,000	-2.41%
442.200	ENERGY SALES-COMMERCIAL	600,000	666,000	11.00%
442.250	COMMERCIAL-REPUBLIC	501,000	559,000	11.58%
442.400	LARGE POWER	614,000	699,000	13.84%
442.450	LARGE POWER-REPUBLIC	359,000	401,000	11.70%
442.500	ENERGY SALES-INDUSTRIAL	1,343,000	1,672,000	24.50%
442.600	INDUSTRIAL 115 Kv	-	-	0.00%
444.750	ENERGY SALES-PUBLIC STREET LIGHTING REPUBLIC	3,600	3,600	0.00%
450.000	FORFEITED DISCOUNTS-LATE PAYMENT CHGS	700	1,400	100.00%
451.000	MISCELLANEOUS SERVICE REVENUES	35,000	28,000	-20.00%
451.100	SERVICE REVENUES-NEW CONNECTS	2,000	2,000	0.00%
454.000	RENT-ELECTRIC PROPERTY	71,000	72,000	1.41%
456.000	OTHER ELECTRIC REVENUE	25,000	25,000	0.00%
419.000	INTEREST & DIVIDEND INCOME	67,600	240,000	255.03%
421.000	MISC NON-OPERATING INCOME	240,000	275,000	14.58%
	NON-REVENUE FUNDS TO BE UTILIZED - G&O FUNDS	350,000	450,000	28.57%
	<b>Total Sources</b>	<b>8,584,900</b>	<b>9,984,000</b>	<b>16.30%</b>

<b>Operating Budget</b>		<b>2023</b>	<b>2024</b>	
<b>Acct #</b>	<b>Uses</b>	<b>Budget</b>	<b>Budget</b>	<b>% Change</b>
	<b>Purchased Power</b>			
555.000	COST OF PURCHASED POWER - BPA	3,100,394	3,602,600	16.20%
	<b>Distribution Operations and Maintenance</b>			
570.000	MAINT OF STATION EQUIPMENT - TRANSMISSION	5,200	5,800	11.54%
571.000	MAINT OF OVERHEAD LINES-TRANSMISSION	1,100	1,200	9.09%
580.000	SUPERVISION AND ENGINEERING-OPERATIONS	296,700	334,700	12.81%
582.000	STATION EXPENSES-OPERATIONS	500	600	20.00%
583.000	OVERHEAD LINE EXPENSE-OPERATIONS	900	900	0.00%
584.000	UNDERGROUND LINE EXPENSE-OPERATIONS	26,800	24,400	-8.96%

Acct #	Operating Budget Uses	2023	2024	% Change
		Budget	Budget	
586.000	METER EXPENSE-OPERATIONS	195,200	281,500	44.21%
586.100	PUMP CONNECTS & DISCONNECTS	300	400	33.33%
588.000	MISCELLANEOUS DISTRIBUTION EXPENSE-OPERATIONS	341,200	259,900	-23.83%
589.000	RENT AND LEASE EXPENSE	800	900	12.50%
590.000	SUPERVISION AND ENGINEERING-MAINTENANCE	-	-	0.00%
591.000	SOLAR-MAINTENANCE	2,100	3,300	57.14%
592.000	STATION EQUIPMENT-MAINTENANCE	20,000	26,600	33.00%
593.000	OVERHEAD LINE EXPENSE-MAINTENANCE	513,600	512,500	-0.21%
593.100	POLE TESTING-MAINTENANCE	40,000	40,000	0.00%
593.200	CHEMICAL VEGETATION TREATMENT-MAINTENANCE	3,400	2,900	-14.71%
593.300	BRUSH CLEARING-MAINTENANCE	30,000	30,000	0.00%
593.400	OUTAGE OH LINE EXPENSE - MAINTENANCE	90,800	99,000	9.03%
593.500	CONTRACT TREE TRIMMING - MAINTENANCE	292,200	461,200	57.84%
594.000	UNDERGROUND LINE EXPENSE-MAINTENANCE	6,400	6,300	-1.56%
594.400	OUTAGE UG LINE EXPENSE - MAINTENANCE	3,000	3,300	10.00%
595.000	LINE TRANSFORMERS-MAINTENANCE	11,200	11,200	0.00%
595.100	PCB PROGRAM - MAINTENANCE	1,200	500	-58.33%
596.000	STREET LIGHTING-MAINTENANCE	-	-	0.00%
597.000	METERS-MAINTENANCE	9,700	9,700	0.00%
598.000	SECURITY LIGHTS-MAINTENANCE	10,100	11,100	9.90%
	<b>Total Distribution Operations and Maintenance</b>	<b>1,902,400</b>	<b>2,127,900</b>	<b>11.85%</b>
	<b>Customer Service</b>			
901.000	SUPERVISION CONSUMER ACCOUNTING	-	-	0.00%
902.000	METER READING EXPENSE	183,500	213,800	16.51%
903.000	CONSUMER RECORDS AND COLLECTION EXPENSE	478,900	528,300	10.32%
903.100	CONSUMER ENERGY BURDEN ASSISTANCE	-	50,000	100.00%
903.500	CREDIT CARD EXPENSE	48,000	45,000	-6.25%
904.000	UNCOLLECTIBLE ACCOUNTS EXPENSE	12,000	12,000	0.00%
908.000	ENERGY CONSERVATION EXPENSE	13,600	2,500	-81.62%
908.100	SOLAR-GRANT	-	-	0.00%
908.101	MODULAR HOMES & BUILDINGS-ENERGY STAR	-	-	0.00%
908.102	HOT WATER TANKS - ENERGY STAR	-	-	0.00%
908.103	APPLIANCE & WINDOWS-ENERGY STAR	-	-	0.00%
908.300	WATERWISE-STEAM GENERATION-SOLAR EDUCATION	-	-	0.00%
908.400	LIGHTING RETROFITS	-	-	0.00%
908.500	CONSERVATION ADMINISTRATION	13,900	9,900	-28.78%
909.000	INFORMATION AND INSTRUCTION ADVERTISING	-	-	0.00%

Acct #	Operating Budget Uses	2023	2024	% Change
		Budget	Budget	
910.000	MISC CUSTOMER SERVICE AND INFORMATION EXPENSE	900	4,000	344.44%
910.200	ECONOMIC DEVELOPMENT	-	-	0.00%
	<b>Total Customer Service</b>	<b>750,800</b>	<b>865,500</b>	<b>15.28%</b>
	<b>General and Administrative</b>			
920.000	ADMINISTRATIVE AND GENERAL SALARIES	710,400	798,600	12.42%
921.000	OFFICE SUPPLIES AND EXPENSE	77,000	103,500	34.42%
923.000	OUTSIDE SERVICES EMPLOYED	41,000	20,600	-49.76%
924.000	PROPERTY INSURANCE EXPENSE	25,200	23,400	-7.14%
925.000	INJURIES AND DAMAGES	126,300	152,300	20.59%
926.000	EMPLOYEE PENSIONS AND BENEFITS	-	14,500	100.00%
928.000	STATE AUDIT EXPENSE	15,000	40,000	166.67%
929.000	DUPLICATE CHARGES PUD ELECTRIC USAGE-CREDIT	(12,000)	(12,000)	0.00%
930.100	GENERAL ADVERTISING EXPENSE	5,800	5,800	0.00%
930.200	MISCELLANEOUS GENERAL EXPENSE	3,900	3,500	-10.26%
930.300	COMMISSIONERS EXPENSE	253,700	306,200	20.69%
	<b>Total General and Administrative</b>	<b>1,246,300</b>	<b>1,456,400</b>	<b>16.86%</b>
	<b>Industry Memberships</b>			
930.400	MISCELLANEOUS-INDUSTRY FEES	100	200	100.00%
930.410	CWPU-INDUSTRY FEES	12,000	10,500	-12.50%
930.430	NWPPA-INDUSTRY FEES	4,500	4,800	6.67%
930.440	NWW&H-INDUSTRY FEES	-	-	0.00%
930.450	PPC-INDUSTRY FEES	3,500	3,600	2.86%
930.460	TEDD-INDUSTRY FEES	1,500	1,500	0.00%
930.470	WPUDA-INDUSTRY FEES	10,800	10,800	0.00%
930.490	NRU-INDUSTRY FEES	6,600	6,500	-1.52%
	<b>Total Industry Memberships</b>	<b>39,000</b>	<b>37,900</b>	<b>-2.82%</b>
	<b>General Maintenance</b>			
932.000	MAINTENANCE OF GENERAL PLANT	41,500	34,900	-15.90%
	<b>Total General Maintenance</b>	<b>41,500</b>	<b>34,900</b>	<b>-15.90%</b>
	<b>Taxes</b>			
408.100	TAXES-STATE PUD PRIVILEGE	175,200	190,800	8.90%
408.400	TAXES-STATE UNEMPLOYMENT	-	1,800	100.00%
408.500	TAXES-STATE BUSINESS & OCCUPATION TAX	800	800	0.00%
408.600	TAXES-STATE UTILITY TAX	268,800	318,000	18.30%

Acct #	Operating Budget Uses	2023	2024	% Change
		Budget	Budget	
408.700	LEASEHOLD TAX	-	-	0.00%
	<b>Total Taxes</b>	444,800	511,400	14.97%
	<b>Interest Expense</b>			
427.100	INTEREST ON DEBT SERVICES	-	-	0.00%
	<b>Total Uses</b>	7,525,194	8,636,600	14.77%
	<b>Net Operating Budget</b>	1,059,706	1,347,400	
		<b>2023</b>	<b>2024</b>	<b>%</b>
	<b>Capital Expenditures</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
	Poles	40,000	80,000	100.00%
	OH Conductor & URD Cable	150,000	150,000	0.00%
	Transformers, Pad mount	90,000	125,000	38.89%
	Transformers, Line	45,000	25,000	-44.44%
	Substation/Equipment Upgrades	50,000	150,000	200.00%
	Regulator/Recloser Upgrades	25,000	25,000	0.00%
	AMI Meters - Meter Gateways	120,000	250,000	108.33%
	10 Mile Access Trail	25,000	25,000	0.00%
	Non-Itemized Capital Materials	120,000	100,000	-16.67%
	Capitalized Labor	232,991	224,900	-3.47%
	<b>Equipment - Fleet Budget</b>	115,000	130,000	13.04%
	<b>Building Maintenance</b>			
	Shop	20,000	20,000	0.00%
	Maintenance	20,000	20,000	0.00%
	<b>Office Equipment</b>			
	Mapping/Engineering Equipment	4,215	-	-100.00%
	Computer Replacements/Servers/Software Upgrades	2,500	2,500	0.00%
	Website Upgrade	-	5,000	100.00%
	Phone System Upgrade	-	15,000	100.00%
	<b>Total Capital Purchases, Additions, and Replacements</b>	1,059,706	1,347,400	27.15%
	<b>TOTAL BUDGET</b>	8,584,900	9,984,000	16.30%
	<b>NET TOTAL BUDGET</b>	0	-	