



Energizing Life in Our Communities

2025 Budget



BOARD OF COMMISSIONERS: SIDNEY LOGAN • TANYA OLSON • JULIETA ALTAMIRANO-CROSBY

2025 BUDGET TABLE OF CONTENTS

CEO/General Manager's Message	1
ELECTRIC SYSTEM	5
Exhibit 1 - Operating and Other Revenue	11
Exhibit 2 - Purchased Power.....	12
Exhibit 3 - Operating and Maintenance Expenses – By Division.....	13
Exhibit 4 - Operating and Maintenance – By Cost Element.....	14
Exhibit 5 - Capital Expenditures	15
GENERATION SYSTEM.....	17
Exhibit 6 – Generation System	19 & 20
WATER SYSTEM.....	21
Exhibit 7 - Operating and Other Revenue	23
Exhibit 8 - Operating Expenses	24
Exhibit 9 - Capital Expenditures	25

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. 6202

A RESOLUTION Adopting the 2025 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 2025; 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 ten percent (10%) over any consecutive five-year period..." (Financial Planning and Budgeting (EL-4 (6))); and

WHEREAS, staff has provided public hearing presentations which demonstrate that inflation, market prices, supply chain delays, major storms, 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 2025 and estimates of expenditures, capital construction requirements, and projected use of reserve funds, and having considered the public testimony of those customers submitting and

Resolution No. 6202

- 2 -

offering testimony, the Commission has concluded that the 2025 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 2025 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 17th day of December 2024.


President


Vice-President

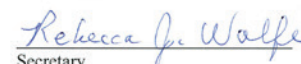

Secretary

Exhibit A
Snohomish County PUD 2025 Budget

(\$000's)	Electric	Generation	Water
Operating Revenues			
Energy/Water Retail Sales	\$ 745,728	\$ 23,888	\$ 18,080
Energy/Water Wholesale Sales	53,824	-	774
Other Operating Revenues	32,130	-	410
Total Operating Revenues	\$ 831,682	\$ 23,888	\$ 19,264
Operating Expenses			
Purchased Power/Water	\$ 373,471	\$ -	\$ 4,889
Operations & Maintenance	302,017	13,003	11,296
Taxes	46,395	98	945
Depreciation (non-cash)	69,045	6,100	3,818
Total Operating Expenses	\$ 790,927	\$ 19,200	\$ 20,948
Net Operating Income	\$ 40,755	\$ 4,688	\$ (1,683)
Non-Operating Income (Expense)			
Interest Income & Other	\$ 24,991	\$ 987	\$ 1,004
Interest Charges	(22,717)	(3,476)	(1,149)
Contributions	33,735	50	4,232
Total Non-Operating Income (Expense)	\$ 36,009	\$ (2,439)	\$ 4,087
Net Income	\$ 76,764	\$ 2,249	\$ 2,404
Other Expenditures			
Capital Expenditures	\$ 221,007	\$ 4,598	\$ 14,555
Debt Service Principal	15,545	3,746	1,128
Reserves Additions/(Uses)			
Revenue Fund/GFC Fund	\$ (26,399)	\$ -	\$ (798)
Bond Construction Funds	(59,500)	-	(8,006)



2025 BUDGET

The 2025 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 strategic values and represents a prudent strategy of reliability, modernization, and infrastructure investment in the future, while continuing to balance the continuing inflation, power supply costs, supply chain and other challenges brought forward from our current economy. With the 2025 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.



A handwritten signature in black ink, appearing to read 'John Haarlow'.

John Haarlow, CEO/
General Manager



2025 BUDGET KEY FEATURES

The 2025 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 continuing to pursue cost-effective conservation.

The 2025 operating budget for the Electric System is \$790.9 million, an increase of \$2 million from 2024. The expenditure plan also includes \$221 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 2025 operating budget for the Generation System is \$19.2 million, a \$3.6 million increase from 2024. The expenditure plan also includes \$4.6 million in capital expenditures for construction and improvements, primarily at the Jackson Hydroelectric Project. The Water System's 2025 operating budget is approximately \$20.9 million, a \$2.4 million increase from the 2024 operating budget. The expenditure plan for the Water System also includes \$14.6 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 2025 Electric System operating budget and capital expenditures:

- ✦ **Recovery from Extreme Power Market Events** – In 2024, the PUD faced significant financial challenges due to severe weather events, leading to substantial power expenditures and a negative impact on our cash reserves. The 2025 Budget aims to initiate financial recovery through the following strategies;
 - » **Cost Containment** – PUD staff have prioritized projects and identified approximately \$24 million in expenditure reductions for the 2025 Budget.

- » **Rate adjustments** – the 2025 Budget includes a 4.6% general rate adjustment in April 2025.
- » **Use of bond proceeds** – We plan to issue \$185 million in bonds in 2025 to fund major capital projects. This includes utilizing \$40.7 million from the new bond proceeds and \$22.5 million from the 2022 revenue bonds to support select major capital projects.
- **Retail power consumption** – Retail loads, primarily from residential customers, are expected to increase 1% in 2025 compared to the 2024 Budget.
- **New connections** – The estimate for the 2025 Budget new premise connections is 4,846, a decrease from the 2024 budget.
- **Bonneville Power Administration (BPA) Product change** - In August 2024, the Commission approved a significant change in the power product that will supply the majority of the power to the PUD beginning in October 2025. The change will move us from the Block/Slice product to the Load Following product. This change will result in slightly lower power costs in 2025.
- **System reliability investments** – The 2025 capital plan includes several major projects aimed at increasing reliability for customers – these include miscellaneous line improvement projects, major substation projects such as the Crosswinds Substation and the Camano Substation Upgrade as well as continuation of the wood pole and underground cable replacement programs.
- **Connect Up Program** – The budget for this program is \$29.4 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.

- **SnoSmart Program** – This project, in partnership with the Department of Energy (DOE), will enhance community and grid resiliency and support safe, healthy, sustainable, and equitable communities by replacing fire-causing expulsion fuses in highest risk areas, installing hundreds of wireless smart grid devices to improve grid reliability, and upgrading aging software and technology systems to enable a more efficient grid. Capital funding is \$12.9 million in 2025, partially funded by grant revenues from the DOE.
- **Energy Services programs** – The PUD continues investment in energy-efficiency and related programs with \$18.2 million in planned expenditures. These expenditures are reported as part of operating and maintenance costs.

CASH RESERVES

The PUD recently updated its financial reserve policies to be more closely aligned with industry and rating agency standards, and also to clearly identify restricted vs. unrestricted funds.

The PUD maintains reserve categories as follows:

- **Unrestricted**, category includes funds that may be used, or redirected for use by the Commission, to meet any operating obligations.

For the Electric System, the funds listed below will represent a combined minimum of 180 days of operating expenses (less depreciation expense) in order to meet any operating obligations, beginning, at the latest, with the 2027 annual budget. To gradually work toward this target, the 2025 budget includes a minimum of 160 days of operating expenses (less depreciation expense) in the Unrestricted Category.

For the Water System, the funds listed below will represent a combined minimum of 150 days of operating expenses (less depreciation expense) in order to meet any operating obligations, beginning, at the latest, with the 2029 annual budget. To gradually work toward this target, the 2025 budget includes a minimum of 120 days of operating expenses (less depreciation expense) in the Unrestricted Category.

- » **Operating Reserve**, which includes the Revenue Fund, provides adequate working capital for operational liquidity, capital infrastructure investment, seasonal revenue and expenditure fluctuations, and unforeseen events not addressed by other funds.



- » **Contingency Reserve**, the unrestricted portion which includes the Rate Stabilization Fund, may be utilized to absorb future costs of significant operating changes compared to budgeted expectations, including wholesale market volatility. Use of these funds will mitigate the impact of unforeseen events that could have an immediate impact on the District's ability to provide low-cost power to its customers.
- » **Sinking Reserves**, the unrestricted portion which includes the Privilege Tax Fund within the Electric System only, are funds set aside on a monthly basis to meet the annual privilege tax payment.
- + **Restricted**, category includes funds that contain a legally enforceable requirement through Master Bond Resolution, law, contractual agreement, or as committed by the Commission to be used only for a defined purpose.
 - » **Project Reserve**, which represents funds expected to be used for capital and other projects as approved by the Commission, required by the State, or with respect to Bond Construction Funds.
 - » **Benefit Reserve**, which are set aside to fund between 70-100% of the actuarial cost of post-employment benefit obligations.
 - » **Contingency Reserve**, the restricted portion which includes the Self-Insurance Fund, provides for self-insurance retentions and insurance carrier deductibles.



- » **Sinking Reserve**, the restricted portion, which includes bond sinking funds, includes funds set aside on a monthly basis for annual debt service payments.
- » **Bond Debt Service Reserve**, which are held pursuant to bond covenants to secure individual series of bonds issued by the District.

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 2025 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

2025 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 2025 Budget compared to the 2024 Budget.

Schedule 1 ELECTRIC SYSTEM COMPARATIVE FINANCIAL DATA (\$000s)

	2024 Budget	2025 Budget
Operating Revenues		
Energy Retail Sales	\$ 681,891	\$ 745,728
Energy Wholesale Sales	87,017	53,824
Other Operating Revenues	35,377	32,130
Total Operating Revenues	\$ 804,285	\$ 831,682
Operating Expenses		
Purchased Power	\$ 386,240	\$ 373,471
Operations & Maintenance	293,357	302,017
Taxes	42,500	46,395
Depreciation Expense	66,818	69,045
Total Operating Expenses	\$ 788,914	\$ 790,927
Net Operating Income	\$ 15,370	\$ 40,755
Other Income & Expense	17,226	24,991
Interest Charges	(18,747)	(22,717)
Contributions	34,785	33,735
Net Income	\$ 48,634	\$ 76,764
Other Expenditures		
Capital Expenditures	149,589	221,007
Debt Service Principal	12,985	15,545
Reserve Funds Additions/(Uses)		
Revenue Fund/GFC Fund	23,249	(26,399)
Bond Construction Funds	(56,786)	(59,500)

OPERATING REVENUES

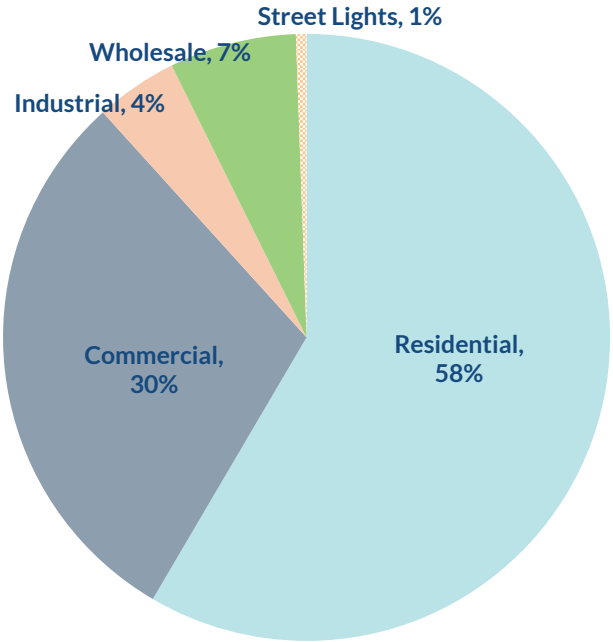
Retail energy sales included in the 2025 Budget are sales within the PUD’s service territory to residential, commercial and industrial customers and are projected to be \$63.8 million higher in the 2025 Budget due to expectations of higher customer consumption and a rate increase.

Sales to retail customers represent 92.3% of the Electric System’s total energy sales revenue. Chart A highlights the major components of our energy sales.

Wholesale Energy Sales Revenues are \$53.8 million in the 2025 Budget, \$33.1 million less than the 2024 Budget. This decrease reflects the current market environment in addition to the impact of the change to the Load Following product.

Other Operating Revenues are \$32.1 million in the 2025 Budget, a \$3.2 million decrease from 2024 levels. These revenues include sales of the PUD’s transmission capacity, BPA energy-efficiency program reimbursements, customer fees and other revenues.

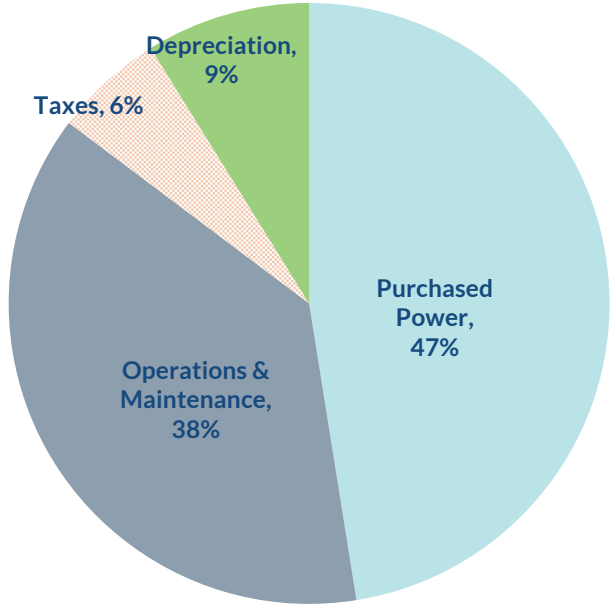
Chart A: Energy Sales



OPERATING EXPENDITURES

The 2025 Budget for operating expenditures is \$2 million more than the 2024 Budget. Chart B highlights the major components of the 2025 operating expenditures.

Chart B: Operating Expenses



PURCHASED POWER

The 2025 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 \$373 million are \$12.7 million lower than the 2024 Budget.

- **Bonneville Power Administration (BPA)** – The 2025 Budget reflects a long-term power purchase agreement effective October 1, 2012, and amended to run through September 30, 2025, for the purchase of up to 811 aMW through the Block and Slice products. Beginning in October 2025, the PUD will switch to the Load-Following Product. The BPA power contracts represent 81% of the PUD’s 2025 forecasted power purchases. Block Product – 35% 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 2.4 million MWh over calendar year 2025. The amount of energy the PUD receives each month is based on the PUD’s historical monthly load shape. In 2025, the total annual cost of the Block product is forecasted at \$82.9 million. The Block Product will be utilized until September 30, 2025.
- **Slice Product** – 38% 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

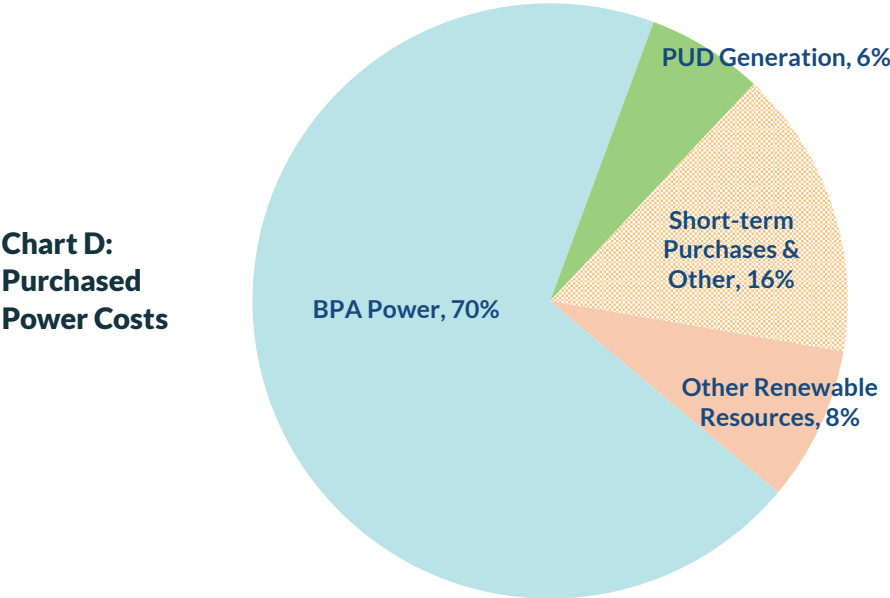
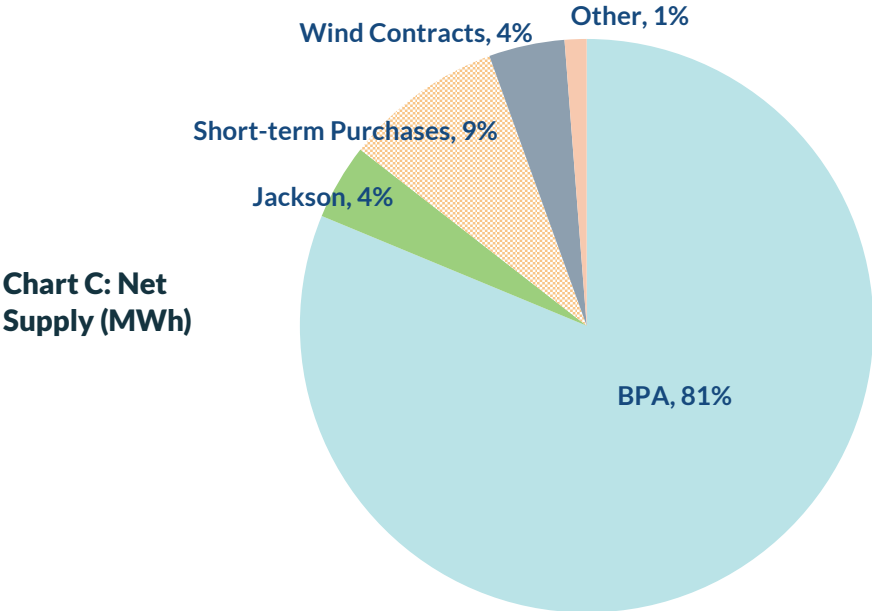
based on regional hydro conditions. The 2025 Budget estimates receiving 2.6 million MWh from BPA's Slice product at a cost of \$102 million. The Slice Product will be utilized until September 30, 2025.

- ✦ **Load Following Product** – 27% of the PUD's energy contact with BPA will come from the load following product, which will begin October 1, 2025. The load following product automatically adjusts to meet the customer's hourly load requirement, ensuring that our power supply is matched in real time. With this product, BPA, rather than the PUD, manages the risk associated with load variability. The 2025 Budget estimates receiving 1.9 million MWh from the load following product at a cost of \$74.7 million.
- ✦ **Jackson Hydroelectric Project** – The Electric System is expected to purchase 366,503 MWh of power from the Jackson Hydroelectric Project, a component of the PUD's Generation System, at a cost of \$12.8 million in the 2025 Budget. This represents 4% of the Electric System's anticipated 2025 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 2025 Generation System budget includes \$6.3 million in purchased power expenditures related to these projects.
- ✦ **Short-term Market Purchases** – The 2025 Budget includes 768,864 MWh,

estimated to cost \$50.6 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 2025 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 2025 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 2025 Budget forecasts a total of 406,861 MWh from these contracts at a forecast total cost of \$31.3 million.

Chart C illustrates the PUD's purchased power included in the 2025 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.



OPERATING AND MAINTENANCE (O&M) EXPENDITURES

Operating and maintenance expenditures in the 2025 Budget are \$302 million, \$8.6 million higher than the 2024 Budget, and account for 38% 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:

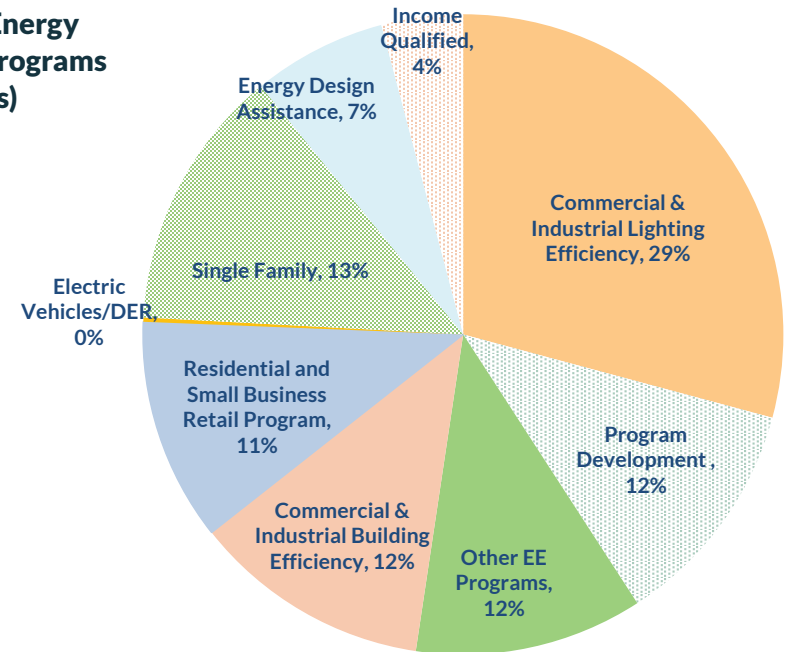
- Operating and maintaining the Electric System to provide reliable service to our customers. This effort includes the regular maintenance of lines and stations, response to customer outages, and tree trimming efforts;
- Providing effective customer service through the call center, local offices, account 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 \$63.3 million, which is \$561,327 lower than 2024 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 2025 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 investment value.

Chart E: Energy Service Programs (\$ millions)



The PUD has allocated an overall Energy Services budget of \$27 million, which includes \$18.2 million in energy-efficiency program incentives and rebates. Revenue sources related to energy-efficiency through BPA Energy Efficiency Incentives (EEI) will recover approximately \$7.5 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 2025 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 dis-

count 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 2025 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;

Multifamily Rebates
Upgrade your building & the comfort of your residents

Energy improvements at your multifamily property can help keep operating costs low and increase the overall value of your property. Snohomish County PUD offers rebates on select qualifying energy-efficient equipment and upgrades.

Direct Install Rebates:
Snohomish County PUD offers free door sweeps, exit signs, and thermostats in common areas for multifamily buildings.

In-unit Rebates:

Item	Rebate Amount (up to)	Rebate Limit Per Unit*	Type of Rebate
Door Sweeps	\$2.99 per sweep	3	Residential
Line Voltage Thermostats	\$50 per thermostat	5	Residential
Smart Thermostats	\$75 per thermostat	1	Residential
Insulation	\$0.50 to \$2.50 per sq. ft. of Insulation	Pre-approval required see website for details	Business
Windows	\$6 to \$9 per sq. ft. of Window	Pre-approval required see website for details	Business

* see reverse for more -

- 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 \$46.3 million are \$3.8 million higher than 2024 reflecting higher retail sales. Taxes include a 3.873% state excise tax and a 2.14% county privilege tax.

Estimated depreciation expenditures of \$69 million are \$2.2 million higher than 2024. Depreciation is an estimate of the reduced value of the PUD's fixed assets and are part of operating expenditures in the 2025 Budget.

CAPITAL EXPENDITURES

The 2025 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 2025 expenditure plan are presented in the table below and Exhibit 5 on page 15 highlights the capital projects by major category in the 2025 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 2025 expenditure plan is \$53.7 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 2025 Budget includes \$37.7 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 2025 expenditure plan includes \$16.3 million, which includes \$10.2 million related to the purchase and design and work for the new East 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 2025 expenditure plan for this program is \$26.5 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 2025 expenditure plan includes \$11.3 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 2025 Budget is \$9.7 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 2025 Budget is \$403,771.
- **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 2025 expenditure plan includes \$1.5 million 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 2025 Electric System Capital Projects/Programs (\$000s)	
Connect Up	\$29,484
Wood Pole Program	17,193
SnoSmart	12,970
Crosswinds Substation	10,585
East County	10,220
Camano Substation Upgrades	7,253
Cable Replacement Program	6,017

Electric System Operating Revenues

<u>Operating Revenues</u>	2023 Results		2024 Budget		2025 Budget	
	MWh	Amount	MWh	Amount	MWh	Amount
Residential	3,922,390	\$ 419,675,000	3,817,479	\$ 422,037,002	3,812,932	\$ 465,030,194
Commercial	2,391,503	213,132,545	2,377,164	221,307,938	2,423,939	241,367,954
Industrial	457,802	32,777,875	462,085	33,741,946	442,736	34,849,312
Street Lights	28,158	4,072,938	28,000	4,803,849	28,000	4,480,543
Unbilled Revenue	-	(5,400,000.00)	-	-	-	-
Total Retail Energy Sales	6,799,853	\$ 664,258,358	6,684,728	\$ 681,890,735	6,707,607	\$ 745,728,003
Total Wholesale Energy Sales	1,473,414	72,441,352	1,580,170	87,017,374	1,530,709	53,823,965
Total Energy Sales	8,273,267	\$ 736,699,710	8,264,898	\$ 768,908,109	8,238,315	\$ 799,551,969
 <u>Other Operating Revenues</u>						
Transmission Sales		\$ 12,673,139		\$ 10,012,000		\$ 9,415,440
Miscellaneous Operating Expense Reimbursements		2,351,358		1,750,400		1,785,408
Surplus REC and Emission Sales		215,900		200,000		200,000
BPA ECA Reimbursement		7,626,375		8,000,000		7,500,000
Residential Exchange Credit		6,654,288		3,000,000		618,000
Miscellaneous Service Charge Revenue		30,135,955		5,358,421		5,510,590
Rents from Electric Property		4,374,215		7,056,056		7,100,455
Total Other Operating Revenues		\$ 64,031,230		\$ 35,376,878		\$ 32,129,893
Total Operating Revenues		\$ 800,730,940		\$ 804,284,987		\$ 831,681,862

**Electric System
Purchased Power**

	Total 2023 MWh's	2023 Results	Total 2024 MWh's	2024 Budget	Total 2025 MWh's	2025 Budget
BPA Block	3,306,354	\$ 115,778,129	3,307,482	\$ 112,348,033	2,405,522	\$ 82,851,121
BPA Slice/Slice True-up	3,179,988	126,025,694	3,633,224	135,550,810	2,670,100	102,005,404
BPA Load Following	-	-	-	-	1,890,827	74,720,876
Total BPA Power Costs	6,486,342	\$ 241,803,823	6,940,706	\$ 248,845,393	6,966,450	\$ 259,577,401
Jackson Hydro	298,526	12,076,241	367,642	9,899,157	366,503	12,883,947
Generation System - Other Debt Service	-	7,334,941	-	9,959,842	-	4,395,146
Youngs Creek Hydro	14,863	1,937,341	16,474	2,292,950	16,421	1,905,159
Woods Creek Hydro	1,065	196,005	1,098	380,213	1,094	360,724
Hancock Creek Hydro	16,556	2,374,093	25,019	2,030,857	24,952	2,243,753
Calligan Creek Hydro	9,375	2,066,665	22,918	1,767,246	22,863	1,864,459
Biofuel/Renewable Generation	-	442,519	-	265,220	-	234,776
Total Generation System	340,386	\$ 26,427,804	433,152	\$ 26,595,485	431,833	\$ 23,887,965
Small Power Producer	240	14,965	230	11,362	229	11,322
Qualco	5,033	(2,500)	5,047	-	5,033	-
Packwood	11,767	621,273	16,509	696,830	16,461	762,395
Hampton Lumber Mills	17,587	1,115,376	18,826	952,179	18,767	1,249,018
Wind Power Contracts	398,638	31,597,819	387,929	30,794,849	366,371	29,308,980
Total Other Renewable Power Sources	433,265	\$ 33,346,933	428,540	\$ 32,455,220	406,861	\$ 31,331,715
Market/Short Term Purchases	1,067,268	99,169,213	772,847	70,300,236	768,864	50,640,185
Other Non-Power Services	-	594,134	-	397,296	-	278,245
Renewable Energy Credits (REC) Purchases	-	-	-	2,301,000	-	2,250,000
Power Resource Management	-	4,982,509	-	5,345,028	-	5,505,379
Climate Commitment Act (CCA)	-	-	-	-	-	-
Total Purchased Power	8,327,261	\$ 406,324,417	8,575,246	\$ 386,239,657	8,574,008	\$ 373,470,890

Electric System
Operating Maintenance Expenses - By Division

Operating & Maintenance - by Division	2023 Results	2024 Budget	2025 Budget
Distribution & Engineering Services	\$ 83,009,005	\$ 92,014,440	\$ 90,729,276
Transmission and Ancillary Services	64,022,498	63,841,152	63,279,825
Customer and Energy Services	35,475,122	43,701,050	53,356,608
Information Technology Services	32,001,856	39,627,528	38,965,248
Finance Division	24,205,211	28,143,576	21,290,460
Facilities and Security	13,412,801	15,626,052	17,200,968
Human Resources	11,592,846	15,016,056	16,026,960
Chief Executive Officer/Commission Office/Gov't Relations	3,380,987	4,014,744	4,462,668
Communications, Marketing and Business Readiness	6,529,395	7,942,584	8,288,880
General Counsel and Records Management	5,179,559	6,830,940	8,985,516
Power and Transmission Services Division	1,520,394	2,266,032	2,345,340
Other Costs/Credits	(36,352,757)	(25,853,376)	(22,915,308)
Total Operating & Maintenance Expenses by Division	\$ 243,976,919	\$ 293,356,827	\$ 302,016,524

Electric System
Operating Maintenance - By Cost Element

Operating & Maintenance by Cost Element	2023 Results	2024 Budget	2025 Budget
Labor and Overtime	\$ 88,984,185	\$ 99,868,212	\$ 109,716,988
Transmission and Ancillary Services	64,022,498	63,841,152	63,279,825
Contracts and Services	48,984,076	60,804,551	60,902,863
Overheads	33,391,760	36,356,723	31,776,934
Materials, Equip and Supplies	14,216,426	11,425,084	12,655,476
Employee and Retiree Benefits	(18,931,081)	7,213,644	7,966,632
Bad Debt Expense	2,250,357	2,667,708	2,999,664
Insurance and Claims	3,484,088	3,213,264	3,537,420
Other Miscellaneous Expense	3,218,031	3,133,050	4,152,444
Rents and Utilities	2,634,533	2,569,896	2,459,964
Travel and Training	1,433,977	2,007,673	2,333,414
Land, Property and Easements	288,067	256,043	234,900
Total Operating & Maintenance by Cost Element	\$ 243,976,918	\$ 293,356,827	\$ 302,016,524

Electric System Capital Expenditures

Capital Projects by Major Category	2023 Results	2024 Budget	2025 Budget
Asset Programs	\$ 29,970,756	\$ 29,459,751	\$ 53,744,414
Customer & Reimbursable Work	37,354,818	30,080,742	37,735,970
New Facilities and Upgrades	27,550,780	18,783,245	16,364,707
Expansion Projects	17,122,658	16,192,234	26,582,627
Vehicles and Equipment	8,000,909	8,757,801	11,356,105
Connect Up Program	13,630,238	17,438,981	29,483,854
Other Distribution Capital	4,101,958	9,295,737	14,698,785
Emergency Work and Construction	7,821,502	5,500,000	6,500,000
Upgrade Projects	9,648,370	9,903,140	9,709,564
Outlay Programs	938,258	747,260	403,771
Information Technology Upgrades	1,452,972	732,105	1,456,764
Renewable/Microgrid Development	497,275	2,697,704	-
SnoSmart	-	-	12,970,316
Total Capital Programs	\$ 156,100,791	\$ 149,588,699	\$ 221,006,878



Generation System 2025 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 committed 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 2025 Budget for the Generation System with the 2024 Budget.

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 lower than the 2024 budget.

OPERATING EXPENDITURES

Operating and maintenance expenditures in the 2025 Budget are up \$3.7 million compared to 2024 levels due to less capital projects.

Estimated depreciation expenditures of \$6.1 million reflect the current depreciation schedules on assets for 2025. Depreciation is an estimate of the reduced value of the Generation System's fixed assets.



CASH ADJUSTMENTS TO NET INCOME

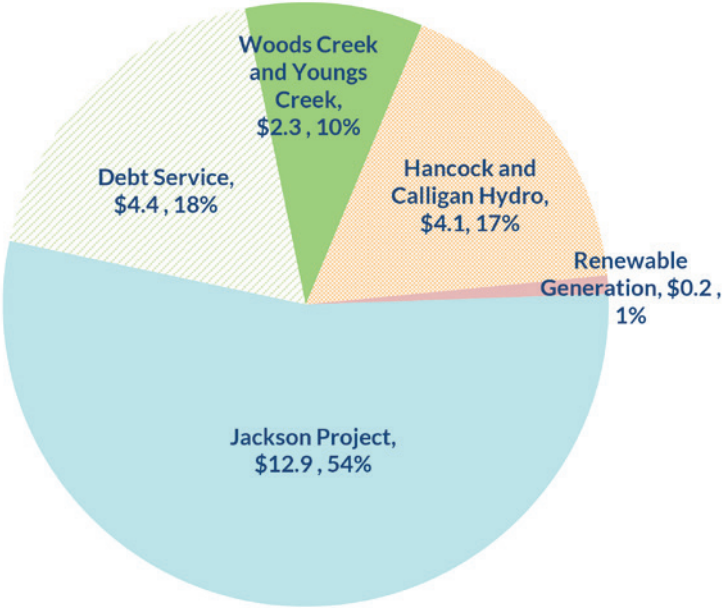
Capital expenditures in the 2025 Budget are \$4.6 million, \$1.2 million lower than the 2024 Budget. Additionally, \$4.3 million of Capital expenditures are related to capital maintenance for the Jackson Hydroelectric Project.

Debt service principal is lower in the 2025 Budget compared to 2024, reflecting current debt service payment schedules. There are no planned reserve transfers in the 2025 Budget.

Schedule 2 GENERATION SYSTEM COMPARATIVE FINANCIAL DATA (\$000s)		
	2024 Budget	2025 Budget
Operating Revenues		
Energy Sales	\$ 26,595	\$ 23,888
Other Operating Revenues	–	–
Total Operating Revenues	\$ 26,595	\$ 23,888
Operating Expenses		
Operating & Maintenance Expenses	\$ 9,262	\$ 13,003
Taxes	98	98
Depreciation	6,161	6,100
Total Operating Expenses	\$ 15,521	\$ 19,200
Net Operating Income	\$ 11,074	\$ 4,688
Other Income & Expense	\$ 996	\$ 987
Interest Charges	(3,817)	(3,476)
Contributions	50	50
Net Income	\$ 8,303	\$ 2,249
Other Expenditures		
Capital Expenditures	\$ 7,018	\$ 4,598
Debt Service Principal	7,442	3,746

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)



Generation System Net Energy Sales	2023 Results	2024 Budget	2025 Budget
Jackson Hydro	\$ 12,076,241	\$ 9,899,157	\$ 12,883,947
Generation System - Other	7,334,941	9,959,842	4,395,146
Youngs Creek Hydro	1,937,341	2,292,950	1,905,159
Woods Creek Hydro	196,005	380,213	360,724
Hancock Creek Hydro	2,374,093	2,030,857	2,243,753
Calligan Creek Hydro	2,066,665	1,767,246	1,864,459
Biofuel	442,519	265,220	234,776
Total Generation System Net Energy Sales	\$ 26,427,805	\$ 26,595,485	\$ 23,887,965

Generation System O&M by Cost Element	2023 Results	2024 Budget	2025 Budget
Labor	\$ 3,922,281	\$ 3,443,796	\$ 5,059,440
Contracts and Services	1,621,340	2,028,204	2,113,200
Overheads	2,302,071	1,996,668	2,973,948
Materials, Equip and Supplies	877,790	674,112	953,136
Insurance and Claims	704,527	642,912	1,521,804
Other Miscellaneous Expense	55,080	56,760	7,032
Rents and Utilities	257,553	339,204	285,408
Travel and Training	58,770	62,772	69,504
Land, Property and Easements	15,264	18,000	19,092
Total Generation System O&M by Cost Element	\$ 9,814,676	\$ 9,262,428	\$ 13,002,564

Generation System Capital Expenditures	2023 Results	2024 Budget	2025 Budget
Jackson Hydro	\$ 6,565,248	\$ 6,255,731	\$ 4,349,791
Youngs Creek Hydro	22,752	455,850	-
Woods Creek Hydro	58,811	274,880	168,425
Hancock Creek Hydro	31,552	-	80,000
Calligan Creek Hydro	45,690	-	-
Biofuel	-	31,460	-
Total Generation System Capital Expenditures	\$ 6,724,053	\$ 7,017,921	\$ 4,598,216



2025 BUDGET

The Water System is financed and accounted for separate from the Electric and Generation Systems. It operates primarily to provide water service to 23,750 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 2025 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 anticipates a 12% increase in wholesale rates in 2025, which is reflected in the budget for purchased water costs.
- **General Rate Increase:** The 2025 Budget includes a 8.25% general water retail rate increase, effective March 2025, to help address rising inflation and other cost pressures as well as a 2.5% 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 2025 Budget reflects a small increase from 2024 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 2025 Budget for the Water System with the 2024 Budget.

Schedule 3 WATER SYSTEM COMPARATIVE FINANCIAL DATA (\$000s)

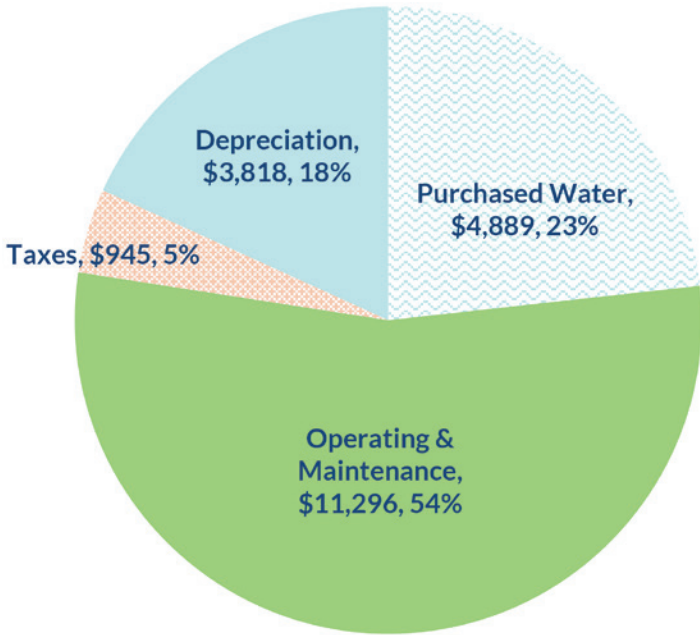
	2024 Budget	2025 Budget
Operating Revenues		
Water Retail Sales	\$ 14,503	\$ 18,080
Water Wholesale Sales	668	774
Other Operating Revenues	377	410
Total Operating Revenues	\$ 15,548	\$ 19,264
Operating Expenses		
Purchased Water	\$ 4,171	\$4,889
Operating & Maintenance	9,787	11,296
Taxes	773	945
Depreciation	3,830	3,818
Total Operating Expenses	\$ 18,562	\$ 20,948
Net Operating Income	\$ (3,014)	\$ (1,683)
Other Income & Expense	191	1,004
Interest Charges	(1,069)	(1,149)
Contributions	4,711	4,232
Net Income	\$ 819	\$ 2,405
Other Expenditures		
Capital Expenditures	\$ 14,128	\$ 14,555
Debt Service Principal	1,570	1,128
Reserve Funds Additions/(Uses)		
Revenue Fund/GFC Fund	\$ (1,094)	\$ (798)
Bond Construction Funds	(4,900)	(8,006)

- Operating Revenues:** Water retail sales are estimated at \$18 million. Other operating revenues include \$410,318 in property rental and other miscellaneous fees. The 2025 Budget includes a 8.25% general retail water rate increase and a 2.5% pass through, effective March 1, 2025, needed to help offset the wholesale water increase effective January 1, 2025, from the City of Everett and other cost pressures.
 - Operating Expenditures:** Purchased water costs are budgeted at \$4.9 million, an increase of \$718,000 from 2024 levels. Water purchases needed from the City of Everett include the impact of a projected 12% wholesale water rate increase, and short-term 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 2025 Budget are higher than 2024 budgeted levels primarily due to increased costs of shared services and other inflationary increases.
- Estimated depreciation of \$3.8 million is roughly equivalent to 2024. Depreciation is an estimate of the reduced value of the PUD's fixed assets.
- Cash Adjustments to Net Income:** The 2025 Budget provides approximately \$14.5 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 2025 Budget.

**Significant 2025 Water System
Construction Projects/Programs
(\$000s)**

Water AMI Conversion	\$6,776
Kayak Reservoir 2 (0.5 MG)	1,053
South Nyden Farms Rd Main Replacement	791
18th St SE Main Replacement	770
74th Dr NE Main Replacement	380

Chart G: Water System Expenditures



Water System Operating and Other Revenue

Operating Revenues

Water Retail Sales

	2023 Results	2024 Budget	2025 Budget
Sale of Water - Retail SF & MF (includes Surcharge)	\$ 14,058,209	\$ 13,696,279	\$ 16,829,227
Low Income / Senior Discounts	(123,806)	(127,520)	-
Sale of Water - Commercial	1,072,654	934,385	1,250,474
Total Water Retail Sales	15,007,057	14,503,144	18,079,701

Sale of Water - City of Granite Falls Wholesale	390,141	341,307	397,045
Sale of Water - City of Arlington Wholesale	471,950	213,397	280,628
Sale of Water - Other (Snohomish & Goldbar)	107,362	113,095	96,790
Total Wholesale Water Sales	969,453	667,799	774,463

Total Water Sales	15,976,509	15,170,943	18,854,164
--------------------------	-------------------	-------------------	-------------------

Other Operating Revenues

Lake Roesiger Septic Tank Pumping Revenue	13,566	15,013	14,425
Property Rental	243,824	240,610	246,901
Miscellaneous Receipts & Engineering Fees/Other	131,850	121,764	148,992
Total Other Revenues	389,240	377,386	410,318

Total Operating Revenues	16,365,750	15,548,329	19,264,482
---------------------------------	-------------------	-------------------	-------------------

Other Revenue

Misc. Non Operating Income	-	-	-
Investment Income	1,069,326	146,762	985,765
Assessments for LUDS Interest	19,288	44,000	18,247
Subtotal - Interest Income and Other	\$ 1,088,614	\$ 190,762	\$ 1,004,012

Contributions

General Facilities Charges	\$ 997,869	\$ 1,628,185	\$ 1,652,771
New Service Connections	163,437	378,182	191,276
Distribution Service Charges	163,864	504,331	188,390
Non-Cash Contributions/Donated Plant	2,400,000	2,200,000	2,200,000
Subtotal - Contributions	\$ 3,725,170	\$ 4,710,698	\$ 4,232,437

Water System Operating Expenses

Operating Expenses

	2023 Results	2024 Budget	2025 Budget
Operating & Maintenance			
Labor - Straight-time	\$ 3,578,860	\$ 4,472,598	\$ 5,263,418
Labor - Overtime	159,952	145,000	150,000
Employee Benefits	(751,377)	-	-
Travel and Education	19,830	19,500	24,000
Property and Liability Insurance	105,192	163,743	135,622
Rents and Utilities	408,159	385,500	409,200
Postage	25,607	30,000	30,000
Dues, Memberships & Subscriptions	13,592	11,400	11,300
Public and Small Works Contracts	15,566	30,000	25,000
Professional Services Contracts	204,135	587,797	620,526
Other Contracted Services	1,133,230	1,346,526	1,377,797
Materials, Equipment & Supplies	878,797	1,017,083	1,070,586
Uncollectible Expense	2,205	56,541	68,378
Coded Stock Material	341,220	140,000	147,000
Land, Property and Easements	27,620	30,000	30,000
Refunds	(139)	-	-
Overheads	2,099,632	2,593,685	3,211,131
A&G Credit	(632,061)	(1,241,940)	(1,277,833)
Total Operating & Maintenance by Cost Element	\$ 7,633,410	\$ 9,787,433	\$ 11,296,124
Purchased Water	4,229,531	4,171,339	4,888,899
Taxes	817,266	773,300	944,796
Depreciation	3,582,962	3,829,831	3,818,000
Total Operating Expense	\$ 16,263,168	\$ 18,561,903	\$ 20,947,819

Water System Capital Expenditures

Project Description	2025 Budget
CIP #315 - Water AMI Conversion	6,776,000
Donated Plant	2,300,000
CIP #202 - Kayak Reservoir 2 (0.5 MG)	1,053,000
CIP #8 - South Nyden Farms Rd / 2nd St SE / 123rd Ave SE Main Replacement	791,000
CIP #33 - 18th St SE / 19th Pl SE Main Replacement	770,000
CIP #36 - 74th Dr NE / 25th St NE Main Replacement	380,000
CIP #305 - New Services	348,000
CIP #301 - Vehicles and Equipment	312,000
CIP #308 - Water System SCADA PLC Upgrade	300,000
CIP #317 - Water Utility Roof Replacement / Upgrades	250,000
CIP #201 - Burn Road 726 Reservoir (3.6 MG)	250,000
CIP #98.1 - Jordan Creek Bridge #214	250,000
CIP #302 - Power Operated Equipment	180,000
CIP #101 - Granite Falls Booster Pump Station	150,000
CIP #210 - Storm Lake Reservoir Safety Improvements	120,000
CIP #98 - Forced Right of Way Relocations / Replacements	100,000
CIP #319 - Warm Beach Mis Improvements (Add 10 Fire Hydrants)	80,000
CIP #323 - Water Ops Admin Building Roof Mitigation / Landscape - Phase 2	60,000
CIP #322 - Sample Stations (New)	45,000
CIP #98.5 - Warm Beach Mrine Dr Box Culvert Phase 2	40,000
Total Water System - Regular Capital Expenditures	\$14,555,000



