



## Revenue Increase Effective April 1, 2019

On December 17, 2018 the Board of Commissioners approved the PUD's 2019 budget. The budget included a revenue increase of 1.5%, which is to be generated by increasing the base charges that customers pay.

Although most of the PUD's costs have risen over the past few years, and will continue to rise in the future, the need for the revenue increase is in a large part driven by the PUD's significant construction program. The business of providing reliable power is very capital intensive and with the PUD's aging infrastructure, we need to commit financial resources to replace and increase the capacity of the system.

Below are some questions and answers that we hope help our customers, and employees, understand the why and how of the April 1 rate increase:

### **What projects are being funded by the increase?**

- Upgrade the 66-year-old transmission line from Brewster to Okanogan. The increase in capacity will enable the PUD to transmit more power from Wells Dam to the central part of our system.
- The Tonasket substation will be rebuilt and capacity increased. The transformer is one of the heaviest loaded on our system. The expanded substation will include a second transformer.
- Replacement of the 62-year-old power transformer at the Ellisforde substation. This replacement will also increase the capacity of the substation.
- To increase capacity in the southern part of the county, the PUD will be adding a circuit out of the Nespelem REA's new substation at Chicken Creek. The work will allow the PUD to offload some of the demand on the Brewster substation and in the short term address system capacity issues in the Brewster area.
- During 2019, the PUD will also conduct a study to find a suitable location for an additional substation in the Brewster area. The substation will provide long-term capacity in the southern part of the county.
- There are many other projects that the PUD has been working on over the last several years, including stepping up its underground cable replacement program.

### **How will it impact customers?**

The charge per kilowatt-hour (kWh) will remain unchanged, but the monthly base charge will increase. For example, the current base rate for a residential customer is \$36.00 per month, and the proposed increase of \$2.81 per month brings the new base rate up to \$38.81.

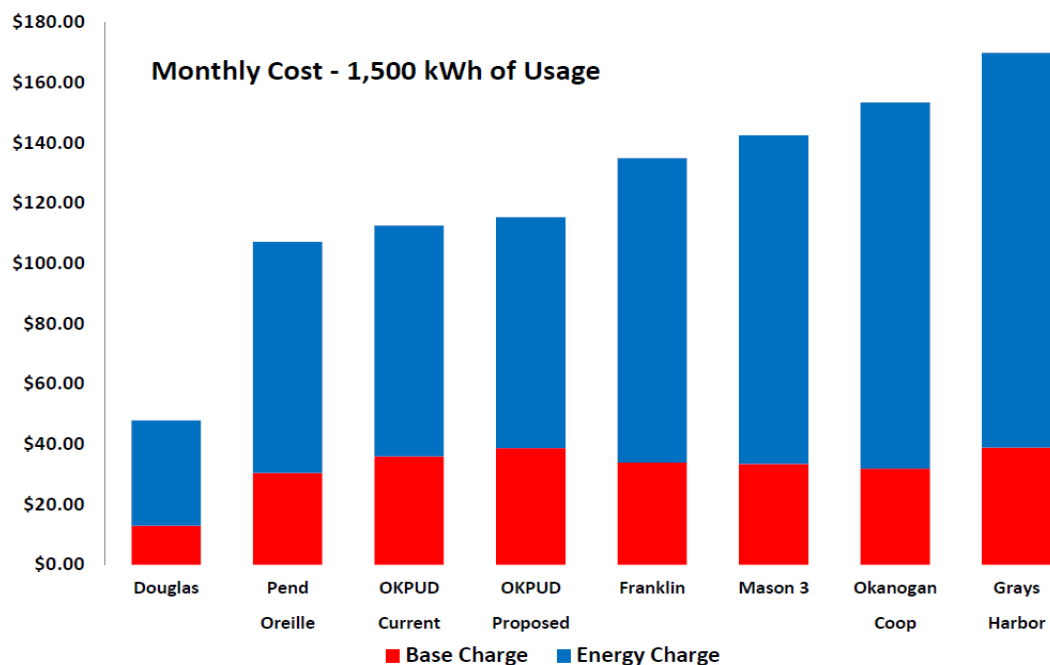
## Why increase the base charge?

There are several reasons to change the base rate instead of the kWh charge. First, it maintains a constant impact among customers and does not fluctuate from one month to the next. Small changes to the kWh charge can have a large impact on large users, therefore it would make more sense to hold off on changes to the kWh charge until the PUD performs a cost of service study.

Second, the base charge attempts to recover the fixed costs of serving customers, including capital assets from the generation source to the customer meter. These fixed costs need to be recovered regardless of whether the customer uses one kWh of electricity or 1,000 kWh. The last cost of service study that the PUD performed showed that for residential customers the base charge was recovering about 50 percent of fixed costs.

## How do the PUD's rates compare with other utilities?

In actuality the PUD rates are very competitive. Washington State electric rates are lower than the national average and the PUD rates are below average for the State. The chart below compares the PUD's rates with other electric utilities in the State and as you can see they are higher than some and lower than others.



## Can I get help lowering my electric bill?

The PUD offers a number of different conservation programs, including energy audits. Programs are tailored to fit each customer type, such as residential, commercial, industrial and irrigation. Learn more about the PUD's programs by contacting our energy services department at (509) 422-3310.