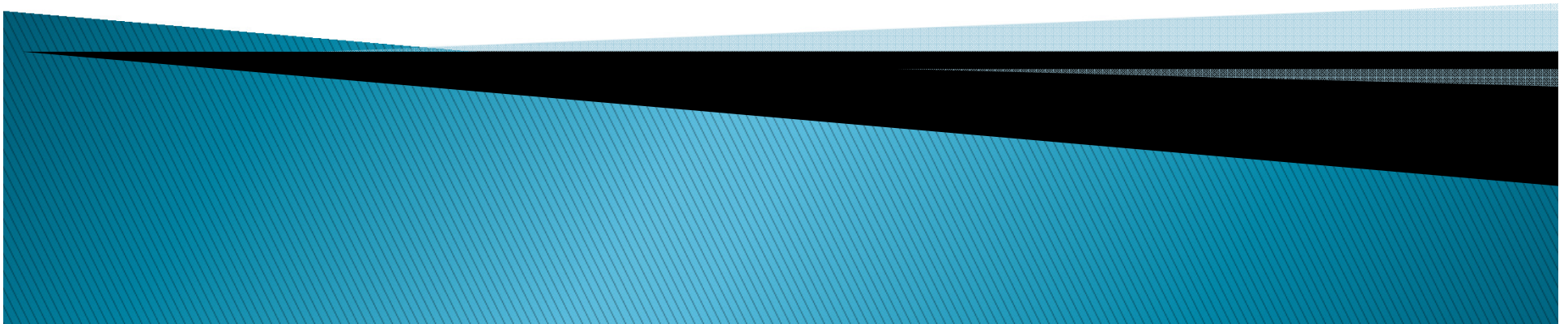


Okanogan County PUD No. 1

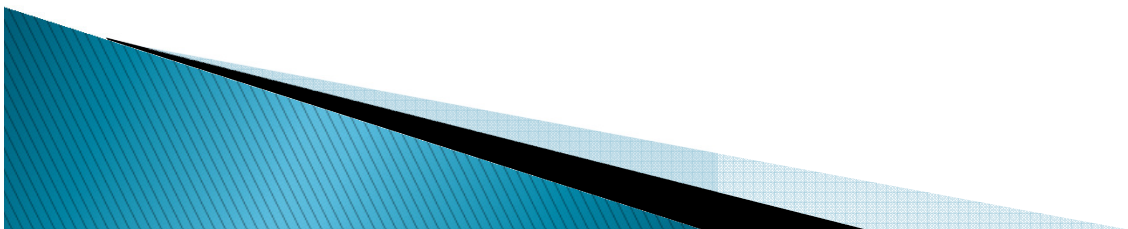
Rate Workshop

2013



Equity Management Plan & Rate Design Review Panel

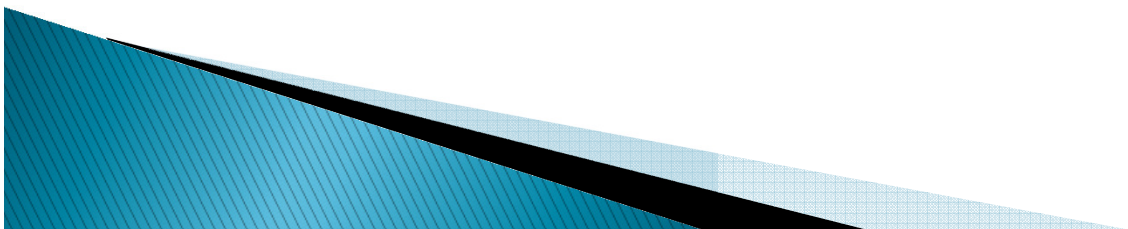
- ▶ Thank You
 - Ron Smith
 - Greg Hamilton
 - Tom Berschauer
 - Jeff Brender
 - Lyle Oberg
 - Richard Thomason
 - Greg Moser
 - Dennis Carlton



“To see where we are going,
it is often necessary to
review where we have been.”



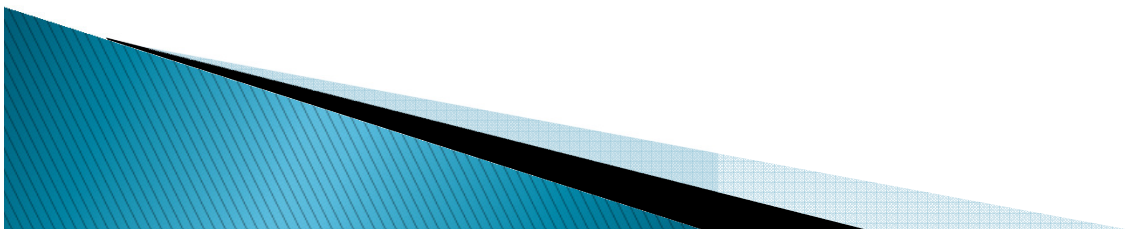
- ❖ In 2010, R.W. Beck (now SAIC) completed a comprehensive review of the District's finances.
- ❖ This review, known as the 2010 Equity Management Plan (EMP), noted significant rate changes were needed to maintain the District's fiscal health.
- ❖ Three rate scenarios designed to provide the minimum revenue increases needed were proposed.




EMP Scenario 1: 12% Increase in 2010
20% Increase in 2012
10% Increase in 2014

EMP Scenario 2: 8.5% Increase in 2010
8.5% Increase in 2011
3.6% Yearly Thereafter


EMP Scenario 3: 6.5% in 2010
6.5% in 2011
6.5% in 2012
4% Yearly Thereafter



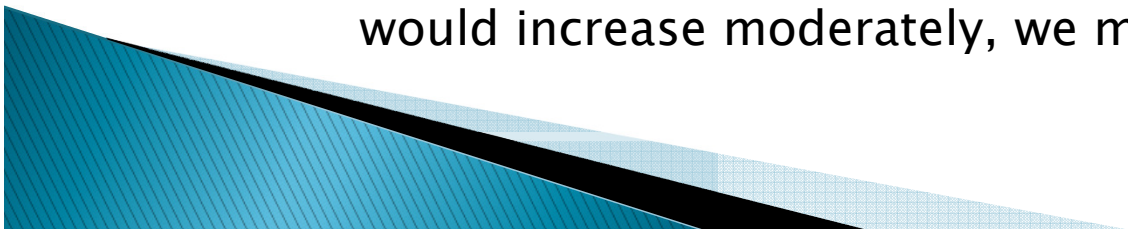
What was needed by 2012:

- 2010 12%
- 2011 0%  34.4% Compounded
- 2012 20%

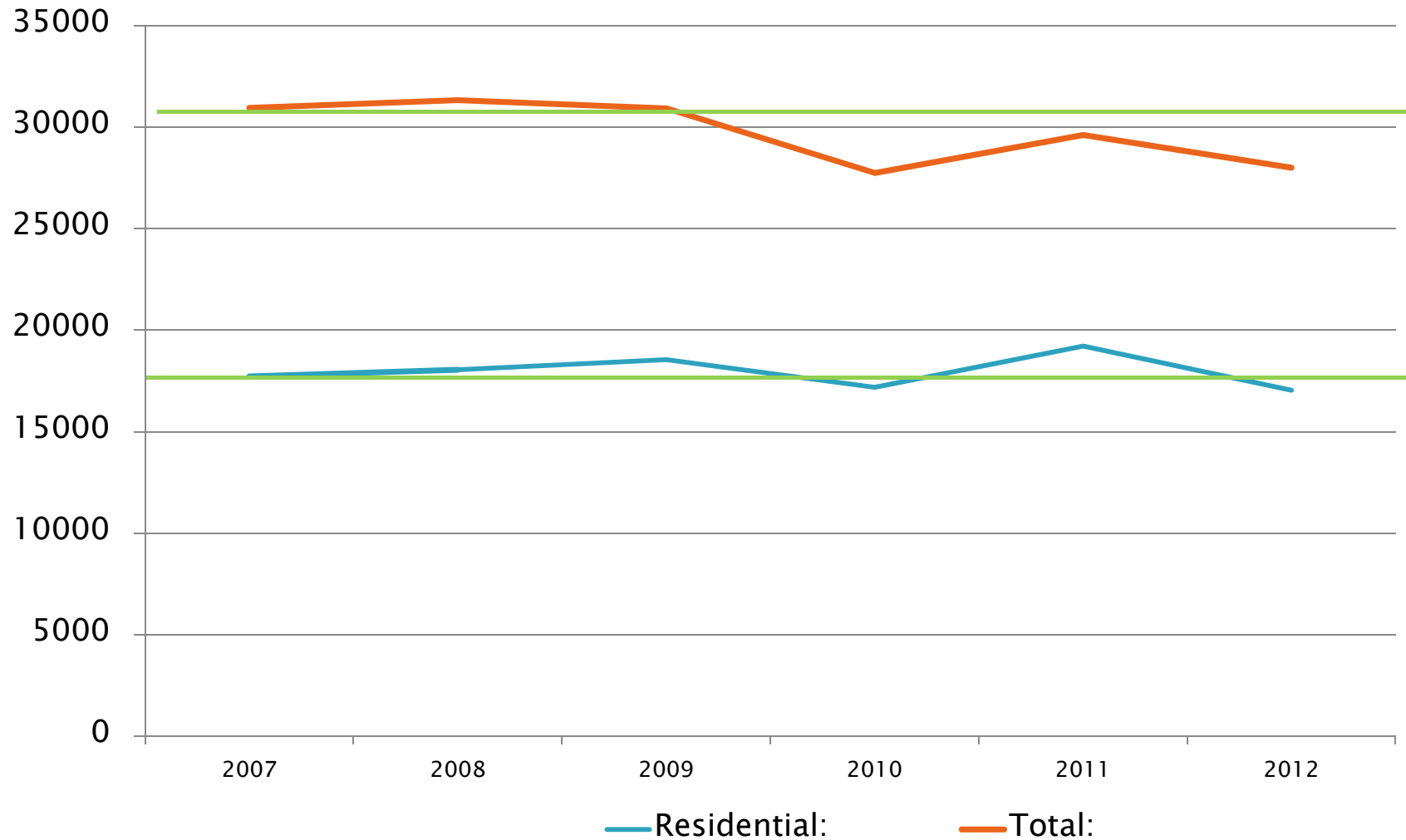
What was done:

- 2010 6.5%
- 2011 6.5%  20.8% Compounded
- 2012 6.5%

We knew revenue would be tight by 2013. Assuming that wholesale power sales would remain stable and retail growth would increase moderately, we moved forward.

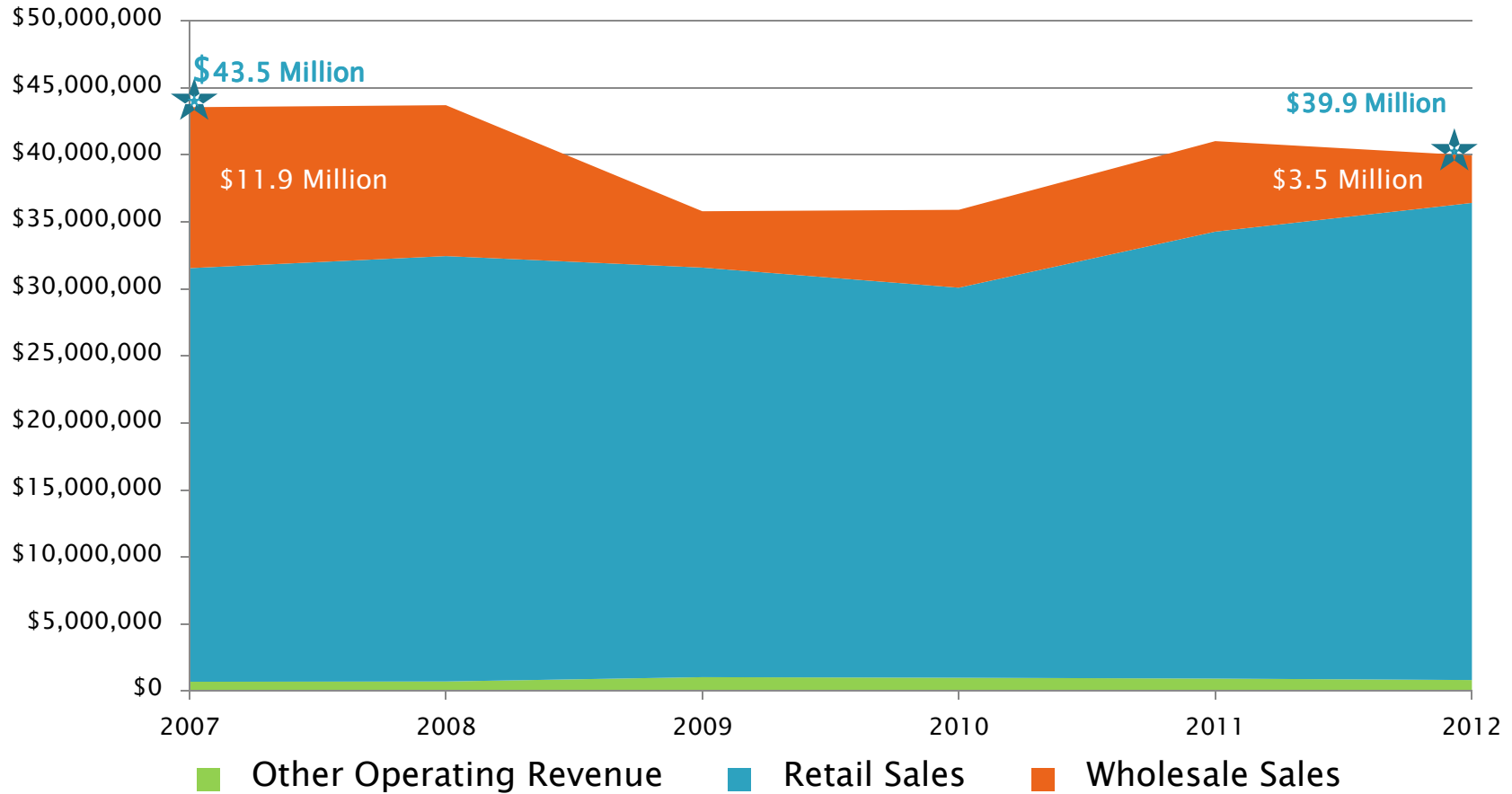


Average Annual Usage Per Customer Measured in kwh, 2007 - 2012



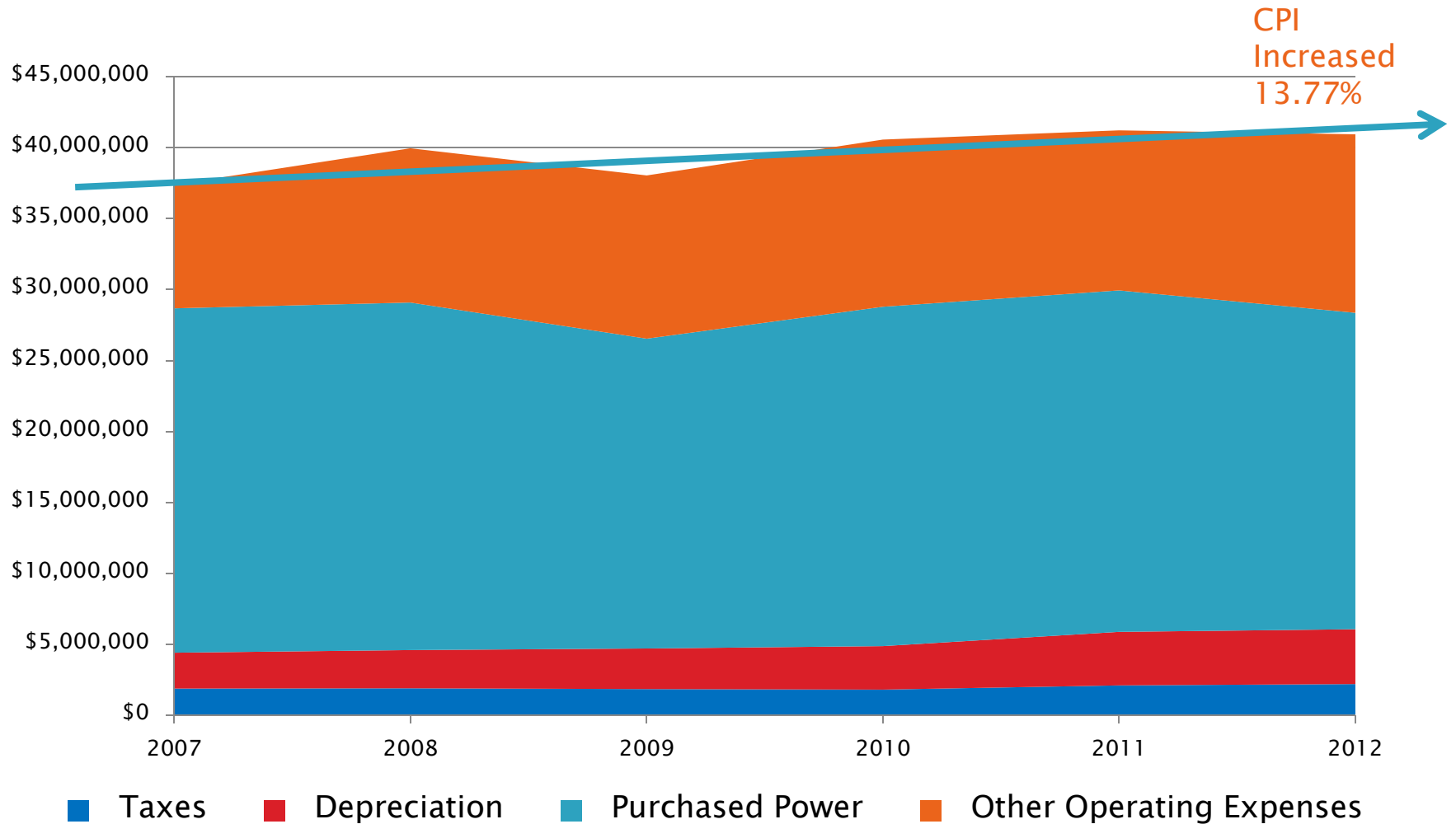
	2007	2008	2009	2010	2011	2012
Residential	17722	18039	18543	17183	19213	17037
All Classes	30939	31317	30913	27728	29608	27998

Operating Revenues, 2007 – 2012



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Wholesale Sales	\$11,989,607.00	\$11,263,827.00	\$ 4,198,885.00	\$ 5,801,904.00	\$ 6,741,527.00	\$ 3,531,677.00
Retail Sales	\$30,864,028.00	\$31,725,275.00	\$30,564,661.00	\$29,102,332.00	\$33,355,832.00	\$35,588,404.00
Other Operating Revenue	\$ 690,773.00	\$ 719,607.00	\$ 1,031,632.00	\$ 992,133.00	\$ 923,768.00	\$ 829,906.00
Total Operating Revenue	\$43,544,408.00	\$43,708,709.00	\$35,795,178.00	\$35,896,369.00	\$41,021,127.00	\$39,949,987.00

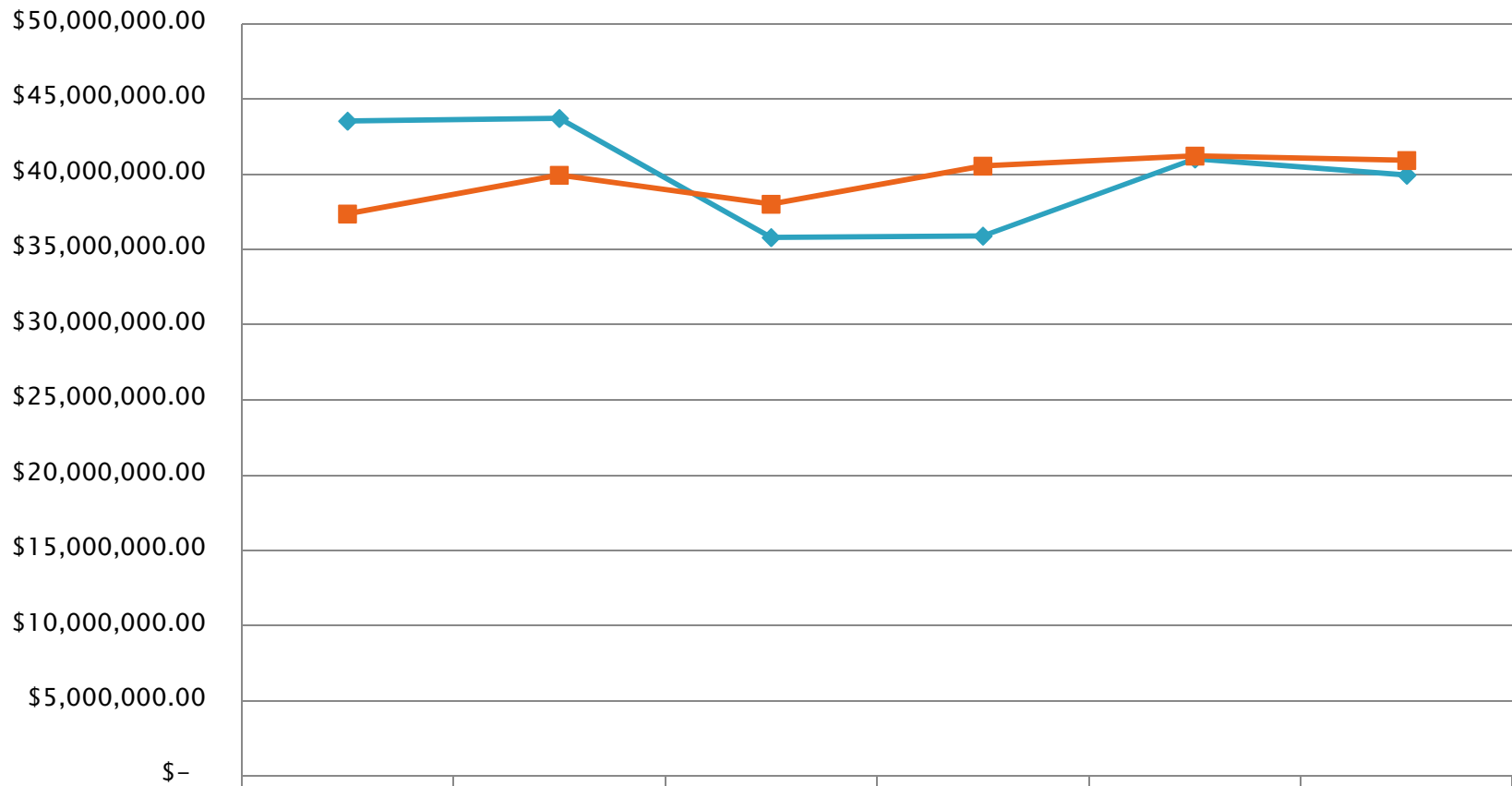
Operating Expenses, 2007 – 2012



	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Purchased Power	\$ 24,247,310.00	\$ 24,460,386.00	\$ 21,822,350.00	\$ 23,895,599.00	\$ 24,060,574.00	\$ 22,284,245.00
Taxes	\$ 1,891,836.00	\$ 1,916,749.00	\$ 1,865,660.00	\$ 1,829,073.00	\$ 2,127,436.00	\$ 2,209,633.00
Depreciation	\$ 2,535,046.00	\$ 2,698,018.00	\$ 2,852,766.00	\$ 3,067,104.00	\$ 3,755,679.00	\$ 3,866,405.00
Other Operating Expenses	\$ 8,699,227.00	\$ 10,872,989.00	\$ 11,487,688.00	\$ 11,760,223.00	\$ 11,271,201.00	\$ 12,570,840.00
Total Operating Expenses	\$ 37,373,419.00	\$ 39,948,142.00	\$ 38,028,464.00	\$ 40,551,999.00	\$ 41,214,890.00	\$ 40,931,123.00

How Did We Respond?

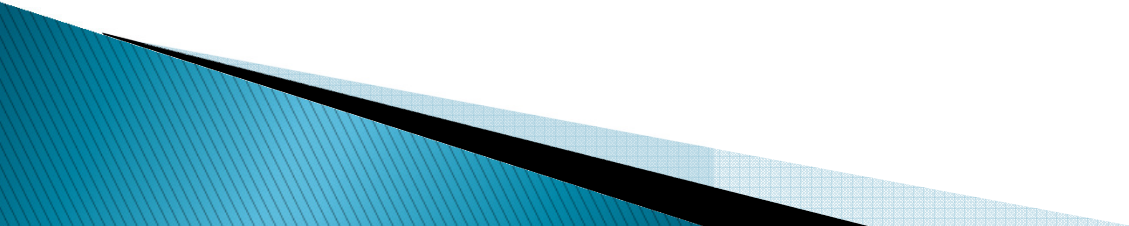
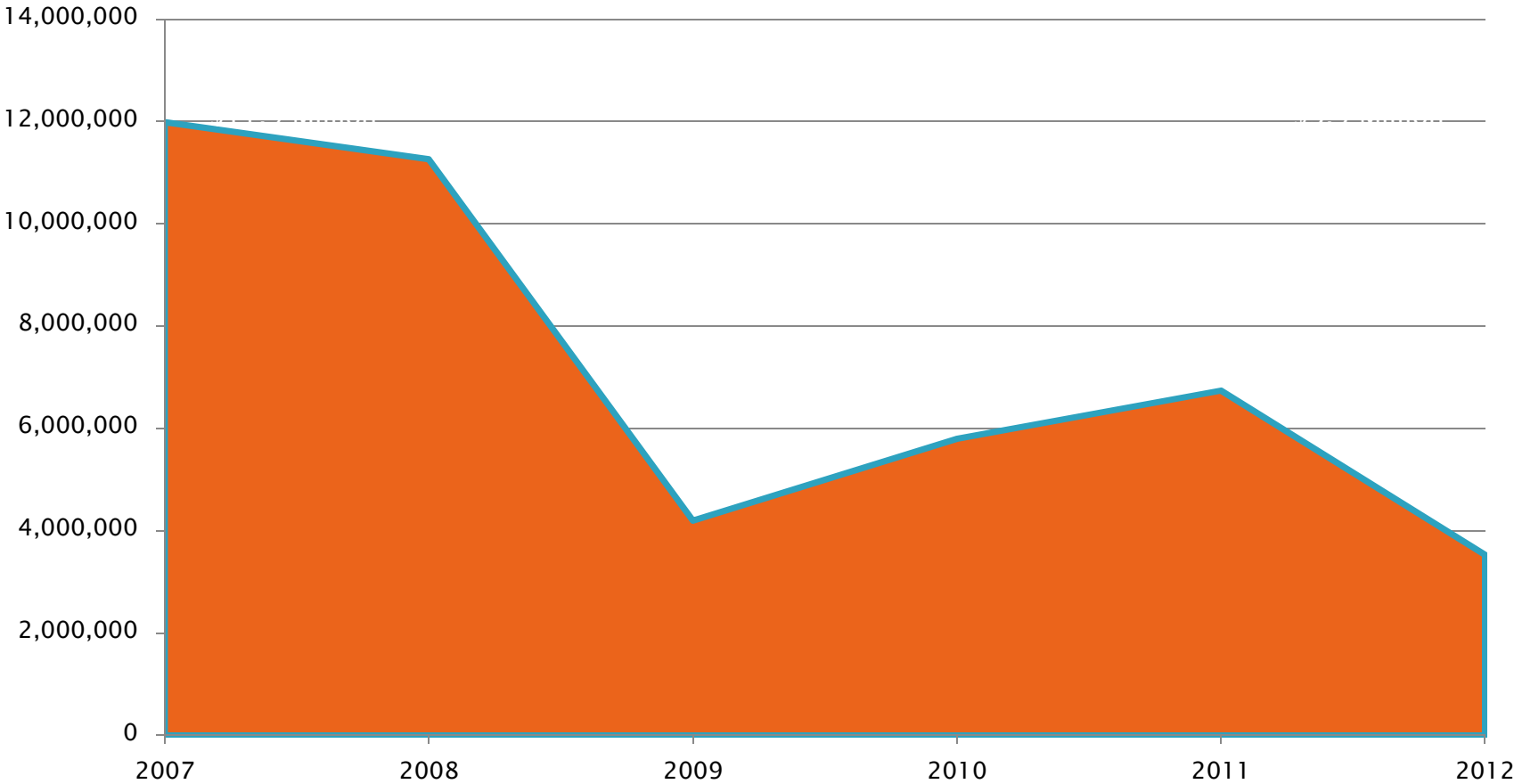
Revenue vs. Expenses



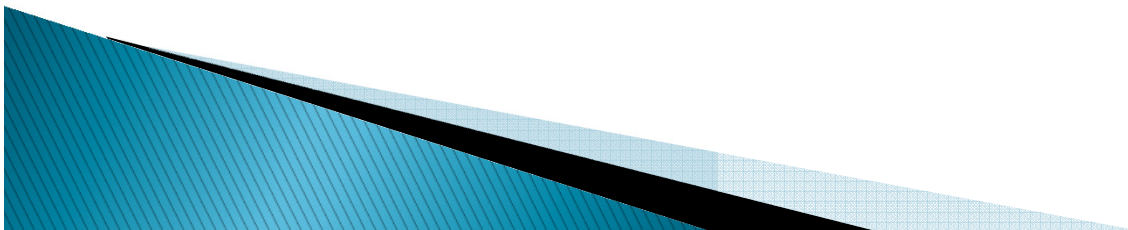
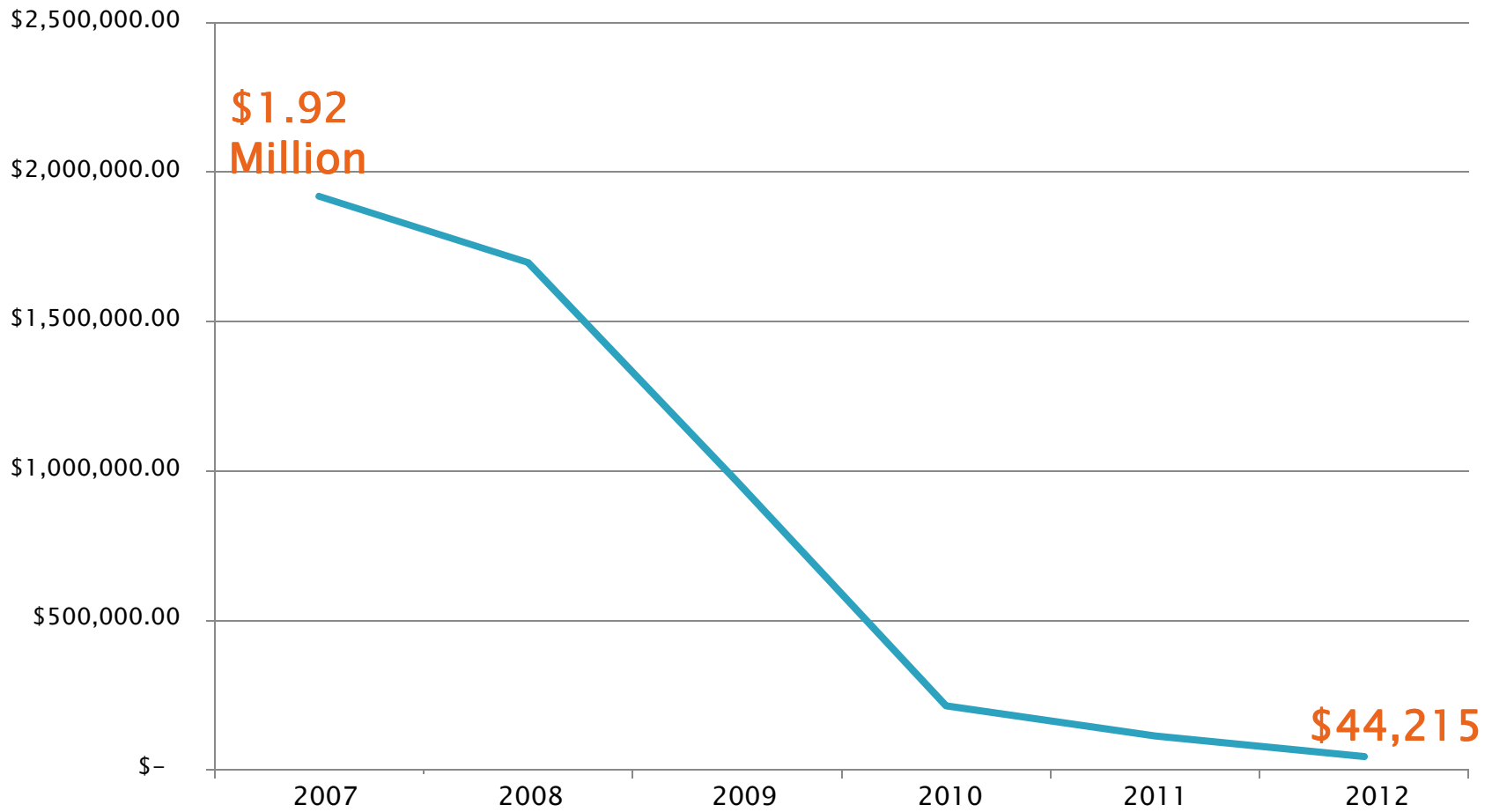
	2007	2008	2009	2010	2011	2012
◆ Total Operating Revenue	\$43,544,408.00	\$43,708,709.00	\$35,795,178.00	\$35,896,369.00	\$41,021,127.00	\$39,949,987.00
■ Total Operating Expenses	\$37,373,419.00	\$39,948,142.00	\$38,028,464.00	\$40,551,999.00	\$41,214,890.00	\$40,931,123.00

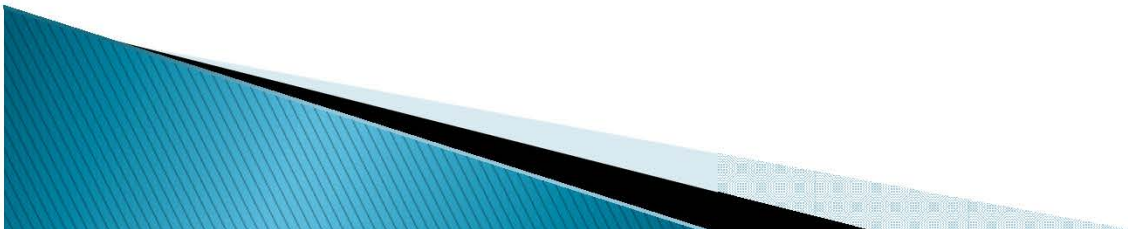
Operating Revenues, 2007 – 2012

Wholesale Sales

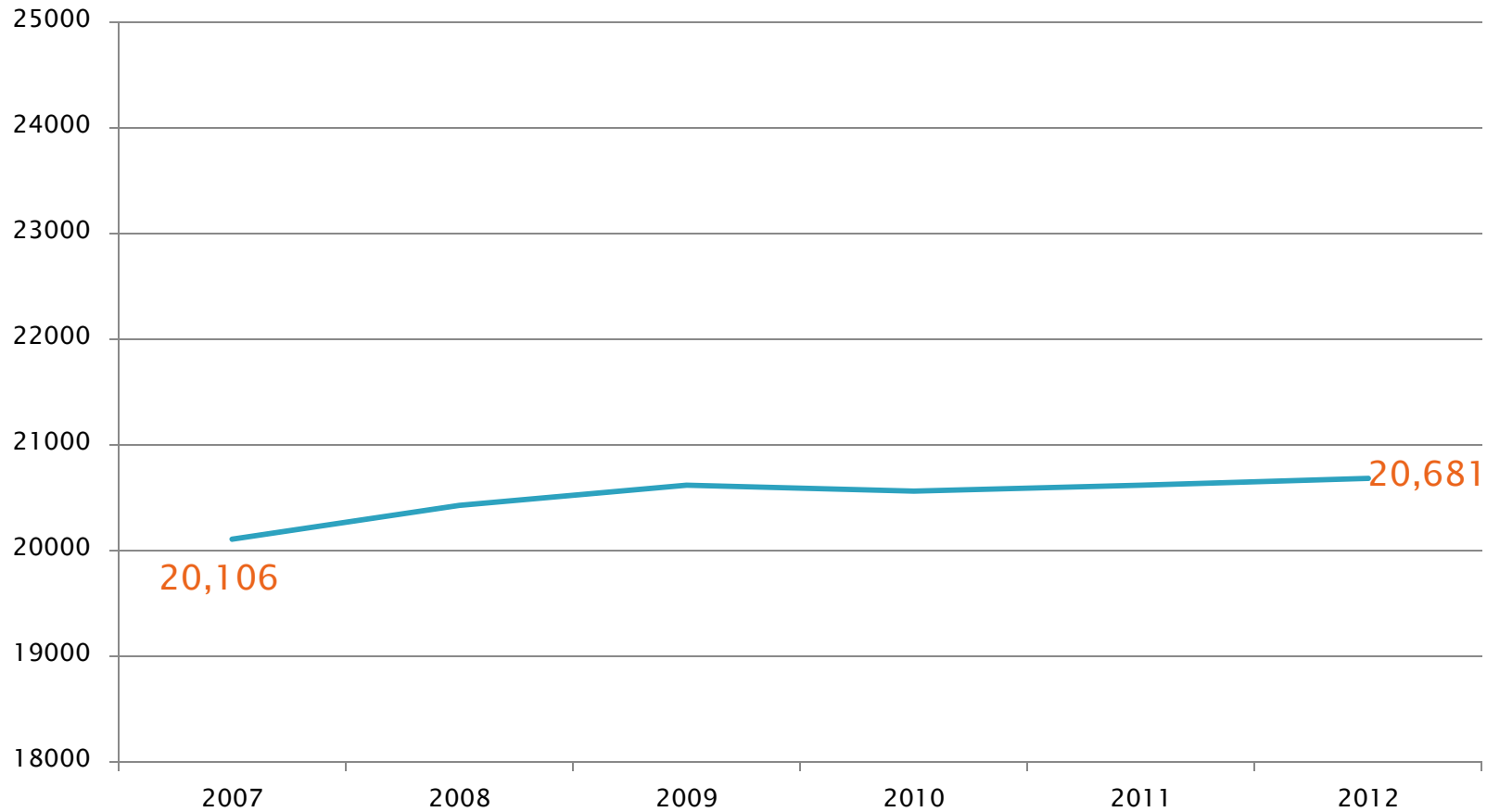


Interest Earnings, 2007 – 2012





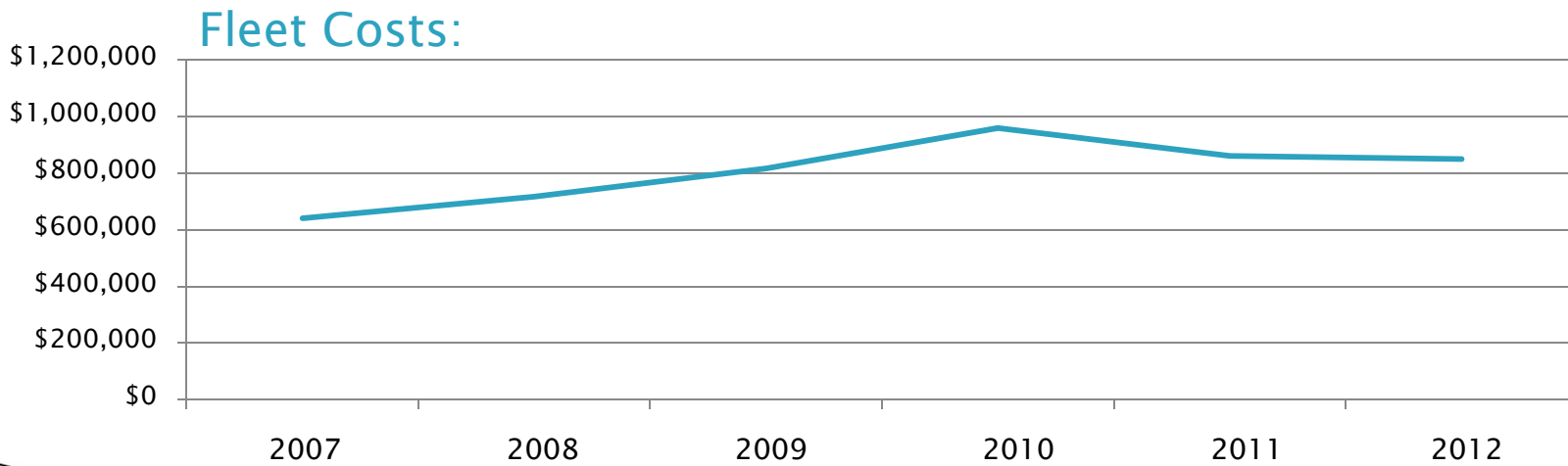
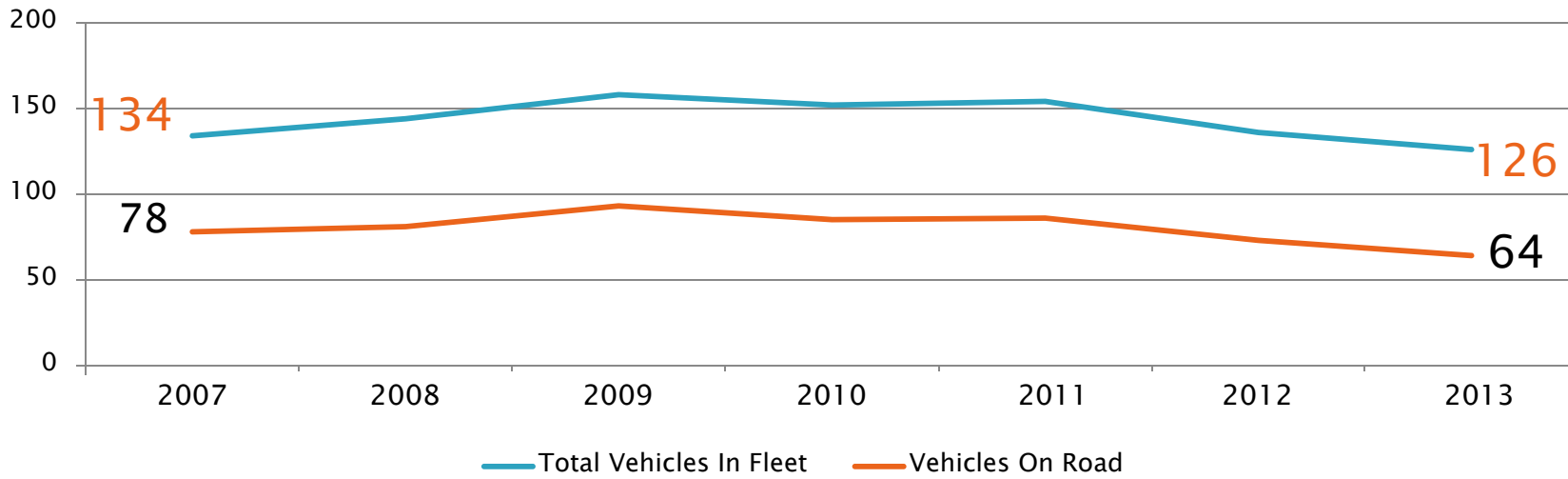
Number of Accounts, 2007 – 2012



The District experienced an average customer account growth of .5% per year from 2007–2012.

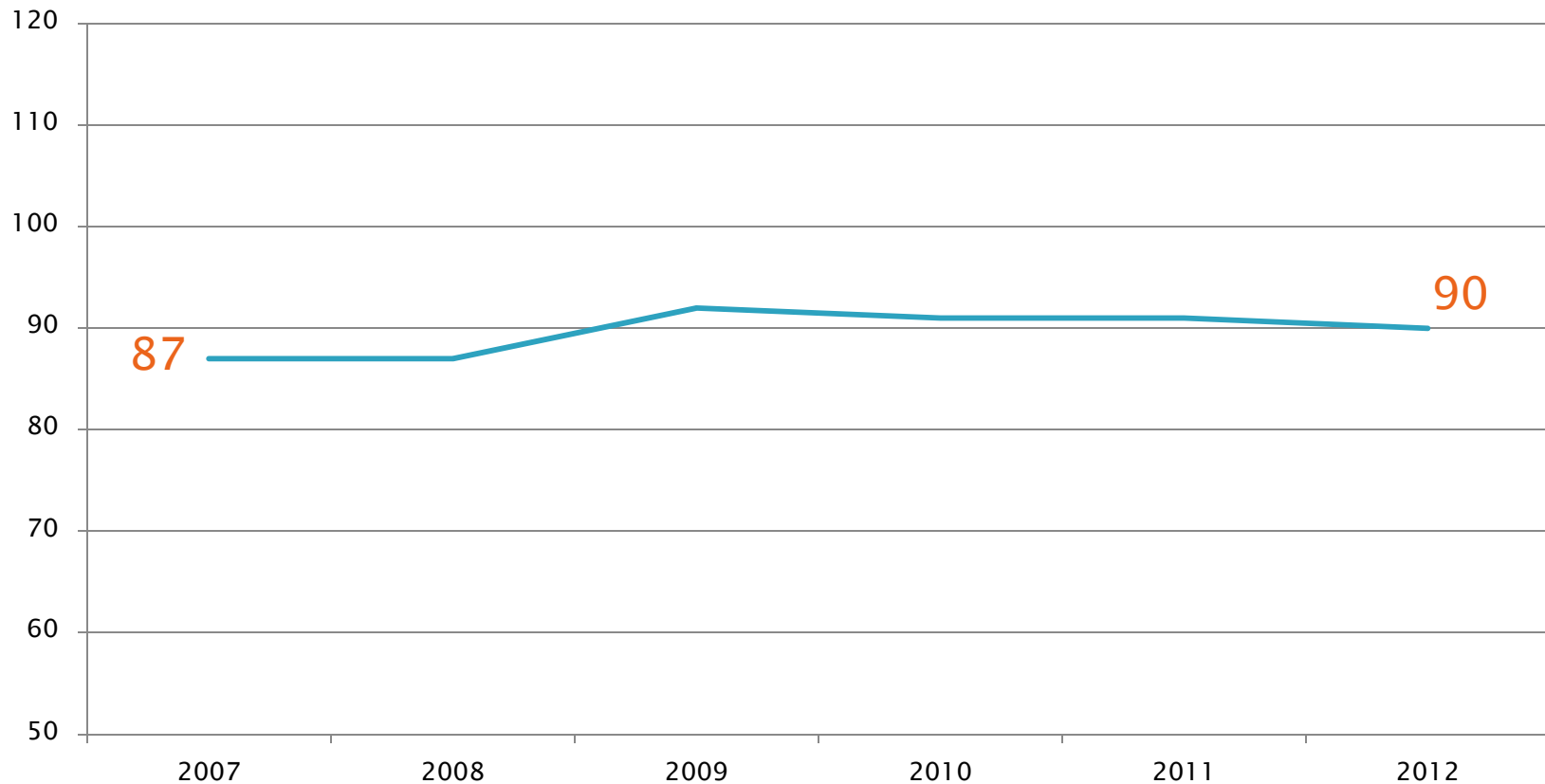
	2007	2008	2009	2010	2011	2012
Number of Accounts	20106	20425	20617	20560	20617	20681

Fleet Vehicles



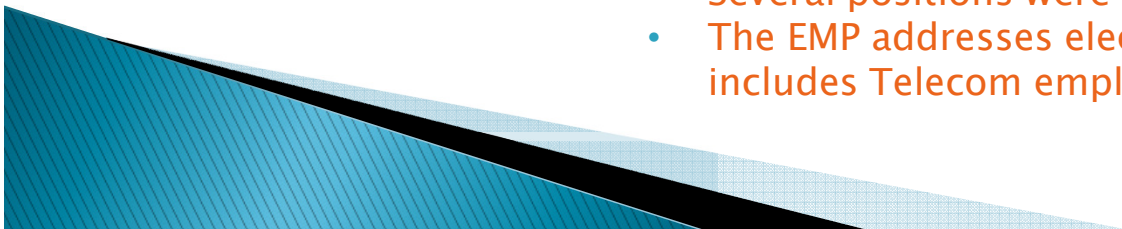
* The average age of fleet vehicles is 10 years old.

Number of Employees, 2007 – 2013

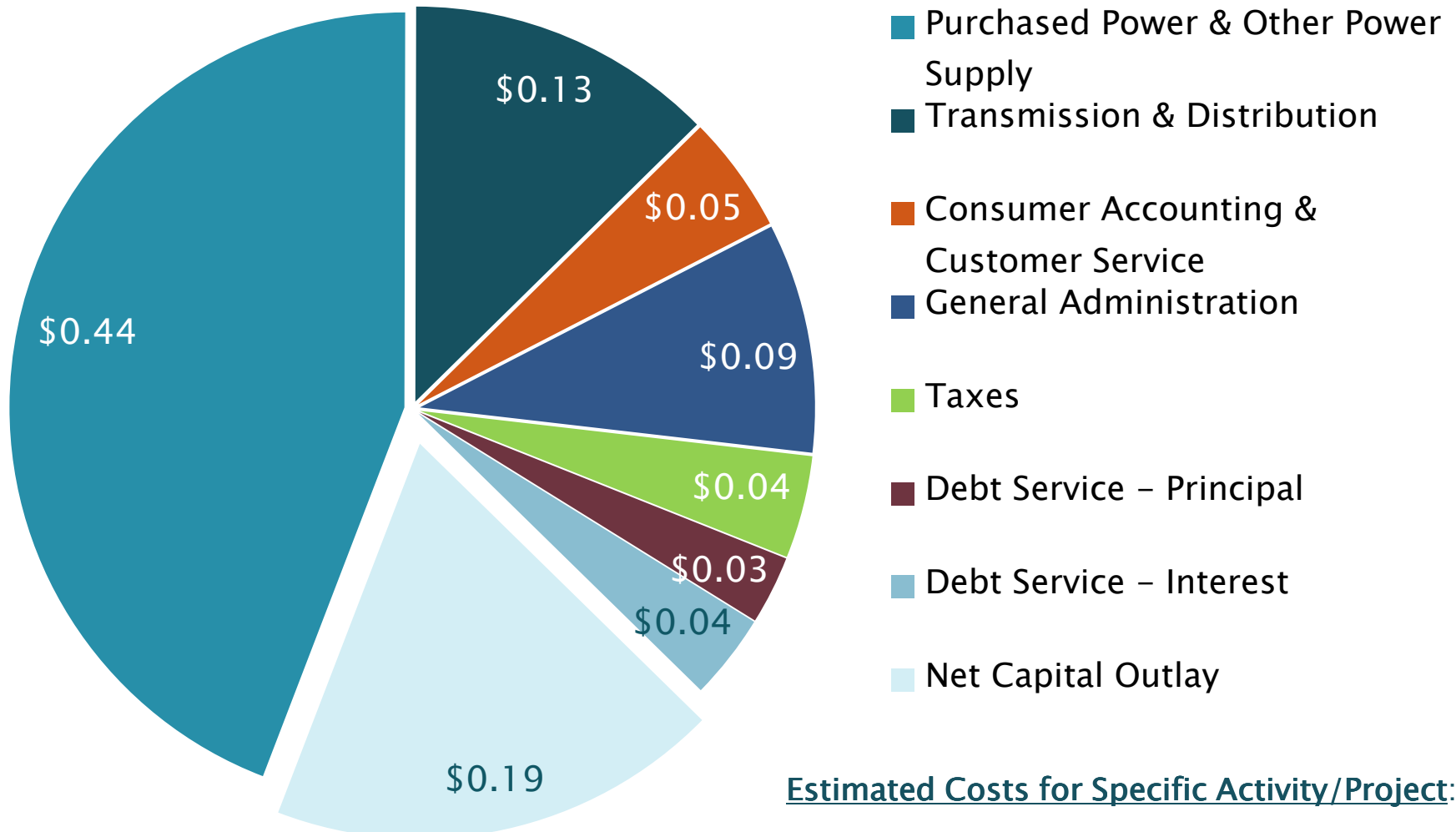


Important Points:

- The District has only increased 3 filled positions since 2007.
- Several positions were budgeted but not filled.
- The EMP addresses electric operations only; however this graph includes Telecom employees.



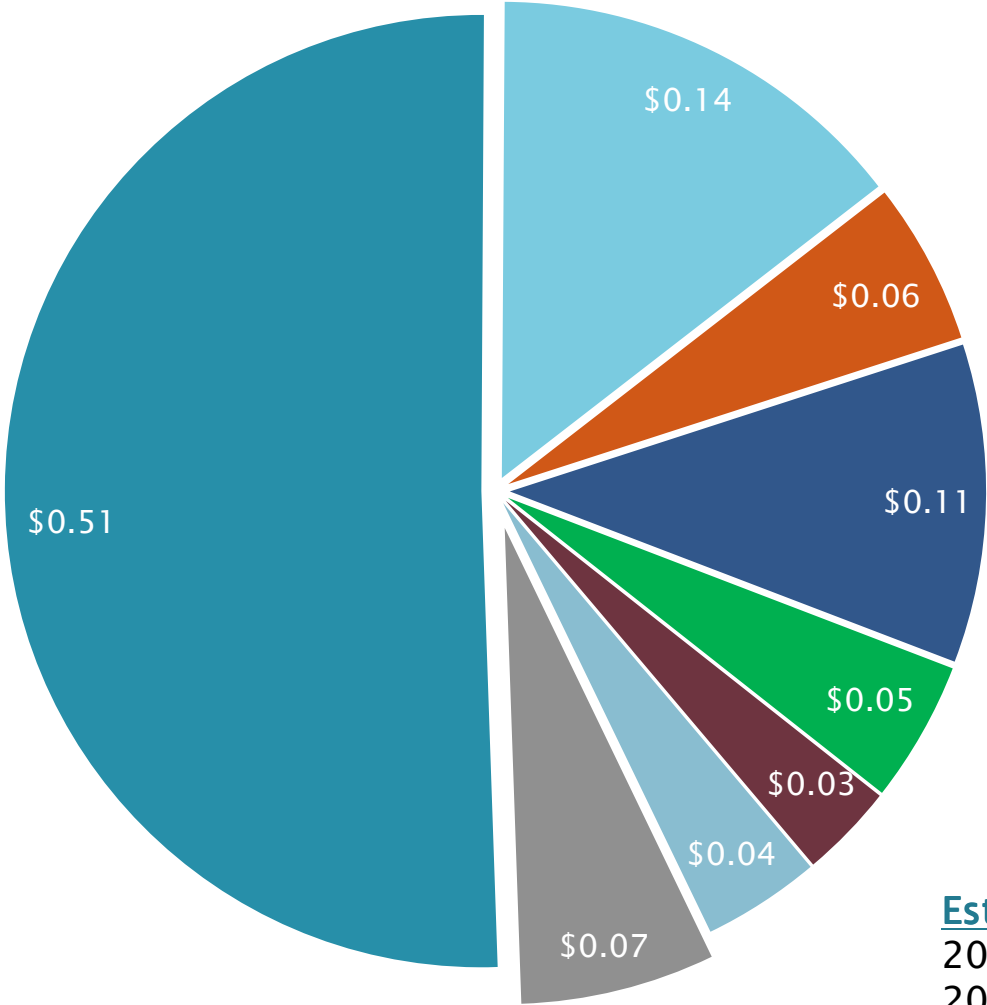
EMP 2013 Cash Requirements



Estimated Costs for Specific Activity/Project:

2013 Wage Costs	\$0.13
2013 Transportation Costs	\$0.01
2013 Building Costs (Int/Depr)	\$0.01
Future Enloe Capital Costs	\$0.04

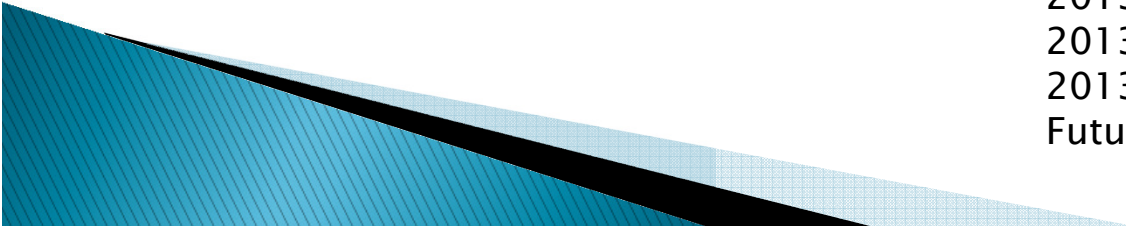
EMP 2013 Cash Requirements



- Purchased Power & Other Power Supply
- Transmission & Distribution
- Consumer Accounting & Customer Service
- General Administration
- Taxes
- Debt Service - Principal
- Debt Service - Interest
- General Funded Plant Investment

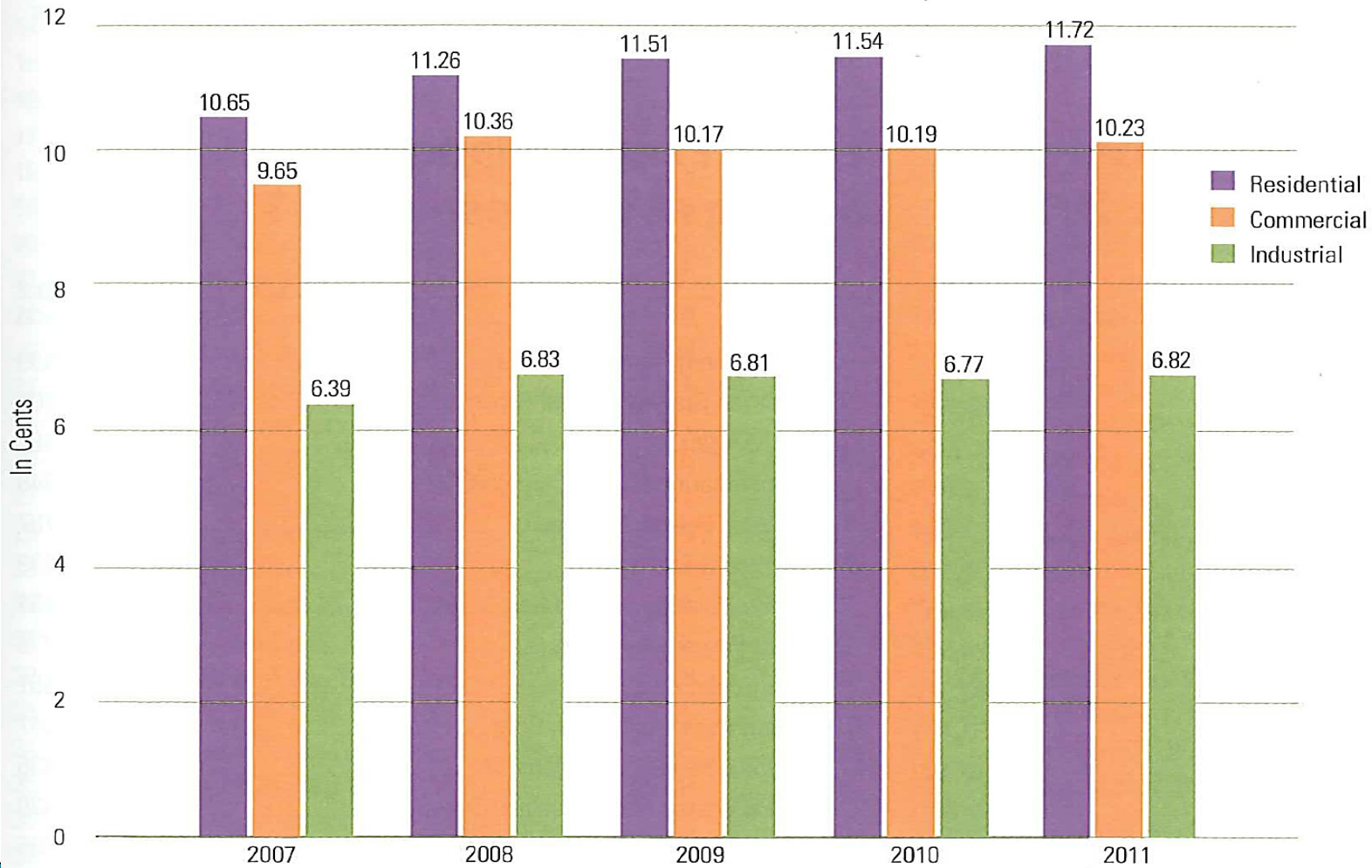
Estimated Costs for Specific Activity/Project:

2013 Wage Costs	\$0.15
2013 Transportation Costs	\$0.02
2013 Building Costs (Int/Depr)	\$0.01
2013 Debt Funded Plant	\$0.15
Future Enloe Capital Costs	\$0.05



How Do We Compare Nationally?

National Average Revenue per Kilowatt-hour

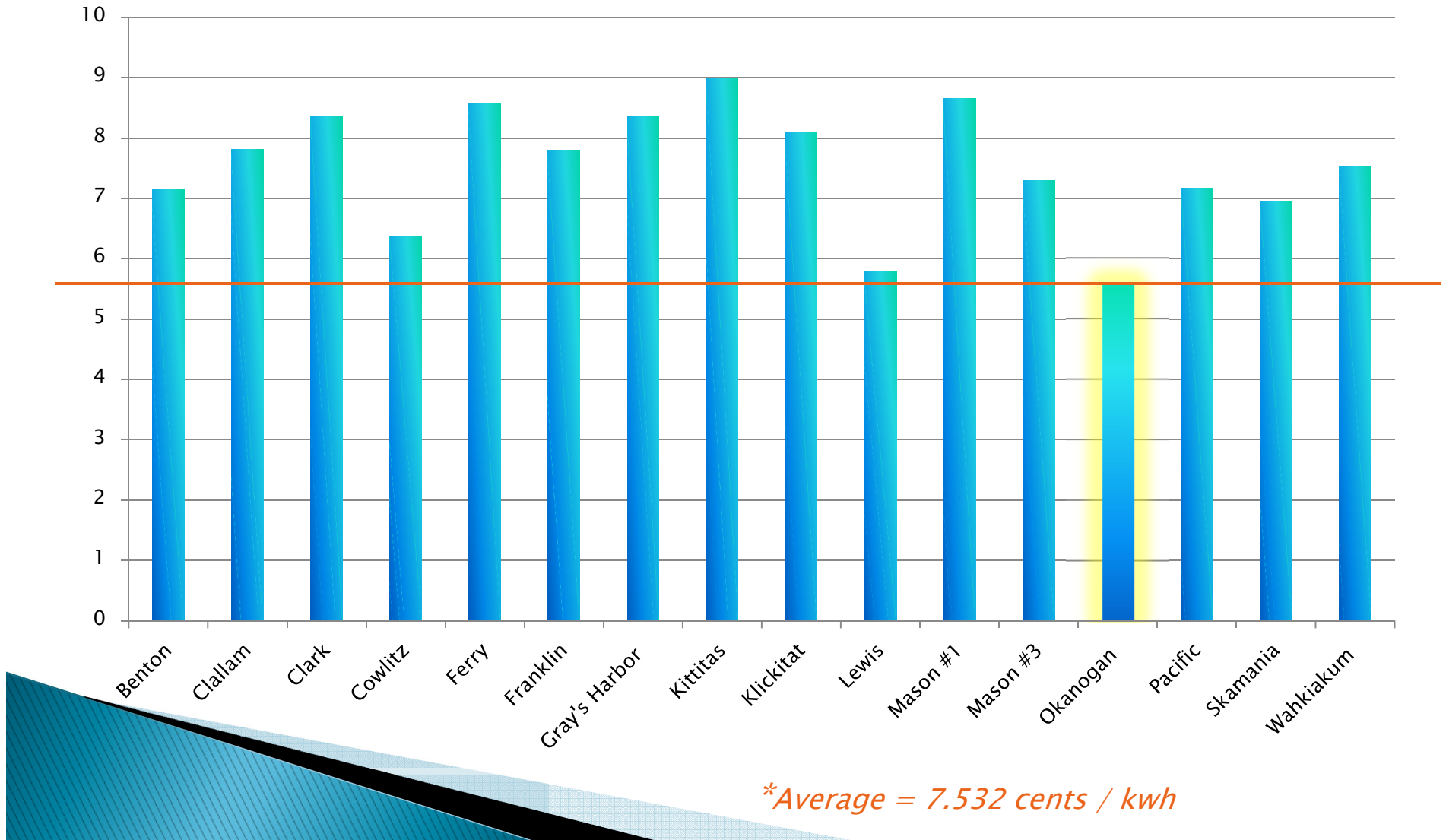


Source: Energy Information Administration, *Electric Power Annual 2011*.

Residential PUD customers pay monthly half of the additional charge for their electricity.

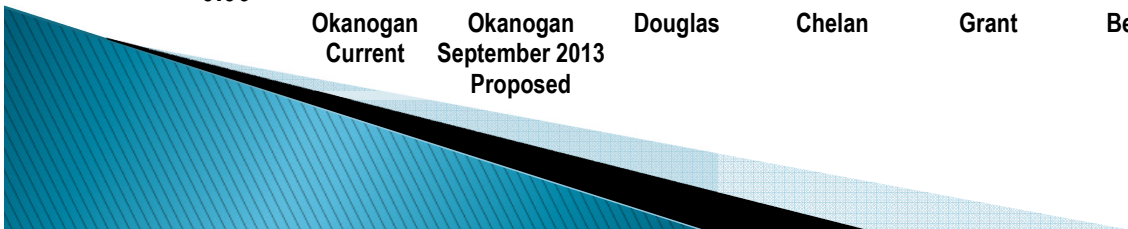
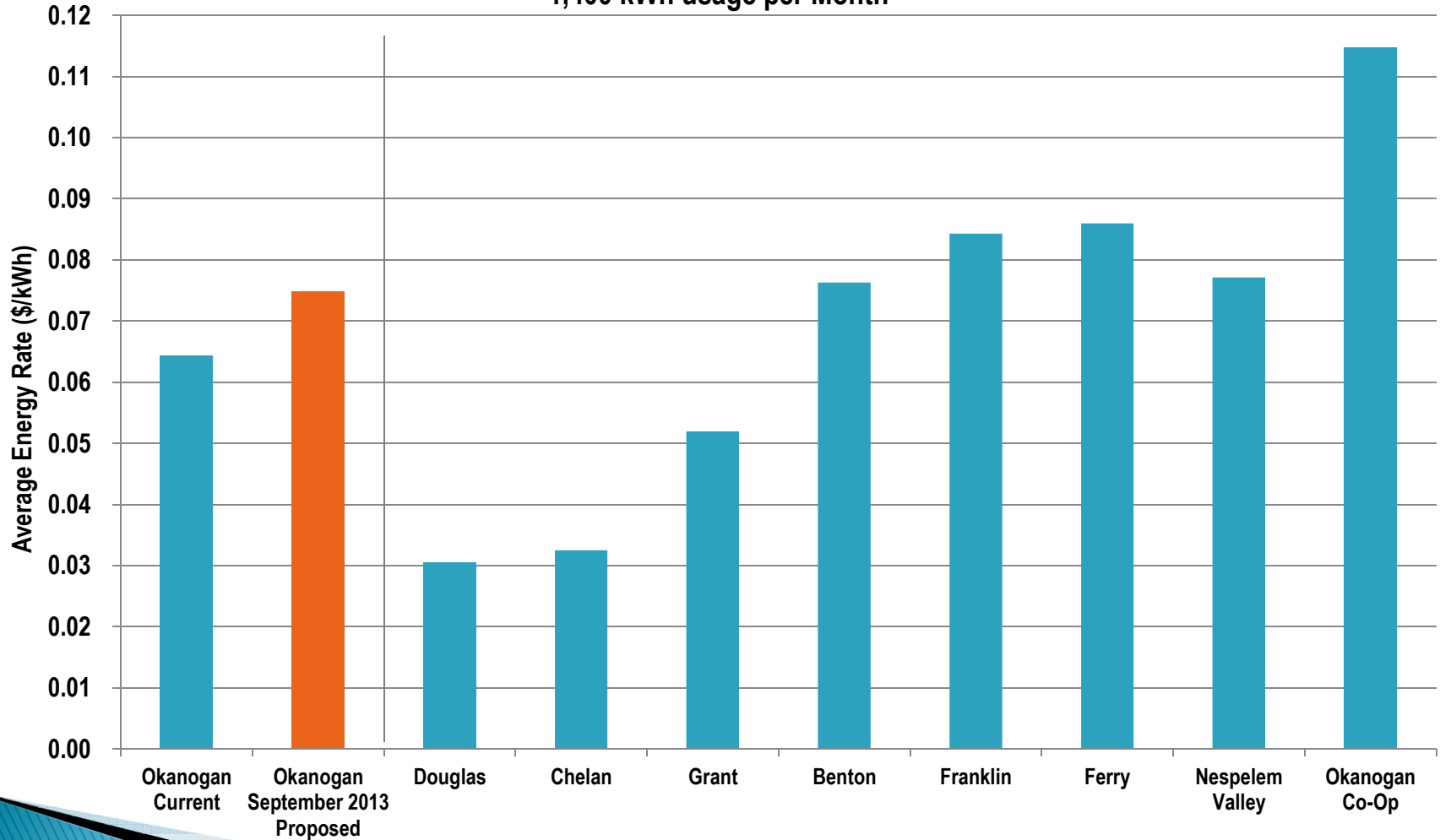
How Do We Compare State-Wide ?

We continue to provide the lowest-priced electricity in the State, among utilities who don't generate their own hydropower.



How Do We Compare Locally?

Average Energy Rate Comparison
Residential Customer Class with 9.5% District Rate Increase in 2013
1,400 kWh usage per Month



Questions?

