



Agenda  
Utility Advisory Committee Meeting  
Wednesday, November 12, 2025  
Richland Public Library ~ Conference Room B  
955 Northgate Drive

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### **Regular Meeting - 3:00 p.m.**

#### **Call to Order/Attendance:**

**Approval of Agenda:** (Approved by Motion)

**Approval of Minutes:** (Approved by Motion)

1. Approval of the September 9, 2025 Utility Advisory Committee Meeting Minutes

#### **Public Comments:**

#### **Items of Business:**

2. Status of Each Utility (10 minutes each)
  - Randy Aust, Deputy Fire Chief
  - Carlo D'Alessandro, Public Works Director
  - Clint Whitney, Energy Services Director
3. Electric Bond Rating, Refund & New Issue Discussion with Presentation by PFM (30 min)
  - Clint Whitney, Energy Services Director
4. Electric Rates Review & Rate Design Options with Presentation by FCS/Bowman (30 min)
  - Clint Whitney, Energy Services Director

#### **Unfinished Business:**

#### **Other Informational Items:**

5. Capital Work Plan Update - October 2025
  - Kaylee Bunch
6. Forward Agenda
  - Clint Whitney, Energy Services Director

#### **Adjournment**

Richland City Hall is ADA accessible. Requests for sign interpreters, audio equipment, and/or other special services must be received 48 hours prior to the meeting by calling the City Clerk's Office at 509-942-7389.



# UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/12/2025

Agenda Category: Approval of Minutes

Prepared By:

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**Subject**

Approval of the September 9, 2025 Utility Advisory Committee Meeting Minutes

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**Department**

Energy Services

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**Recommended Motion**

Approve the September 09, 2025 Utility Advisory Committee Meeting Minutes

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**Summary**

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**Fiscal Impact**

There is no fiscal impact with this item.

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**Attachments**

- I. September 9, 2025 Utility Advisory Committee Meeting Minutes



**MINUTES**  
**UTILITY ADVISORY COMMITTEE REGULAR MEETING**  
**Tuesday, September 09, 2025**  
**Richland City Hall ~ Council Chambers**  
**625 Swift Boulevard**

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**Utility Advisory Committee Regular Meeting - 3:00 p.m.**

Chair Porter called the meeting to order at 3:00 p.m.

**Welcome and Roll Call**

Attendance:	Chair Porter	Present
	Vice-Chair Staven	Present
	Member Hofstetter	Present
	Member Hyson	Absent
	Member Wallin	Present
	Member Lark	Absent
	Member Richmond	Present

Also present were Council Liaison Whitten, Staff Liaison and Energy Services Director Whitney, Deputy Chief Aust, Chief Huntington, Customer Service Experience Manager Irma Bottineau, Water Quality Coordinator Devin Desparte, Ted Light – Lighthouse Energy Consulting, Angela Long – Rock Cress Consulting (via Zoom), Sophia Spencer – Nauvoo Solutions (via Zoom), and Administrative Assistant I Guzman

**Approval of Agenda**

**VICE-CHAIR STAVEN MOVED AND MEMBER HOFSTETTER SECONDED THE MOTION TO APPROVE THE AGENDA AS PUBLISHED. THE MOTION CARRIED 5-0.**

**Minutes**

1. Approval of the July 08, 2025 Utility Advisory Committee Regular Meeting Minutes

**VICE CHAIR STAVEN MOVED AND MEMBER HOFSTETTER SECONDED THE MOTION TO APPROVE THE JULY 08, 2025 MEETING MINUTES. THE MOTION CARRIED 5-0.**

**Public Comments**

None.

## Items of Business

### 2. Status of Each City Utility

#### Public Works

Water Quality Coordinator Desparte provided updates for departments within Public Works in place of Public Works Director D'Alessandro. He provided updates for recently completed and current projects in Water, Wastewater, and Landfill. Updates for Public Works included booster bumps, the downtown loop project and the landfill expansion project. Member questions were answered.

#### Fire & EMS

Chief Huntington provided updates for Fire & EMS. He provided updates about 2026 Medical Utility Rate setting and introduced the next Chief of Fire and EMS will be Deputy Fire Chief Randy Aust.

#### Energy Services

Energy Service Director Whitney provided status updates for Richland Energy Services (RES) projects. Updates for RES included the upcoming launch of the customer portal MyMeter, progress on the outage application and the transition to a new after-hours service provider. Member questions were answered.

### 3. Recommendation to Revise RMC 3.23.010 Deposit for Utility Services

Customer Service Experience Manager, Irma Bottineau presented revising RMC 3.26.010 Deposit for Utility Services to a flat-rate deposit model as opposed to the current average-based model. She requested support from UAC members to revise RMC 3.26.010 Deposit for Utility Services to a flat-rate model. Member questions were answered.

**MEMBER WALLIN MOTIONED AND VICE-CHAIR STAVEN SECONDED THE MOTION TO SUPPORT THE REVISION OF RMC 3.26.010 DEPOSIT FOR UTILITY SERVICES TO A FLAT-RATE DEPOSIT MODEL. THE MOTION CARRIED 4-1.**

### 4. Richland Fire Department Medical and Ambulance Utility Strategic Plan – Focus on Rate Settings and Financial Sustainability

Deputy Fire Chief Randy Aust spoke about Medical and Ambulance Utility Fees and the exemptions to the fees. Deputy Fire Chief also went over Fire and EMS' revenues and expenditures in relation to the Medical and Ambulance Utility fees. Member questions were answered.

5. 2025 Clean Energy Implementation Plan, Conservation Potential Assessment, and Demand Response Potential Assessment Draft Reports

Energy Services Director Whitney introduced Ted Light from Lighthouse Energy to present on the Clean Energy Implementation Plan (CEIP). He spoke about targets and identifying populations. Director Whitney discussed retaining renewable energy from Ruby Flats. He spoke about consequences to missing targets, impacted populations, and actions to reduce risk. Member questions were answered.

**VICE CHAIR STAVEN MOTIONED AND MEMBER RICHMOND SECONDED THE MOTION TO SUPPORT THE REVISED CEIP, CPA, AND DRPA REPORTS FOR THE COUNCIL'S RECOMMENDED ADOPTION IN 4Q25. THE MOTION CARRIED 5-0.**

6. Bonneville Power Administration (BPA) – Provider of Choice – Power Contract

Energy Service Director Clint Whitney informed the committee the BPA's Provider of Choice contract template was released, and the final contract to sign between the City and BPA is expected before the end of the year. Director Whitney spoke on the similarities and differences between the existing contract and the draft for the upcoming contract renewal. Member questions were answered.

**Future Business Items**

- Electric Bond Rating, Refund & New Issue Discussion – November 2025
- Electric Rates Review & Rate Design Options with Presentation by FCS – November 2025
- AMI Time of Use (TOU) and Demand Rate Discussion – January 2026
- SMR Update – January 2026

**Other Informational Items**

The following presentations were presented:

Capital Work Plan Update – July 2026

**Adjournment**

Chair Porter adjourned the meeting at 5:07 pm.

Prepared by: \_\_\_\_\_  
Marissa Guzman, Administrative Assistant I

Approved by: \_\_\_\_\_  
Daniel Porter, Chair

DATE APPROVED:

DATE PUBLISHED:

DRAFT



# UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/12/2025

Agenda Category: Items of Business

Prepared By: Randy Aust, Deputy Fire Chief  
Carlo D'Alessandro, Public Works Director  
Clint Whitney, Energy Services Director

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**Subject**

Status of Each Utility (10 minutes each)

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**Department**

Energy Services

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**Recommended Motion**

This item is informational only.

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**Summary**

A representative from each of the City's utilities will provide a status update.

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**Fiscal Impact**

None.

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**Attachments**

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# UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/12/2025

Agenda Category: Items of Business

Prepared By: Clint Whitney, Energy Services Director

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## Subject

Electric Bond Rating, Refund & New Issue Discussion with Presentation by PFM (30 min)

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## Department

Energy Services

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## Recommended Motion

Motion to support the issuance of electric revenue bonds as proposed and presented.

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## Summary

As part of forward business planning, Energy Services is recommending a revenue bond issuance of \$7.5M during 1Q26. The bonds are necessary to support capital projects and are intended to be utilized over the 2026-2028 period, which has approximately \$35.9M in capital projects planned. The difference between the capital plan expenditures and revenue bonds will be funded by rates and line extension facility fees. Specific capital projects to be used for the bonds include the replacement of Thayer Substation Bank 1 (\$2.1M), Dallas Road Substation construction (\$5.3M), and addition to Sandhill Crane Substation Bank 3 (\$5.3M) and Bank 4 (\$4.5M). The City's capital improvement plan is available at: [Capital Improvement Plan](#).

Issuance of revenue bonds has been anticipated and modeled in the Cost of Service Analysis. The structure of the revenue bond issuance typically matches the asset life and stair-step debt service criteria that UAC has historically preferred.

Staff recommends an electric revenue bond issuance to support necessary capital work for additional distribution system capacity and reliability purposes.

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## Fiscal Impact

The issuance of 2026 electric revenue bonds is included in the approximate total \$5.9M per year of debt service for the 2026 budget year, with future budgets to be considered and approved annually by Council.

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## Attachments

- I. UAC\_Presentation\_Richland\_City\_of\_2025-11-05



# City of Richland, Washington

## Electric Utility Revenue Refunding and Improvement Bonds, 2026

**November 12, 2025**

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PFM Financial  
Advisors LLC

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107 Spring Street  
Seattle, WA 98104

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Duncan Brown  
(206) 858-5367



## Discussion Topics

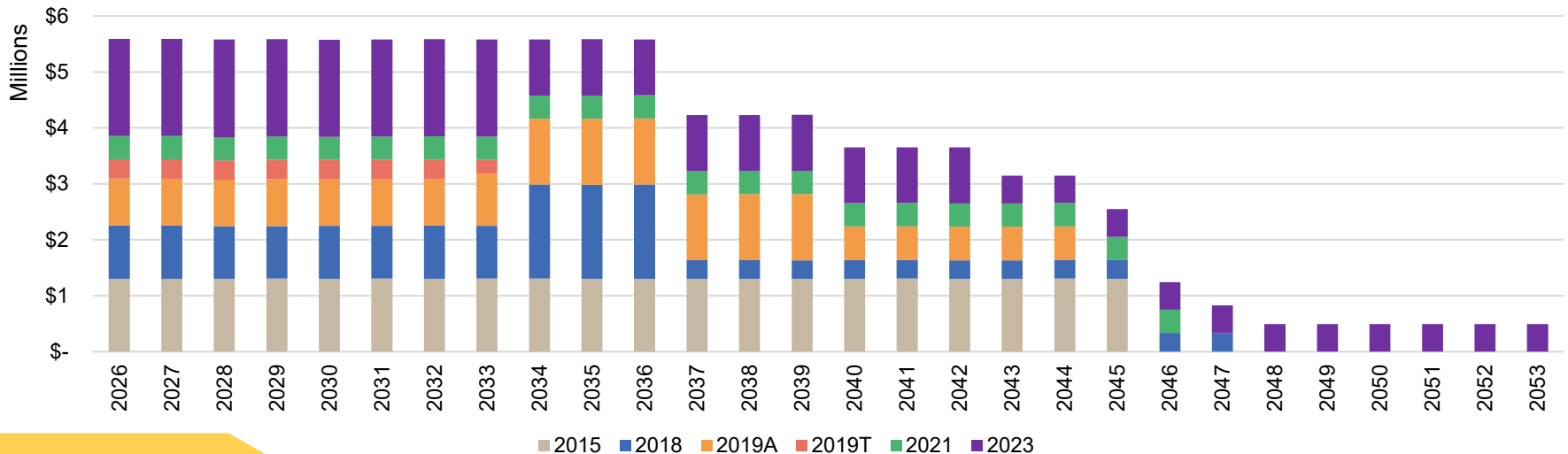
- I. Outstanding Electric System Revenue Bonds
- II. Electric Utility Revenue Refunding and Improvement Bonds, 2026
- III. Refunding of Electric Utility Revenue Bonds, 2015
- IV. Summary of Proposed 2026 Bonds
- V. 2026 Bonds—Key Dates
- VI. Appendix



## Outstanding Electric System Revenue Bonds

Series	Purpose	Issue Size	Delivery Date	Final Maturity	Call Date	Outstanding Coupons	Outstanding Par
2015	Carry out the plan of additions and extension	\$19,435,000	11/10/2015	11/1/2045	11/1/2025	4.00 – 5.00%	\$15,251,245
2018	To refinance Series 2007 and to finance improvements and additions to the Electric Utility	19,800,000	4/5/2018	11/1/2047	11/1/2027	3.00 – 5.00%	12,090,000
2019A	To refinance Series 2009 and to finance improvements and additions to the Electric Utility	12,525,000	12/19/2019	11/1/2044	11/1/2029	4.00 – 5.00%	10,845,000
2019T	Horn Rapids Solar Storage and Training project	3,145,000	12/19/2019	11/1/2033	11/1/2029	2.30 - 3.20%	2,350,000
2021	Dallas Substation design, Gateway Substation construction, other renewal and replacement projects	6,415,000	12/1/2021	11/1/2046	11/1/2033	3.00 – 4.00%	5,870,000
2023	To refinance Series 2013B and to finance improvements and additions to the Electric Utility	19,415,000	6/3/2023	11/1/2053	11/1/2033	4.00 – 5.00%	17,840,000
<b>Total</b>							<b>\$64,246,245</b>

### Existing Debt Service Requirements





## Electric Utility Revenue Refunding and Improvement Bonds, 2026

- The City anticipates financing approximately **\$7.5 million** for “new money” projects
- A summary of the capital expenditures expected to be financed, in whole or in part, with proceeds of the Bonds is as follows:

Estimated Capital Expenditures	
2026 Dallas Road Substation Construction	\$ 2,735,000
2026 Thayer Substation Rebuild	2,000,000
2026 Sandhill Crane Substation Bank 3 & 4 (Design)	550,000
2027 Sandhill Crane Substation Bank 3 & 4 (Construction)	4,750,000
2027 Dallas Road Substation	2,100,000
<b>Total Estimated Capital Expenditures</b>	<b>\$ 12,135,000</b>
Estimated Sources of Funds	
2026 Bond Proceeds	\$ 7,500,000
Rate Revenues	4,635,000
<b>Total Estimated Sources of Funds</b>	<b>\$ 12,135,000</b>

- In December, the City Council will be asked to consider a bond ordinance authorizing the proposed 2026 Bonds
  - The “new money” portion of the financing is expected to be structured with a 30-year term and level annual debt service payments



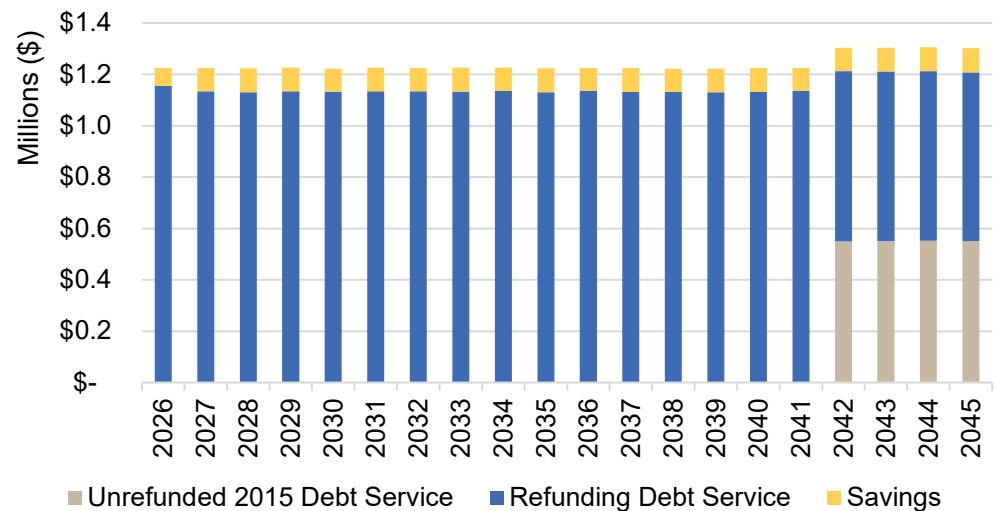
## Refunding of Electric Utility Revenue Bonds, 2015

- ◆ In November 2015, the City issued its Electric Utility Revenue Bonds, 2015
  - Proceeds of the 2015 Bonds were used for substation improvements, line extensions, smart grid/advanced metering infrastructure, renewals/replacements, and other system improvements
- ◆ The 2015 Bonds became callable November 1, 2025, and may be refunded (refinanced) for interest savings
  - The new bond ordinance would also authorize refunding of all or a portion of the 2015 Bonds, if a refunding can generate net present value (NPV) savings of at least 3% of the refunded par amount
  - The final maturity of the 2015 Bonds will not be extended by the 2026 Bonds

### Estimated Refunding Statistics\*

NPV Savings (\$)	\$1,164,681
NPV Savings (% of Refunded Par)	8.04%
Average Annual Savings:	\$90,852
Refunded Par	\$14,495,000

### Estimated Savings\*



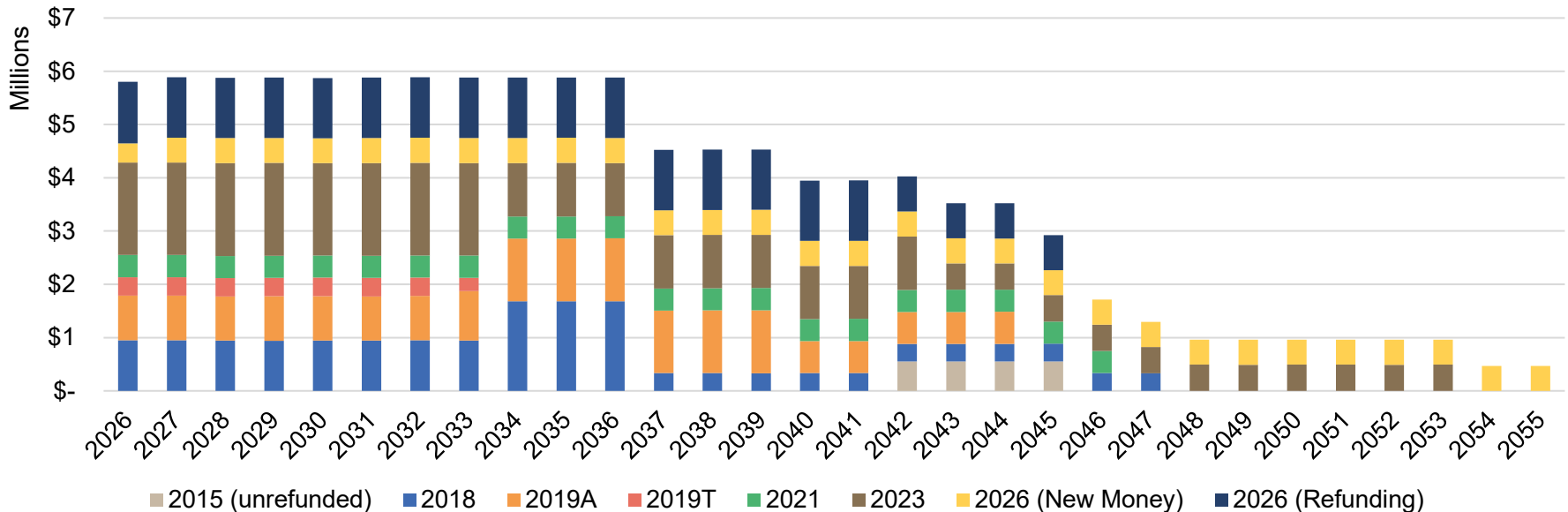


## Summary of the Proposed 2026 Bonds

- Estimated average annual debt service on “new money” portion of 2026 Bonds: \$470,000\*
- Estimated aggregate maximum annual debt service: \$5.9 million\*

Estimated Results	Refunding	New Money	Combined
Final Maturity	2045	2055	2055
True Interest Cost*	3.96%	4.57%	4.23%

### Resulting Debt Service Requirements





## 2026 Bonds - Key Dates

OCTOBER							NOVEMBER							DECEMBER							JANUARY						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4							1	1	2	3	4	5	6					1	2	3	
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10
12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24
26	27	28	29	30	31	23	24	25	26	27	28	29	28	29	30	31	25	26	27	28	29	30	31				
							30																				

Activity	Date
Utility Advisory Committee to review plan of finance (3:00 p.m.)	November 12
City Council Meeting – first reading of Bond Ordinance (6:00 p.m.)	December 2
City Council meeting to pass Bond Ordinance (6:00 p.m.)	December 16
Bond Sale	Week of January 12
Bond Closing	Week of January 26

*Note: Dates are tentative and subject to change*



# Appendix



# S&P Credit Rating Summary



- On March 20, 2025, S&P affirmed its “A” rating on the City’s Electric Revenue Bonds
- Details from the 2025 report are summarized below

Current Rating / Outlook	A / Stable
Date of Last Rating	3/20/2025 – Credit Opinion
<b>Credit Strengths</b>	<ul style="list-style-type: none"> <li>• Historically sound service area economy in the Richland-Kennebec metropolitan statistical area and 46% electric revenue obtained from residential customers, promoting revenue stability.</li> <li>• Competitive rates, as evidenced by an average revenue per kilowatt-hour (kWh) that is 6% below the state average</li> <li>• Good risk management and operational planning around environmental compliance, system reliability, and wildfire mitigation, which helps enhance operational stability; and</li> <li>• Management will continue to recover costs through rate adjustments as needed to preserve the utility’s financial profile and support future capital needs</li> </ul>
<b>Credit Challenges</b>	<ul style="list-style-type: none"> <li>• Customer base is somewhat concentrated, with the 10 largest customers (including a U.S. Department of Energy national research laboratory) representing about 25% of total revenues</li> <li>• Remains exposed to BPA’s hydroelectric generation risks, which are sensitive to climate factors like precipitation and snowpack, potentially impacting power cost stability</li> </ul>

### *What could make the rating go up?*

- Utility maintains current robust coverage and strong liquidity
- Customer base exhibits greater certainty, particularly related to customer addition and the political impact on the leading customer

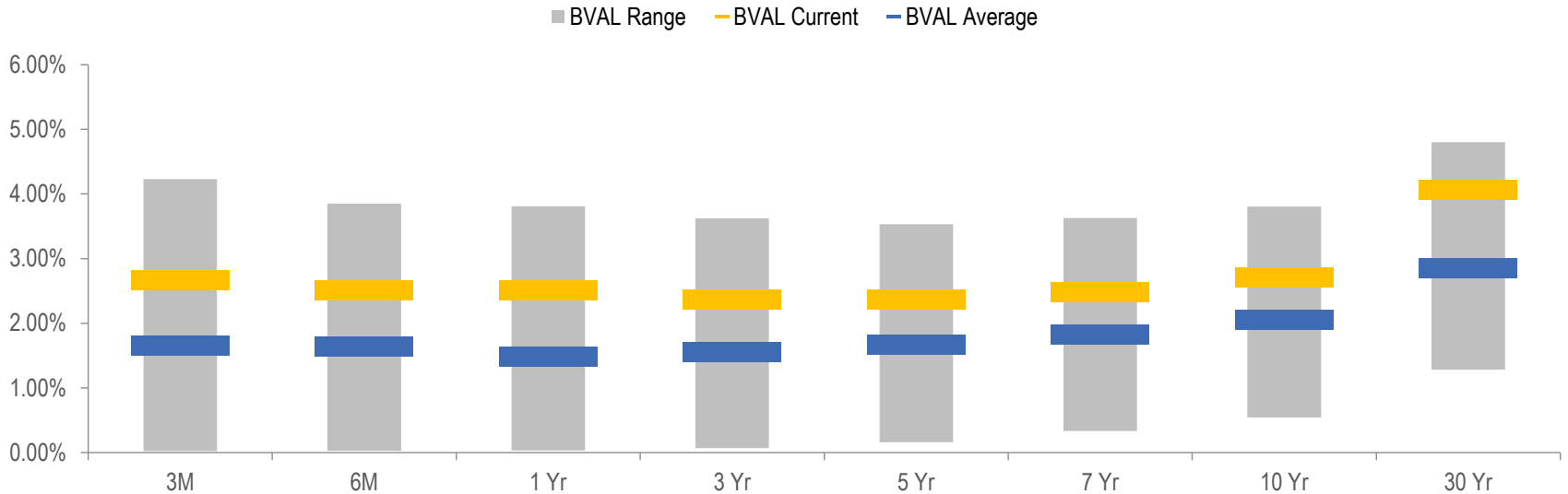
### *What could make the rating go down?*

- Financial metrics deteriorate significantly, either due to higher-than-projected debt needs to fund capital projects
- Failure to recover unbudgeted power costs from weak hydrology conditions
- Political instability of the customer base, given the presence of a federal agency in the service area



# Historical AAA BVAL Position

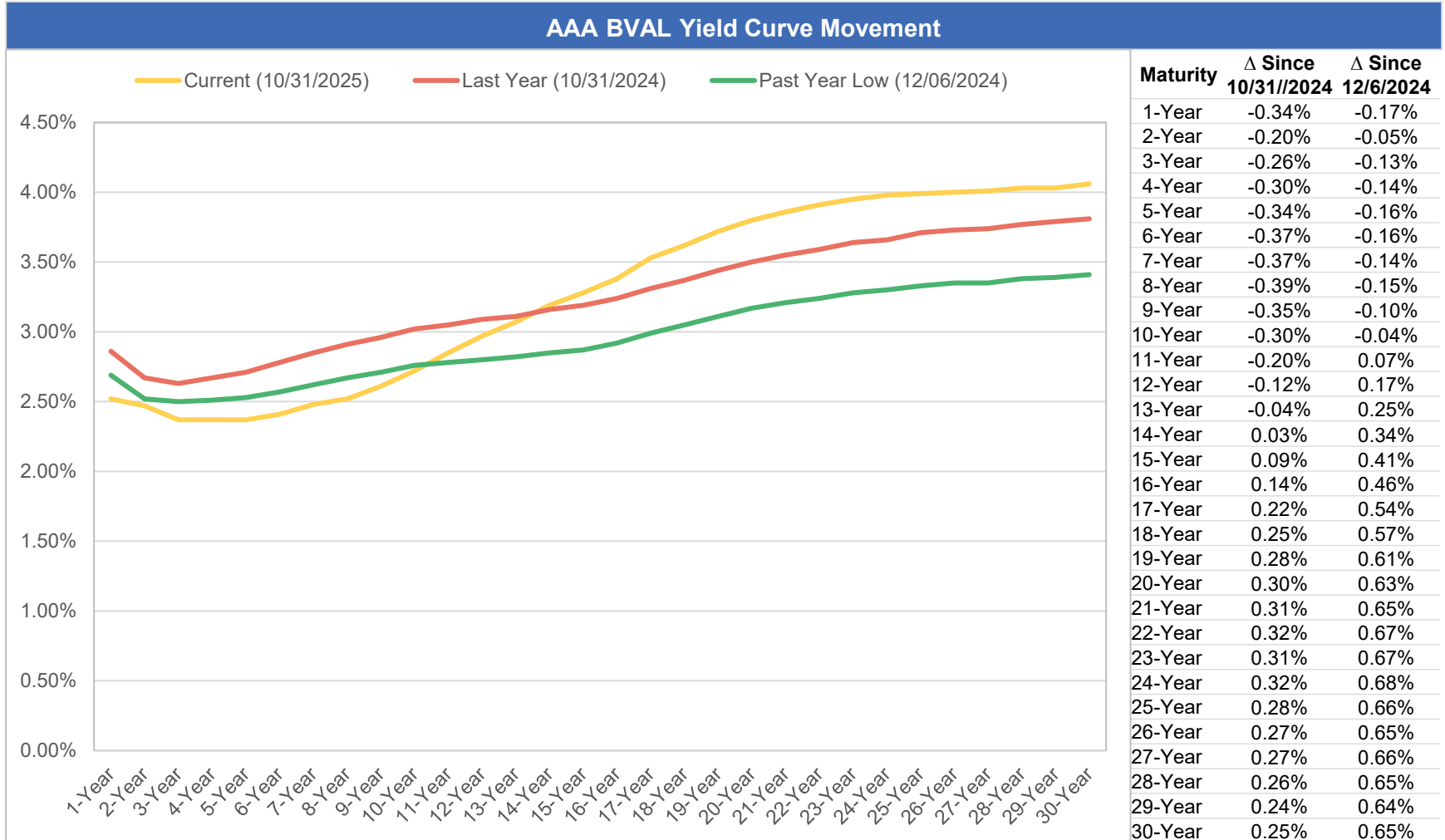
AAA BVAL Rate Position  
(10-Year History)



STATISTIC	3 Month	6 Month	1 Year	3 Year	5 Year	7 Year	10 Year	30 Year
<b>10/31/2025</b>	<b>2.67%</b>	<b>2.52%</b>	<b>2.52%</b>	<b>2.37%</b>	<b>2.37%</b>	<b>2.48%</b>	<b>2.72%</b>	<b>4.06%</b>
<b>Average</b>	<b>1.66%</b>	<b>1.64%</b>	<b>1.48%</b>	<b>1.56%</b>	<b>1.68%</b>	<b>1.83%</b>	<b>2.06%</b>	<b>2.85%</b>
Spread to Avg.	1.02%	0.88%	1.03%	0.81%	0.70%	0.65%	0.65%	1.21%
Minimum	0.02%	0.03%	0.03%	0.07%	0.16%	0.34%	0.54%	1.28%
Spread to Min.	2.65%	2.49%	2.49%	2.30%	2.21%	2.14%	2.17%	2.78%
Maximum	4.23%	3.85%	3.81%	3.62%	3.53%	3.63%	3.80%	4.80%
Spread to Max.	-1.56%	-1.33%	-1.29%	-1.25%	-1.16%	-1.15%	-1.09%	-0.74%
Percent of Market Days Lower	58.36%	56.09%	75.49%	73.29%	73.85%	74.73%	79.88%	91.90%



# Recent AAA BVAL Yield Curve Movement

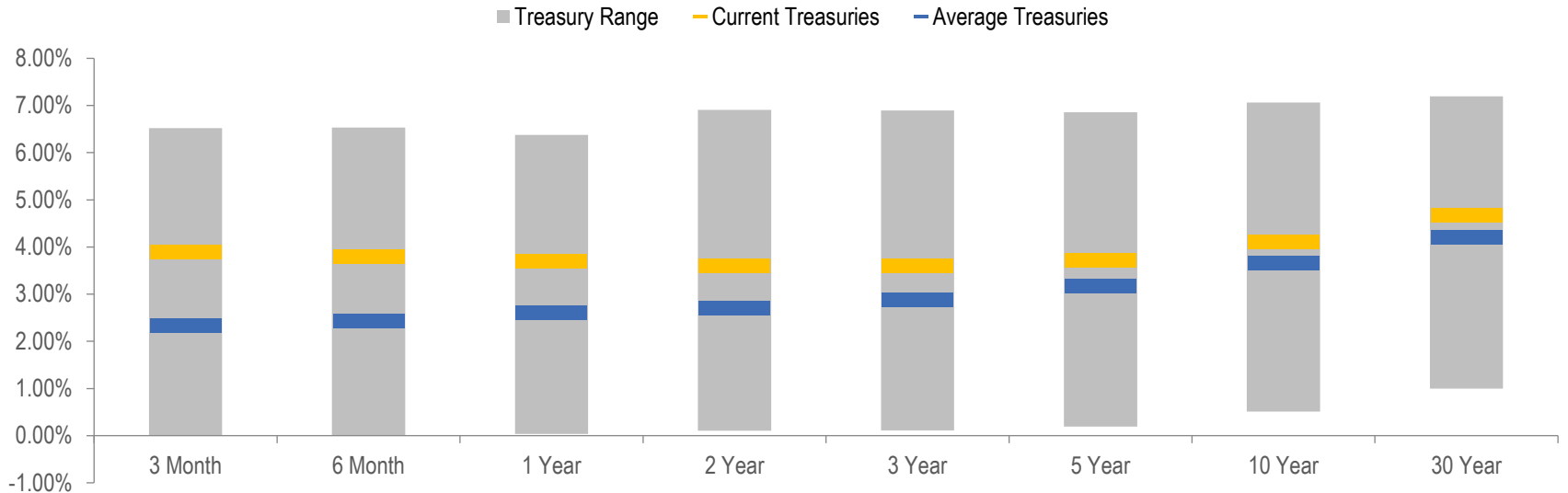


Source: Bloomberg



# Historical U.S. Treasury Position

**U.S. Treasury Rate Position  
(30-Year History)**

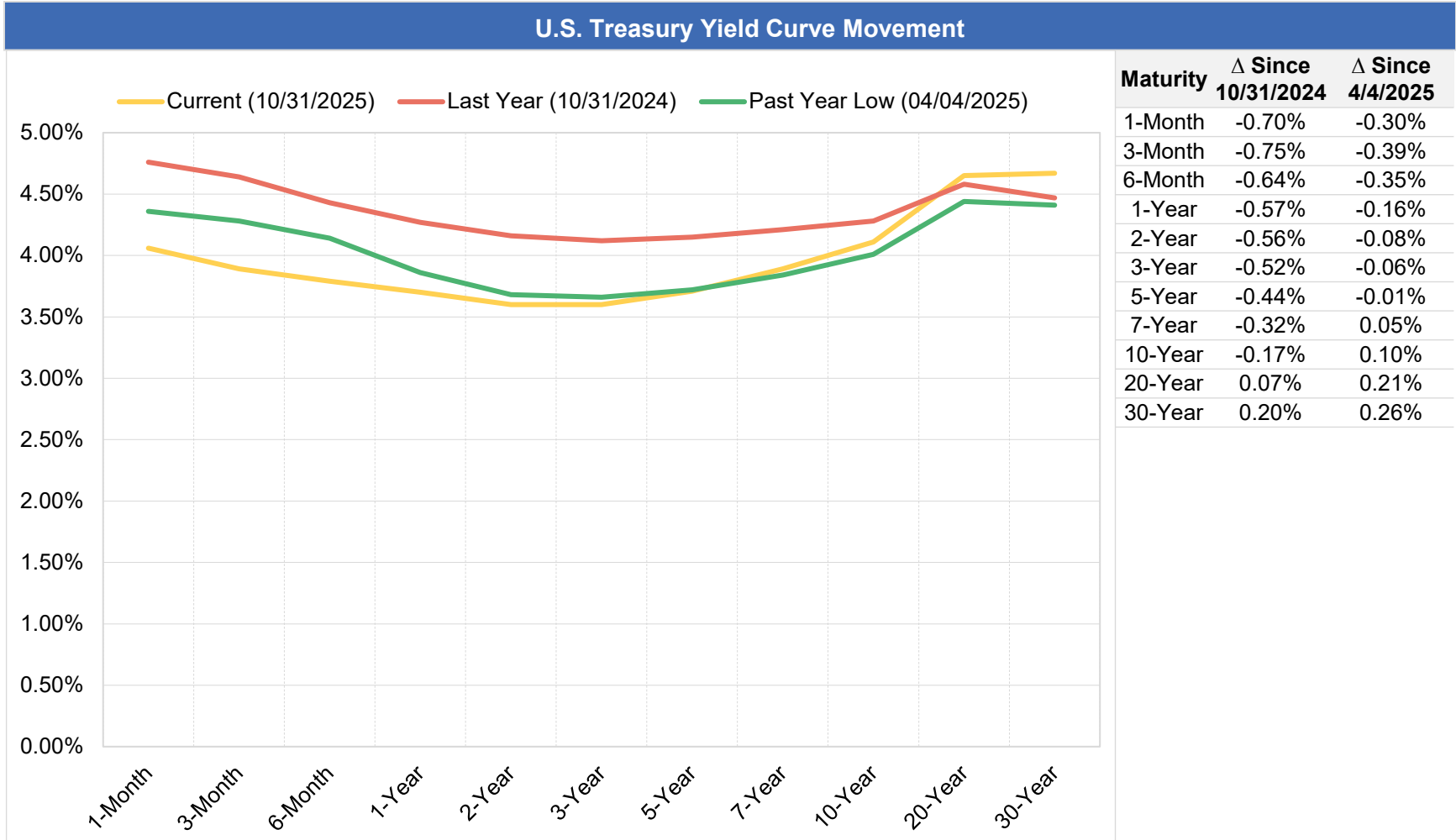


Statistic	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	10 Year	30 Year
<b>10/31/2025</b>	<b>3.89%</b>	<b>3.79%</b>	<b>3.70%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.71%</b>	<b>4.11%</b>	<b>4.67%</b>
<b>Average</b>	<b>2.34%</b>	<b>2.44%</b>	<b>2.61%</b>	<b>2.70%</b>	<b>2.88%</b>	<b>3.17%</b>	<b>3.67%</b>	<b>4.20%</b>
Spread to Avg.	1.55%	1.35%	1.09%	0.90%	0.72%	0.54%	0.44%	0.47%
Minimum	-0.09%	0.00%	0.04%	0.10%	0.11%	0.19%	0.51%	1.00%
Spread to Min.	3.98%	3.79%	3.66%	3.50%	3.49%	3.52%	3.60%	3.67%
Maximum	6.44%	6.53%	6.38%	6.91%	6.90%	6.86%	7.06%	7.19%
Spread to Max.	-2.55%	-2.74%	-2.68%	-3.31%	-3.30%	-3.15%	-2.95%	-2.52%
Percent of Market Days Lower	67.36%	66.23%	73.45%	63.50%	61.81%	60.90%	59.43%	60.95%

Source: Bloomberg



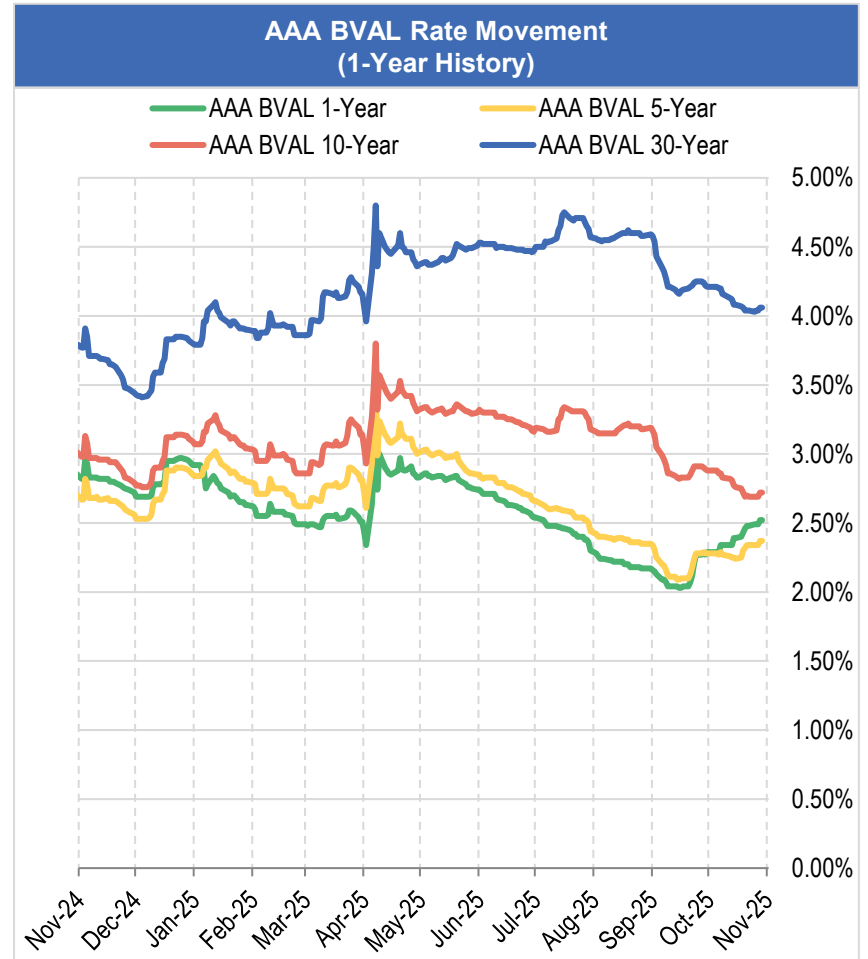
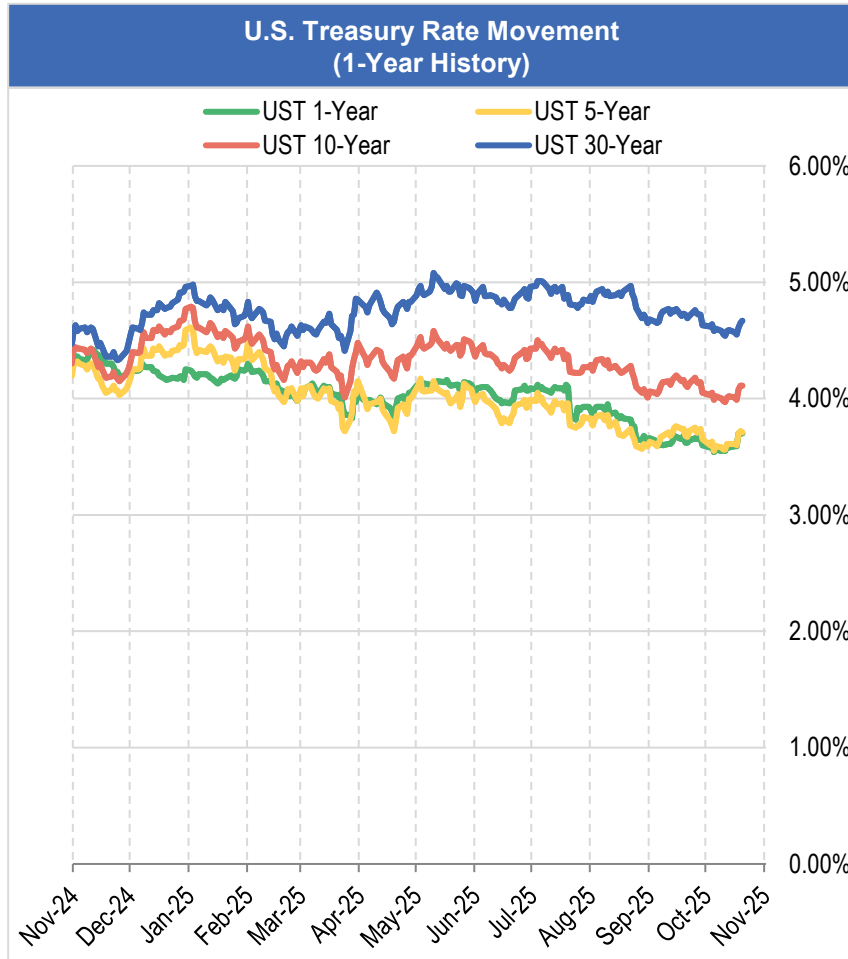
# Recent U.S. Treasury Yield Curve Movement



Source: Bloomberg



# U.S. Treasury & AAA BVAL Rate Movement

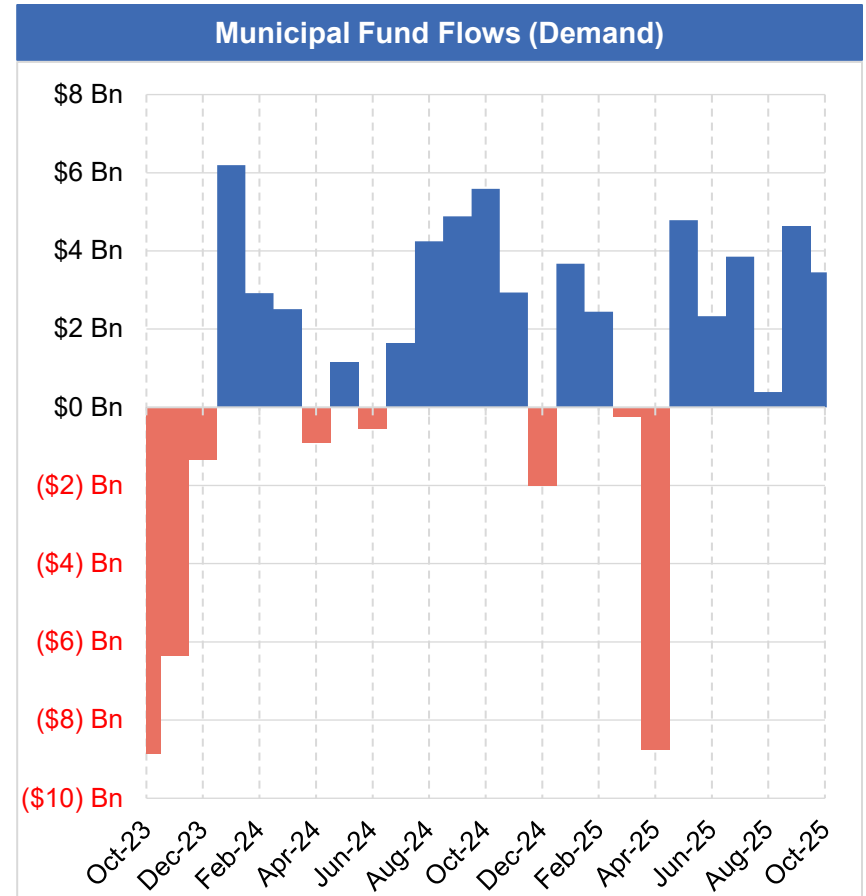
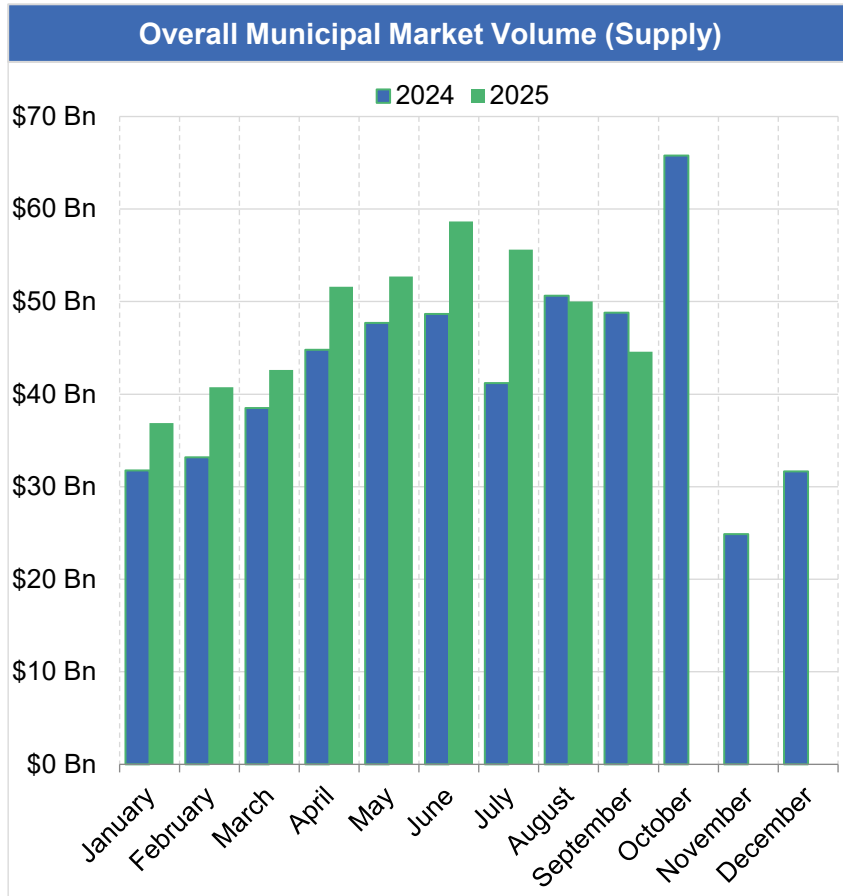


Source: Bloomberg



# Municipal Market Supply & Demand

● New issuance municipal bond volume is 13.43% higher YTD through September vs. 2024



Source: Bond Buyer, Investment Company Institute

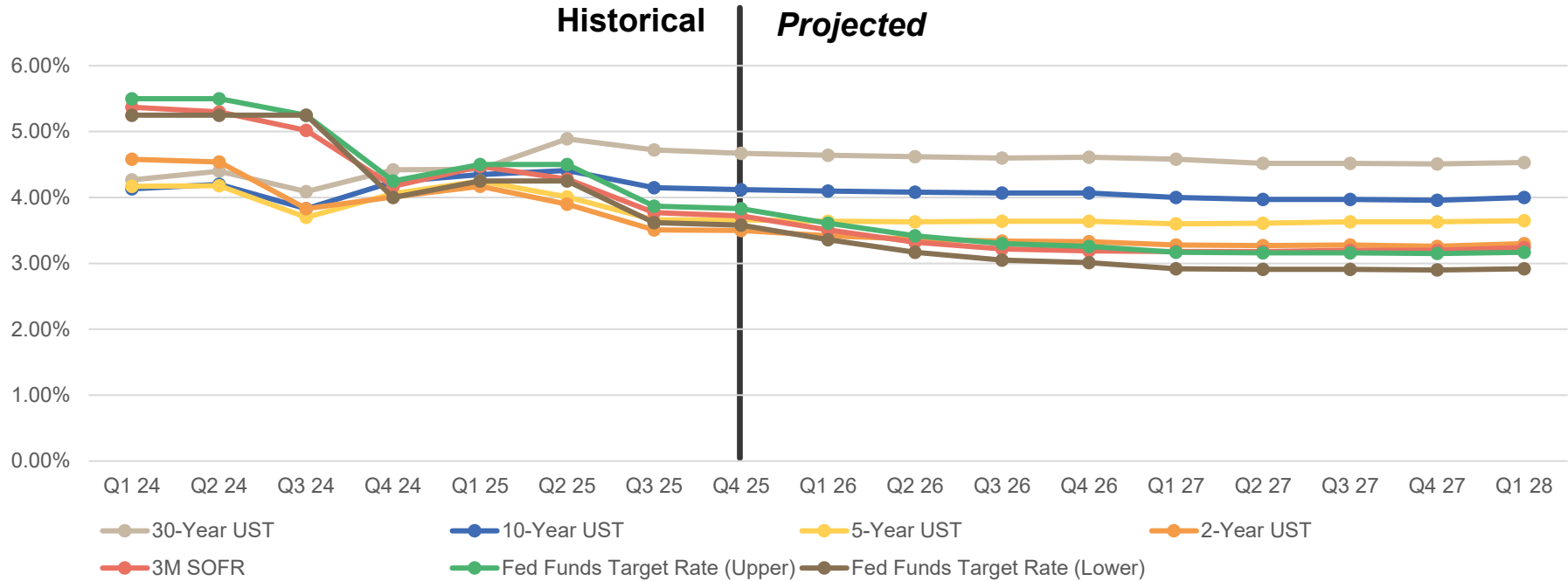


# Historical and Forecast Interest Rates

The charts below show consensus forecasts from numerous financial institutions as reported by Bloomberg.

**Bloomberg Bond Yield Forecast  
(As of November 3, 2025)**

Average Forecasts	Current	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27	Q1 28
<b>30-Year UST</b>	4.69%	4.67%	4.64%	4.62%	4.60%	4.61%	4.58%	4.52%	4.52%	4.51%	4.53%
<b>10-Year UST</b>	4.11%	4.12%	4.10%	4.08%	4.07%	4.07%	4.00%	3.97%	3.97%	3.96%	4.00%
<b>5-Year UST</b>	3.72%	3.66%	3.64%	3.63%	3.64%	3.64%	3.60%	3.61%	3.63%	3.63%	3.65%
<b>2-Year UST</b>	3.61%	3.50%	3.42%	3.37%	3.34%	3.33%	3.28%	3.27%	3.28%	3.26%	3.30%
<b>3M SOFR</b>	3.89%	3.72%	3.51%	3.32%	3.22%	3.19%	3.18%	3.18%	3.20%	3.20%	3.24%
<b>Fed Funds Target Rate (Upper)</b>	4.00%	3.83%	3.61%	3.42%	3.30%	3.26%	3.17%	3.16%	3.16%	3.15%	3.17%
<b>Fed Funds Target Rate (Lower)</b>	3.75%	3.58%	3.36%	3.17%	3.05%	3.01%	2.92%	2.91%	2.91%	2.90%	2.92%





## Glossary of Financial Terms

- **Bond proceeds** - The par amount (face value) of a bond issue, plus any premium (for premium bonds) and less any original issue discount (for discount bonds). The actual amount of funds received by the bond issuer.
- **Call date** - The date on which bonds may be redeemed prior to their scheduled maturity.
- **Coupon** - The periodic, nominal rate of interest the City pays to holders of a particular bond, generally a round number (e.g., 4.50% or 5.00%).
- **Delivery date** - The date on which the bond issue is “closed” and the City receives the bond proceeds.
- **Maturity** - The date the principal amount of a specific bond becomes due and payable to the bondholder. A series of bonds typically consists of multiple bond maturities over a period of time (i.e., 20-30 years).
- **Par amount** - The amount of principal of a bond that must be paid at maturity (i.e., the face value)
- **True Interest Cost** – Represents the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds.
- **Yield** – the effective interest rate on a particular bond, reflective of the credit quality of the bonds and general market conditions at the time of sale. May be higher than the coupon (in which case the bond is sold at a *discount* - less than face value) or lower than the coupon (in which case the bond is sold at a *premium* - greater than face value).

**PFM Financial Advisors LLC**

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**Agni Herur, Analyst**

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# UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/12/2025

Agenda Category: Items of Business

Prepared By: Clint Whitney, Energy Services Director

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## Subject

Electric Rates Review & Rate Design Options with Presentation by FCS/Bowman (30 min)

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## Department

Energy Services

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## Recommended Motion

Motion to support the revision of electric utility rates as proposed and presented.

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## Summary

City of Richland Energy Services (RES) uses a forward retail rate program to provide City Council and customers with five-year financial projections. This program assists in long-range planning and rate stability. Significant factors—such as bond issuances, wholesale power rate adjustments, capital improvements, and annual financial results—necessitate periodic evaluation of assumptions used in the City's Cost of Service Analysis (COSA).

RES's consultant, FCS Group, regularly updates the COSA model to reflect current financial inputs and market conditions. RES staff then reviews projected cash flows and utility fund performance to develop recommendations for rate adjustments, which are reviewed with the Utility Advisory Committee (UAC) prior to City Council consideration.

Richland's Capital Improvement Program (CIP) supports ongoing system reliability and growth in service capacity. Recent CIP costs have been impacted by continued price escalation in electrical materials and distribution transformers. Annual debt service for existing revenue bonds remains stable at approximately \$5.9 million.

Wholesale power costs account for roughly 60% of total utility expenses. The City purchases its wholesale power from the Bonneville Power Administration (BPA), which has approved its BP-26 rate package effective October 1, 2025. BPA's new rates include an average 8.9% increase in Preference Firm Tier I power rates and an average 19.9% increase in transmission rates (compared to BP-24 rates).

The City last increased its retail electric rates for residential, commercial, and industrial customers in June 2019, except for Schedule 90 (Cable Television Amplifiers and Small Cell Sites).

Based on the updated COSA and projected financial impacts of BPA's wholesale rate adjustments, RES staff recommends an 8.5% retail electric rate increase, effective January 1, 2026. This adjustment will maintain utility fund stability, meet financial policy requirements, and continue to support ongoing system reliability investments.

If approved, Richland's electric rates will remain competitive with those of other regional utilities.

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## Fiscal Impact

The fiscal impact of an electric utility rate revision will be considered at a December 2nd and 16th Council meeting. If approved by Council, the fiscal impact will be an 8.5% increase to electric utility rate classes.

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## Attachments

1. Richland - Revenue Requirement and Rate Forecast Update-FINAL\_V2



# Electric Rate Study Update

**Clint Whitney, Energy Services Director**  
**Angie Sanchez Virnoche, Principal**

**November 12, 2025**





# Presentation Overview

- FCS retained to complete a rate study update
  - » Focus on 2026-2027 rate-setting period
- Focus for today:
  - » Overview of revenue requirement process
  - » Key assumptions
  - » Findings and recommendations
- Summary/Next Steps



# Rate Study Overview

- Determine the amount of annual revenue necessary to fund all financial obligations
  - » Operating expenses
  - » Debt service (principal & interest)
  - » Capital costs and funding approach
- Meet financial parameters and targets
  - » Target debt service coverage ratios
  - » Maintain target reserve balances
- Evaluate revenue sufficiency over multi-year period
- Develop rate plan to balance financial needs and minimize customer impacts



# Key Assumptions

- Study period 2025 – 2029 with a **focus on 2026** rate update
- Projected rate revenue based on historical data (\$70.3M)
  - » Average annual load growth of 0.80% per year
- Existing annual debt service (\$5.6M)
- Historically adjusted actual O&M expenses used as baseline (\$16.8M)
- Power costs incorporate BPA-BP26 average effective increases (\$50.6M)
  - » 8.90% for power costs and 19.90% for transmission costs compared to BP-24 rates

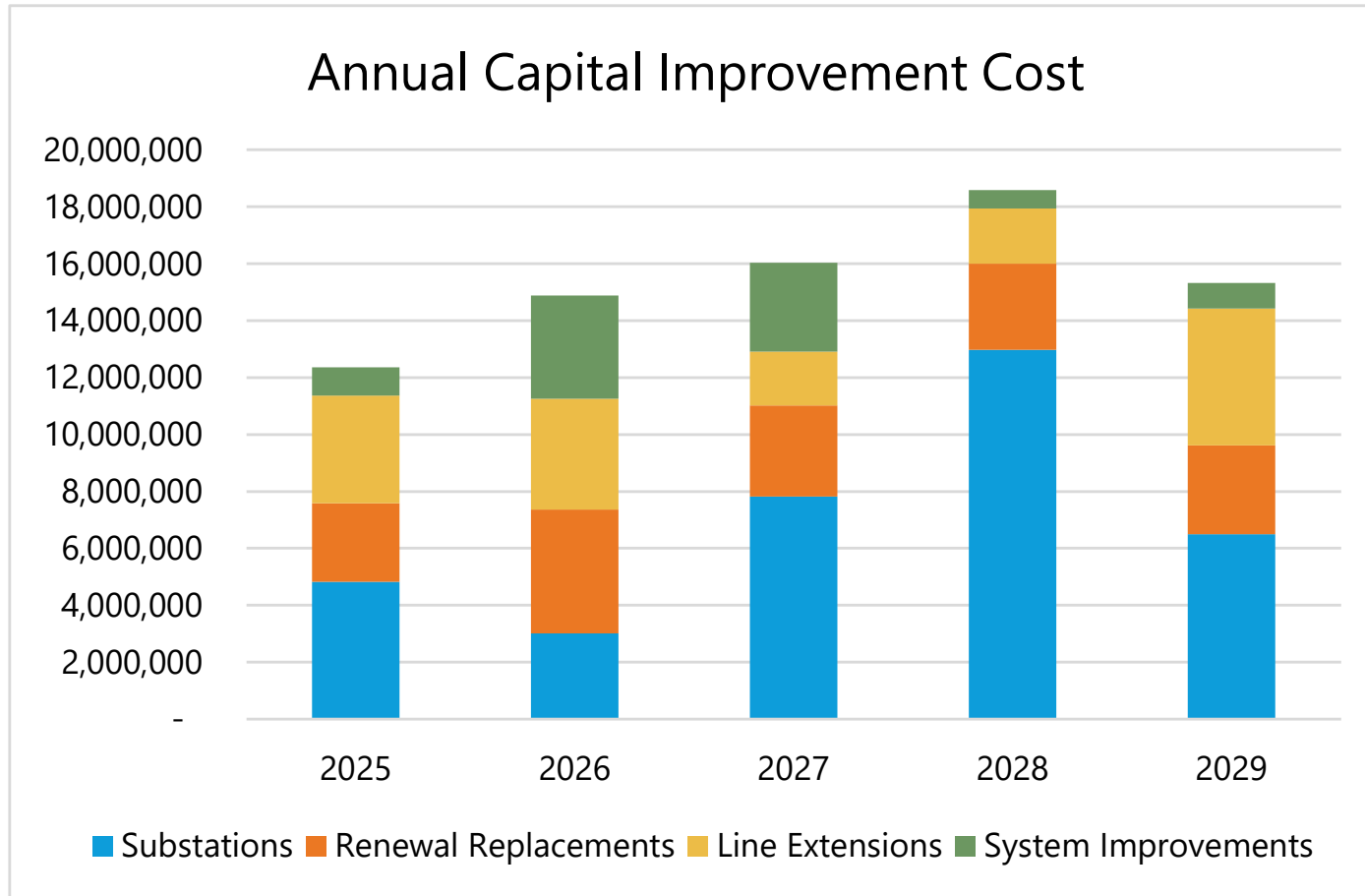


## Key Assumptions (cont.)

- Fiscal policies incorporated:
  - » Operating balance
    - Minimum balance: \$2.4M
    - Target balance: 120 days of O&M (\$5.5M - \$6.2M)
    - Debt service coverage target ratio minimum: 1.25x
  - » Rate financed capital at 100% of annual depreciation
    - Ranges between \$8.1M - \$9.4M over the study period



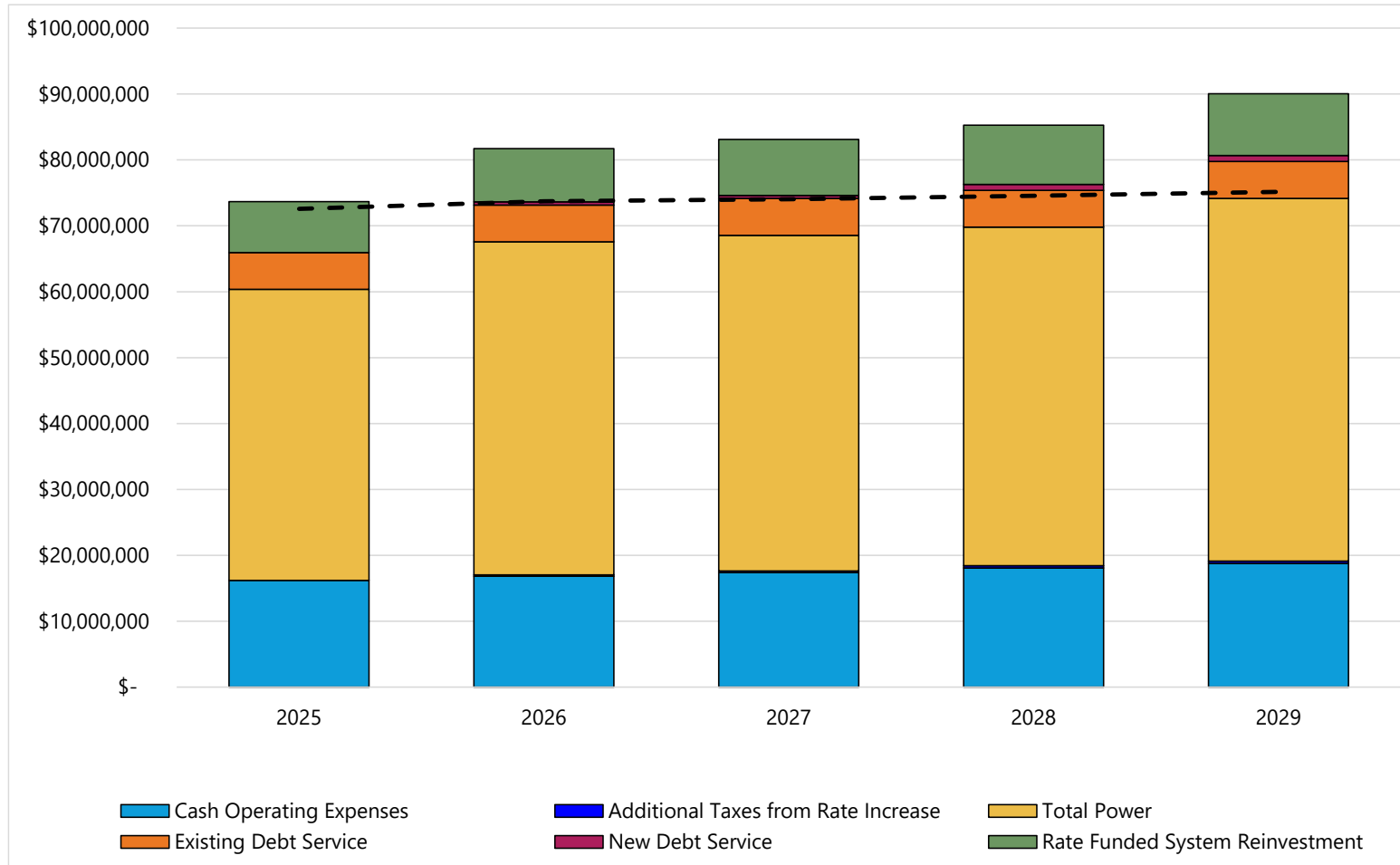
# Capital Improvement Plan



- \$67.6M CIP (2025-2029) funded through:
  - » Reserves
  - » Facility fees
  - » Rate funded capital
  - » New Debt Proceeds
    - \$7.50M in 2026 and \$6.50M in 2028
    - Revenue Bonds: 30 year term, 5.0% interest, 1.5% issuance cost update



# Revenue Requirement Summary



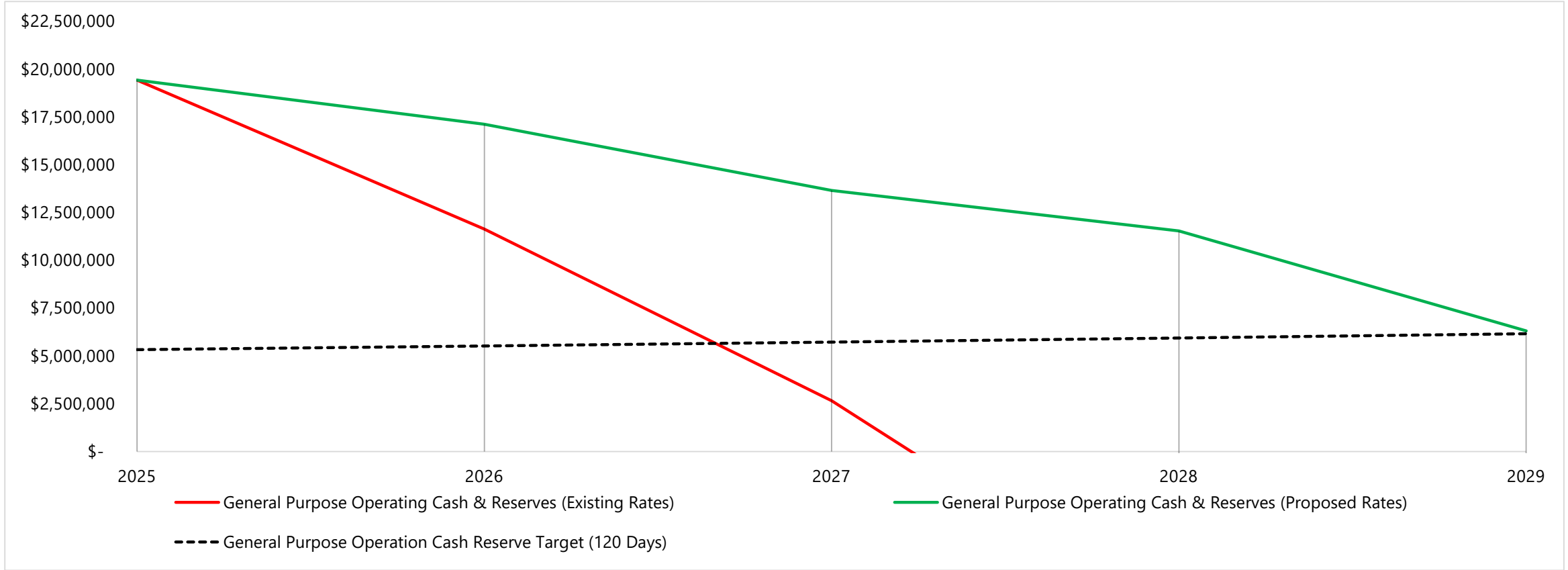
- Existing Revenue falls short of meeting annual obligations
- 8.5% rate increase needed in 2026

Description	Current	2026	2027	2028	2029
<b>Proposed Increase</b>		<b>8.50%</b>	<b>0.00%</b>	<b>5.50%</b>	<b>0.00%</b>
Avg. Residential Bill*	\$ 113.61	\$ 123.27	\$ 123.27	\$ 130.05	\$ 130.05
\$/Month Increase		\$ 9.66	\$ -	\$ 6.78	\$ -

\* Assumes 1,200 kWh of use



# General Purpose Cash & Reserves



Description	2025	2026	2027	2028	2029
<b>Proposed Increase</b>	<b>0.00%</b>	<b>8.50%</b>	<b>0.00%</b>	<b>5.50%</b>	<b>0.00%</b>
General Purpose Cash & Reserves	\$ 19,241,187	\$ 17,659,660	\$ 14,019,620	\$ 11,713,678	\$ 6,295,600
General Purpose Operation Cash Reserve Target (120 Days)	\$ 5,322,286	\$ 5,524,109	\$ 5,717,813	\$ 5,939,172	\$ 6,165,349



# Findings & Recommendations

- City has held rates constant since 2019
- 8.5% rate increase is needed in 2026 to meet utility obligations
  - » Power cost increases
  - » Funding of \$13.6M average capital costs in 2026-2027
  - » New annual debt service \$7.5M proceeds, \$530K debt service
  - » Maintain General Purpose Operating Cash at or above target levels
- Future rate increases and bond issues to be revisited before adoption



# Existing & Proposed Rates

Existing (2025)

Class	Daily Service Charge		Energy Charge (\$/kWh)	Demand Charge (\$/kW)
	Single	Multi		
Residential	\$ 0.69	\$ 0.98	\$ 0.07	\$ -
Small General	\$ 0.86	\$ 1.16	\$ 0.07	\$ -
Medium General	\$ 1.38	\$ 1.66	\$ 0.04	\$ 5.17
Large General	\$ -	\$ 2.01	\$ 0.04	\$ 5.58
Small Industrial	\$ -	\$ 8.34	\$ 0.04	\$ 5.92
Large Industrial	\$ -	\$ 8.34	\$ 0.04	\$ 5.52
Small Irrigation	\$ 194.10	\$ 258.80	\$ 0.07	\$ -
Large Irrigation	\$ 194.10	\$ 258.80	\$ 0.04	\$ 7.30

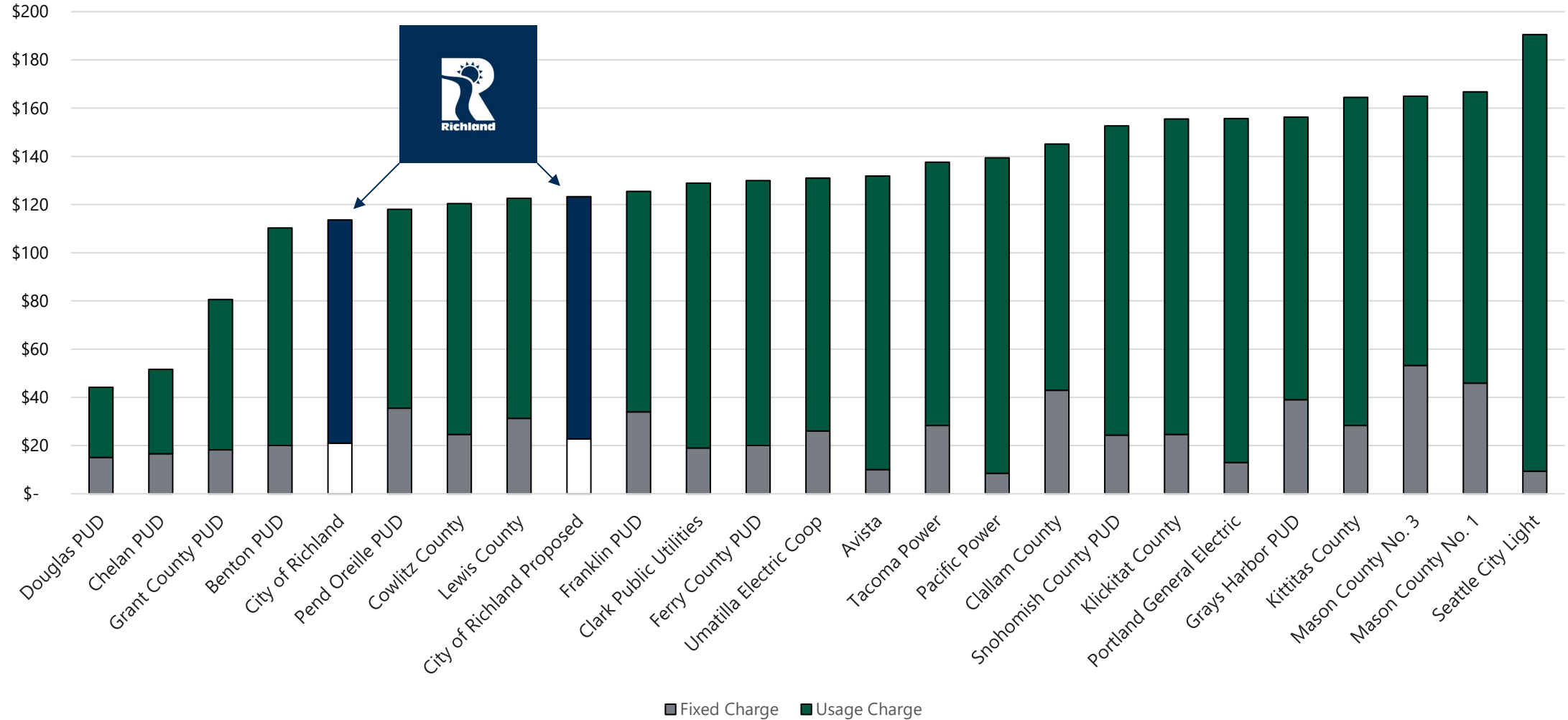
Proposed (2026)

Class	Daily Service Charge		Energy Charge (\$/kWh)	Demand Charge (\$/kW)
	Single	Multi		
Residential	\$ 0.75	\$ 1.06	\$ 0.08	\$ -
Small General	\$ 0.93	\$ 1.26	\$ 0.07	\$ -
Medium General	\$ 1.50	\$ 1.80	\$ 0.05	\$ 5.61
Large General	\$ -	\$ 2.18	\$ 0.05	\$ 6.05
Small Industrial	\$ -	\$ 9.05	\$ 0.05	\$ 6.42
Large Industrial	\$ -	\$ 9.05	\$ 0.05	\$ 5.99
Small Irrigation	\$ 210.60	\$ 280.80	\$ 0.07	\$ -
Large Irrigation	\$ 210.60	\$ 280.80	\$ 0.05	\$ 7.92

- Proposed 8.5% rate increase applied proportionally to all current charges
- No rate structure changes incorporated during this update



# Monthly Residential Rate Survey



\*Residential power usage assumed at 1250 kWh



## Summary/Next Steps

- Staff Recommendation – 8.5% increase to cover 2026-2027 time period
- Incorporate feedback on initial rate strategy
- December 2<sup>nd</sup> council consideration & first ordinance reading
- December 16<sup>th</sup> council consideration & second ordinance reading
- Rates effective January 1st, 2026
- Future rate increases to be revisited before adoption
- Full cost of service rate study with rate structure review beginning Q1 of 2026

**Thank you!**  
**Questions?**

**Angie Sanchez Virnoche, Principal**  
**(425) 336-4157**  
**Angie.Virnoche@bowman.com**

**[www.fcsgroup.com](http://www.fcsgroup.com)**





# UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/12/2025

Agenda Category: Other Informational Items

Prepared By: Kaylee Bunch

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## Subject

Capital Work Plan Update - October 2025

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## Department

Energy Services

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## Recommended Motion

Informational with no action required.

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## Summary

Attached is a summary of Energy Services capital work through October 2025. The budgeted 2025 annual capital expenditures are \$11.9M. Capital expenditures through October are \$11.0M.

The 2025 capital work expenditures include YTD expenses of:

Line extensions - \$3.0M

System Improvements - \$861K

Underground and Overhead Renewal and Replacement - \$2.0M

Substation Improvements (Stevens, Thayer and City View Subs) - \$4.8M

Sandhill and Dallas Substation Area Improvements - \$91K

Dallas Rd Substation Improvements - \$37k

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## Fiscal Impact

The Capital Work Plan is a summary implementation of all approved capital work budgets for Energy Services. Any individual project with fiscal impact beyond what is authorized by Council, returns to Council for consideration or approval.

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## Attachments

1. CWP Report - October 2025



# **Richland Energy Services Capital Work Plan October 2025**



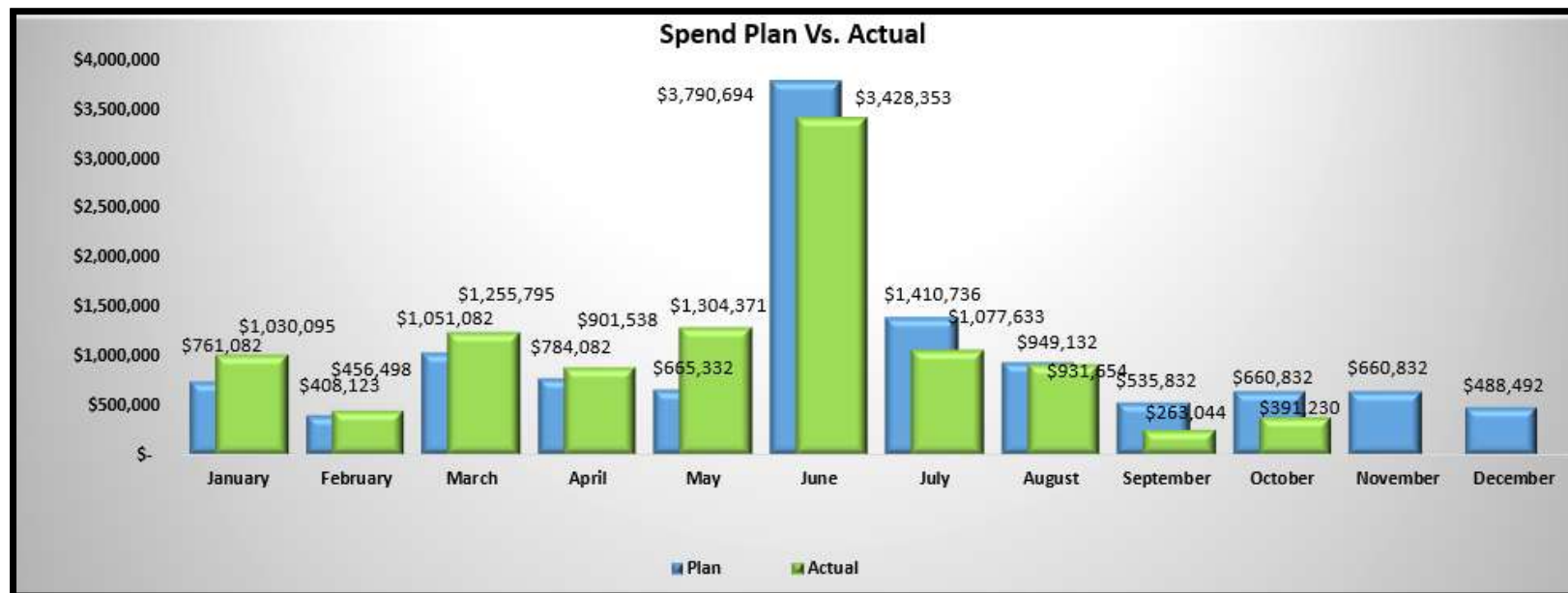
# CWP Costs through October

	Approved 2025 Budget	2025 Revised Plan	Actual	Remaining	October
+ Line Extensions	\$771,000	\$ 2,816,819	\$ 3,073,555	\$ (256,736)	\$ 316,086
+ System Improvements	\$419,000	\$ 419,000	\$ 860,625	\$ (441,625)	\$ 44,461
+ Renewal and Replacement	\$2,548,000	\$ 2,432,432	\$ 2,001,692	\$ 430,740	\$ 12,734
+ Substation Improvements	\$4,558,000	\$ 6,358,000	\$ 4,818,011	\$ 1,539,989	\$ 13,150
+ Fusion Substation	\$265,000	\$ -	\$ -	\$ -	\$0.00
+ Sandhill Substation Area Improvements	\$3,313,000	\$ 100,000	\$ 91,515	\$ 8,485	\$1,422.36
+ Dallas Rd Area Improvements	\$0	\$ 40,000	\$ 36,890	\$ 3,110	\$3,376.68
Grand Total	\$11,874,000	\$ 12,166,251	\$11,040,212	\$ 1,126,039	\$391,230

Cost Performance YTD:	\$11,040,212
Cost Performance remaining:	\$1,126,039
YTD % Complete	91%



# CWP Monthly Spend Vs. Actuals



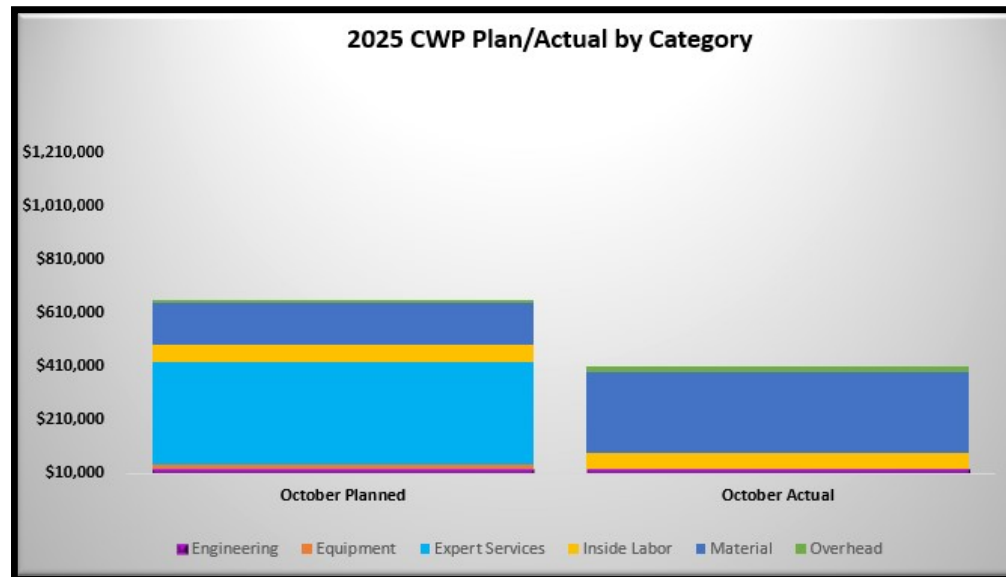


# Costs by Category





# CWP Cost Types



Cost Type	October Planned	October Actual
Engineering	\$ 29,638	\$ 29,776
Equipment	\$ 15,333	\$ -
Expert Service	\$ 378,934	\$ -
Inside Labor	\$ 64,710	\$ 56,429
Material	\$ 156,400	\$ 305,025
Overhead	\$ 15,817	\$ 18,810
<b>Total</b>	<b>\$ 660,832</b>	<b>\$ 410,040</b>



# CWP Project Costs for October

	Approved 2025 Budget	2025 Revised Plan	Actual	Remaining	October
⊕ Line Extensions	\$771,000	\$ 2,816,819	\$ 3,073,555	\$ (256,736)	\$ 316,086
⊖ System Improvements	\$419,000	\$ 419,000	\$ 860,625	\$ (441,625)	\$ 44,461
⊕ RES OH UG ENG DESIGN DWGS	\$0	\$ -	\$ 13,182	\$ (13,182)	\$311.54
⊕ Material Specifications	\$0	\$ -	\$ 53,184	\$ (53,184)	\$6,957.62
⊕ Move vault, install switch, re-route 4" PVC and ext	\$0	\$ -	\$ 10,128	\$ (10,128)	\$0.00
⊕ 2024 Cable Testing	\$0	\$ -	\$ -	\$ -	\$0.00
⊕ City View Bank 2 Feeder Getaways - 750JAL to Exist	\$0	\$ -	\$ 87,662	\$ (87,662)	\$0.00
⊕ 806 Thayer, Relocate Overhead Circuits to Undergr	\$0	\$ -	\$ 89,388	\$ (89,388)	\$162.78
⊕ 3060 Twin Bridges Rd, Ext 6in conduit and V19 vault	\$0	\$ -	\$ 2,538	\$ (2,538)	\$162.78
⊕ 1715 Stevens, bank 1 feeder retirement and switch in	\$0	\$ -	\$ 147,396	\$ (147,396)	\$244.17
⊖ Stevens and Snyder, Upgrade 500AL to 750JAL approx	\$0	\$ -	\$ 82,058	\$ (82,058)	\$2,071.50
⊕ New Services	\$419,000	\$ 419,000	\$ 374,194	\$ 44,806	\$33,655.03
⊖ Renewal and Replacement	\$2,548,000	\$ 2,432,432	\$ 2,001,692	\$ 430,740	\$ 12,734
⊖ METER INSTALLATION MATERIALS	\$20,000	\$ 20,000	\$ 232,014	\$ (212,014)	\$11,594.97
⊖ 2023 Pole Replacement Program	\$534,000	\$ 175,000	\$ -	\$ 175,000	\$0.00
⊖ 72 Hodges Ct, Renew and Replace 6BC with 1-0ACSI	\$0	\$ -	\$ 268,089	\$ (268,089)	\$0.00
⊕ UG Cable Replacement	\$1,994,000	\$ 2,237,432	\$ 1,501,590	\$ 735,842	\$1,139.46
⊖ Substation Improvements	\$4,558,000	\$ 6,358,000	\$ 4,818,011	\$ 1,539,989	\$ 13,150
⊕ City View Bank 2 Addition	\$0	\$ -	\$ 19,910	\$ (19,910)	\$0.00
⊕ City View Extension 131, EXT 3P 750 Aprox 2000ft fr	\$0	\$ -	\$ 308,876	\$ (308,876)	\$0.00
⊕ Thayer Substation - Bank 1 Rebuild and 115kV Bus C	\$1,484,000	\$ 1,484,000	\$ 1,104,762	\$ 379,238	\$0.00
⊕ Stevens Substation - Bank 1 Rebuild and 115kV Bus	\$3,074,000	\$ 4,874,000	\$ 3,353,932	\$ 1,520,068	\$10,587.84
⊕ Design and Install SEL 2414 at SHC b1-2, FIS b1and3,	\$0	\$ -	\$ 16,676	\$ (16,676)	\$2,561.91
⊕ Relay Replacement	\$0	\$ -	\$ 13,854	\$ (13,854)	\$0.00
⊕ Fusion Substation	\$265,000	\$ -	\$ -	\$ -	\$0.00
⊕ Sandhill Substation Area Improvements	\$3,313,000	\$ 100,000	\$ 91,515	\$ 8,485	\$1,422.36
⊕ Dallas Rd Area Improvements	\$0	\$ 40,000	\$ 36,890	\$ 3,110	\$3,376.68
<b>Grand Total</b>	<b>\$11,874,000</b>	<b>\$ 12,166,251</b>	<b>\$ 11,040,212</b>	<b>\$ 1,126,039</b>	<b>\$391,230</b>



# UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/12/2025

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

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**Subject**

Forward Agenda

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**Department**

Energy Services

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**Recommended Motion**

This item is informational only.

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**Summary**

AMI Time of Use (TOU) and Demand Rate Discussion – January 2026  
SMR Update – January 2026

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**Fiscal Impact**

None.

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**Attachments**

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