

# 2024 Budget



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## A LEGACY OF SERVICE

We are public power and water. Since we were created by a vote of the people in 1936, we have been not-for-profit, community owned, and locally governed. Nearly 90 years later, our mission remains the same: deliver safe, reliable, and environmentally sustainable electricity and water to our communities.

Our 1,200 employees are dedicated to serving Snohomish County and Camano Island, some of the fastest growing communities in the country. Currently we provide electricity to more than 875,000 people and 25,000 businesses through 373,000 electric meters. We directly serve 23,000 water customers and supply wholesale water to six local utilities.

The communities we serve have diverse current and future needs. We know that our ability to be successful in the future is intertwined with theirs. We embrace each opportunity to partner with them and work together to achieve a bright future for our customers.

We are the second largest public utility in the Pacific Northwest and the 12th largest in the United States. That puts us in a unique position to be a leader in advocating for change that creates a better future for our region and the neighbors and friends we serve.

### OUR PURPOSE, VALUE AND VISION

**> OUR PURPOSE (what guides us)**

We deliver essential utility services to help our communities thrive.

**> OUR COMMITMENT (the tenets that anchor us)**

We embrace our role in enabling the vitality of the communities we serve, today and tomorrow. To fulfill our part, we:

- Are a **POWERFUL PARTNER**
- Provide **EXCEPTIONAL VALUE**
- Deliver **EXCELLENT EXPERIENCES**
- Are the **BEST** version of Team PUD

**> OUR VALUES (how we behave)**

We hold ourselves and every member of Team PUD to high standards.

Every day we **SAFEGUARD** what matters, putting employee and community safety first.

We have **INTEGRITY**. We are a **TEAM**.

We **SERVE** with pride, **RISE** to challenges.

We choose to **INCLUDE** all, **SEEK** growth, and be **BOLD**.

**> OUR VISION (where we are going)**

Be the utility that delights our customers and energizes life in our communities.

By achieving our Vision, we will be the best utility for our communities. We will help our customers and communities creatively meet the future head on, powering a strong economy and environment. Given the opportunity, our customers will rave about our service and the value we provide and would choose us over any other option.

RESOLUTION NO. 6155

A RESOLUTION Adopting the 2024 Budget for Public Utility District No. 1 of Snohomish County, Washington

WHEREAS, a proposed budget for Public Utility District No. 1 of Snohomish County, Washington (the "District"), was filed by the Commission of the District in accordance with the requirements of applicable law; and

WHEREAS, after having given prior notice to the public in accordance with the requirements of applicable law, the Commission held public hearings to take testimony on issues relating to spending levels under consideration for the year 2024; and

WHEREAS, Resolution No. 5853 Modifying the Electric System's Financial Reserve Policy provides that cash reserves and funds are presented in the annual budget and that the staff discuss with the Board proposed modifications of funds; and

WHEREAS, the Commission's Governance Policy on Executive Limitations specifically prohibits the General Manager from financial planning/budgeting which "plans for rate increases in excess of three percent (3%) in any year, or compound increases in excess of nine percent (9%) over any consecutive five-year period" (Financial Planning and Budgeting (EL-4 (6))); and

WHEREAS, staff has provided public hearing presentations which demonstrate that significant inflation, market prices, supply chain delays, major storms, Bonneville Power Administration (BPA) and City of Everett rate increases, and other cost pressures have increased revenue requirements for both Electric and Water, and the policy limitation was not met; and

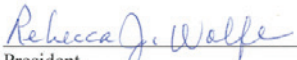
WHEREAS, after having considered staff's estimates of income for 2024 and estimates of expenditures, capital construction requirements, and projected use of reserve

funds, and having considered the public testimony of those customers submitting and offering testimony, the Commission has concluded that the 2024 District budget summarized in Exhibit "A" hereto is fairly structured to maintain the financial health of the District and meet the needs of its customers.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Snohomish County, Washington, as follows:

1. The EL-4 (6) limitation on planned rate increase percentages is hereby waived for this budget and forecasting cycle, and the 2024 budget and the fund transfers for Public Utility District No. 1 of Snohomish County, as summarized in the attached Exhibit "A," is hereby adopted.

PASSED AND APPROVED this 5<sup>th</sup> day of December 2023.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Vice-President

  
\_\_\_\_\_  
Secretary

**Exhibit A**  
**Snohomish County PUD 2024 Budget**

(\$000's)	Electric	Generation	Water
<b>Operating Revenues</b>			
Energy/Water Retail Sales	\$ 681,891	\$ 26,595	\$ 14,503
Energy/Water Wholesale Sales	87,017	-	668
Other Operating Revenues	35,377	-	377
<b>Total Operating Revenues</b>	<b>\$ 804,285</b>	<b>\$ 26,595</b>	<b>\$ 15,548</b>
<b>Operating Expenses</b>			
Purchased Power/Water	\$ 386,240	-	\$ 4,171
Operations & Maintenance	293,357	9,262	9,787
Taxes	42,500	98	773
Depreciation (non-cash)	66,818	6,161	3,830
<b>Total Operating Expenses</b>	<b>\$ 788,914</b>	<b>\$ 15,521</b>	<b>\$ 18,562</b>
<b>Net Operating Income</b>	<b>\$ 15,370</b>	<b>\$ 11,074</b>	<b>\$ (3,014)</b>
<b>Non-Operating Income (Expense)</b>			
Interest Income & Other	\$ 17,226	\$ 996	\$ 191
Interest Charges	(18,747)	(3,817)	(1,069)
Contributions	34,785	50	4,711
<b>Total Non-Operating Income (Expense)</b>	<b>\$ 33,263</b>	<b>\$ (2,771)</b>	<b>\$ 3,833</b>
<b>Net Income</b>	<b>\$ 48,634</b>	<b>\$ 8,303</b>	<b>\$ 819</b>
<b>Other Expenditures</b>			
Capital Expenditures	\$ 149,589	\$ 7,018	\$ 14,127
Debt Service Principal	12,985	7,442	1,570
<b>Reserves Additions/(Uses)</b>			
Revenue Fund/GFC Fund	\$ 23,249	-	\$ (1,094)
Bond Construction Funds	(56,786)	-	(4,900)

## 2024 BUDGET

The 2024 Budget for Snohomish County PUD reflects a substantial effort of leaders, project leads, planners, and staff from across the organization. It is driven by our recently approved strategic values and represents a prudent strategy of reliability, modernization, and infrastructure investment in the future, while continuing to balance the continuing inflation, supply chain and other challenges brought forward from our current economy. With the 2024 Budget, the PUD continues to focus on its commitment to its customers, investing in the quality of its people, preparing for the needs of the future, and responsible cost and fiscal management.



John Haarlow  
CEO/General Manager



### 2024 BUDGET KEY FEATURES

The 2024 Budget and expenditure plan provides funding to develop, maintain, and enhance the PUD's Electric, Generation, and Water systems and continue to provide excellent service and enhance reliability to our customers while pursuing cost-effective conservation.

The 2024 operating budget for the Electric System is \$788.9 million, an increase of \$91 million from 2023. The expenditure plan also includes \$149.5 million in capital expenditures; the majority of those expenditures are for system reliability improvements and upgrades across the PUD's territory and investment in the Connect Up project, a multi-year project to modernize the PUD's meters and network infrastructure.

The 2024 operating budget for the Generation System is \$15.5 million, comparable to 2023. The expenditure plan also includes \$7 million in capital expenditures for construction and improvements, primarily at the Jackson Hydroelectric Project. The Water System's 2024 operating budget is approximately \$18.5 million, roughly \$2.4 million higher than the 2023 operating budget. The expenditure plan for the Water System also includes \$14 million in capital improvements, the majority of which are for the advanced water meter conversion project and construction of a new 500,000-gallon reservoir in our Kayak system.

The following highlights some of the major components of the 2024 Electric System operating budget and capital expenditures:

- ✦ **Rate adjustments** – Consistent with PUD strategy to provide small, incremental rate increases, the 2024 Budget includes a 3.8% general rate adjustment in April 2024.
- ✦ **Use of bonds proceeds** – The PUD issued a \$65 million bond issue in 2023 to help fund capital projects; the 2024 Budget includes the use of \$40 million of those proceeds in addition to use of \$16.7 million of proceeds from the 2021

revenue bonds to fund select major capital projects.

- ✦ **Retail power consumption** – Retail loads, primarily from residential customers, are expected to increase less than 1% in 2024 compared to the 2023 Budget.
- ✦ **New connections** – The estimate for the 2024 Budget new premise connections is 5,655, an increase from the 2023 Budget.
- ✦ **Wholesale market power sales and purchases** – Sales are expected to increase \$26.6 million from 2023 budgeted levels, a reflection of higher expected market prices. Conversely, market purchases are expected to increase by \$41 million from the 2023 budget, also a reflection of the current market price environment.
- ✦ **System reliability investments** – The 2024 capital plan includes several



major projects aimed at increasing reliability for customers – these include miscellaneous line improvement projects, the Crosswinds Substation, the Jennings Park substation as well as continuation of the wood pole and underground cable replacement programs.

- ✦ **Connect Up Program** – Includes \$17.4 million, a portion of a multi-year project, to modernize the PUD's meters and network infrastructure. This project is primarily funded by bond proceeds.
- ✦ **North County Community Office** – Includes \$17.4 million for the completion of a new community office located in Arlington and related site work. This project is primarily funded by bond proceeds.
- ✦ **Energy Services programs** – The PUD continues investment in energy-efficiency and related programs with \$16.5 million in planned expenditures. These expenditures are reported as part of operating and maintenance costs.

## CASH RESERVES

The PUD maintains reserve accounts categorized as follows:

- ✦ **Operating Reserve**, which represents a minimum of 120 days of non-power budgeted expenses in order to provide adequate working capital during unforeseen events such as natural disasters, pandemics, economic downturns, customer loss, and revenue interruption. The Operating Reserve currently exceeds minimum levels.
- ✦ **Contingency Reserve**, which hedges against risks associated with wholesale market exposure resulting from power supply portfolio imbalances created by such elements as weather, contract purchase/product variability, fuel prices, load variances or resource failure. This reserve also provides for self-insured retentions and insurance carrier deductibles. These reserve funds are expected to remain intact during 2024.
- ✦ **Project Reserve**, which represents funds expected to be used for capital and other projects. These funds are generally the proceeds of bond issues.
- ✦ **Benefit Reserves**, which are being accrued over time to fund the actuarial cost of post-employment benefit obligations. The 2024 Budget provides \$2 million to be added to this reserve.
- ✦ **Sinking Reserves**, which are utilized to set aside funds on a monthly basis for annual debt service and privilege tax payments.
- ✦ **Bond Debt Service Reserves**, which are held pursuant to bond covenants for future debt payments.

## LONG-TERM STRATEGY & STRATEGIC PLAN

Since it was created by a vote of the people in 1936, Snohomish PUD has been not-for-profit, community-owned, and locally governed. Nearly 90 years later, the PUD's mission remains the same: deliver safe, reliable, affordable, and environmentally sustainable electricity and water to our communities.

In 2021, PUD leadership began developing an updated and comprehensive long-term strategy and strategic plan to guide it in becoming its communities' utility of the future. The work builds on the strengths and achievements of prior strategic planning efforts and complements existing long-term plans including the PUD's Integrated Resource Plan. The 2023-2027 strategic plan was adopted in 2023.

The 2024 Budget includes funding for several key initiatives and activities that are



directly related to implementation of the Strategic Plan, noted as follows:

### OUR STRATEGIC PRIORITIES

Together, the Executive Leadership Team and Commission identified five long-term strategic priorities that will require our active focus to successfully meet the changing needs of our communities and customers. This focus will ensure we can continue to help our communities thrive and deliver exceptional value to our customers.

**The five strategic priorities are:**

#### ***BOLSTER OPERATIONAL RELIABILITY AND RESILIENCY***

Electrification of transportation, heating, and industry will intensify customer and community dependence on electricity, increase overall energy use, and change usage patterns. The regional shift towards clean energy and accelerating climate change creates new operational complexities. Ensuring that energy and water are available whenever and wherever needed will require sophisticated planning, new and upgraded infrastructure, continual improvement of our practices, and responsible financial management. There are four objectives supporting this priority:

- ✦ Develop the capabilities for an increasingly complex energy future,
- ✦ Build the distribution grid of our future,
- ✦ Ensure resource adequacy by expanding and protecting resources,
- ✦ Preserve exceptional customer value.

#### ***EVOLVE AND ENHANCE CUSTOMER EXPERIENCES***

Our communities are increasingly diverse with evolving customer needs and preferences. The standards set by other industries are influencing what our customers expect of us. To continue delivering excellent experiences and earn customer loyalty we must keep pace and adopt a customer-centric focus across all aspects of our operations. We must hear, understand, and respond to what customers want, need, expect, and value. There are three objectives supporting this priority:

- ✦ Center our work around customer desires, challenges and expectations,
- ✦ Deliver creative, personal and convenient solutions,
- ✦ Give customers increased flexibility and control over their usage and costs.

#### ***ACTIVELY HELP OUR COMMUNITIES THRIVE***

We have been part of the fabric of our communities since our creation and are committed to providing equitable services and access. Water and power are vital to ensuring Snohomish County and Camano Island thrive today and in the future. Looking to the future we believe we have the opportunity, and responsibility, to become an even more powerful partner. There are three objectives supporting this priority:

- ✦ Strengthen our community connections,
- ✦ Support the economic vitality of our communities,
- ✦ Align our practices with our communities' diverse needs.

### ***BUILD A SUSTAINABLE FUTURE WITH OUR COMMUNITIES***

We have long prioritized providing affordable carbon-free power to our communities while being sensitive to the natural environment in our planning, construction, and operations. With growing momentum toward electrification, decarbonization, local energy generation and storage, and conservation of natural resources, we are uniquely positioned to help our communities develop and achieve their sustainability goals. There are two objectives supporting this priority:

- ✦ Responsibly minimize and mitigate our environmental impacts,
- ✦ Help our customers and communities achieve their goals.

### ***CREATE THE CULTURE AND CAPABILITIES NEEDED FOR THE FUTURE***


Our employees are the heart of our organization; they are fundamental to our ability to deliver on our commitments and achieve our vision. We must attract, develop, and retain a workforce that embodies our values and reflects the diversity of our communities. Our employees need not only the capabilities and resources to do their jobs safely and effectively, but also access to development and advancement. There are three objectives supporting this priority:

- ✦ Be an employer of choice,
- ✦ Evolve workforce skills and capabilities,
- ✦ Increase organizational alignment and effectiveness.





# Electric System



# 2024 BUDGET

The Electric System operates primarily to provide electrical service to 875,000 people and 25,000 businesses through 373,000 electric meters. The Electric System purchases the majority of the electrical energy it sells to customers from the Bonneville Power Administration (BPA). The Electric System consists of the PUD’s transmission lines, substations, distribution lines, transformers, meters, and general plant. It also includes customer service, engineering and design, energy-efficiency services, and administrative functions that support the construction, operations and maintenance of the transmission and distribution system.



Schedule 1 shows the 2024 Budget compared to the 2023 Budget.

Schedule 1 ELECTRIC SYSTEM COMPARATIVE FINANCIAL DATA (\$000s)		
	2023 Budget	2024 Budget
<b>Operating Revenues</b>		
Energy Retail Sales	\$644,664	\$681,891
Energy Wholesale Sales	60,393	87,017
Other Operating Revenues	33,660	35,377
<b>Total Operating Revenues</b>	<b>\$738,717</b>	<b>\$804,285</b>
<b>Operating Expenses</b>		
Purchased Power	\$326,093	\$386,240
Operations & Maintenance	267,398	293,357
Taxes	40,163	42,500
Depreciation Expense	64,214	66,818
<b>Total Operating Expenses</b>	<b>\$697,868</b>	<b>\$788,914</b>
<b>Net Operating Income</b>	<b>\$40,849</b>	<b>\$15,370</b>
Other Income & Expense	12,298	17,226
Interest Charges	(18,335)	(18,747)
Contributions	32,559	34,785
<b>Net Income</b>	<b>\$67,371</b>	<b>\$48,634</b>
<b>Other Expenditures</b>		
Capital Expenditures	174,084	149,589
Debt Service Principal	12,054	12,985
<b>Reserve Funds Additions/(Uses)</b>		
Revenue Fund/GFC Fund	24,421	23,249
Bond Construction Funds	(74,355)	(56,786)

## Operating Revenues

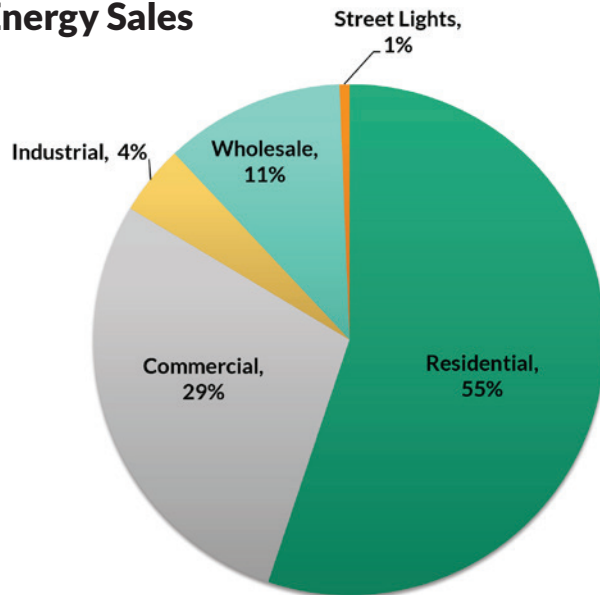
Retail energy sales included in the 2024 Budget are sales within the PUD's service territory to residential, commercial and industrial customers and are projected to be \$37.2 million higher in the 2024 Budget due to expectations of higher customer consumption and a rate increase.

Sales to retail customers represent 88.2% of the Electric System's total energy sales revenue. Chart A highlights the major components of our energy sales.

Wholesale Energy Sales Revenues are \$87 million in the 2024 Budget, \$26.6 million higher than the 2023 Budget. This increase reflects the current higher forward price forecast.

Other Operating Revenues are \$35.4 million in the 2024 Budget, a \$1.7 million increase from 2023 levels. These revenues include sales of the PUD's transmission capacity, BPA energy-efficiency program reimbursements, customer fees and other revenues.

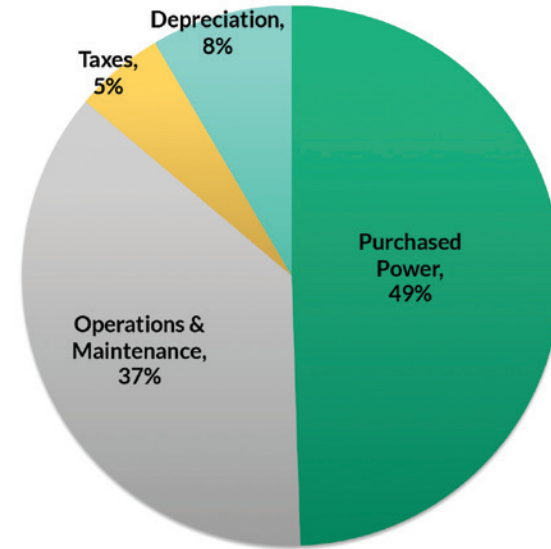
## Chart A: Energy Sales



## Operating Expenditures

The 2024 Budget for operating expenditures is \$91 million higher than the 2023 Budget. Chart B highlights the major components of the 2024 operating expenditures.

## Chart B: Operating Expenses



## PURCHASED POWER

The 2024 purchased power budget reflects a strategy for power supply that focuses on securing stable, reliable power at predictable prices while keeping risk within acceptable levels.

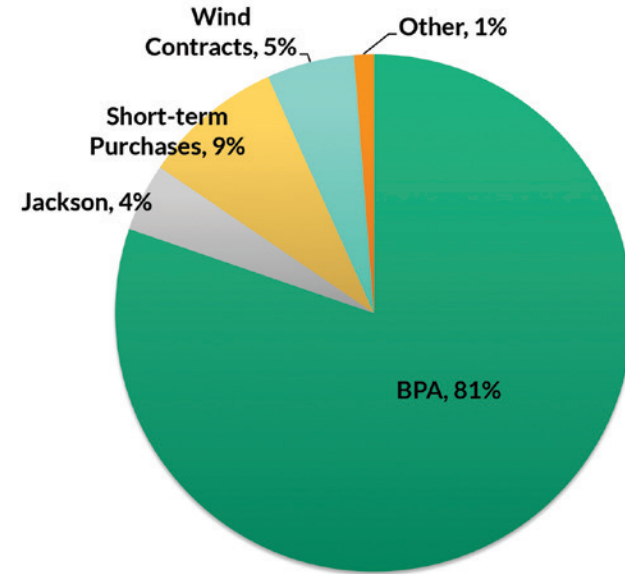
Purchased power costs of \$386.2 million are \$60.1 million higher than the 2023 Budget. This increase is the result of a one-time Reserve Distribution Clause credit received from BPA in 2023, and higher projected short-term market purchase costs due to increases in projected purchase volume and prices.

- **Bonneville Power Administration (BPA)** – The 2024 Budget reflects a long-term power purchase agreement effective October 1, 2012, through September 30, 2028, for the purchase of up to 811 aMW through the Block and Slice products. The BPA power contract represents 81% of the PUD's 2024 forecasted power purchases.
- **Block Product** – 48% of the PUD's energy contract with BPA comes from the Block product. The Block product provides the PUD with power in flat monthly amounts that total 3.3 million MWh over calendar year 2024. The amount of energy the PUD receives each month is based on the PUD's historical monthly load shape. In 2024, the total annual cost of the Block product is forecasted at \$112.3 million.

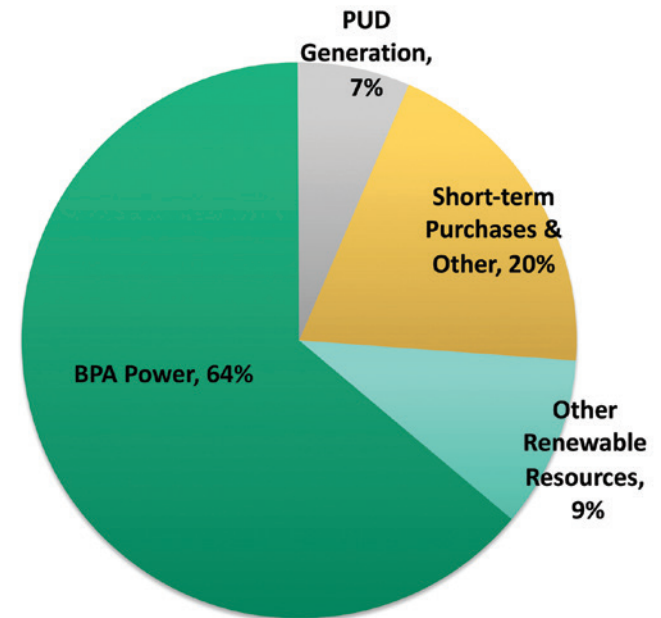
- † **Slice Product** – 52% of the PUD’s energy contract with BPA comes from the Slice product. The Slice product is delivered in variable amounts that reflect the actual output of the Federal Base Power System, which can vary from year to year based on regional hydro conditions. The 2024 Budget estimates receiving 3.6 million MWh from BPA’s Slice product at a cost of \$136.5 million.
- † **Jackson Hydroelectric Project** – The Electric System is expected to purchase 367,642 MWh of power from the Jackson Hydroelectric Project, a component of the PUD’s Generation System, at a cost of \$9.9 million in the 2024 Budget. This represents 4% of the Electric System’s anticipated 2024 power resources.
- † **Small Hydroelectric Projects** – The Generation System owns four small hydroelectric projects: the Woods Creek Project and the Youngs Creek Project in Snohomish County and the Calligan Creek Project and the Hancock Creek Project in King County. The 2024 Generation System budget includes \$6.5 million in purchased power expenditures related to these projects.
- † **Short-term Market Purchases** – The 2024 Budget includes 772,847 MWh, estimated to cost \$70.3 million, for short-term market purchases anticipated to satisfy the PUD’s retail loads in excess of its firm resources to manage short-term load and resource variations. These costs are offset by wholesale power market sales.
- † **Renewable Energy Credits (RECs)** – In the 2024 Budget, the PUD anticipates it may need to purchase small quantities of RECs to supplement the PUD’s existing renewables portfolio and most cost-effectively meet the target increase of 15% renewables that occurred in 2020. The 2024 Budget includes \$2.3 million for forecasted REC purchases.
- † **Renewable Power Purchases** – In addition to the PUD’s owned resources, the utility has acquired eligible renewable resources through long-term power supply contracts. These include the White Creek Wind Agreement, the Wheat Field Wind Agreement, the Hay Canyon Wind Agreements, the Packwood Agreement, the Small Renewable Generation Agreement, and the Hampton Lumber Mill– Darrington, WA Agreement. The 2024 Budget forecasts a total of 428,540 MWh from these contracts at a forecast total cost of \$32.5 million.

Chart C illustrates the PUD’s purchased power included in the 2024 Budget in terms of MWh purchased, while Chart D indicates the relative cost of the different power resources. Market purchases made for load/resource balancing are included.

**Chart C: Net Supply (MWh)**



**Chart D: Purchased Power Costs**



## OPERATING AND MAINTENANCE (O&M) EXPENDITURES

Operating and maintenance expenditures in the 2024 Budget are \$293.4 million, \$26 million higher than the 2023 Budget, and account for 37% of total PUD operating expenditures. O&M expenditures include energy-efficiency programs and transmission and ancillary services. Exhibit 3 (page 13) provides detail for O&M expenditures by division, and Exhibit 4 (page 14) provides detail for O&M expenditures by cost element.

O&M expenditures include the following areas:

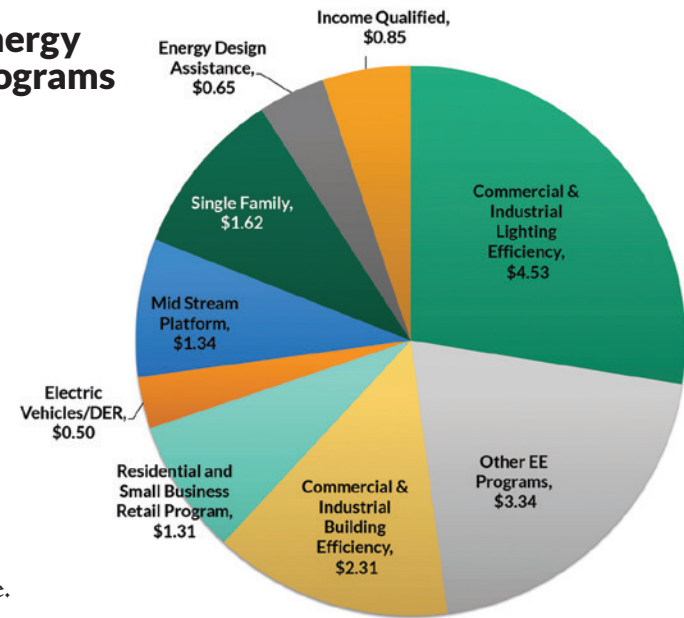
- Operating and maintaining the Electric System to provide reliable service to our customers. This effort includes the regular maintenance of lines and stations, response to customer outages, and tree trimming efforts;
- Providing effective customer service through the call center, local offices, account control and front-line operations, as well as executive account attention and effective communications;
- Maintaining an effective program that ensures the safety of employees in the performance of their duties;
- Providing the internal support needed to serve our customers effectively in areas such as human resources and safety, finance and accounting, material procurement and management, and information technology;
- Providing maintenance and upkeep of our facilities, vehicles, and equipment;
- Ensuring compliance with environmental and other government regulations;
- Supporting the policy-making, regulatory and management oversight functions; and maintaining an effective energy-efficiency program.

Operating and maintenance expenditures also include transmission and ancillary services forecasted at \$63.8 million, which is \$1.3 million higher than 2023 Budget levels due to anticipated BPA rate changes.

## ENERGY SERVICES PROGRAMS

PUD programs are designed so that all customers (residential, commercial, and industrial) have an opportunity to become more energy efficient and have access to the newest energy technologies. The 2024 Budget includes continued enhancements to the energy services program portfolio designed to improve customer experience, meet the PUD's growing capacity needs, and offer choices that deliver maximum

**Chart E: Energy Service Programs**  
(\$ millions)



investment value.

The PUD has allocated an overall Energy Services budget of \$25.2 million, which includes \$16.4 million in energy-efficiency program incentives and rebates. Revenue sources related to energy-efficiency through BPA Energy Efficiency Incentives (EEI) and conservation loan repayments will recover approximately \$8 million.

The PUD continues to acquire all cost-effective and achievable energy-efficiency resources in adherence with state legislation. The energy conservation targets established for the 2024-2025 biennium are consistent with Washington State Energy Independence Act requirements and satisfy the PUD's compliance obligations. Beyond compliance alone, the PUD uses data driven insights to refine and offer a portfolio of programs to meet the variety of needs of customers in our service territory.

Energy-efficiency programs for the 2024 Budget include the following items:

- Retail discounts on electric hybrid water heaters, smart thermostats, and other high-efficiency appliances and electronics. Additionally leveraging midstream programs to ensure efficiency incentives reach all applicable PUD customers and continue to transform the market technology at the distributor level;
- Weatherization for income-qualified residential customers, provided in partnership with local agencies, as well as energy-savings kits for all income-qualified discount program participants;

- Incentives for residential insulation, high-efficiency windows, efficient heat pumps (air source, ground source, and ductless);
- Rebates for energy-efficient commercial lighting, networked or advanced lighting controls, HVAC, and other end-uses;
- Builder incentives for efficiency upgrades that exceed the levels set by building code in residential new construction, single family, multifamily, and manufactured homes;
- Strategic energy management and coaching relationships with large commercial and industrial customers to identify process, behavioral, and capital energy savings projects;
- Custom incentives to businesses tailored to their unique business processes for installing a wide variety of energy-efficient technologies at commercial and industrial customer sites;
- Energy design assistance for commercial and multi-family new construction projects, including enhanced rebates for demand-response-ready buildings, income-qualified occupancy, electric-vehicle supply equipment, or electric-only design; and
- Expanding our reach with small and medium businesses by leveraging regional partnerships to provide enhanced value and opportunity with direct install programs.

The 2024 Budget also includes resources for the following items:

- Advancing innovative program development and design;
- Leveraging data to inform more sophisticated strategic planning and target market segments for energy-efficiency resource acquisition;
- Supporting a shift toward capacity benefits as a program outcome in addition to traditional deliverables;
- Continued support of electric vehicle adoption through customer education, engagement and incentive programs;
- Working across departments to deliver Distributed Energy Resources (DER) pilots to learn more about capacity and rate benefits;
- Partnering with outside agencies to co-fund projects by applying for, and managing strategic grants for new technology and opportunities;
- Enhancing outreach and education to couple energy efficiency with the PUD's income-qualified energy assistance programs;

- Trade ally network training and development, supporting new jobs in the community and providing incentives for the administration of our programs directly to those implementing;
- Measurement, evaluation, and continual improvement of program performance;
- Providing information and promotion of programs via traditional channels, at events and home shows, and directly in customers' homes;
- Market research at the local level as well as leveraging regional research efforts; and
- Technology demonstration and evaluation projects conducted in Snohomish County with support from EPRI, BPA, NEEA, and local community partners.

## TAXES AND DEPRECIATION

Budgeted taxes of \$42.5 million are \$2.3 million higher than 2023 reflecting higher retail sales. Taxes include a 3.873% state excise tax and a 2.14% county privilege tax.

Estimated depreciation expenditures of \$66.8 million are \$2.6 million higher than 2023. Depreciation is an estimate of the reduced value of the PUD's fixed assets and are part of operating expenditures in the 2024 Budget.

## CAPITAL EXPENDITURES

The 2024 Budget includes costs related to expansion, upgrades and maintenance of the Electric System infrastructure, including funding for depreciated cable replacement, distribution system line improvements, and state-requested relocation work. In addition, capital expenditures include the costs for the Connect Up Program, telecommunications infrastructure, information systems applications and hardware, work on existing facilities, development of new facilities, and purchases of vehicles and equipment.

The major capital projects included in the 2024 expenditure plan are presented in the table below and Exhibit 5 on page 15 highlights the capital projects by major category in the 2024 Budget.

### → *Capital Asset Programs*

The existing electric system facilities must be routinely refurbished and/or replaced to provide a reliable, cost-effective and safe system. This program provides for facility relocations, replacement of malfunctioning or deteriorated plant and improving

operational efficiency. Each of the programs included in this category consists of specific improvement projects that are continuous and ongoing over a number of years. The 2024 expenditure plan is \$29.4 million for this program.

→ **Customer and Reimbursable Work**

The Customer and Reimbursable work portion of the capital expenditure plan funds the PUD’s response to customer requests for new electrical service, upgrades to existing services and other services including street and area lighting, as well as new equipment such as transformers and meters. The 2024 Budget includes \$30 million in funding for this program, the majority of which is reimbursable.

→ **New Facilities and Upgrades**

The Facilities Department expenditure plan for capital expenditures is related to design, construction, upgrade and replacement of PUD facilities. The 2024 expenditure plan includes \$18.7 million, which includes \$17.4 million related to design and construction work for the new North County community office, warehouse, and ancillary spaces.

→ **Major Capital Expansion Projects**

The steady growth and changing load patterns of residential, industrial and commercial customers continue to require new facilities and property as well as increase peak load demands. The purpose of this program is to provide increased electric system capacity by constructing new facilities and large specific system expansions, such as new substations and new lines. These projects generally extend over a number of years. The 2024 expenditure plan for this program is \$16.2 million.

→ **Vehicles and Equipment**

The replacement of aged vehicles and equipment reaching the end of their useful lives is necessary to ensure safe operation, reliable service and optimal efficiency. Vehicle and equipment replacements are planned by Transportation Services with the intent to remove them from service before extensive maintenance costs and downtime are realized. New technology is continually being investigated to reduce environmental impact and improve workforce efficiency. The 2024 expenditure plan includes \$8.8 million for new and replacement vehicles and equipment.

→ **Major Capital Upgrade Projects**

A reliable, cost-effective and safe electric system network requires that facilities

be upgraded to provide anticipated levels of service. The upgrades to the existing facilities are prompted by localized load growth, land-use changes and infrastructure expansions. This category consists of large specific system upgrades, such as substation upgrades or line reconductoring. The expenditure plan for this program in the 2024 Budget is \$9.9 million.

→ **Other Capital Outlay**

This program funds anticipated but as yet unidentified work, such as emergency line expansions and replacements and substation improvements. This category consists of small system improvements that experience indicates are necessary each year. This program’s expenditure plan for the 2024 Budget is \$747,260.

→ **Information Technology Upgrades**

The Information Technology Services capital expenditure plan supports the technology infrastructure (such as servers, network, applications, and telecommunications) that provides the basic framework for the PUD’s computer and communications systems. The 2024 expenditure plan includes \$732,105 in funding for new software and business capabilities, replacement of aging infrastructure and equipment, system software application improvements and telecommunications.

→ **Other Capital Expenditures**

Other categories of capital expenditures include funding to modernize our telecommunications system, emergency work and construction, and other smaller projects.

Significant 2024 Electric System Capital Projects/Programs (\$000s)	
Connect Up	\$17,439
North County Community Office	17,400
Crosswinds Substation	6,916
Wood Pole Program	6,433
Jennings Park Substation	6,159
Camano Substation Upgrades	5,726
Cable Replacement Program	3,651

**Electric System  
Operating Revenues**

<u>Operating Revenues</u>	2022 Results		2023 Budget		2024 Budget	
	MWh	Amount	MWh	Amount	MWh	Amount
Residential	3,941,792	\$ 403,146,295	3,745,925	\$ 394,902,933	3,817,479	\$ 422,037,002
Commercial	2,340,606	208,569,479	2,355,475	215,462,442	2,377,164	221,307,938
Industrial	469,017	33,188,400	415,695	30,545,492	462,085	33,741,946
Street Lights	29,493	3,980,843	27,000	3,752,989	28,000	4,803,849
Unbilled Revenue	-	6,900,000	-	-	-	-
<b>Total Retail Energy Sales</b>	<b>6,780,908</b>	<b>\$ 655,785,016</b>	<b>6,544,095</b>	<b>\$ 644,663,856</b>	<b>6,684,728</b>	<b>\$ 681,890,735</b>
<b>Total Wholesale Energy Sales</b>	<b>1,847,108</b>	<b>73,374,770</b>	<b>1,861,165</b>	<b>60,392,732</b>	<b>1,580,170</b>	<b>87,017,374</b>
<b>Total Energy Sales</b>	<b>8,628,016</b>	<b>\$ 729,159,787</b>	<b>8,405,260</b>	<b>\$ 705,056,588</b>	<b>8,264,897</b>	<b>\$ 768,908,109</b>
 <u>Other Operating Revenues</u>						
Transmission Sales		\$ 10,137,334		\$ 10,012,000		\$ 10,012,000
Miscellaneous Operating Expense Reimbursements		4,471,416		1,716,079		1,750,400
Surplus REC and Emission Sales		227,315		200,000		200,000
BPA ECA Reimbursement		2,621,874		7,000,000		8,000,000
Residential Exchange Credit		8,288,667		7,697,000		3,000,000
Miscellaneous Service Charge Revenue		6,095,058		3,324,160		5,358,421
Rents from Electric Property		4,319,106		3,711,238		7,056,056
<b>Total Other Operating Revenues</b>		<b>\$ 36,160,769</b>		<b>\$ 33,660,477</b>		<b>\$ 35,376,878</b>
<b>Total Operating Revenues</b>		<b>\$ 765,320,556</b>		<b>\$ 738,717,065</b>		<b>\$ 804,284,987</b>

**Electric System  
Purchased Power**

	<b>Total 2022 MWh's</b>		<b>2022 Results</b>		<b>Total 2023 MWh's</b>		<b>2023 Budget</b>		<b>Total 2024 MWh's</b>		<b>2024 Budget</b>
BPA Block	3,128,160	\$	105,760,611		3,280,477	\$	93,047,942		3,307,482	\$	112,348,033
BPA Slice/Slice True-up	4,245,677		128,259,990		3,959,596		131,791,781		3,633,224		136,497,360
<b>Total BPA Power Costs</b>	<b>7,373,837</b>	<b>\$</b>	<b>234,020,601</b>		<b>7,240,073</b>	<b>\$</b>	<b>224,839,724</b>		<b>6,940,706</b>	<b>\$</b>	<b>248,845,393</b>
Jackson Hydro	408,949		12,132,749		388,627		13,738,466		367,642		9,899,157
Generation System - Other Debt Service	-		7,856,948		-		6,373,267		-		9,959,842
Youngs Creek Hydro	14,985		2,005,486		17,114		1,738,382		16,474		2,292,950
Woods Creek Hydro	1,296		389,093		1,273		341,391		1,098		380,213
Hancock Creek Hydro	4,229		2,558,410		27,308		1,991,718		25,019		2,030,857
Calligan Creek Hydro	3,902		2,174,506		24,598		1,754,015		22,918		1,767,246
Biofuel/Renewable Generation	-		1,625,533		-		508,600		-		265,220
<b>Total Generation System</b>	<b>433,361</b>	<b>\$</b>	<b>28,742,725</b>		<b>458,920</b>	<b>\$</b>	<b>26,445,838</b>		<b>433,152</b>	<b>\$</b>	<b>26,595,485</b>
Small Power Producer	280		19,171		238		11,789		230		11,362
Qualco	-		55,800		5,033		226,199		5,047		-
Packwood	16,927		665,103		17,045		677,927		16,509		696,830
Hampton Lumber Mills	16,591		977,177		18,767		1,256,173		18,826		952,179
Wind Power Contracts	422,162		32,482,846		472,124		36,893,947		387,929		30,794,849
<b>Total Other Renewable Power Sources</b>	<b>455,960</b>	<b>\$</b>	<b>34,144,297</b>		<b>508,174</b>	<b>\$</b>	<b>38,839,836</b>		<b>428,540</b>	<b>\$</b>	<b>32,455,220</b>
<b>Market/Short Term Purchases</b>	<b>623,189</b>		<b>61,593,556</b>		<b>487,783</b>		<b>29,236,457</b>		<b>772,847</b>		<b>70,300,236</b>
Other Non-Power Services	-		539,439		-		391,119		-		397,296
Renewable Energy Credits (REC) Purchases	-		15,098		-		367,200		-		2,301,000
Power Resource Management	-		4,367,741		-		4,747,081		-		5,345,028
Climate Commitment Act (CCA)	-		-		-		1,000,000		-		-
<b>Total Purchased Power</b>	<b>8,886,347</b>	<b>\$</b>	<b>363,423,457</b>		<b>8,694,950</b>	<b>\$</b>	<b>325,867,255</b>		<b>8,575,246</b>	<b>\$</b>	<b>386,239,657</b>



**Electric System**  
**Operating Maintenance Expenses - By Division**

<b>Operating &amp; Maintenance - by Division</b>	<b>2022</b> <b>Results</b>	<b>2023</b> <b>Budget</b>	<b>2024</b> <b>Budget</b>
Distribution & Engineering Services	\$ 92,190,595	\$ 77,731,552	\$ 92,014,440
Transmission and Ancillary Services	64,632,048	62,517,704	63,841,152
Customer and Energy Services	33,558,972	37,255,445	43,701,050
Information Technology Services	30,660,940	36,068,167	39,627,528
Finance Division	22,246,442	25,849,297	28,143,576
Facilities and Security	12,220,538	14,228,077	15,626,052
Human Resources	11,928,765	13,231,909	15,016,056
Chief Executive Officer/Commission Office/Gov't Relations	3,012,441	3,557,311	4,014,744
Communications, Marketing and Business Readiness	6,700,864	7,433,881	7,942,584
General Counsel and Records Management	6,035,610	6,147,627	6,830,940
Power and Transmission Services Division	1,544,721	2,064,249	2,266,032
Other Costs/Credits	(44,510,373)	(18,687,796)	(25,853,376)
<b>Total Operating &amp; Maintenance Expenses by Division</b>	<b>\$ 240,221,563</b>	<b>\$ 267,397,423</b>	<b>\$ 293,356,827</b>

**Electric System**  
**Operating Maintenance - By Cost Element**

<b>Operating &amp; Maintenance by Cost Element</b>	<b>2022 Results</b>	<b>2023 Budget</b>	<b>2024 Budget</b>
Labor and Overtime	\$ 88,019,208	\$ 86,640,476	\$ 99,118,212
Transmission and Ancillary Services	64,632,048	62,517,704	63,841,152
Contracts and Services	51,277,294	56,059,335	60,920,544
Overheads	33,895,396	29,785,234	36,156,719
Materials, Equip and Supplies	12,903,764	12,377,873	11,425,080
Employee and Retiree Benefits	(14,204,391)	5,800,000	7,213,644
Bad Debt Expense	(4,984,254)	2,399,209	2,667,708
Insurance and Claims	3,505,856	3,572,445	3,213,264
Other Miscellaneous Expense	2,866,707	3,432,927	3,882,876
Rents and Utilities	2,160,800	2,563,723	2,653,908
Travel and Training	932,332	2,139,824	2,007,672
Land, Property and Easements	168,130	108,671	256,048
<b>Total Operating &amp; Maintenance by Cost Element</b>	<b>\$ 240,221,563</b>	<b>\$ 267,397,422</b>	<b>\$ 293,356,827</b>

**Electric System  
Capital Expenditures**

<b>Capital Projects by Major Category</b>	<b>2022 Results</b>	<b>2023 Budget</b>	<b>2024 Budget</b>
Asset Programs	\$ 31,274,484	\$ 33,762,061	\$ 29,459,751
Customer & Reimbursable Work	30,561,030	33,470,194	30,080,742
New Facilities and Upgrades	8,402,861	40,821,557	18,783,245
Expansion Projects	14,846,985	10,635,281	16,192,234
Vehicles and Equipment	9,489,439	8,952,261	8,757,801
Connect Up Program	13,087,545	18,732,545	17,438,981
Other Distribution Capital	2,318,977	8,941,007	9,295,737
Emergency Work and Construction	6,030,274	5,000,000	5,500,000
Upgrade Projects	5,039,701	9,346,848	9,903,140
Outlay Programs	685,817	1,444,108	747,260
Information Technology Upgrades	1,261,946	1,048,318	732,105
Renewable/Microgrid Development	1,177,788	1,929,775	2,697,704
<b>Total Capital Programs</b>	<b>\$ 124,176,846</b>	<b>\$ 174,083,954</b>	<b>\$ 149,588,698</b>





# 2024 BUDGET

The Generation System is financed and accounted for as a system separate from the Electric System.

The Generation System consists of the Jackson Hydroelectric Project (an operating generating facility with a nameplate capacity of 111.8 MW located on the Sultan River), the Youngs Creek Hydroelectric Project (a 7.5 MW project located near Sultan) the Woods Creek Hydroelectric Project (a 650 KW project also located near Sultan), and the Hancock Creek and Calligan Creek Projects (both 6 MW projects located in King County).

The Electric System has covenanted to purchase all power and energy available from the Generation System, and the net cash expenditures of the Generation System are treated as a component of the Electric System's Purchased Power. The Generation System is charged for administrative functions provided by the Electric System that support its operations.



Schedule 2 is a summary comparing the 2024 Budget for the Generation System with the 2023 Budget.

<b>Schedule 2 GENERATION SYSTEM COMPARATIVE FINANCIAL DATA (\$000s)</b>		
	<b>2023 Budget</b>	<b>2024 Budget</b>
<b>Operating Revenues</b>		
Energy Sales	\$26,446	\$26,595
Other Operating Revenues	-	-
<b>Total Operating Revenues</b>	<b>\$26,446</b>	<b>\$26,595</b>
<b>Operating Expenses</b>		
Operating & Maintenance Expenses	\$9,559	\$9,262
Taxes	98	98
Depreciation	6,041	6,161
<b>Total Operating Expenses</b>	<b>\$15,698</b>	<b>\$15,521</b>
<b>Net Operating Income</b>	<b>\$10,748</b>	<b>\$11,074</b>
Other Income & Expense	\$700	\$996
Interest Charges	(4,162)	(3,817)
Contributions	50	50
<b>Net Income</b>	<b>\$7,336</b>	<b>\$8,303</b>
<b>Other Expenditures</b>		
Capital Expenditures	\$5,845	\$7,018
Debt Service Principal	7,532	7,442

## OPERATING REVENUES

The majority of the Generation System's costs, and the MWh generated, are passed on to the Electric System via energy sales (recorded as purchased power by the Electric System). Energy Sales are similar to the 2023 budget.

## OPERATING EXPENDITURES

Operating and maintenance expenditures in the 2024 Budget are down \$176,000 compared to 2023 levels due to the nature of the projects.

Estimated depreciation expenditures of \$6.1 million reflect the current depreciation schedules on assets for 2024. Depreciation is an estimate of the reduced value of the Generation System's fixed assets.

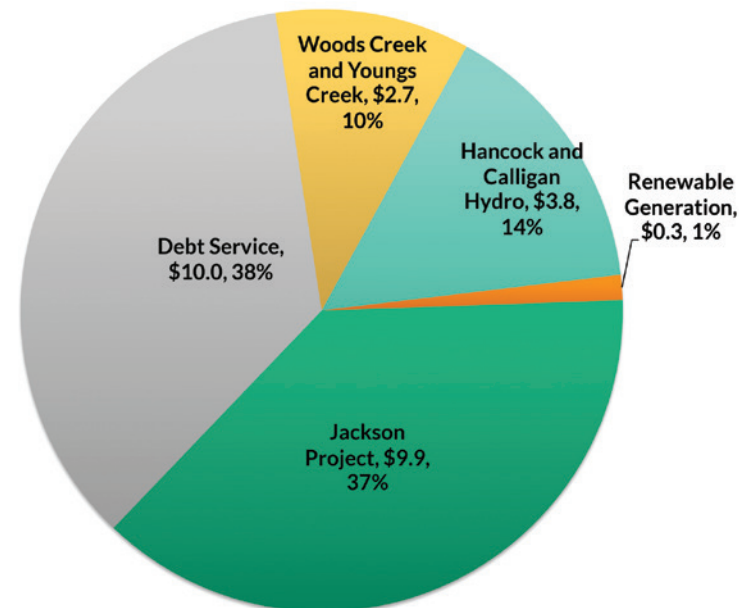
## CASH ADJUSTMENTS TO NET INCOME

Capital expenditures in the 2024 Budget are \$7 million, \$1.2 million higher than the 2023 Budget. Capital expenditures include \$5.9 million, a substantial portion of which are related to capital maintenance for the Jackson Hydroelectric Project.

Debt service principal is lower in the 2024 Budget compared to 2023, reflecting current debt service payment schedules. There are no planned reserve transfers in the 2024 Budget.

Chart F illustrates the relative percentages of Generation System costs transferred to the Electric System as a component of purchased power.

**Chart F: Generation System Sales (\$ millions)**



<b>Generation System Net Energy Sales</b>	<b>2022 Results</b>	<b>2023 Budget</b>	<b>2024 Budget</b>
Jackson Hydro	\$ 12,132,749	\$ 13,738,466	\$ 9,899,157
Generation System - Other	7,856,948	6,373,267	9,959,842
Youngs Creek Hydro	2,005,486	1,738,382	2,292,950
Woods Creek Hydro	389,093	341,391	380,213
Hancock Creek Hydro	2,558,410	1,991,718	2,030,857
Calligan Creek Hydro	2,174,506	1,754,015	1,767,246
Biofuel	1,625,533	508,600	265,220
<b>Total Generation System Net Energy Sales</b>	<b>\$ 28,742,725</b>	<b>\$ 26,445,838</b>	<b>\$ 26,595,485</b>

<b>Generation System O&amp;M by Cost Element</b>	<b>2022 Results</b>	<b>2023 Budget</b>	<b>2024 Budget</b>
Labor	\$ 4,104,035	\$ 3,228,463	\$ 3,443,796
Contracts and Services	2,041,042	2,360,276	2,028,204
Overheads	2,234,771	1,925,336	1,996,668
Materials, Equip and Supplies	1,096,507	833,723	674,112
Insurance and Claims	698,441	674,048	642,912
Other Miscellaneous Expense	51,665	49,490	56,760
Rents and Utilities	235,439	370,110	339,204
Travel and Training	34,762	106,196	62,772
Land, Property and Easements	13,088	11,750	18,000
<b>Total Generation System O&amp;M by Cost Element</b>	<b>\$ 10,509,750</b>	<b>\$ 9,559,393</b>	<b>\$ 9,262,428</b>

<b>Generation System Capital Expenditures</b>	<b>2022 Results</b>	<b>2023 Budget</b>	<b>2024 Budget</b>
Jackson Hydro	\$ 4,611,742	\$ 5,208,758	\$ 6,255,731
Youngs Creek Hydro	86,025	51,360	455,850
Woods Creek Hydro	206,632	274,880	274,880
Hancock Creek Hydro	33,602	-	-
Calligan Creek Hydro	20,574	-	-
Biofuel	1,242,310	309,600	31,460
<b>Total Generation System Capital Expenditures</b>	<b>\$ 6,200,885</b>	<b>\$ 5,844,598</b>	<b>\$ 7,017,921</b>







# 2024 BUDGET

The Water System is financed and accounted for separate from the Electric and Generation Systems. It operates primarily to provide water service to approximately 23,000 customers in central Snohomish County. The Water System purchases the majority of the water it sells to customers from the City of Everett. The assets of the system include transmission mains, pump stations, distribution mains and services, supply wells, reservoirs, treatment facilities, meters, maintenance facilities, and equipment. The Water System is charged for administrative functions provided by the Electric System.

## ASSUMPTIONS

The 2024 Budget is based on the following assumptions:

## WATER PURCHASES

The majority of the water sold by the PUD is purchased from the City of Everett. The City of Everett has adopted a 8.1% increase in wholesale rates in 2024, which is reflected in the budget for purchased water costs.

## GENERAL RATE INCREASE

The 2024 Budget includes a 3% general rate increase, effective March 2024, to help address rising inflation and other cost pressures as well as a 2.4% pass-through to address the rising City of Everett water costs. This increase is subject to public hearing and Board approval.

## FULL-TIME EQUIVALENT EMPLOYEES (FTE)

The 2024 Budget reflects a small increase from 2023 levels. (Employee figures do not include services provided by the Electric System including accounting and finance, real estate, employee resources, vehicle and equipment maintenance, information technology services, telecommunications, legal, contracts, facilities, and customer service functions.)

Schedule 3 is a summary comparing the 2024 Budget for the Water System with the 2023 Budget.

Schedule 3 WATER SYSTEM COMPARATIVE FINANCIAL DATA (\$000s)		
	2023 Budget	2024 Budget
<b>Operating Revenues</b>		
Water Retail Sales	\$13,282	\$14,503
Water Wholesale Sales	503	668
Other Operating Revenues	370	377
<b>Total Operating Revenues</b>	<b>\$14,156</b>	<b>\$15,548</b>
<b>Operating Expenses</b>		
Purchased Water	\$3,680	\$4,171
Operating & Maintenance	8,129	9,787
Taxes	720	773
Depreciation	3,647	3,830
<b>Total Operating Expenses</b>	<b>\$16,177</b>	<b>\$18,562</b>
<b>Net Operating Income</b>	<b>\$(2,021)</b>	<b>\$(3,014)</b>
Other Income & Expense	102	191
Interest Charges	(593)	(1,069)
Contributions	5,394	4,711
<b>Net Income</b>	<b>\$2,882</b>	<b>\$819</b>
<b>Other Expenditures</b>		
Capital Expenditures	\$14,028	\$14,128
Debt Service Principal	964	1,570
<b>Reserve Funds Additions/(Uses)</b>		
Revenue Fund/GFC Fund	\$(4,920)	\$(1,094)
Bond Construction Funds	(7,000)	(4,900)

## OPERATING REVENUES

Water retail sales are estimated at \$14.5 million. Other operating revenues include \$377,000 in property rental and other miscellaneous fees. The 2024 Budget includes a 3% general rate increase and a 2.4% pass through, effective March 1, 2024, needed to help offset the wholesale water increase from the City of Everett and other cost pressures.

## OPERATING EXPENDITURES

Purchased water costs are budgeted at \$4.1 million, an increase of \$491,000 from 2023 levels. Water purchases needed from the City of Everett include the impact of a projected 8.1% wholesale water rate increase, and potential shutdown of the Lake Stevens well. Water purchases are offset partially by production from the PUD's Lake Stevens well water treatment facility. Chart G reflects the relative amount of the expenditure categories in the Water System.

Operating and maintenance expenditures for the 2024 Budget are higher than 2023 budgeted levels primarily due to increased costs of shared services and other inflationary increases.

Estimated depreciation of \$3.8 million is roughly equivalent to 2023. Depreciation is an estimate of the reduced value of the PUD's fixed assets.

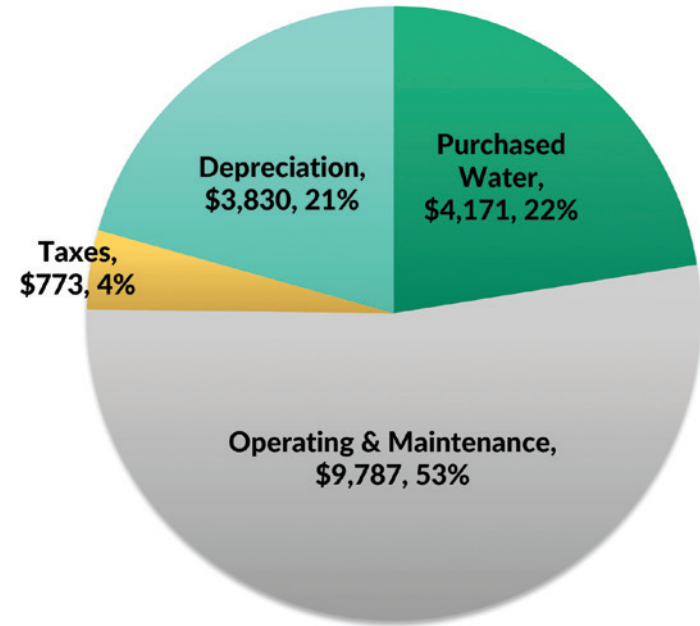
## CASH ADJUSTMENTS TO NET INCOME

The 2024 Budget provides approximately \$14.1 million for capital expenditures as well as construction projects and features several significant water main replacements as well as funding a new 500,000-gallon reservoir in our Kayak system. The table below lists the significant capital expenditures included in the 2024 Budget.

### Significant 2024 Water System Construction Projects/Programs (\$000s)

Advanced Water Meter Conversion	\$3,714
Kayak Reservoir 2 (0.5 MG)	2,106
Warm Beach Water Treatment Plant Improvements	1,029
Soperhill Road Main Extension	946
Warm Beach Row Relocates	872
Water System SCADA PLC Upgrade	553

Chart G: Water System Expenditures



**Water System  
Operating and Other Revenue**

**Operating Revenues**

	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Results</b>	<b>Budget</b>	<b>Budget</b>
<b><u>Water Retail Sales</u></b>			
Sale of Water - Retail SF & MF (includes Surcharge)	\$ 13,167,065	\$ 14,011,140	\$ 13,696,279
Low Income / Senior Discounts	-	(123,806)	(127,520)
Sale of Water - Commercial	1,037,625	1,062,405	934,385
<b>Total Water Retail Sales</b>	<b>14,328,690</b>	<b>14,949,739</b>	<b>14,503,144</b>
Sale of Water - City of Granite Falls Wholesale	367,456	386,615	341,307
Sale of Water - City of Arlington Wholesale	295,473	482,687	213,397
Sale of Water - Other (Snohomish & Goldbar)	106,088	110,695	113,095
<b>Total Wholesale Water Sales</b>	<b>769,018</b>	<b>979,997</b>	<b>667,799</b>
<b>Total Water Sales</b>	<b>15,097,708</b>	<b>15,929,736</b>	<b>15,170,943</b>
<b><u>Other Operating Revenues</u></b>			
Lake Roesiger Septic Tank Pumping Revenue	13,707	12,765	15,013
Property Rental	237,997	241,314	240,610
Miscellaneous Receipts & Engineering Fees/Other	156,217	122,588	121,764
<b>Total Other Revenues</b>	<b>407,921</b>	<b>376,666</b>	<b>377,386</b>
<b>Total Operating Revenues</b>	<b>15,505,629</b>	<b>16,306,402</b>	<b>15,548,329</b>
<b><u>Other Revenue</u></b>			
Misc. Non Operating Income	\$ 3,140,993	-	-
Investment Income	356,053	798,625	146,762
Assessments for LUDS Interest	14,077	18,796	44,000
<b>Subtotal - Interest Income and Other</b>	<b>\$ 3,511,124</b>	<b>\$ 817,421</b>	<b>\$ 190,762</b>
<b><u>Contributions</u></b>			
General Facilities Charges	\$ 1,204,738	\$ 1,603,965	\$ 1,628,185
New Service Connections	287,816	193,433	378,182
Distribution Service Charges	231,613	186,423	504,331
Non-Cash Contributions/Donated Plant	3,210,460	2,400,000	2,200,000
<b>Subtotal - Contributions</b>	<b>\$ 4,934,304</b>	<b>\$ 4,383,822</b>	<b>\$ 4,710,698</b>

## Water System Operating Expenses

### Operating Expenses

	<b>2022 Results</b>	<b>2023 Budget</b>	<b>2024 Budget</b>
<b>Operating &amp; Maintenance</b>			
Labor - Straight-time	\$ 2,896,000	\$ 3,815,124	\$ 4,472,598
Labor - Overtime	144,427	165,443	145,000
Employee Benefits	(526,619)	-	-
Travel and Education	15,864	19,388	19,500
Property and Liability Insurance	131,659	118,333	163,743
Rents and Utilities	326,166	384,840	385,500
Postage	23,825	25,873	30,000
Dues, Memberships & Subscriptions	5,681	10,333	11,400
Public and Small Works Contracts	38,601	16,623	30,000
Professional Services Contracts	214,882	220,702	587,797
Other Contracted Services	1,372,348	1,131,312	1,346,526
Materials, Equipment & Supplies	741,723	852,209	1,017,083
Uncollectible Expense	36,731	2,000	56,541
Coded Stock Material	113,077	247,735	140,000
Land, Property and Easements	27,078	27,453	30,000
Refunds	(70)	-	-
Overheads	1,805,658	2,004,240	2,593,685
A&G Credit	(726,069)	(577,694)	(1,241,940)
<b>Total Operating &amp; Maintenance by Cost Element</b>	<b>\$ 6,644,351</b>	<b>\$ 8,463,914</b>	<b>\$ 9,787,433</b>
<b>Purchased Water</b>	3,600,120	4,178,260	4,171,339
<b>Taxes</b>	774,961	786,539	773,300
<b>Depreciation</b>	3,099,000	3,647,458	3,829,831
<b>Total Operating Expense</b>	<b>\$ 14,118,432</b>	<b>\$ 17,076,171</b>	<b>\$ 18,561,903</b>

## Water System Capital Expenditures

<b>Project Description</b>	<b>2024 Budget</b>
CIP #315 - Water AMI Conversion	3,714,000
Donated Plant	2,499,999
CIP #202 - Kayak Reservoir 2 (0.5 MG)	2,106,000
CIP #310, 311 - Warm Beach Water Treatment Plant Improvements	1,029,999
CIP #1 - Soperhill Road Main Extension	946,000
CIP #98.3 - Warm Beach Mrine Dr Box Culvert Phase 1	872,000
CIP #308 - Water System SCADA PLC Upgrade	553,000
CIP #301 - Vehicles and Equipment	523,000
CIP #317 - Water Utility Roof Replacement / Upgrades	400,000
CIP #305 - New Services	360,000
CIP #98.1 - Jordan Creek Bridet #214	301,999
CIP #313 - Decant Facility	246,000
CIP #201 - Burn Road 726 Reservoir (3.6 MG)	142,000
CIP #304 - Misc Tools and Equipment	109,000
CIP #98 - Forced Right of Way Relocations / Replacements	100,000
CIP# 312 - Lake Stevens Corrosion Control Optimization	99,000
CIP #300 - Misc. Meter Replacement Program	65,000
CIP #101 - Granite Falls Booster Pump Station	46,000
CIP #98.2 - 163rd Ave NE/84th St NE	12,000
<b>Total Water System - Regular Capital Expenditures</b>	<b>\$14,127,997</b>



