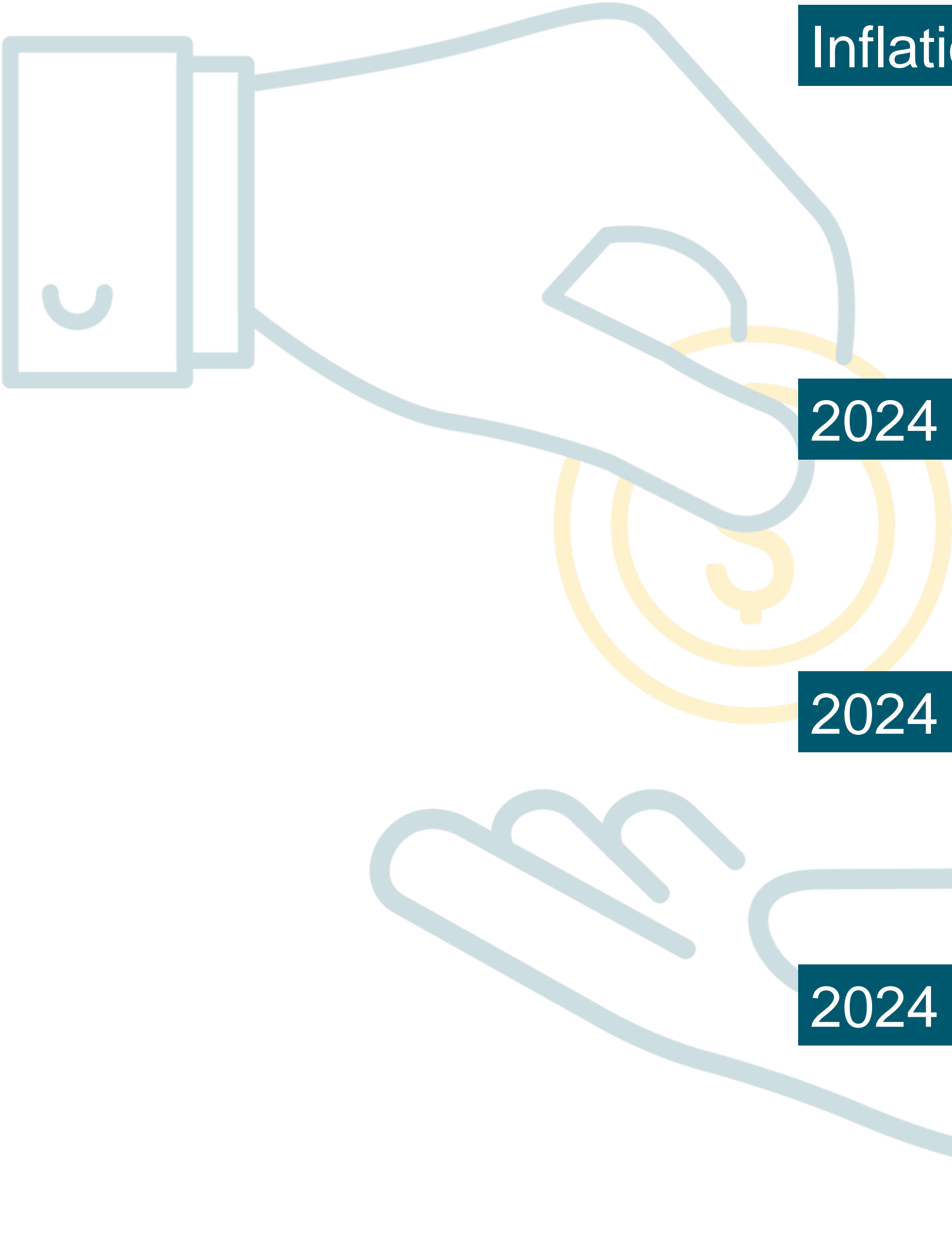




# 2026 – 2027 Budget Assumptions



# 2024 – Budget Projection Assumptions 2026 / 2027



		2026	2027
Inflation Assumption			
Labor		5.5%	4.9%
General		3.0%	3.0%
Transformer/Wire/Construction			
2024 Customer Driven Revenue Growth Projection:			
Electric		1.3%	1.9%
Water		0.8%	0.9%
2024 Service Points			
Electric	726/725	1.2%	1.2%
Water	318/314	0.8%	0.9%
2024 Rate Projection: Anticipate Upward Pressure			
Electric		2.0%	2.0%
Water		9.0%	7.0%



# 2026 / 2027 Budget Assumptions – Capital Electric

Baseline inflation of 3% over a 5-yr average

Exclude bonded projects & leasehold assets

- Resource plan 2025 - 2030 (uncertainty in tariffs, investment tax credits, foreign currency exchange, and construction costs)
- Enterprise resource planning (ERP) software 2026 / 2027
- Advanced metering project
- Downtown opportunity projects contingency
- Growth related development
- City project coordination





# 2026 / 2027 Budget Assumptions – Capital Water



Baseline inflation of 3% over a 5-yr average

Exclude bonded projects & leasehold assets

- Enterprise resource planning (ERP) software 2026 / 2027
- Operational technology controls replacement
- Advanced metering project
- Downtown opportunity project contingency
- Growth related development
- City project coordination



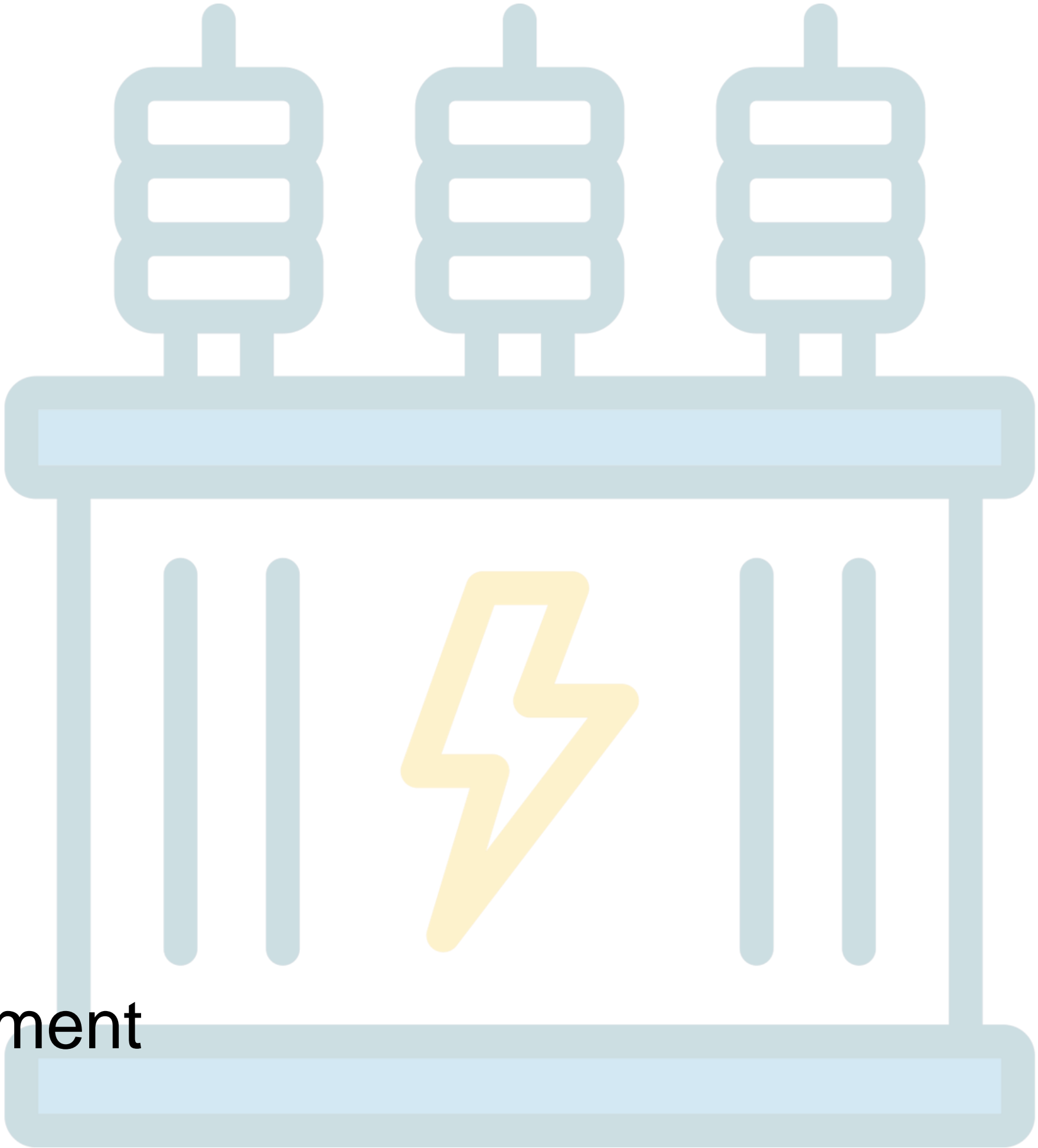
# 2026 / 2027 Budget Assumptions – Operating Expense

	2026	2027
Electric Wholesale: (Reduction)	(6%)	(10%)
	Retain for debt service	

End of steam contract & self generation  
Implementation of standby rate 2026

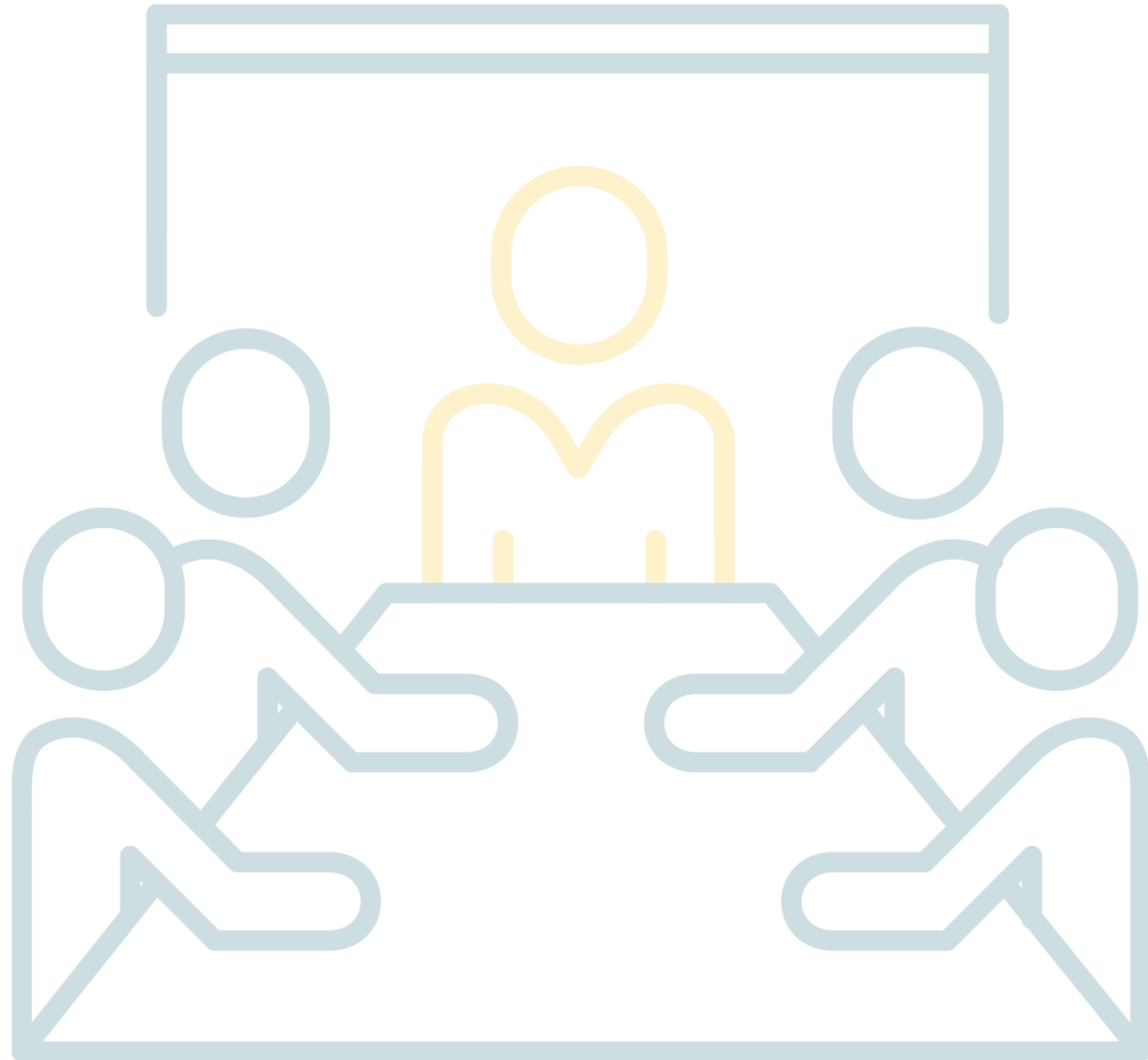
	2026	2027
2024 PILOT formula change	\$1.0M	\$1.0M
Internal services allocation	\$0.3M	\$0.8M

Water advanced metering & lead service line replacement  
cashflow requiring short term borrowing





## 2026 / 2027 Budget Assumptions – Staffing



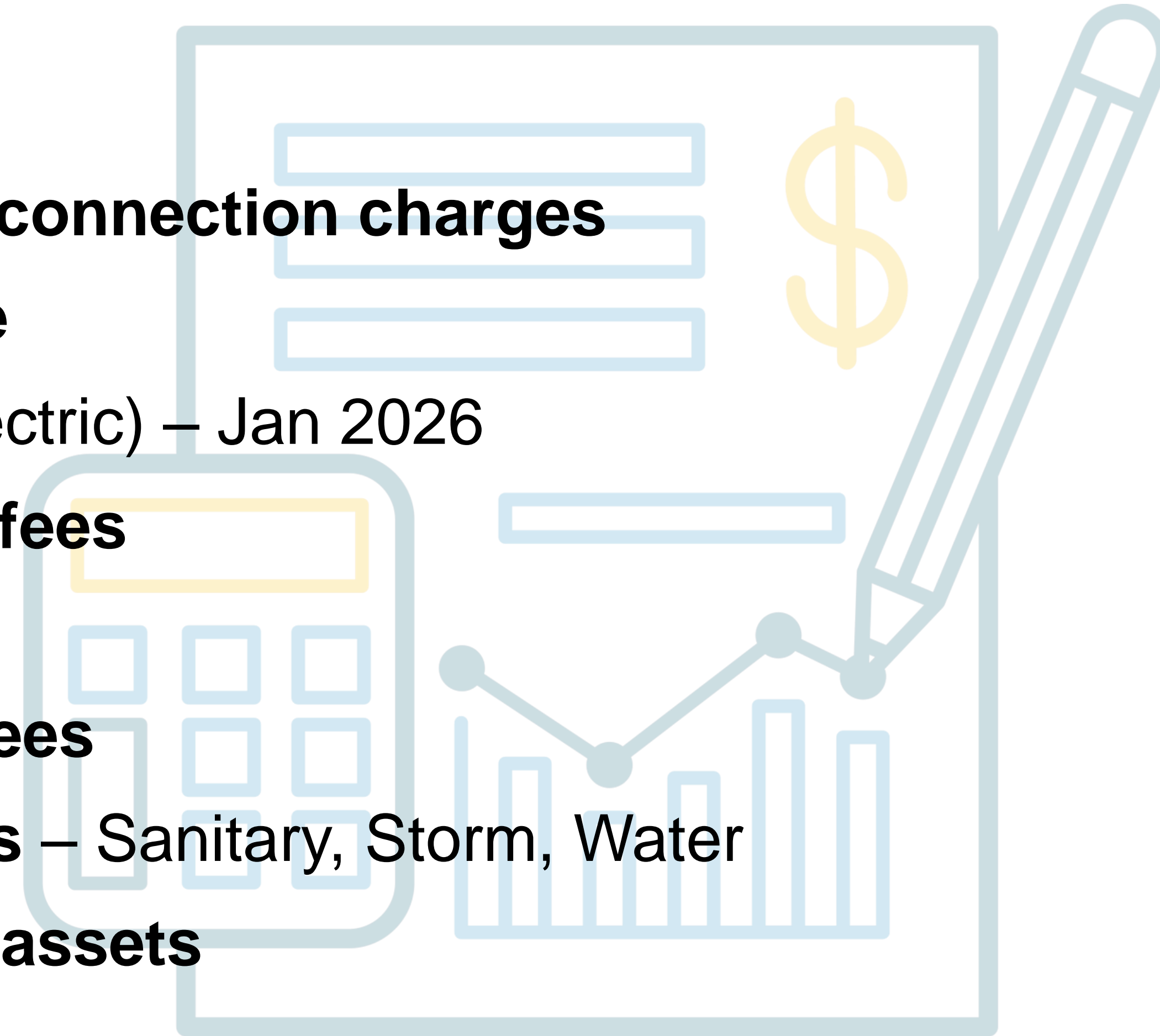
- Normal growth: Electric and Water 2026/2027
- Limited term:
  - Advanced metering project - 2024/2025
  - Benchmarking – 2025/2026 (18-month grant)
  - ERP project – 2026/2027
- Changing business functions:
  - End of steam contract - 2027 or 2028
  - Mount Simon Station
  - Data analytics
  - SMMPA exit staffing (forecasting, hourly predictions, risk management, Eco Act-rebates)





## 2026 / 2027 Budget Assumptions – Actions

- **Continue Improving** initiative (2% reduction)
- Evaluate cost basis of **water availability fee** and **connection charges**
- Evaluate cost basis of **electric line extension fee**
- Evaluate and implement the **standby charge** (Electric) – Jan 2026
- Evaluate and implement **credit card processing fees**
- Implement **solar grid access fee** – Jan 2026
- Evaluate and recommend **development review fees**
- Evaluate cost allocation for **utility billing services** – Sanitary, Storm, Water
- Implement **multi-year capital** for long lead time assets























## 2026 / 2027 Budget Assumptions – Summary



- Address inflation, supply chain, & regulation changes
- Maintain fiscal discipline
  - Adjust development related fees to reflect cost
  - Improve internal efficiency
  - Avoid deferral of critical maintenance
  - Recognize and plan for aging infrastructure
- Ensure financial stability and maintain core levels of service



Strategic Plan Measures Update		Measure	Benchmark	RPU	Status
<div>  <div> <b>Reliability</b> </div> </div>	SAIDI		<60	42.84	
	Water Main Breaks		<10	5.6	
<div>  <div> <b>Rates</b> </div> </div>	Residential	Electric	\$1,237	\$1,326	
		Water	\$372	\$217	
	Commercial	Electric	\$4,657	\$5,093	
		Water	\$859	\$506	
	Bond Rating		A1-A3 / A+-A-	AA & Aa3	
<div>  <div> <b>Responsibility</b> </div> </div>	Energy (kWh) Saved		17,725,598 kWh		
	Water (gal) Saved		3,995,641 gal		
	Training Completed		100%		
<div>  <div> <b>Relationships</b> </div> </div>	Call Abandonment Rate			11%	
	Net Promoter Score		50	59	
<div>  <div> <b>Reputation</b> </div> </div>	Overall Customer Satisfaction		90	90	

# Next Steps

- |                      |                   |   |
|----------------------|-------------------|---|
| • May 20, 2025       | RPU Board         | Electric Engineering & Operations report – core levels of service |
| • June 24, 2025      | RPU Board         | Water Engineering & Operations report – core levels of service    |
| • July 29, 2025      | RPU Board         | Review 20-year financial projection – power supply resource plan  |
| • August 5, 2025     | RPU Board         | Present recommended 2026 / 2027 Budget for Water and Electric     |
| • August 26, 2025    | RPU Board         | Public Comment  |
| • August/Sept 2025   | City Council      | Recommended Budget Review Study Session                           |
| • September 30, 2025 | RPU Board         | Public Comment<br>Public Notice of Proposed 2025 Rate Changes     |
| • October 21, 2025   | RPU Board Meeting | Public Comment<br>Request Approval of Budgets and Rate Proposal   |
| • December 2025      | City Council      | Request Approval of Budgets and Rate Recommendation               |

