



**PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY**

N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

2023 BUDGET WORKSHOP NOTES

1. Base revenue projections are based on a 5-year average of past usage.
2. The District lost its Low Density Discount with Bonneville Power Administration, with results in an average 5.5% increase to power costs.
3. Overall expenditures have increased due to inflation rates. In order to offset these increased, the District has reduced funding where it can, to the Equipment Replacement account and its Capital Work Plan.
4. The overall interest income has increased due to the favorable investment rates through its Local Government Investment Fund. At the beginning of the year, the interest rate was around .02% and is currently over 2%. It's expected to remain at that rate through at least 2023.
5. The district reduced the electric department's Capital Work Plan total for 2023 by \$100,000 and its Water Capital Work Plan by \$195,000 to help offset the increase to O&M, and G&A. The District also expects to fund a large portion of its ongoing capital work plan through grants.
6. The district reduced its funding to the Equipment Replacement fund by \$40,000 to help offset the increase to O&M, and G&A.

For those that are unable to attend the Budget Workshop, please feel free to contact Customer Service and ask for Katie Arnold or Kristin Masteller, with any questions you may have.

BUDGET MATERIALS - October 25, 2022 Workshop

Proposed Electric Budget 2023

INCOME STATEMENT ELECTRIC			
Line Item	2021 Budget	2022 Budget	2023 Budget
1 Energy Sales- Operating Revenue	9,153,715.96	9,853,993.00	10,657,903.00
Total Revenue from Operations	9,153,715.96	9,853,993.00	10,657,903.00
3 Power & Transmission Costs	3,402,200.00	3,631,200.00	3,839,592.00
4 Transmission Expenses -O&M	12,288.00	12,874.00	13,416.04
6 Distribution Expenses - Operation	419,018.00	494,567.00	608,026.11
7 Distribution Expense - Maintenance	864,712.00	967,468.00	1,039,196.88
8 Customer Accounts Expenses	142,716.00	162,236.00	164,497.17
9 Customer Service Expenses and Information	4,896.00	7,500.00	7,500.00
11 Administrative and General Expenses	1,851,180.00	1,893,327.00	2,126,301.53
12 Total Expenses from Operations (3 thru 11)	6,697,010.00	7,169,172.00	7,798,529.73
13 Depreciation & Amortization Expense	1,100,000.00	1,133,000.00	1,153,828.20
14 Tax Expense - Property & gross Receipts Property	189,769.00	223,656.00	235,907.00
15 Tax Expense - Other	515,345.00	573,789.00	598,036.00
16 Interest on Long Term Debt	407,841.00	407,593.00	383,391.00
19 Other Deduction	4,000.00	3,900.00	3,500.00
20 Total Cost of Electric Service (12 thru 19)	8,913,965.00	9,511,110.00	10,173,191.93
21 Operating Margins (1 minus 20)	239,750.96	342,883.00	484,711.07
22 Non Operating Margins - Interest	8,400.00	8,500.00	50,000.00
25 Non Operating Margins - Other	5,000.00	5,000.00	5,000.00
29 Patronage Capital or Margins (21 thru 28)	253,150.96	356,383.00	539,711.07
	2021 Budgeted	2022 Budgeted	2023 Budgeted
Operating - Margin	239,750.96	342,883.00	484,711.07
Non Operating - Margin	13,400.00	13,500.00	55,000.00
Times Interest Earned Ratio - Operating (1.25 Min)	1.62	1.87	2.32
Debt Service Coverage Ratio (1.25 Min)	1.96	2.08	2.28
Funds Available for Debt Service, Reserves & CWP	1,353,150.96	1,489,383.00	1,693,539.27
Special Funds Available for CWP	100,000.00	100,000.00	100,000.00
Electric Bond Funds Available for CWP	943,911.00	334,378.00	0
Total of Funds Available	2,397,061.96	1,923,761.00	1,793,539.27
Fund Expended for Debt Service & CWP			
Debt Service	489,539.00	539,385.00	554,385.00
CWP	881,500.00	750,000.00	650,000.00
General Facilities - Ops	90,000.00		-
Funds Expended	1,461,039.00	1,289,385.00	1,204,385.00
Balance left for Reserve Funding	936,022.96	634,376.00	589,154.27
Substation Fund	342,000.00	342,000.00	342,000.00
Cash on Hand Funding Goal (5 Days per Year)	70,000.00	70,000.00	70,000.00
Equipment Replacement Fund	75,000.00	200,000.00	160,000.00
Balance Remaining	449,022.96	22,376.00	17,154.27
Long-Term Debt Balance at Year-End	11,316,492.00	10,777,107.00	10,222,722.00

BUDGET MATERIALS - October 25, 2022 Workshop

Proposed WATER Budget 2023

Line #	2021 Budgeted	2022 Budgeted	2023 Budgeted
	5% Increase	6% Increase	5% Increase
1 Operating Revenue	2,211,036.00	2,484,320.00	2,608,536.00
3 Cost of Power	164,500.00	156,100.00	165,000.00
6 Distribution Expense - Operation	453,555.00	509,026.00	589,891.04
7 Transmission Expense - Maintenance	185,800.00	212,795.00	260,608.73
8 Customer Accounts Expense	26,891.00	57,836.29	26,948.02
9 Customer Service And Information Expense	25,080.00	27,600.00	28,200.00
11 Administrative and General Expense	580,008.00	644,629.00	667,877.98
12 Total Operation & Maintenance Expense (2 thru 11)	1,435,834.00	1,607,986.29	1,738,525.77
13 Depreciation & Amortization Expense	495,000.00	505,000.00	544,591.00
14 Tax Expense - Property & Gross Receipts	325.00	325.00	325.00
15 Tax Expense - Other	111,193.00	128,395.00	134,714.00
16 Interest on Long Term Debt	90,269.00	82,464.00	75,597.78
18 Interest Expense - Other	-	-	-
19 Other Deductions	-	-	-
20 Total Cost of Water Service (12 thru 19)	2,132,621.00	2,324,170.29	2,493,753.55
21 Patronage Capital & Operating Margins (1 minus 20)	78,415.00	160,149.71	114,782.45
22 Non Operating Margins - Interest	600.00	600.00	4,000.00
25 Non Operating Margins - Other	75,000.00	75,000.00	75,000.00
29 Patronage Capital or Margins (21 thru 28)	154,015.00	235,749.71	193,782.45

	2021 Budgeted	2022 Budgeted	2023 Budgeted
Operating - Margin	78,415.00	160,149.71	114,782.45
Non Operating - Margin	75,600.00	75,600.00	79,000.00
Times Interest Earned Ratio - Operating (TIER)	1.87	2.94	2.52
Debt Service Coverage Ratio	1.65	2.18	2.15
Note: TIER = Line 21+16/16			
Funds Available for Debt Service, Reserves & CWP	649,015.00	740,749.71	738,373.45
Debt Service	311,099.00	260,284.00	266,284.00
General Funds Available for CWP	337,916.00	480,465.71	472,089.45
Water Bond Funds Available for CWP	676,000.00	300,000.00	-
Carry Over Funds from Prior Year	300,000.00	75,000.00	175,000.00
Total CWP	968,430.00	695,000.00	500,000.00
Balance of Funds Available for Reserve Funding	345,486.00	160,465.71	147,089.45
Equipment Replacement Fund	-	100,000.00	100,000.00
SDF Fund	75,000.00	75,000.00	75,000.00
Cash on Hand Funding Goal (5 Days per Year)	30,000.00	30,000.00	30,000.00
Balance to Carry Forward	240,486.00	30,465.71	17,089.45

BUDGET MATERIALS - October 25, 2022 Workshop

Proposed Sewer Budget 2023

INCOME STATEMENT SEWER

Line Item	2021 Budgeted	2022 Budgeted	2023 Budgeted
1 Sewer Sales - Madrona	8,880.00	11,124.00	11,458.00
Total Revenue from Operations	8,880.00	11,124.00	11,458.00
3 Power & Transmission Costs	660.00	660.00	675.00
7 Distribution Expense - Maintenance	4,758.00	5,236.00	6,270.00
9 Customer Service Expenses and Information	0.00	0.00	0.00
12 Total Expenses from Operations (3 thru 11)	5,418.00	5,896.00	6,945.00
13 Depreciation & Amortization Expense	1,416.24	1,805.00	1,956.00
15 Tax Expense - Other	444.00	420.00	459.00
20 Total Cost of Sewer Service (12 thru 19)	7,278.24	8,121.00	9,360.00
21 Operating Margins (1 minus 20)	1,601.76	3,003.00	2,098.00
22 Non Operating Margins - Interest	60.00	45.00	420.00
29 Patronage Capital or Margins (21 thru 28)	1,661.76	3,048.00	2,518.00
	2021 Budgetd	2022 Budgetd	2023 Budgetd
Operating - Margin	1,601.76	3,003.00	2,098.00
Non Operating - Margin	60.00	45.00	420.00
Funds Available for Debt Service, Reserves & CWP	3,078.00	4,853.00	4,474.00
Reserve Funds Available for CWP	3,000.00	647.00	3,001.00
Total CWP	5,000.00	5,000.00	5,500.00