Proposed Rate Increases
&
2027 Preliminary Budget

Public Hearing

November 10, 2026

Benton PUD Public Hearing

Topic: Proposed 2027 Budget and Rate Increases

Tuesday, November 10, 2026 • 6:00 PM • Benton PUD Auditorium, Kennewick

To find out more, including a virtual option to attend, scan this QR code or go to BentonPUD.org

Benton PUD is proposing a 4% increase to all rate classes and rate components, effective April 1, 2027.

Why propose a rate increase?

- In March 2026, United States District Court Judge Michael Simon issued a Preliminary Injunction requiring significant increases to experimental spill at eight federal lower Columbia and Snake River dams.
  - Increased spill which is purported to improve survival of migrating salmon, reduces the amount of water available to generate electricity, including during high summer demand in August.
  - Consequently, Benton PUD's wholesale electricity provider, the Bonneville Power Administration (BPA), must purchase replacement electricity at times when power market prices can be volatile and much higher than normal.
  - BPA estimates it will cost $250 million to replace lost generating capability between this year and September 2028.
  - BPA is proceeding with implementing as much as a 6.3% power rate increase, starting in early 2027.
- BPA and other power costs represent 57% of Benton PUD's entire expense budget.
  - Power supply costs account for $90.6 million of Benton PUD's 2027 annual retail revenue requirement of $157.9 million.
- Since 2020, the electric utility industry has experienced inflationary cost pressures ranging from 20% to 100%, driven by supply chain challenges, raw materials shortages, increased labor costs and tariffs.
- As a consumer-owned not-for-profit utility, increases in our cost of doing business have a direct and significant impact on retail rates.

PROPOSED RESIDENTIAL INCREASE

About $5 more per month on average

	Current	Proposed
Energy (kWh)	7.22¢	7.50¢
Demand (kW)	$1.54	$1.60
Daily System	$0.66	$0.69

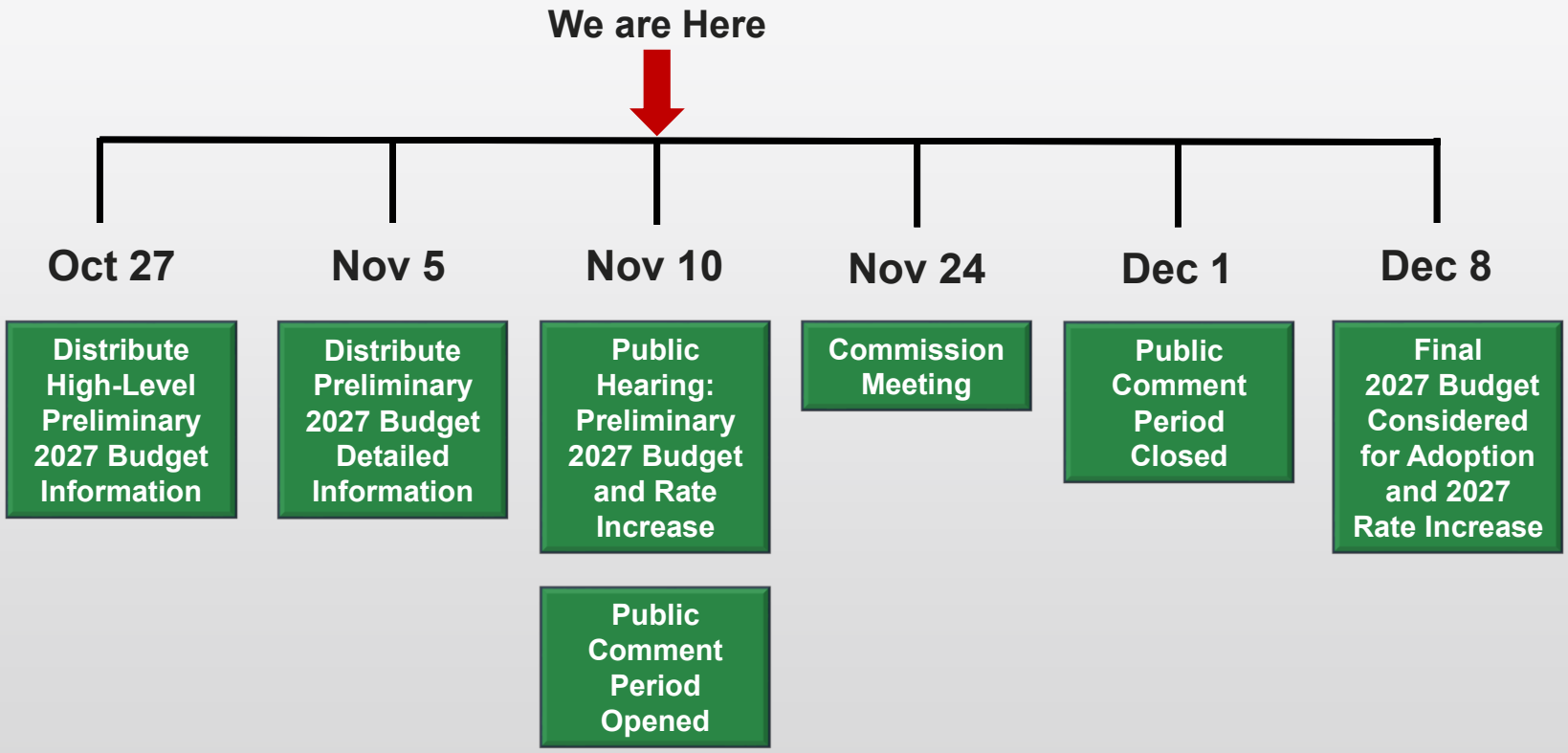
Average residential monthly bill would increase from $124 to $129

What you need to know!

- Like the majority of BPA's more than 130 preference customers, Benton PUD is frustrated by Judge Simon's Preliminary Injunction.
- Benton PUD is deeply disappointed with the Washington State Attorney General's Office who provided legal support for the injunction.
- Low-cost hydropower represents as much as 80% of Benton PUD's annual wholesale electricity supply, so reductions in hydro-electric generating capability translate directly into higher costs for our customers.
- It is projected that similar rate increases may be necessary over the next several years to keep up with rising power supply and operating costs.

BENTON P·U·D

Budget Development Schedule



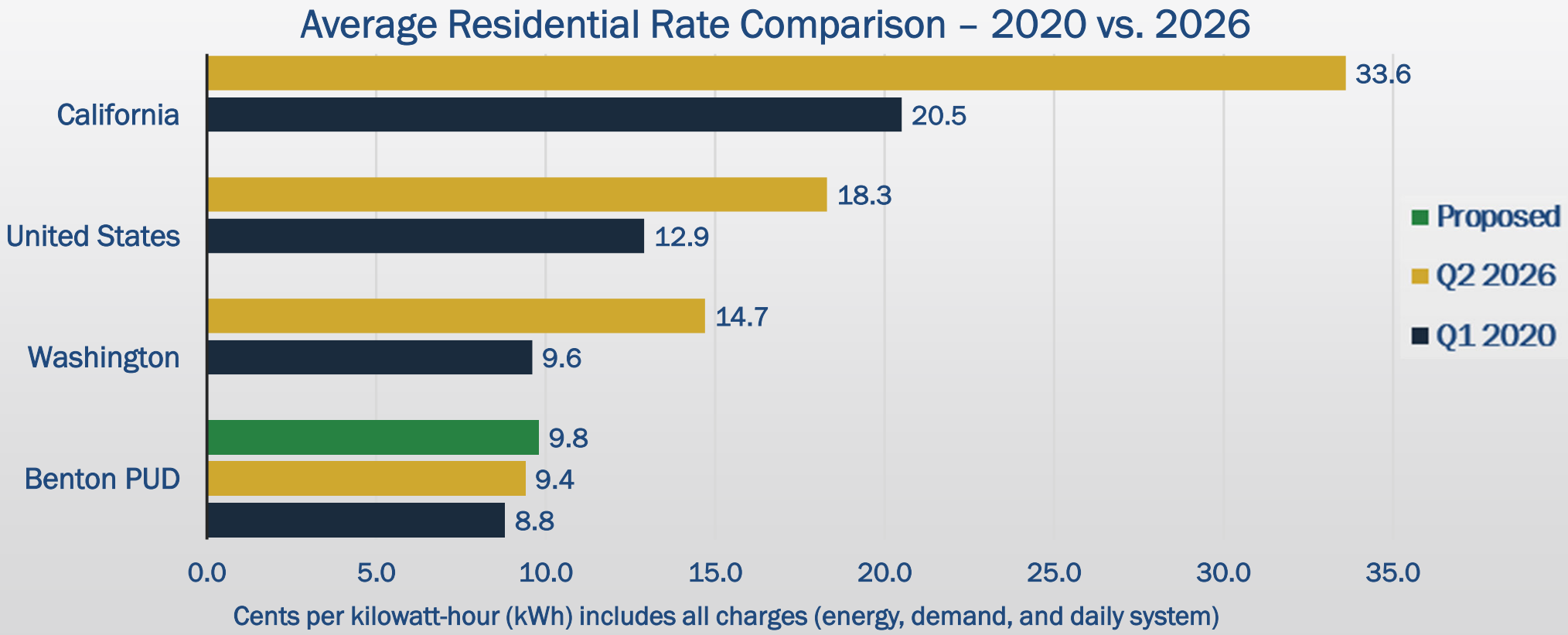
Agenda

1. Proposed Rate Increases – **Rick Dunn**
2. Commission Questions & Comments
3. Public Comment (5 minutes each)
4. Short Break – 5 Minutes
5. Budget Presentation – **Rick Dunn, Jon Meyer, Chris Folta, & Jennifer Holbrook**
6. Commission Questions & Comments
7. Public Comments (5 minutes each)
8. Close Public Hearing

Proposed Rate Increase (Rick Dunn)

Average Residential Rate Comparison

Source: U.S. Energy Information Administration



REVENUES

(ENERGY SALES – RETAIL CUSTOMER RATE CLASSES ONLY, EXCLUDES CITY OCCUPATION TAX & BAD DEBT EXPENSE)

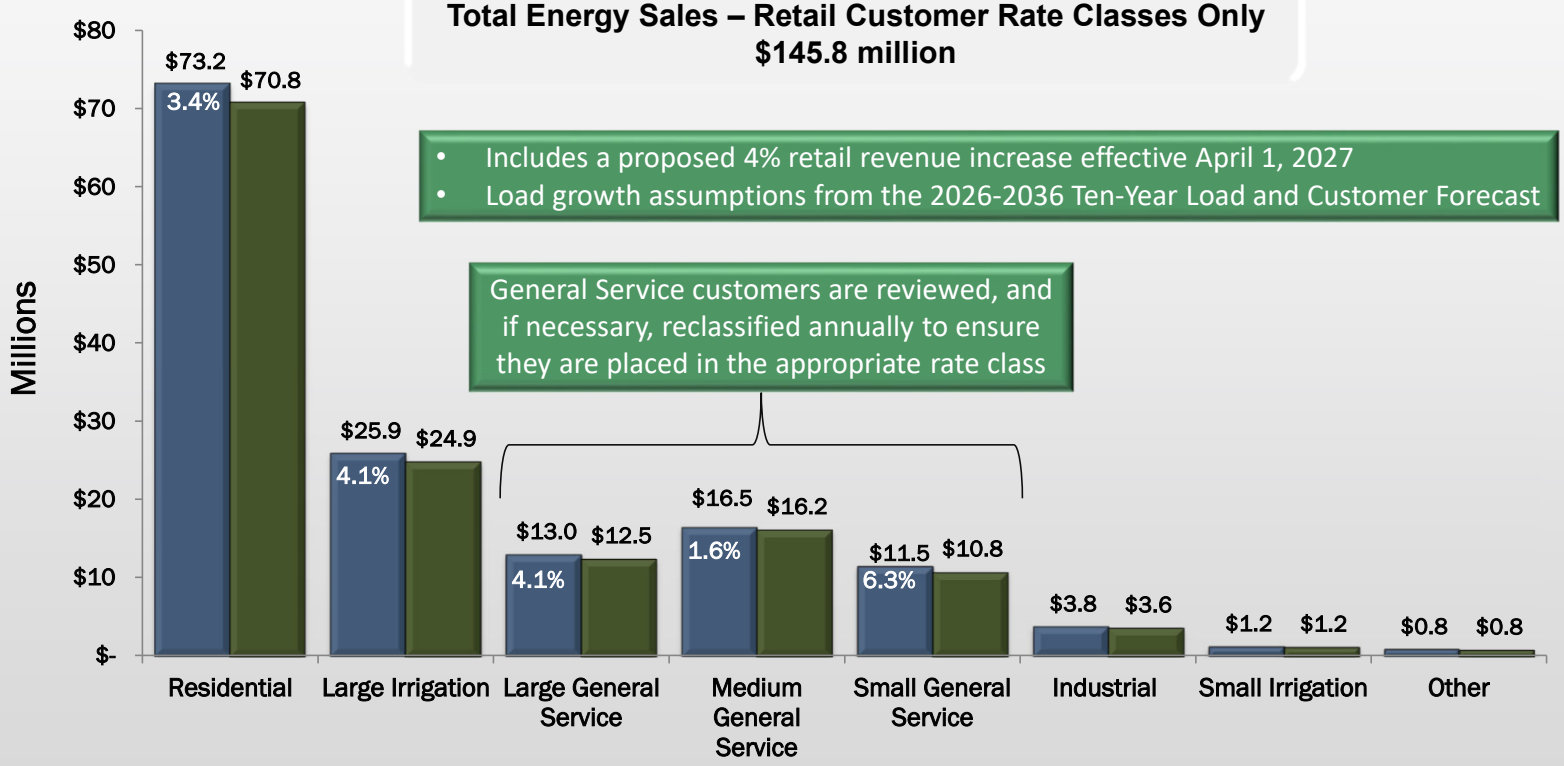
2027 Preliminary Budget

Total Energy Sales – Retail Customer Rate Classes Only
$145.8 million

- Includes a proposed 4% retail revenue increase effective April 1, 2027
- Load growth assumptions from the 2026-2036 Ten-Year Load and Customer Forecast

General Service customers are reviewed, and if necessary, reclassified annually to ensure they are placed in the appropriate rate class





*Excludes City Occupation Tax and Bad Debt Expense

50%	18%	9%	11%	8%	2.6%	0.8%	0.6%

% of Total Revenue

2027 Preliminary Budget 2026 Original Budget

Proposed* Rate Increases

4% Increase in Retail Revenues ($5.7 million)

Rate Class	Services	Increase**
Residential	49,761	
Small General Service	5,706	
Medium General Service	704	
Large General Service	94	
Large Industrial	4	4.0%
All Irrigation	969	
Street Lights	6,332	
Security Lights	1,791	
Unmetered	404	

**Average overall increase for the Rate Class

Residential Rates

	Current	Proposed*
Energy (kWh)	7.22¢	7.50¢
Demand (kW)	$1.54	$1.60
Daily System	$0.66	$0.69

Average Monthly Residential Bill

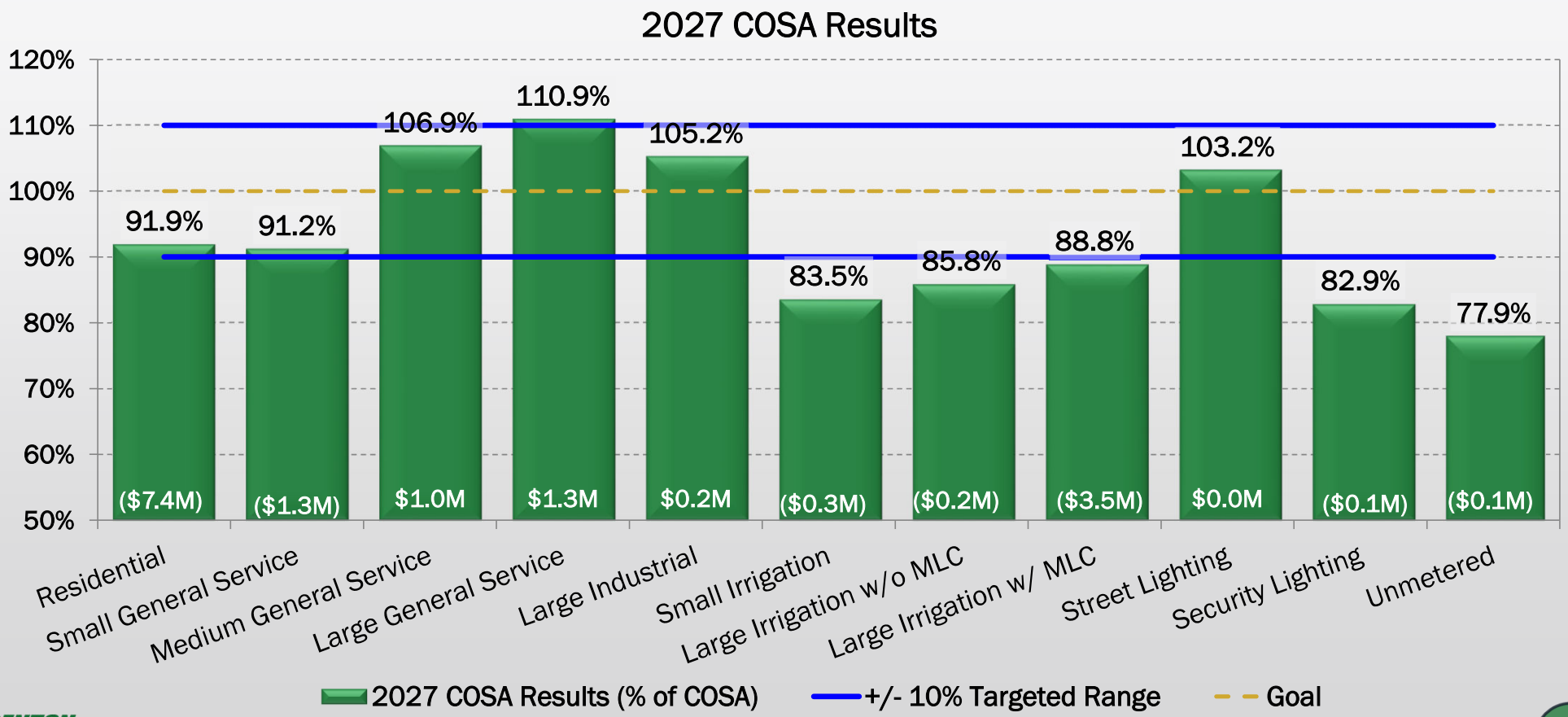
	Current	Proposed*	Difference
1,300 kWh	$93.86	$97.50	$3.64
7 kW	$10.78	$11.20	$0.42
30 days	$19.80	$20.70	$0.90
Total	$124.44	$129.40	$4.96

Individual impacts will differ according to each customer's demand profile and level of energy use

*Rate increase percentages and effective dates require explicit commission approval by resolution prior to implementation

2027 Preliminary COSA Results Comparison to Target

(Incorporating the strategic use of $8.0 million in reserves | $ amounts reflect (under)/over collection including reserves)



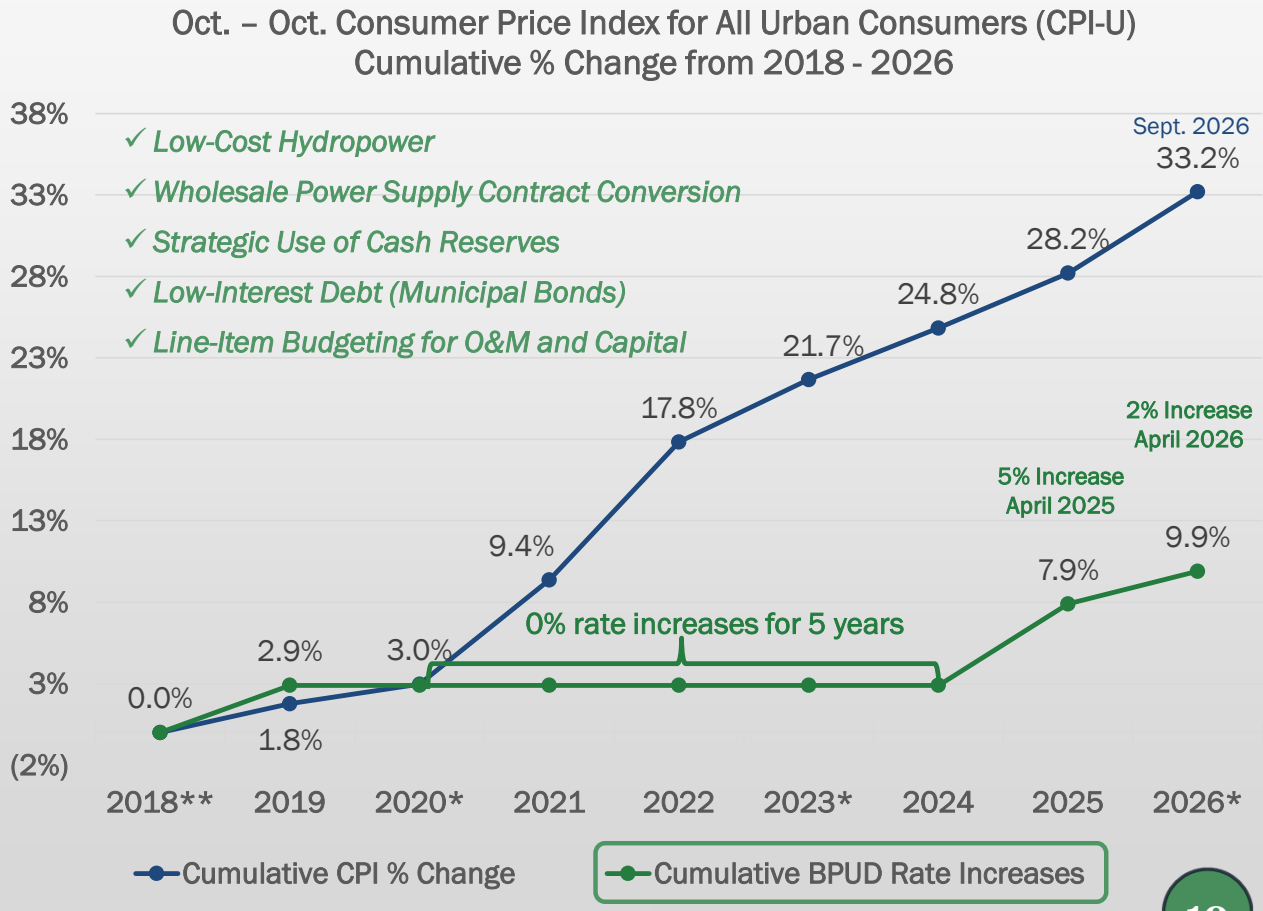
Holding the line on Rates during High Inflation

CONSUMER PRICE INDEX

33.2%

Cumulative Inflation

October 2018 – September 2026



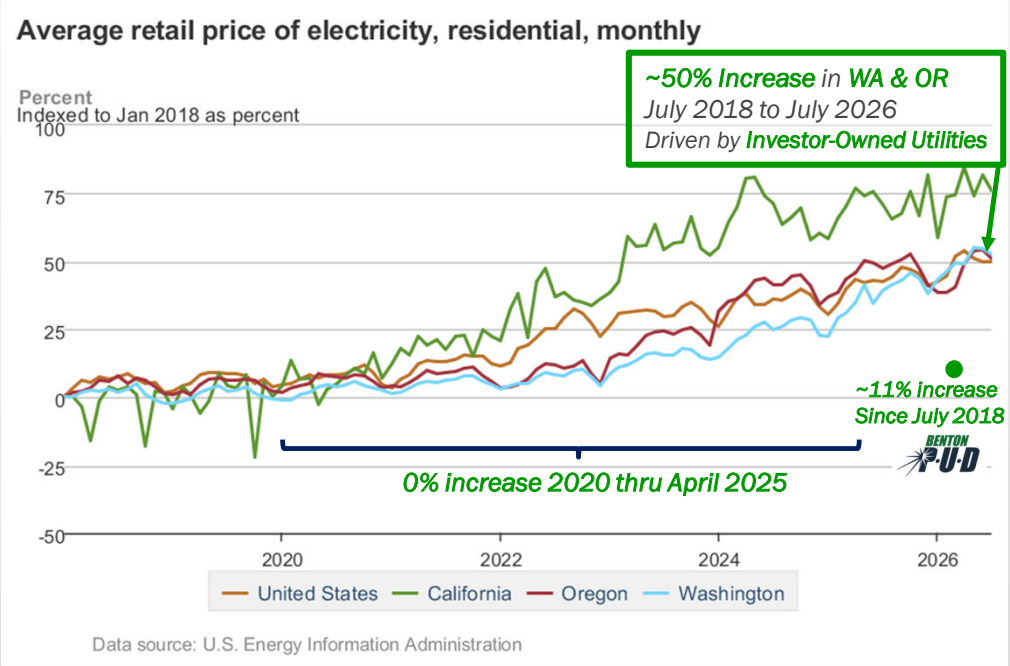
*Issued Bonds

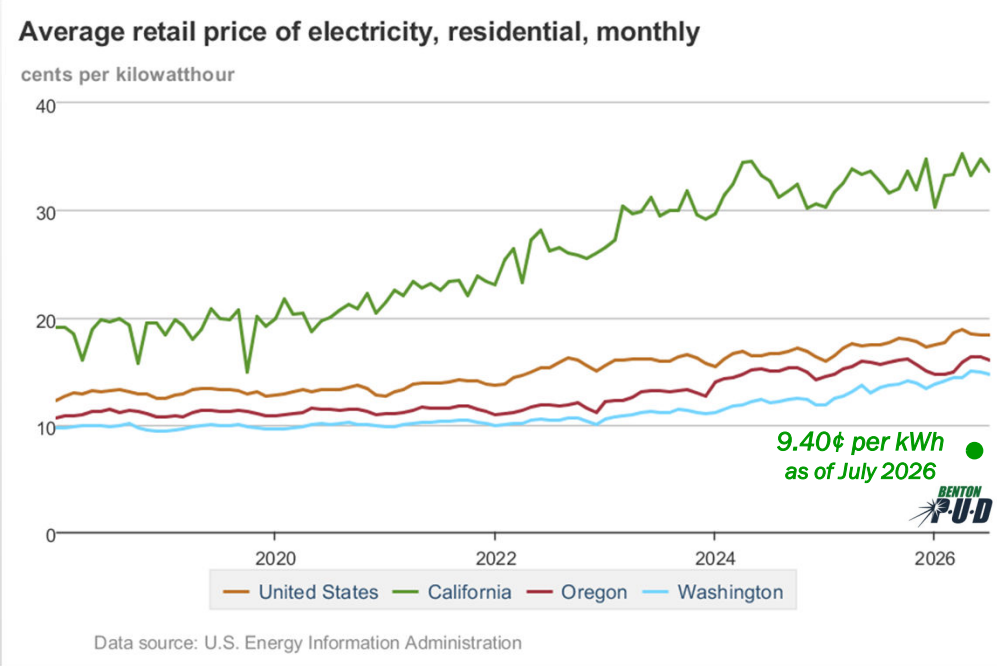
**Base year used to calculate cumulative CPI-U percentage increase

WA, OR, & CA Residential Rates Increasing

Affordable Hydro has mitigated rate increase % and rising ¢ per kWh

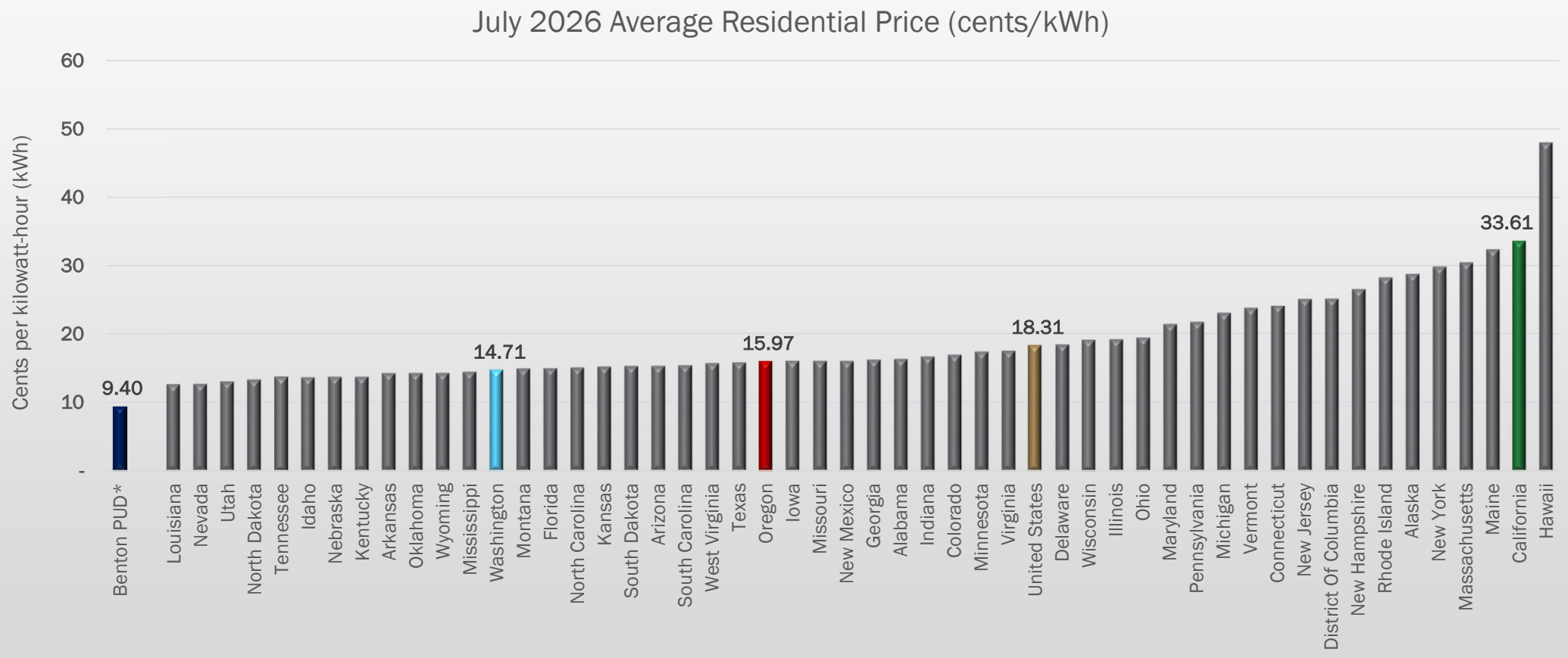
*West Coast Residential **Rate Increases** Since July 2018*





Average Residential Rates by State & Benton PUD

Source: U.S. Energy Information Administration (EIA)

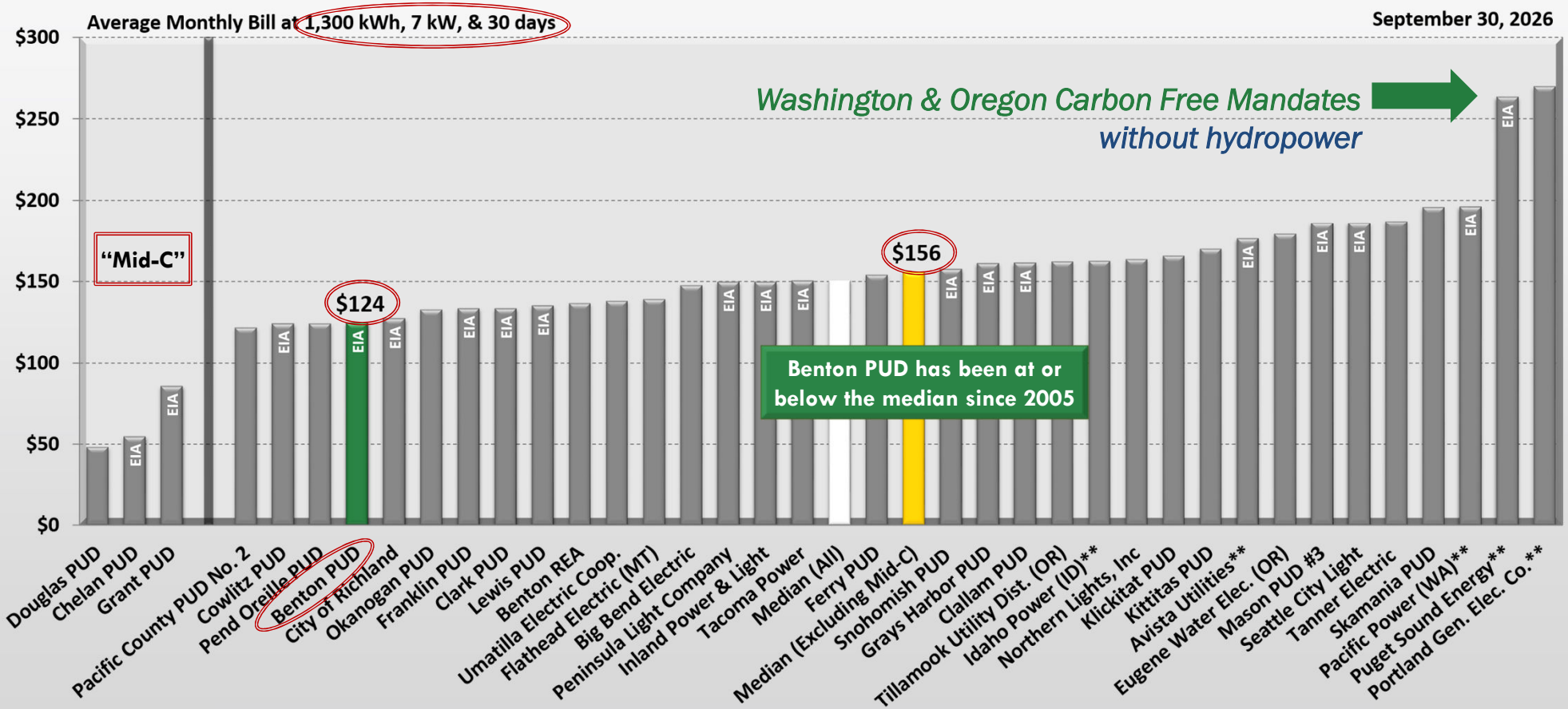


*Average Residential Revenue per kWh (cents) found in Benton PUD's 2024 Annual Comprehensive Financial Report

Monthly Bill Comparison

Residential

Billing Determinants	Current Rate
Energy Charge	7.22¢ per kWh
Demand Charge	$1.54 per KW
Daily System Charge	$0.66 per day

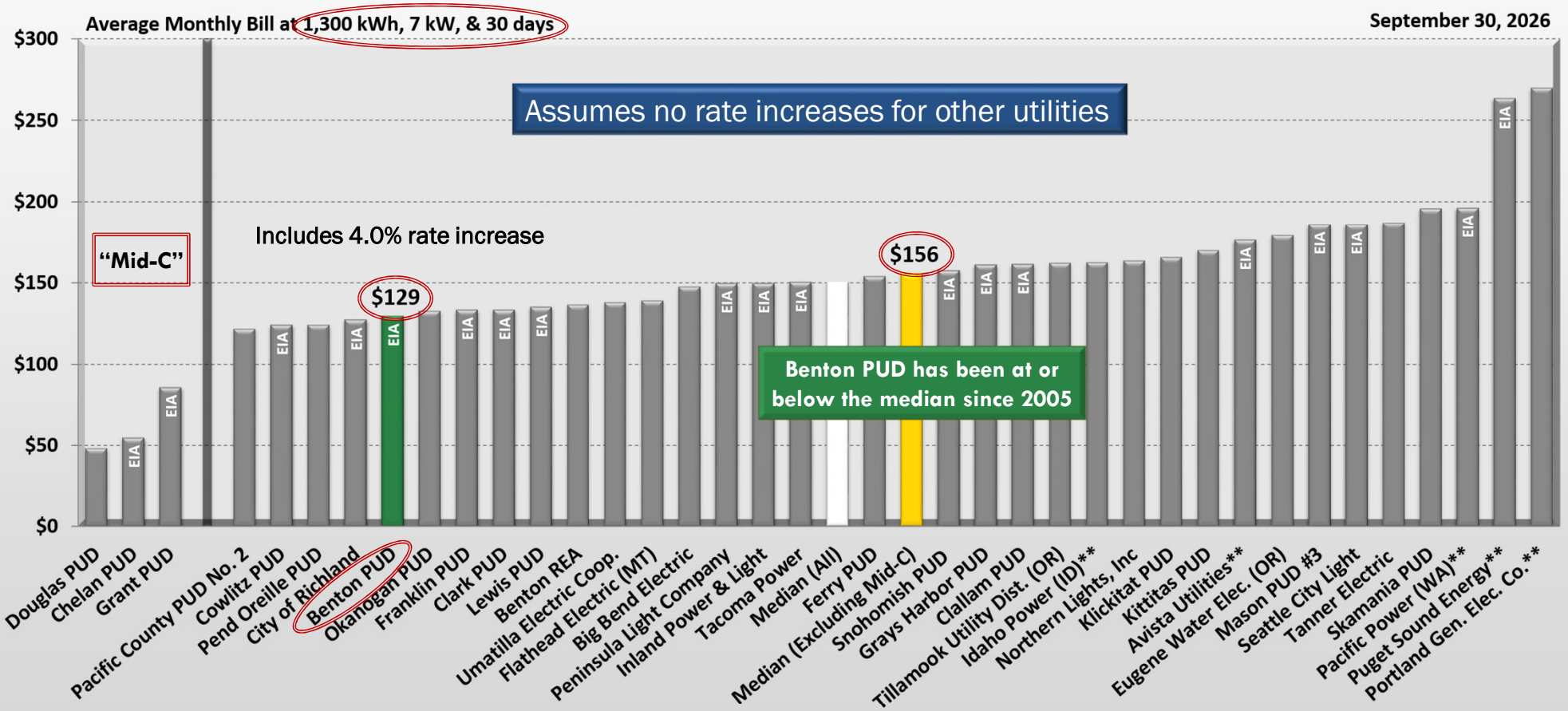


Average bill information has been calculated by Benton PUD staff from publicly available information from other utilities' websites. Calculation is Benton PUD's best effort to provide comparable information.

Monthly Bill Comparison

Residential

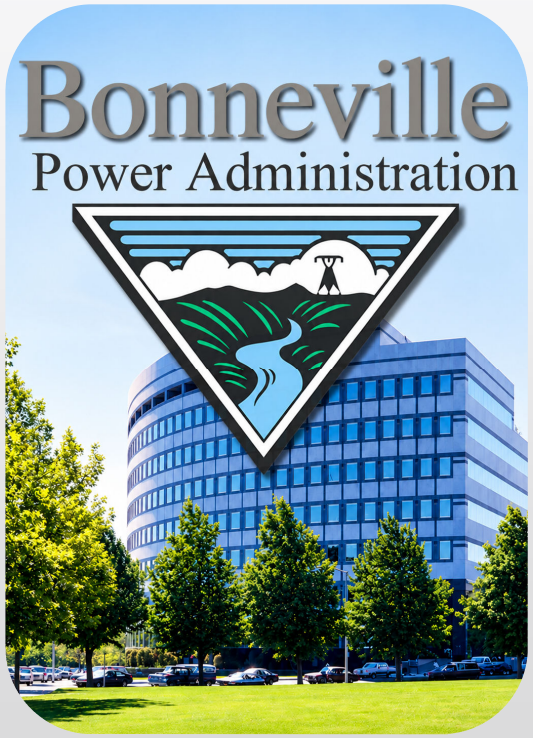
Billing Determinants	Current Rate	Proposed Rate*
Energy Charge	7.22¢ per kWh	7.50¢ per kWh
Demand Charge	$1.54 per KW	$1.60 per KW
Daily System Charge	$0.66 per day	$0.69 per day



Average bill information has been calculated by Benton PUD staff from publicly available information from other utilities' websites. Calculation is Benton PUD's best effort to provide comparable information.

*Rate increase percentages and effective dates require explicit commission approval by resolution prior to implementation

Cost Driver Review



Power Costs

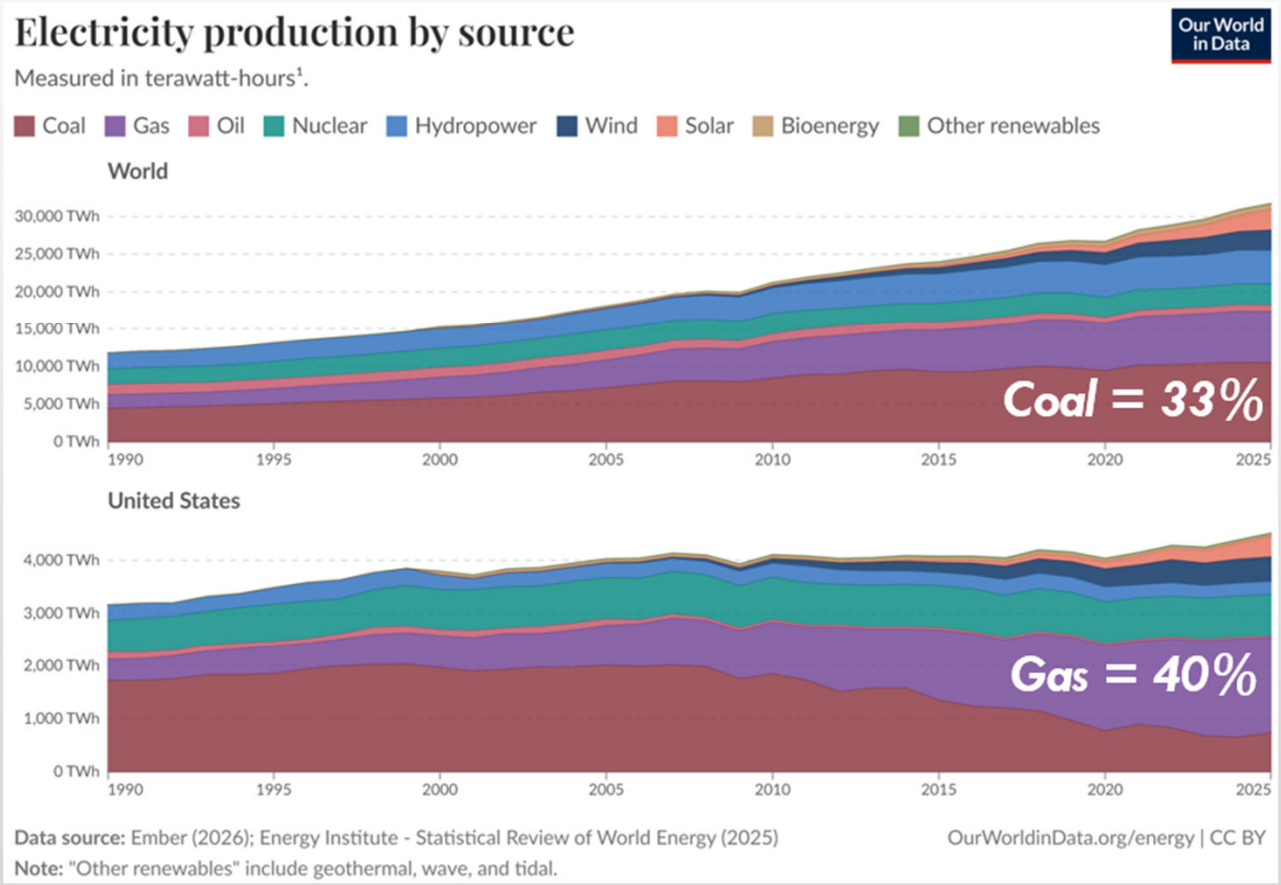


Supply Chain



Labor & Benefits

Electricity Production by source: World & U.S.



World

Fossil Fuel = 57.4%

Nuclear = 8.8%

Wind & Solar = 17.3%

Hydro = 14%

Other = 2.5%

United States

Fossil Fuel = 57%

Nuclear = 17.4%

Wind & Solar = 18.9%

Hydro = 5.3% ⬅

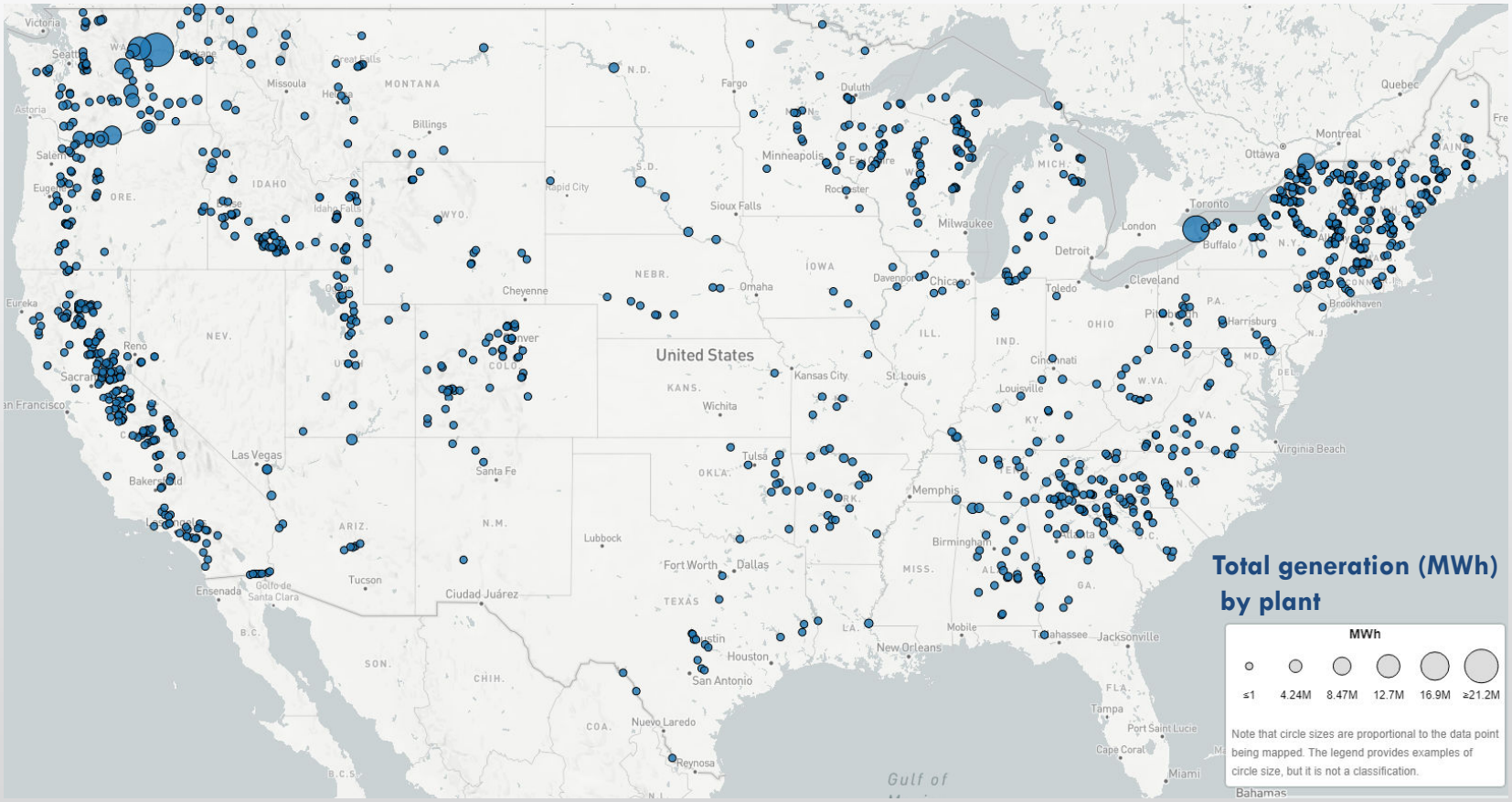
Other = 1.4%

HYDROPOWER = 5.6% OF U.S. ELECTRICITY

Northwest Hydropower Like Nowhere Else:

Electricity Provided

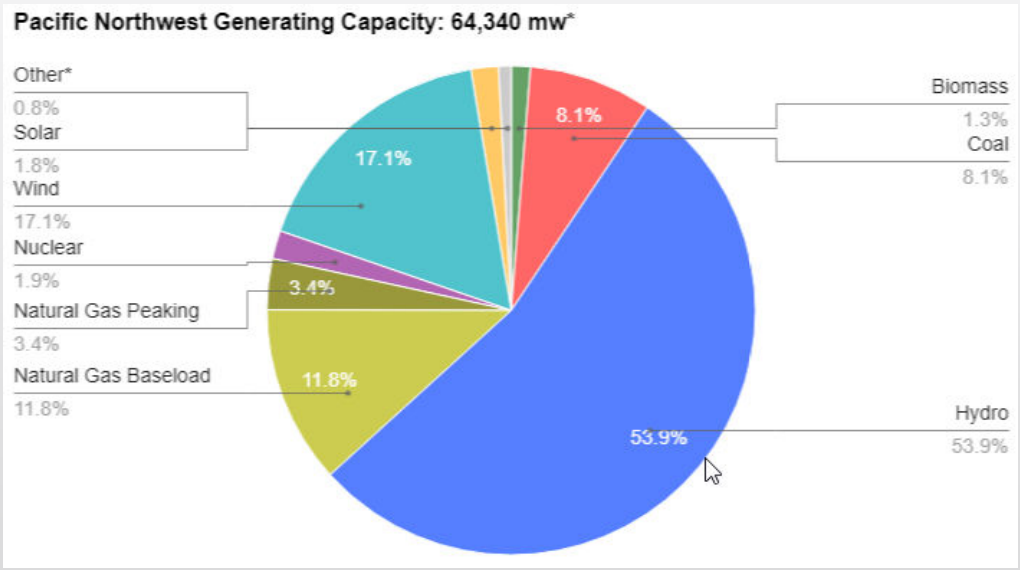
- ✓ **50%** of PNW Region
- ✓ **60%** of Washington
- ✓ **80%** Benton PUD



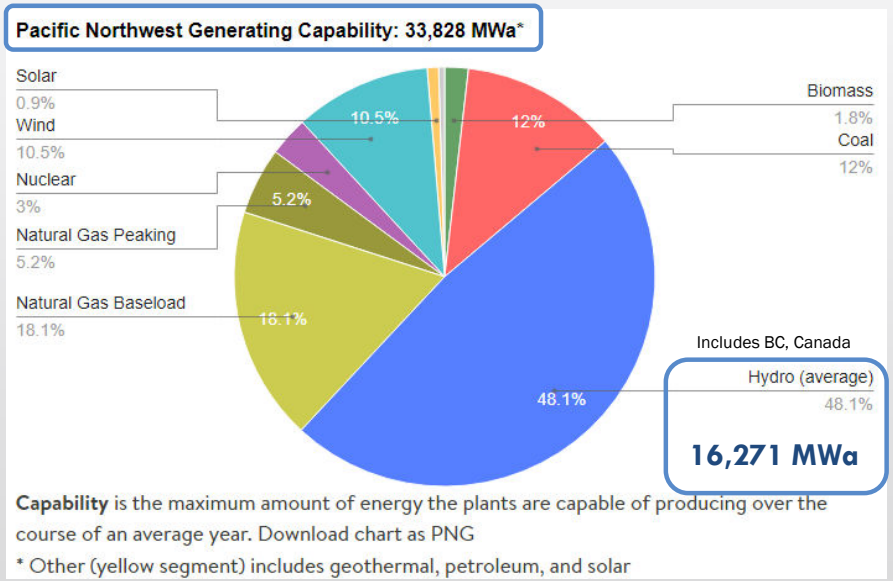
Source: epa.gov/egrid/data-explorer

HYDROPOWER: *FOUNDATION OF PNW ELECTRICITY SUPPLY*

PNW Nameplate Capacity



PNW Annual Electricity Production



Bonneville Power Administration – Federal Hydro

≈ 50% of hydro generation in average year

Source: https://www.nwcouncil.org/energy/energy-topics/power-supply

BPA Hydropower: *Foundation of Public Power Supply*



Bonneville POWER ADMINISTRATION

Federal Power Marketer

- **31 Federal Hydroelectric Dams**
- **Columbia Generating Station Nuclear Plant**

"Preference Customers"

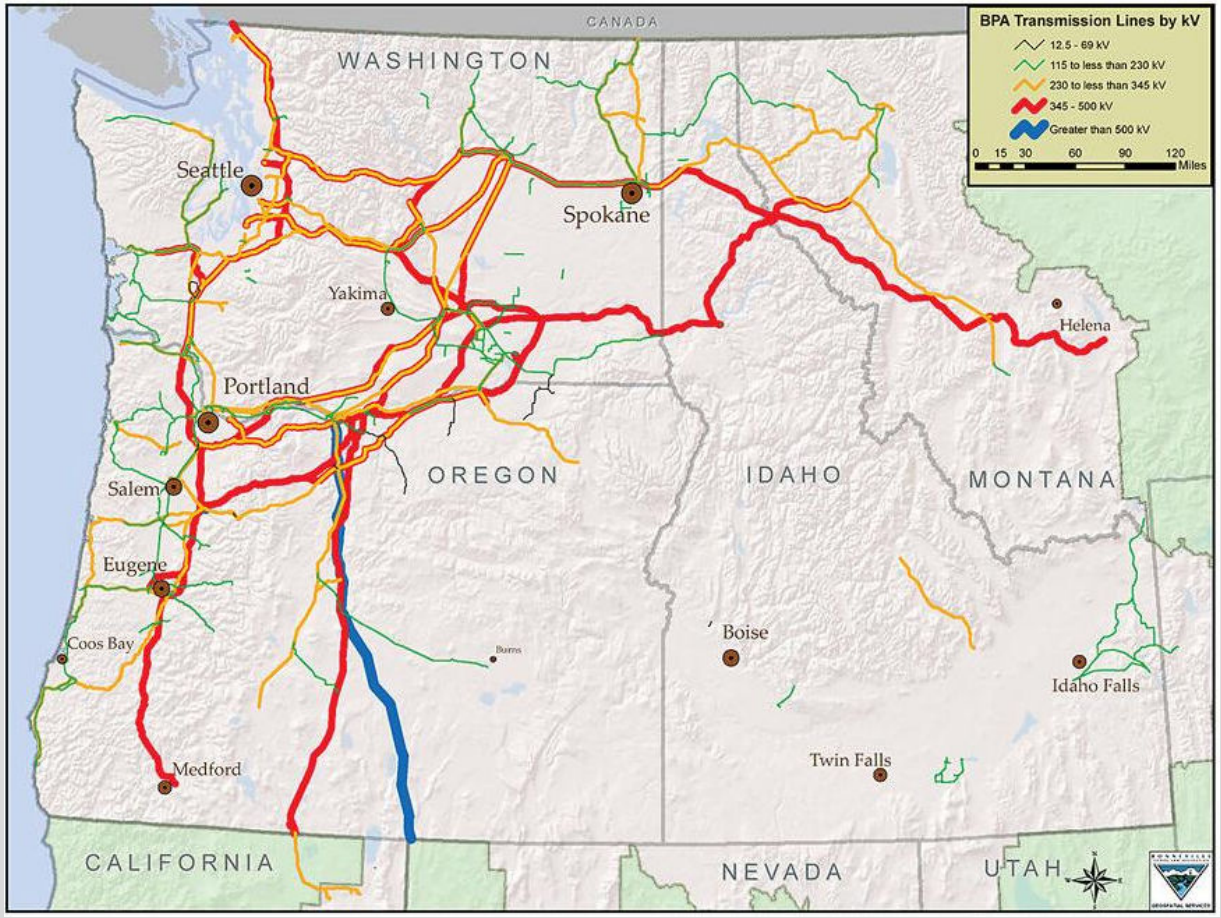
- ✓ ***Lowest Cost Generation***
- ✓ ***BPA Must Meet Utility Firm Net Load when Requested***

Customers	
Cooperatives	54
Municipalities	42
Public utility districts	28
Federal agencies	7
Investor-owned utilities	6
Direct-service industries	1
Port districts	1
Tribal utilities	3
Total	142

✓ ***Investor-Owned Utilities*** are not preference customers & ***do not receive*** physical firm electricity today

- Receive ***financial payments*** on behalf of residential & farm customers (residential exchange program)

BPA TRANSMISSION: *75% of NW Grid*



Bonneville POWER ADMINISTRATION

Transmission system

Operating voltage	Circuit miles
1,100 kV	1
1,000 kV	264[10]
500 kV	4,860
345 kV	570
287 kV	229
230 kV	5,337
161 kV	119
138 kV	56
115 kV	3,440
below 115 kV	301
Total[11]	15,179

10/ BPA's portion of the PNW/PSW direct-current intertie. The total length of this line from The Dalles, Oregon, to Los Angeles, California is 846 miles.
11/ Total circuit miles as of February 2019.

- ✓ *Arteries ≈ 11,261 miles (**74%**)*
- ✓ *Veins ≈ 3,916 miles (**26%**)*

HIGH SPILL: *Reduced Power Generation*

Judge Simon Injunctive Relief
Lower Columbia & Snake River (8 Dams)



Generating Capacity Changes
Monthly Megawatts

B O N N E V I L L E P O W E R A D M I N I S T R A T I O N

Changes to Capacity Metric (6-Hour)

Month	RCBA	PI	Delta
Oct	1170	740	-430
Nov	1170	950	-220
Dec	680	700	20
Jan	1970	2010	40
Feb	2030	2080	50
Mar	2850	2670	-180
Apr	1640	1290	-350
May	3280	2920	-360
Jun	4060	3870	-190
Jul	3300	3150	-150
Aug	870	-170	-1040
Sep	1280	580	-700

HIGH SPILL: *Risks to Smolt & Adult Salmon*

125% Total Dissolved Gas
Super Saturation of Water











Power Costs are on the Rise

BP-27 Expedited Power Rate Case

BP-27 Rate Case

BPA is conducting an expedited Section 7(i) rate case process to address the expected financial impact of the Feb. 25, 2026, U.S. District Court of Oregon's Order and Opinion. BPA is proposing limited revisions to the Fiscal Year 2026-2028 Power General Rate Schedule Provisions, or GRSPs. The rate case will begin with the release of the Federal Record Notice in mid-2026 and is expected to conclude with a Final Record of Decision the same year.

Recent BPA Rate Increases (BP -26) effective October 1, 2025

- Power Cost: 8.9%
- Transmission: 19.9%
- Partially implemented in 2026 BPUD rate increase

Estimated BP-27 Expedited Power Rate Case Impacts

BP-26

	FY2026	FY2027	FY2028	
Costs	$85M	$85M	$85M = $255M	
Initial Rate Schedule		$125M	$125M = $250M	6.3% BPA Impact
Current Settlement Discussion		$106M	$106M = $212M	5.4% BPA Impact

Benton PUD Impact

Rates (Immediate Impact)

2027 ~ $4.2M

2028 ~ $3.8M

Average ~ $4.0M

$4.0M ÷ $140M = 2.9%

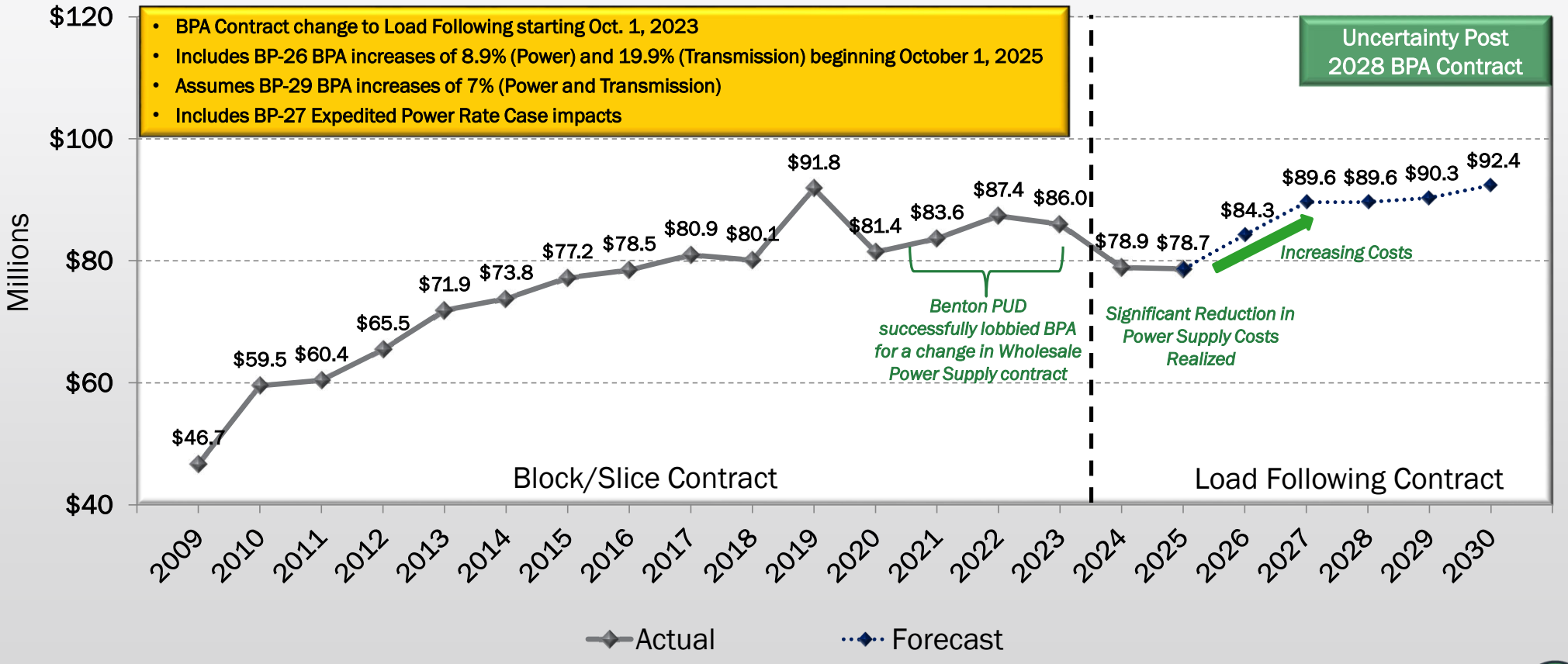
Costs

(Annual Impact Beyond FY2028)

~$3.0M per Year

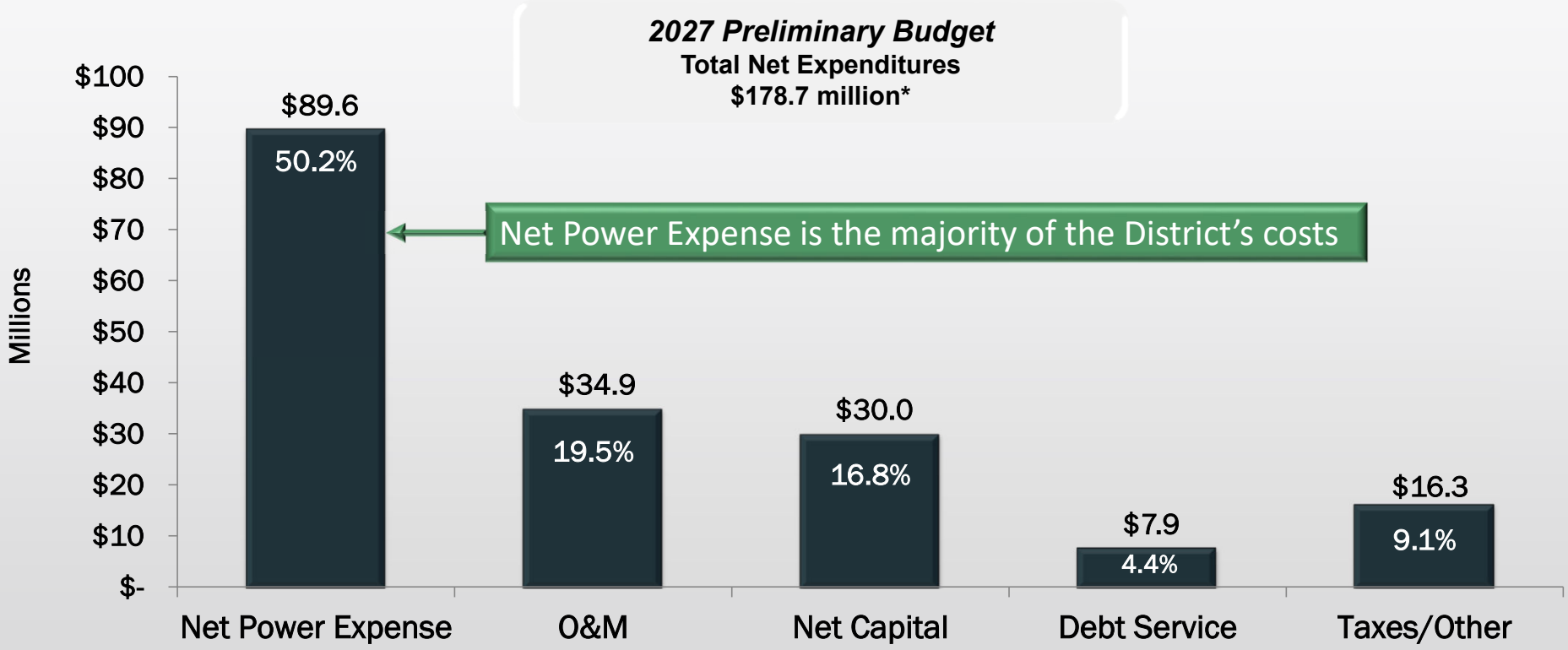
$3.0M ÷ $140M = 2.1%

Net Power Costs*



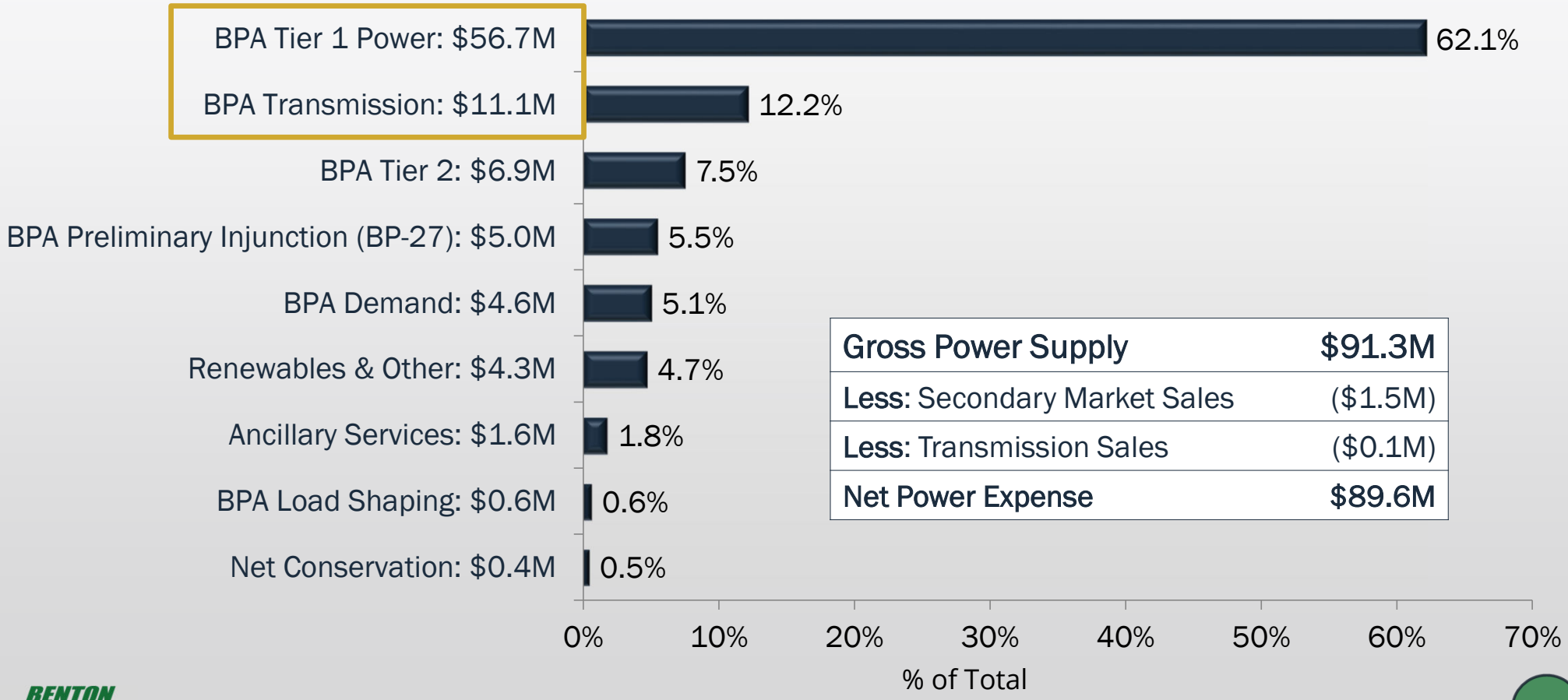
* ***Net power costs (NPC) = gross power costs (including power and transmission) less sales for resale.***

2027 Budgeted Expenses



** Net of secondary market sales of $1.7 million, capital contributions of $4.2 million, and Build America Bonds subsidy of $0.2 million*

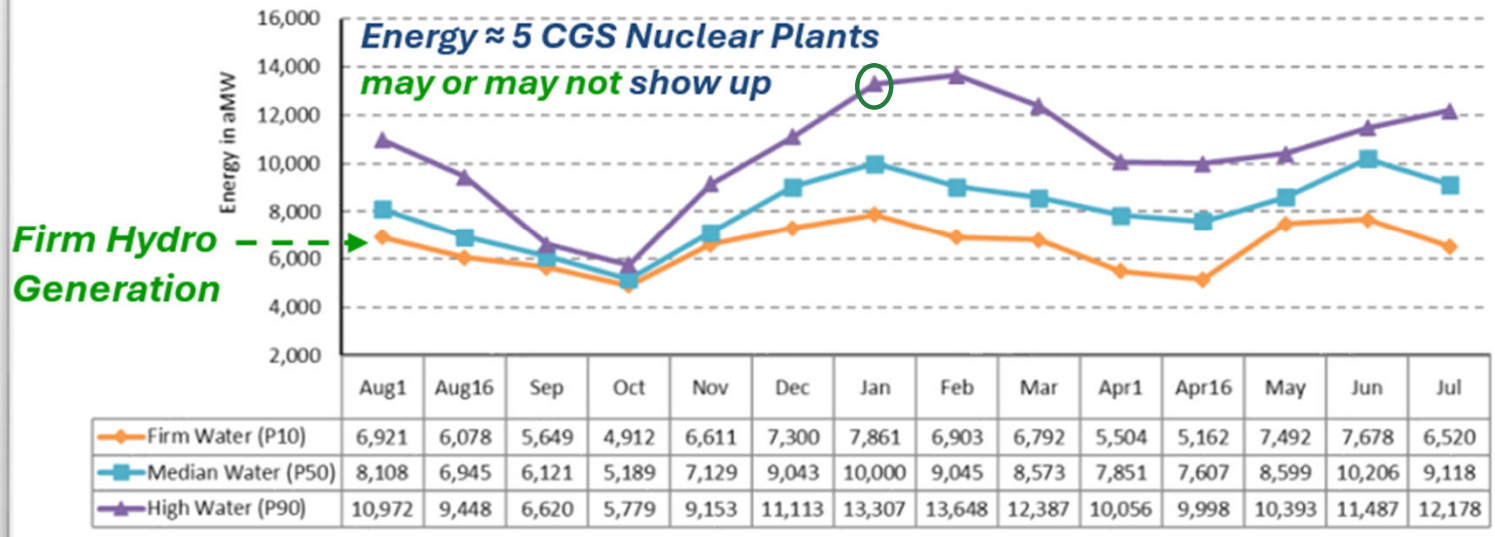
2027 Gross Power Supply Cost by Source



Gross Power Supply	**$91.3M**
Less: Secondary Market Sales	($1.5M)
Less: Transmission Sales	($0.1M)
Net Power Expense	**$89.6M**

BPA Hydropower: Firm Energy is Spoken For

Table 2-9 Federal System Monthly Hydro Generation Variability by Streamflow Conditions – OY2026



	Aug1	Aug16	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr1	Apr16	May	Jun	Jul
Firm Water (P10)	6,921	6,078	5,649	4,912	6,611	7,300	7,861	6,903	6,792	5,504	5,162	7,492	7,678	6,520
Median Water (P50)	8,108	6,945	6,121	5,189	7,129	9,043	10,000	9,045	8,573	7,851	7,607	8,599	10,206	9,118
High Water (P90)	10,972	9,448	6,620	5,779	9,153	11,113	13,307	13,648	12,387	10,056	9,998	10,393	11,487	12,178

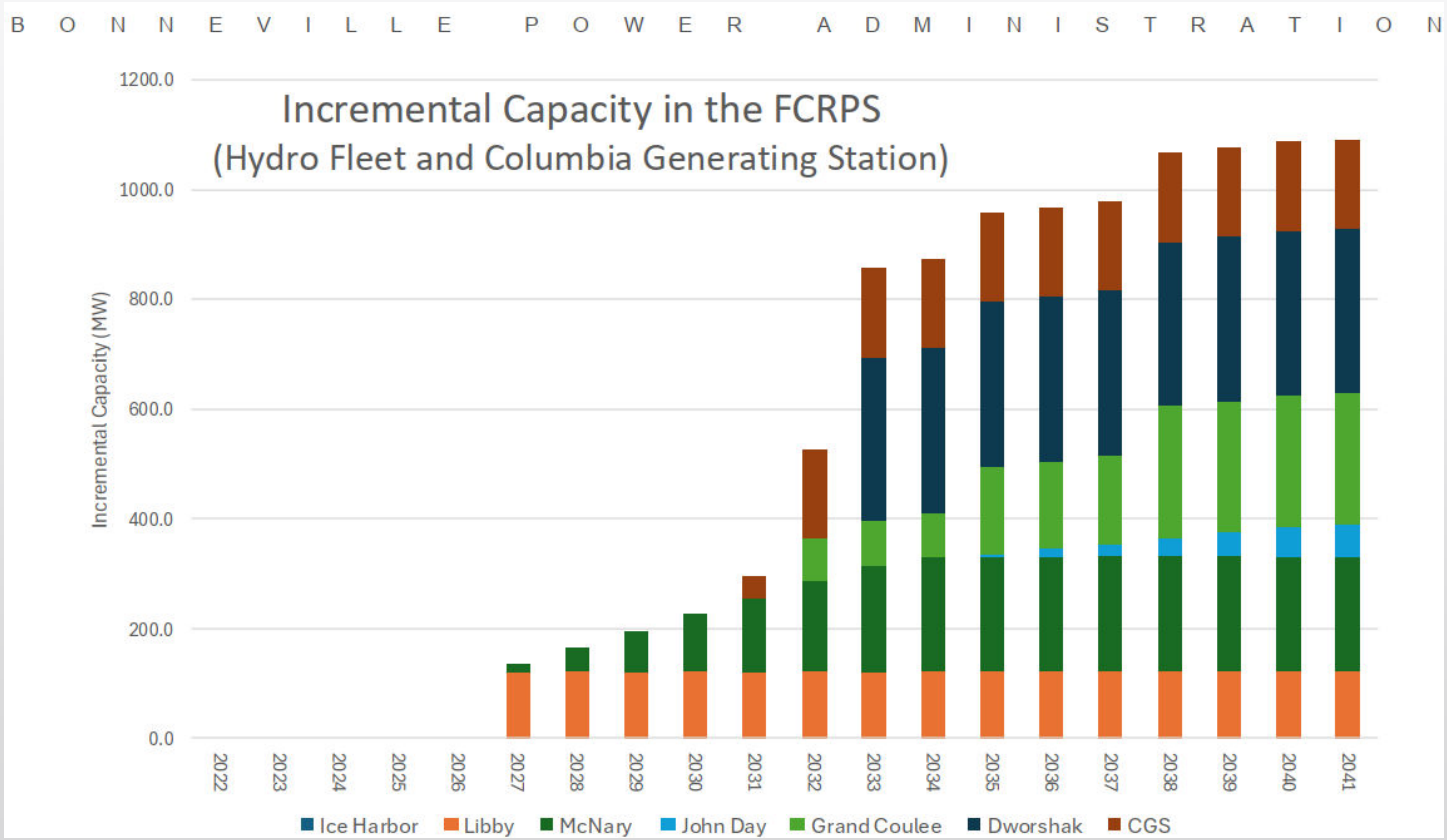
Bonneville Power Administration

Customers

Cooperatives	54
Municipalities	42
Public utility districts	28
Federal agencies	7
Investor-owned utilities	6
Direct-service industries	1
Port districts	1
Tribal utilities	3
Total	142

- ✓ *BPA Annual obligations Exceed their Firm generation by average of 542 aMW in OY26-OY28 (+1,000 aMW in Winter)*
- ✓ *BPA has NOT announced plans to acquire New Firm Generation, but is Upgrading Existing Hydro & Nuclear*

BPA Capacity Upgrades: Hydro & Nuclear

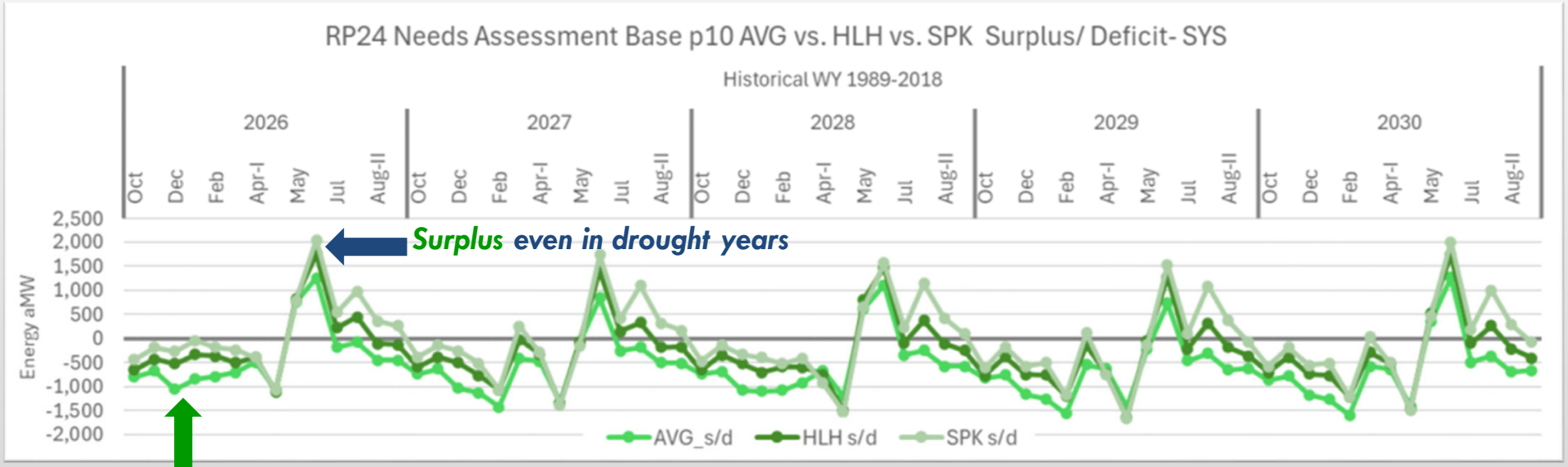


+1,000 MW Nameplate

- ✓ ***Hydro annual energy ≈ +400 to +500 aMW***
- ✓ ***CGS Nuclear +162 MW***
- ✓ ***Serve Only Preference Customer Net Requirements, NO loads greater than 10 aMW (New Large Single Load)***

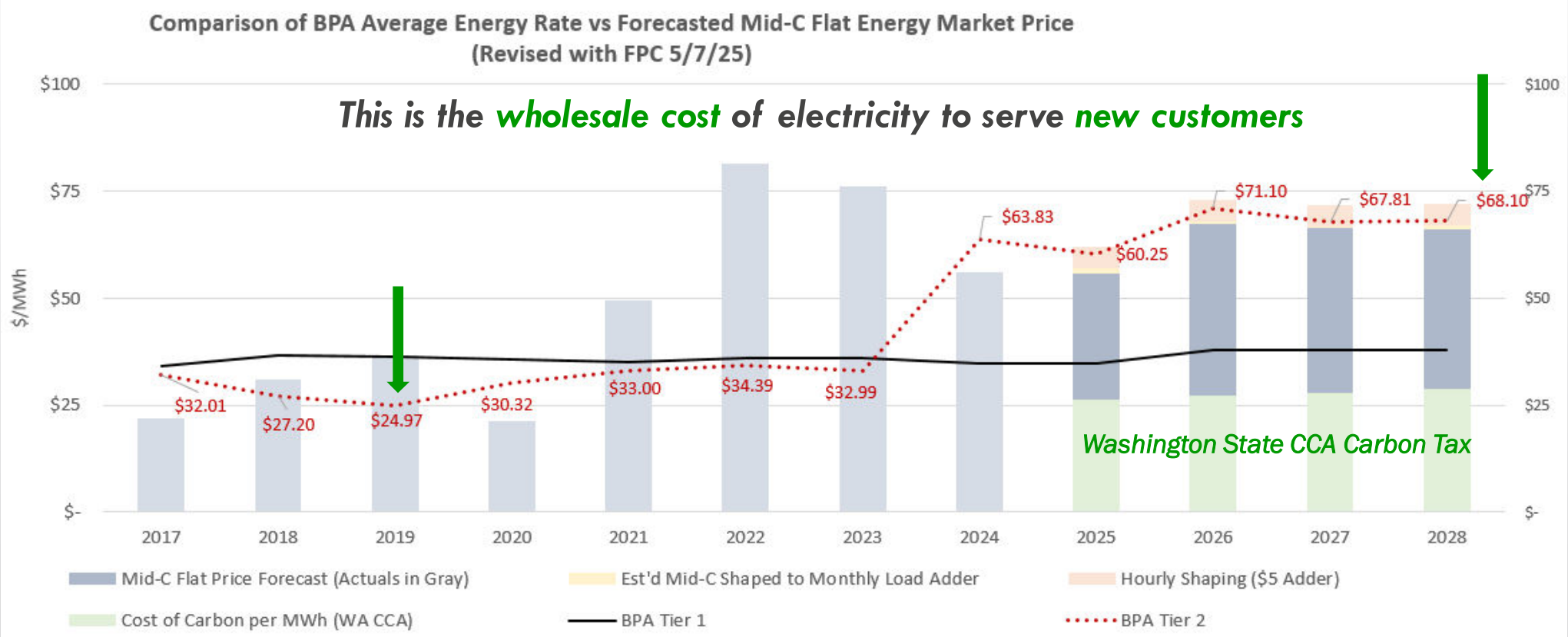
BPA Hydropower: Monthly Surplus/Deficits

2024 BPA Resource Program Analysis (Published February 2025)

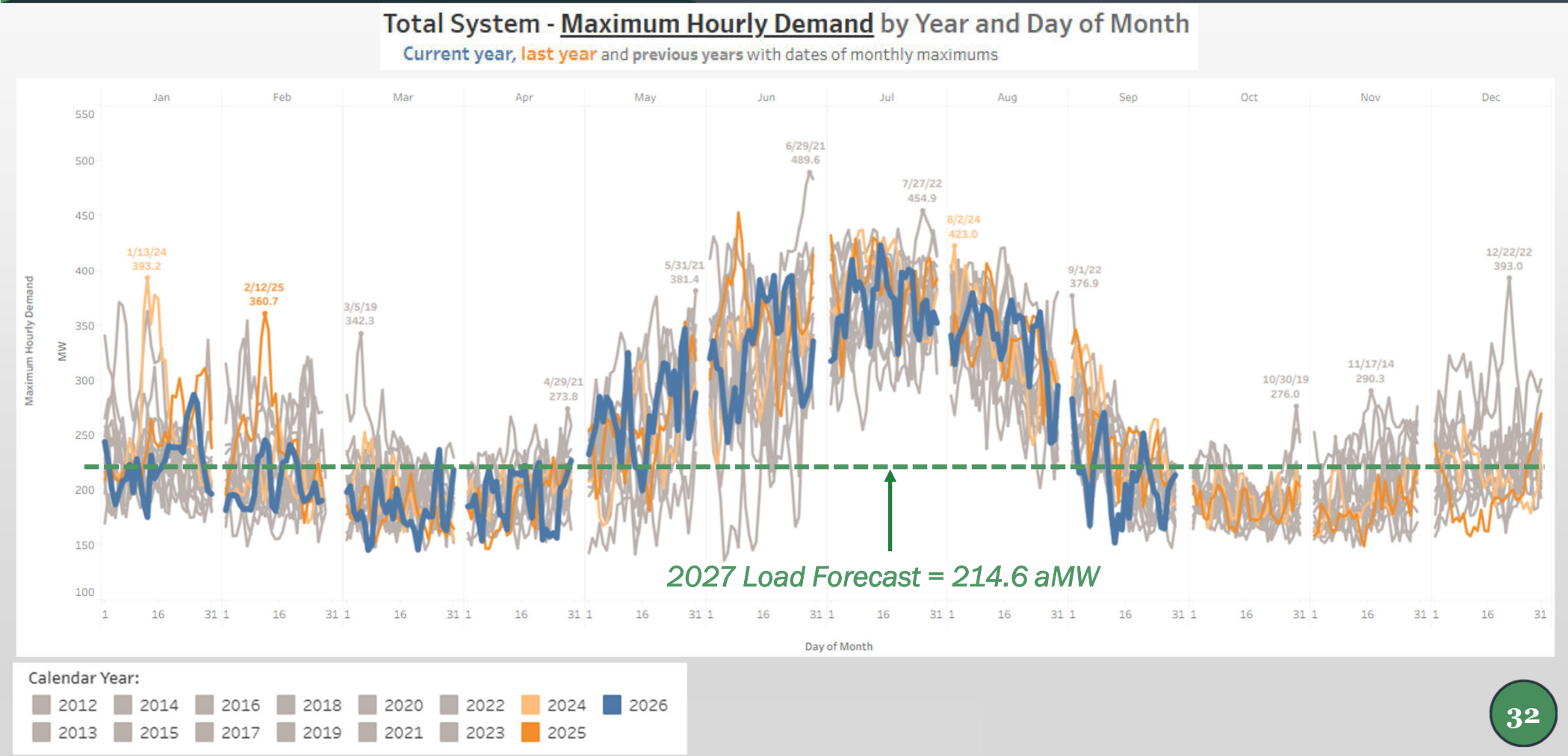


Large AVG monthly Energy Deficits

BPA Tier 2 Rates: +170% Increase Since 2019



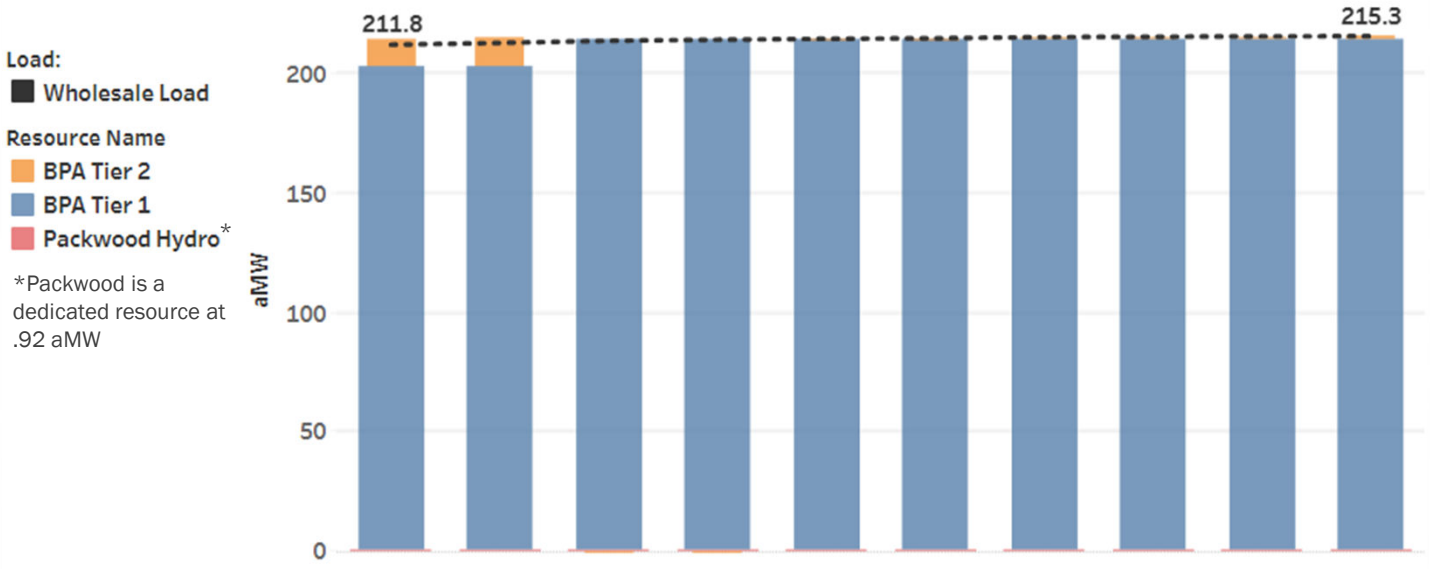
Benton PUD Max. Hourly Demand & Average Load



BPUD Loads and BPA Products under Load Following

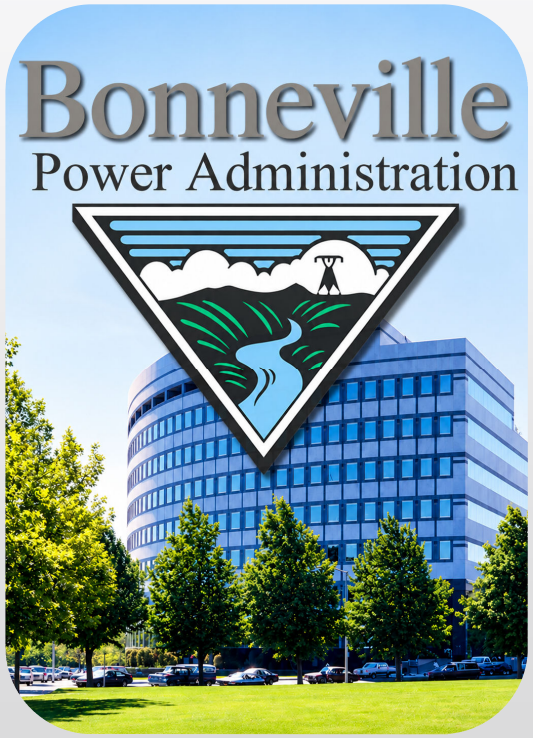
10-Year Load and Resource Forecast

by BPA Rate Case & Fiscal Year



	BP-26		BP-29		BP-31		BP-33		BP-35	
Resource Name	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
BPA Tier 2	11.6	11.7	-0.5	-0.1	0.3	0.5	1.0	1.1	1.3	1.4
BPA Tier 1	202.1	202.1	213.0	213.0	213.0	213.0	213.0	213.0	213.0	213.0
Packwood Hydro	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Resource Total (aMW)	214.6	214.7	213.4	213.8	214.2	214.4	214.9	215.1	215.3	215.3
2026 Load Forecast (aMW)	211.8	212.5	213.4	213.8	214.2	214.4	214.9	215.1	215.3	215.3
Net Position (aMW)	2.8	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cost Driver Review



Power Costs



Supply Chain



Labor & Benefits

Infrastructure Costs

The past five years have been a period of exploding costs for the electric utility industry pushed by soaring demand, supply chain challenges, raw materials shortages, increased labor costs and tariffs. Here's a look at what's contributing to the trend.

Percent increase since 2020:

Infrastructure

Utility poles (wood, steel, composite)	+25–40%
Crossarms & braces (steel/wood)	+20–35%
Conductor wire (aluminum/copper)	+30–50%
Transformers	+70–100%
Grain-oriented electrical steel	+80–100%
Oil/dielectric fluids	+25–40%
Copper wiring	+50%
Concrete	+25–35%
Smart meters	+20–35%
Pad-mounted switchgear	+25–40%
Circuit breakers/reclosers	+20–35%



Build-outs

Utility construction labor	+20–40%
Freight/logistics	+30–60%



Fleets

Light trucks	+25–40%
Bucket trucks, digger derricks	+20–50%
Fuel costs (especially diesel)	+20–30%
Maintenance	+15–25%
Insurance premiums	+20%



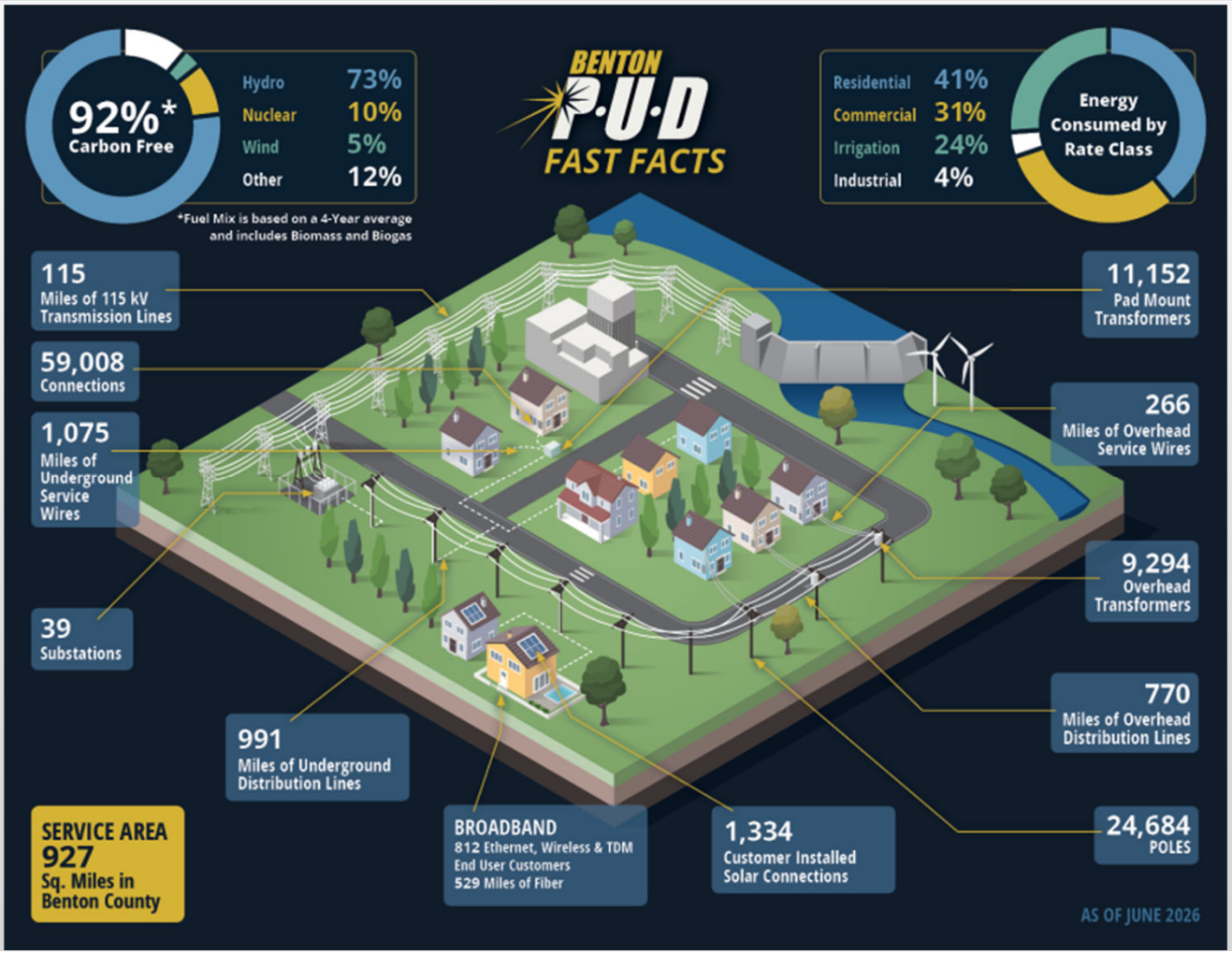
Sources: BLS; energynews.com; Reuters; Wood Mackenzie; NREL; IEA

Infrastructure Driving Supply Chain Impact

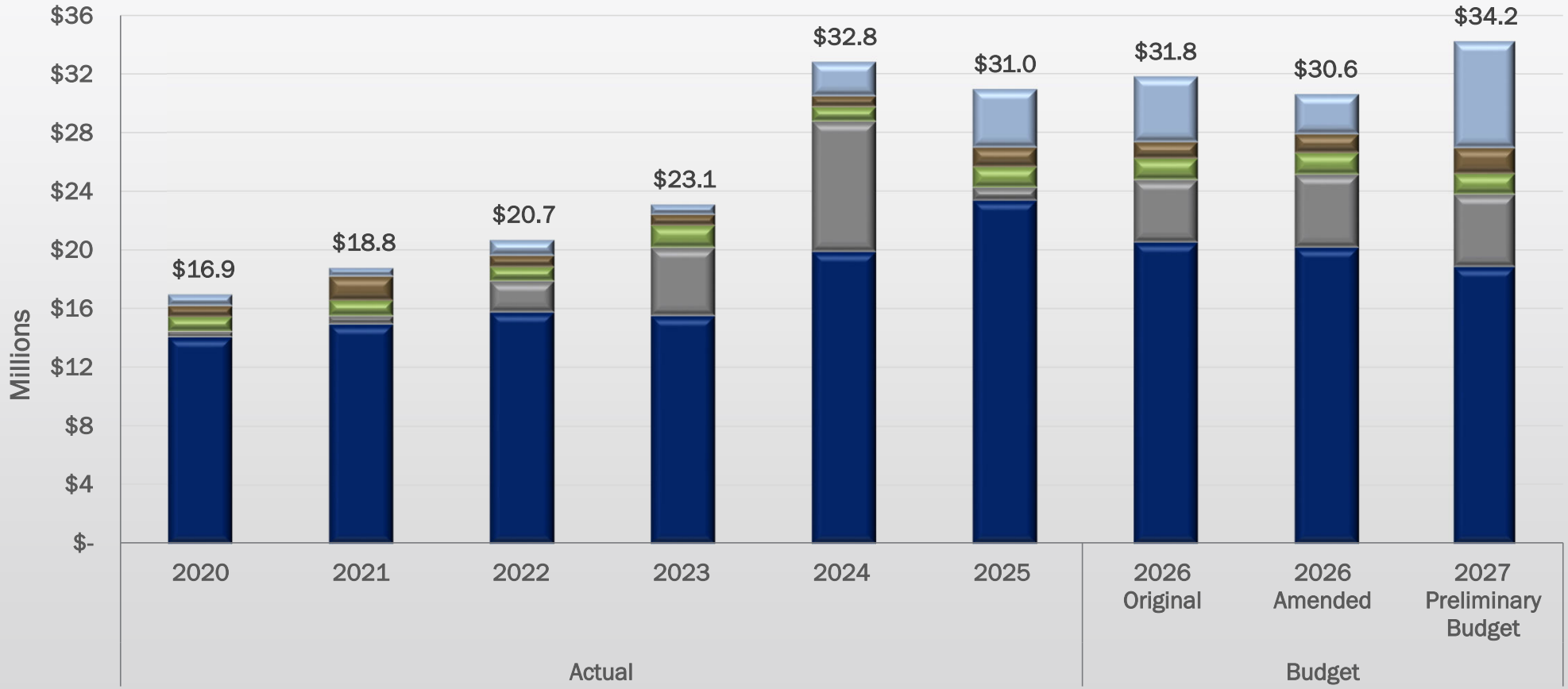
Established in 1946

High & Low Voltage Power Lines

3,200 Circuit Miles

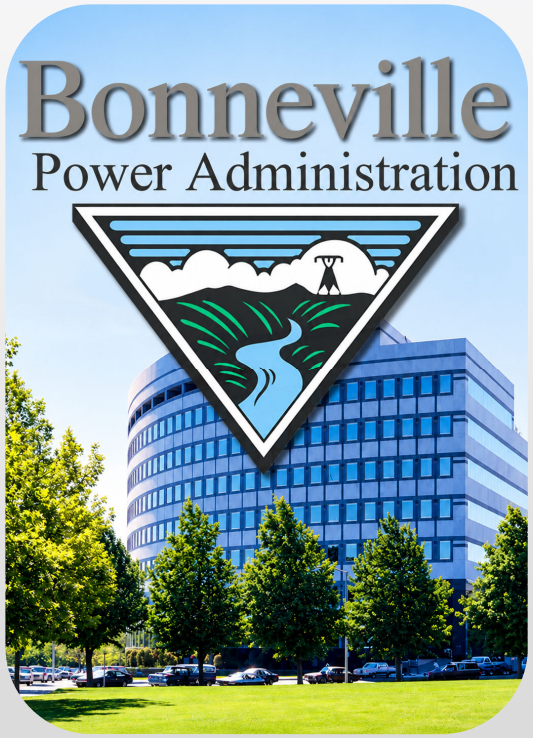


2020 – 2027 Gross Capital Expenditures by Category



*Incudes Security

Cost Driver Review



Power Costs

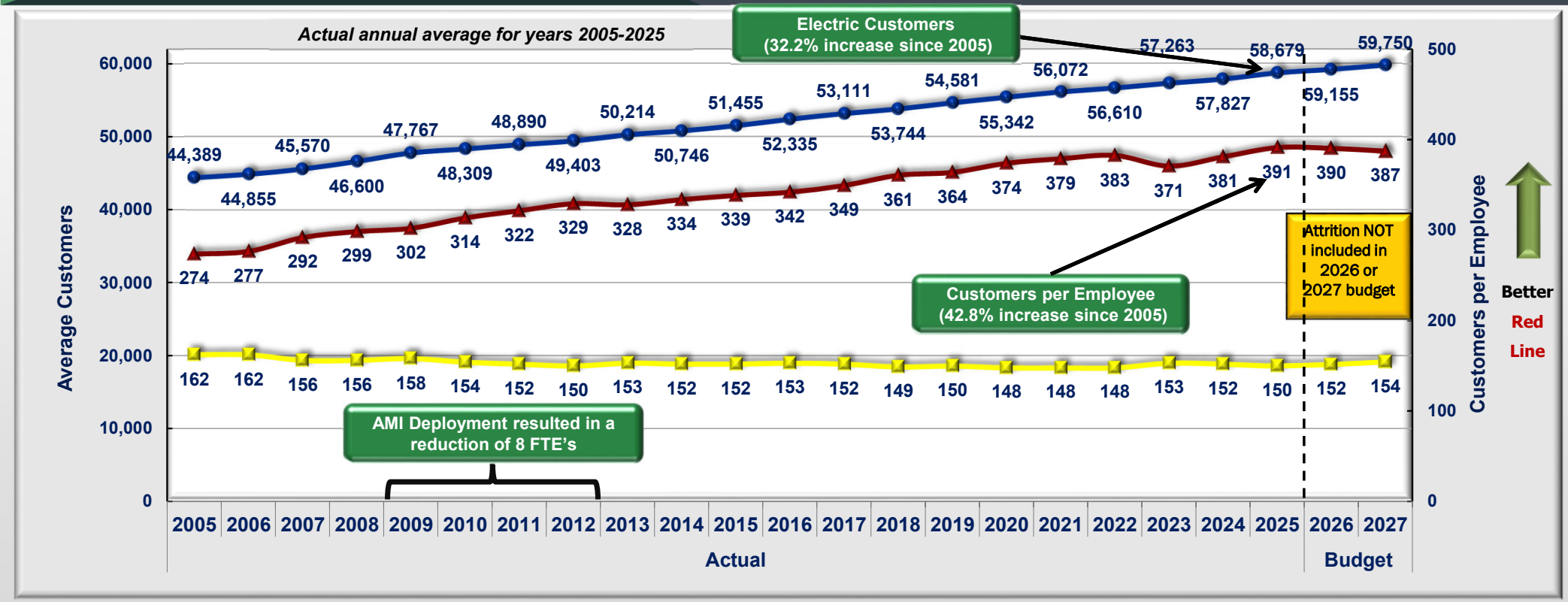


Supply Chain



Labor & Benefits

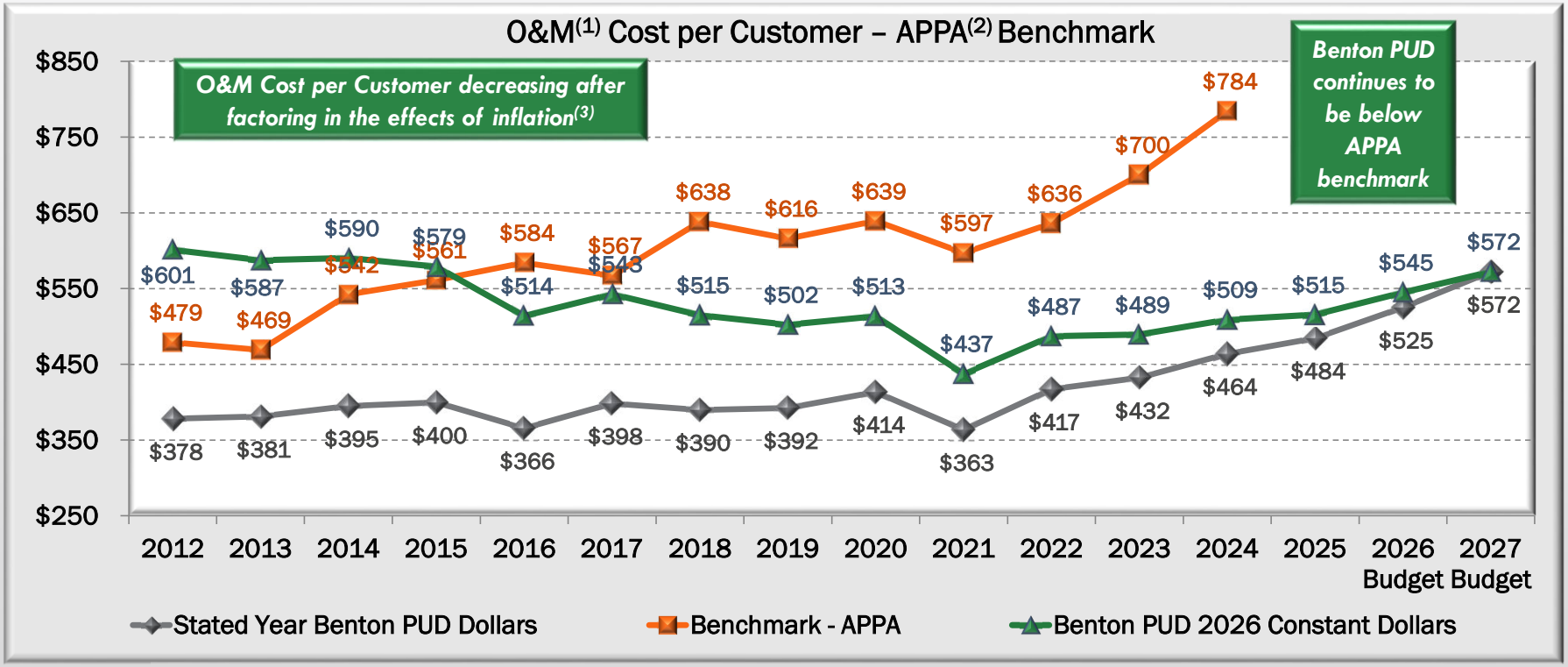
CUSTOMERS PER DISTRICT EMPLOYEE



Definition of Customer per American Public Power Association

Note: -Average customer figures have been restated to be consistent with method used by new enterprise system.
-FTE figures have been restated and now include a reduction for the FTEs shared and paid for by other utilities.
Currently 0.5 FTEs are shared and paid for by other utilities.

Operations and Maintenance



(1) O&M = non-power operations & maintenance cost (distribution, transmission, customer accounts, and administrative and general). Excludes Broadband.
(2) American Public Power Association - 2024 median for West utilities.
(3) Inflation rate utilized comes from a producer price index for electric utilities, which on average has been slightly under 3%

INCREASING VALUE W/ STRATEGIC PARTNERS

nisc

hub

SENSUS

PURMS

Welcome to the Public Utility Risk Management Services

UIP

Unified Insurance Program

Power Apps

+ableau

BENTON P·U·D

Reliable Public Power Provider

INCREASING VALUE W/ STRATEGIC PARTNERS

AMI Enables | Near Real-Time System Analysis



Benton PUD 23

October 2026 Forecast Update

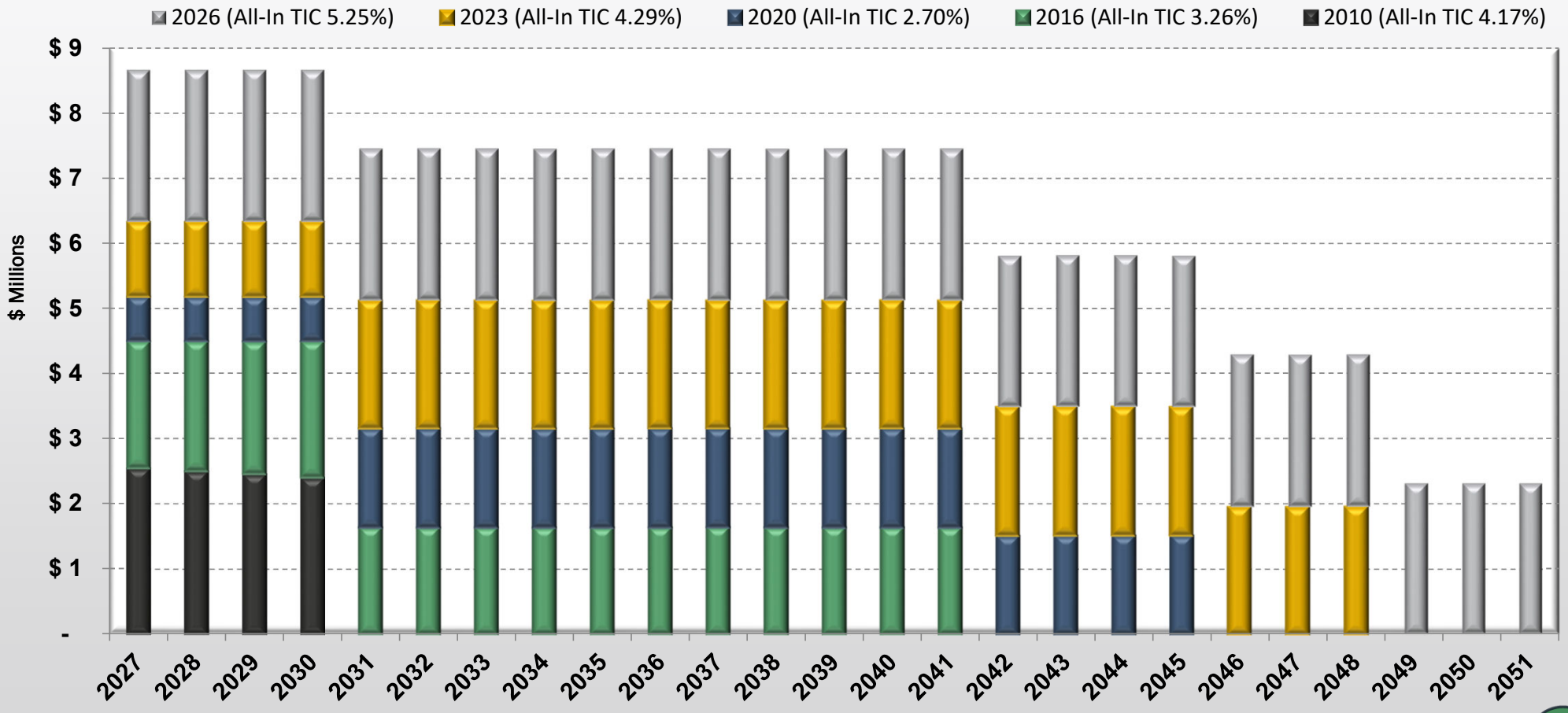
2026 Budget Amendment & 2027 Prelim Budget

BPA Assumptions:
BP-26: 8.9% Power & 19.9% Transmission
BP-27: 5.4% Power
BP-29: 7% Power & Transmission

12% Cumulative Rate Increase

Description		2025 Actual	2026	2027	2028	2029	2030
Oct 2026	Projected Rate Increase	Apr 1 5.0%	Apr 1 2.0%	Apr 1 4.0%	Apr 1 4.0%	Apr 1 4.0%	
	Unrestricted DCOH	143	167	131	110	110	103
	Construction Account DCOH	-	27	-	-	-	-
	Net Income	$15.0M	$10.3M	$4.3M	$8.8M	$12.7M	$14.9M
	Total Unrestricted Reserves	$49.4M	$60.4M	$50.9M	$43.2M	$44.3M	$42.2M
	Construction Account Reserves	-	$10.0M	-	-	-	-
	Debt to Capitalization (38% Max)	26%	32%	31%	29%	27%	25%

Current Debt Service Schedule



Benton PUD Low-Income Programs



- Low Income Discount
  - ~ **$610 thousand** per year
  - Assisted:
    - **~1,844** customers **per month** (2022 – 2025)
  - Discounts: **10%–25%** of monthly bill
    - Greater of daily system charge or percentage of billed charges
  - Available to:
    - Seniors, disabled individuals, and veterans



- Low Income Energy Efficiency
  - ~ **$610 thousand** in 2025
  - Assisted:
    - **~65** households
  - Administered by:
    - Benton PUD & Community Actions Committee (CAC)



- Helping Hands
  - ~ **$109 thousand** in 2025
  - Assisted:
    - **~360** households
  - Funded by:
    - Customer donations

Additional Low-Income Assistance Programs

LIHEAP

Low Income Home Energy Assistance Program

~$510,000

Average annual assistance (2023 – 2025)

~1,200 customers

EAP

Energy Assistance Program

~$500,000

Average annual assistance (2023 – 2025)

~950 customers

SHEAP

State Home Energy Assistance Program

~$270,000

Annual assistance (2025 only)

~600 customers

~$2.4 million

2023 – 2025 average annual assistance across all programs, including BPUD's low-income discounts, energy efficiency, and helping hands
Note: Customers may receive assistance from multiple programs. Approximately 1,600 unique customers are assisted annually

Commissioner Questions & Comments

Open Public Comment
Customer Comments

SHORT BREAK

(5 MINUTES)

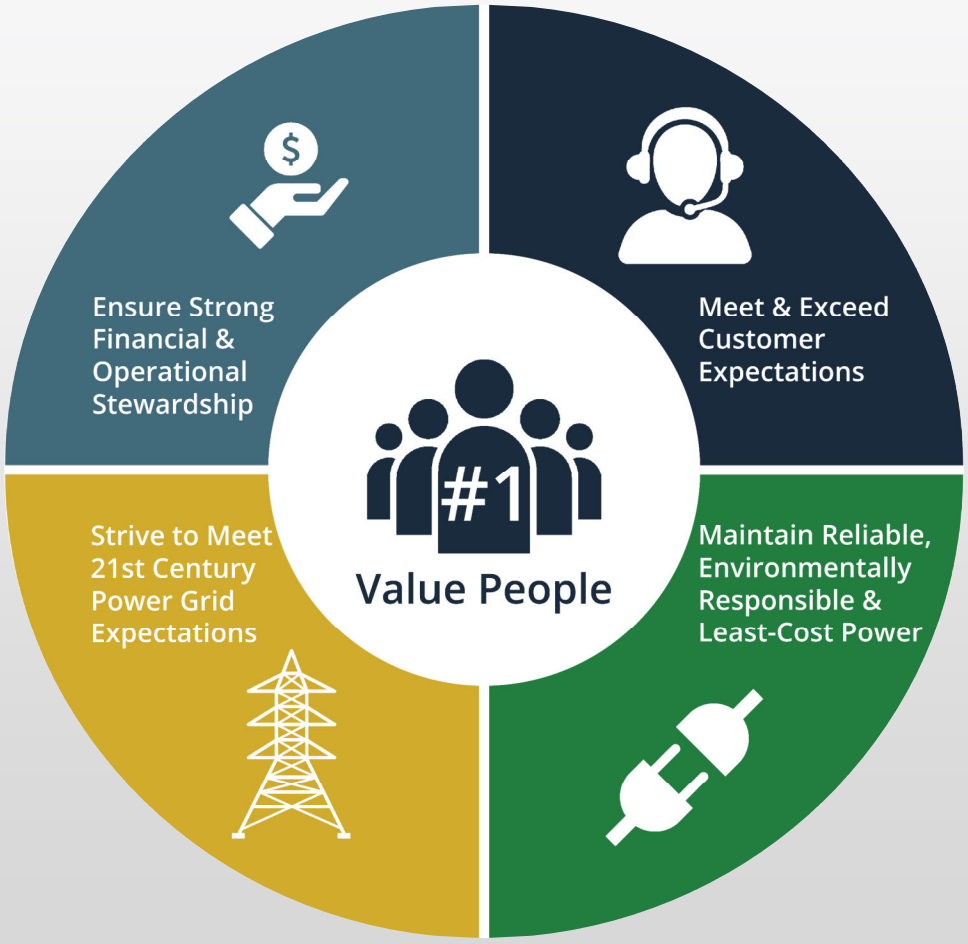
Budget Presentation Agenda

1. Budget Overview – **Rick Dunn**
2. Budget Summary – **Jon Meyer**
3. Revenues [excluding secondary (power) market sales] – **Jon Meyer**
4. Net Power Expenses [including secondary (power) market sales] – **Jon Meyer**
5. Capital Plan –**Chris Folta/Jennifer Holbrook**
6. Debt Service –**Jon Meyer**
7. Non-Power O&M Costs – **Jon Meyer**
8. Summary & Next Steps – **Rick Dunn**
9. Final Commissioner Questions/Comments
10. Final Public Questions/Comments

2027 Preliminary Budget

- 2027 Preliminary Budget is a Draft
  - Ongoing review of assumptions for all budget categories
  - Includes a proposed overall 4% retail rate increase effective April 1, 2027
  - Final budget recommendation on December 8th
- Final Budget will Reflect:
  - Public comment
  - Commission direction

Strategic Goals & Key drivers of actions (expenses)



BUDGET SUMMARY (JON MEYER)

2027 Preliminary Budget vs. 2026 Original Budget

Five Budget Categories

Dollars in thousands	2027 Budget	2026 Original Budget	Increase/ (Decrease)	% Change
Revenues (excluding Secondary Market Sales)	**$159,234**	**$153,816**	**$5,418**	**3.5%**
Expenses (including Secondary Market Sales)				
Purchased Power	78,125	75,139	2,986	4.0%
Purchased Transmission & Ancillary Services	12,508	13,623	(1,115)	(8.2%)
Net Conservation	654	317	337	106.3%
Less: Secondary Market Sales	1,672	2,046	(374)	(18.3%)
Net Power Expenses	**$89,615**	**$87,033**	**$2,582**	**3.0%**
Transmission Operation & Maintenance	118	114	4	3.5%
Distribution Operation & Maintenance	17,530	15,888	1,642	10.3%
Broadband Expense	1,319	1,310	9	0.7%
Customer Accounting	5,192	4,999	193	3.9%
Administrative & General	10,722	9,713	1,009	10.4%
Subtotal before Taxes & Depreciation	**$34,881**	**$32,024**	**$2,857**	**8.9%**
Taxes	16,319	15,788	531	3.4%
Depreciation/Amortization	13,721	13,138	583	4.4%
Non-Power Operating Expenses	**$64,921**	**$60,950**	**$3,971**	**6.5%**
Gross Capital	34,208	31,814	2,394	7.5%
Less: Capital Contributions	4,230	6,561	(2,331)	(35.5%)
Net Capital Additions	**$29,978**	**$25,253**	**$4,725**	**18.7%**
Debt Service (including BABs Subsidy)	**7,857**	**$5,574**	**$2,283**	**41.0%**

REVENUES (JON MEYER)
(EXCLUDING SECONDARY MARKET SALES)

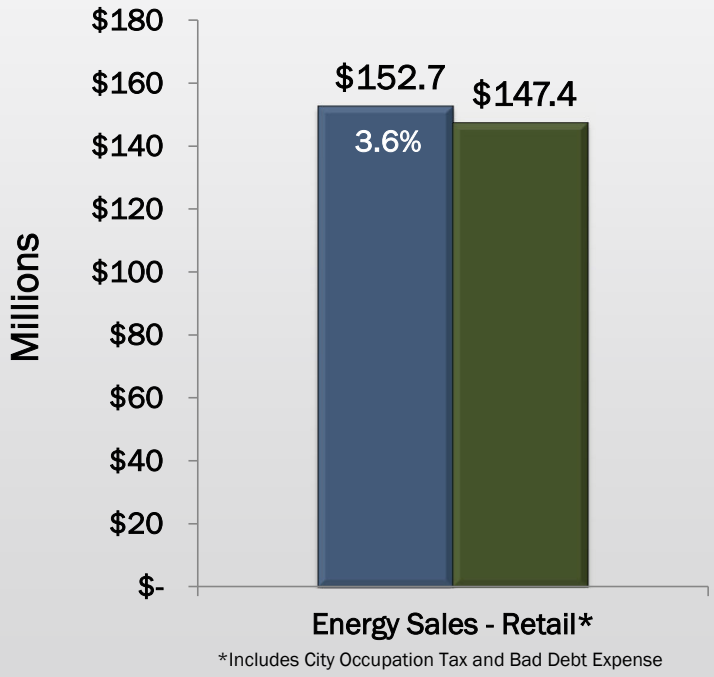
Key takeaways:

- Budgeting a proposed 4% overall retail revenue increase
- Retail rates remain below the median

REVENUES
(EXCLUDING SECONDARY MARKET SALES)

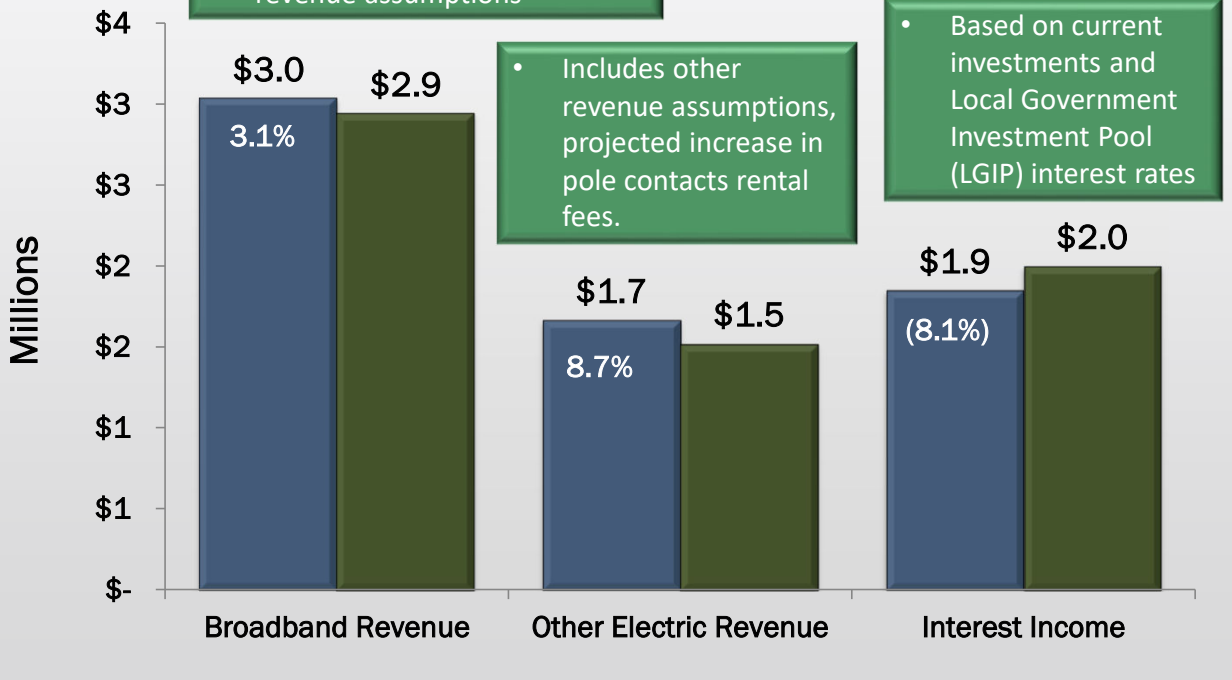
2027 Preliminary Budget
Total Revenue (excluding secondary market sales)
$159.2 million

- Includes a proposed 4% retail revenue increase effective April 1, 2027
- Assumptions from the 2026-2036 Ten-Year Load and Customer Forecast



*Includes City Occupation Tax and Bad Debt Expense

- Includes current Broadband revenue assumptions
- Includes other revenue assumptions, projected increase in pole contacts rental fees.
- Based on current investments and Local Government Investment Pool (LGIP) interest rates



2027 Preliminary Budget 2026 Original Budget

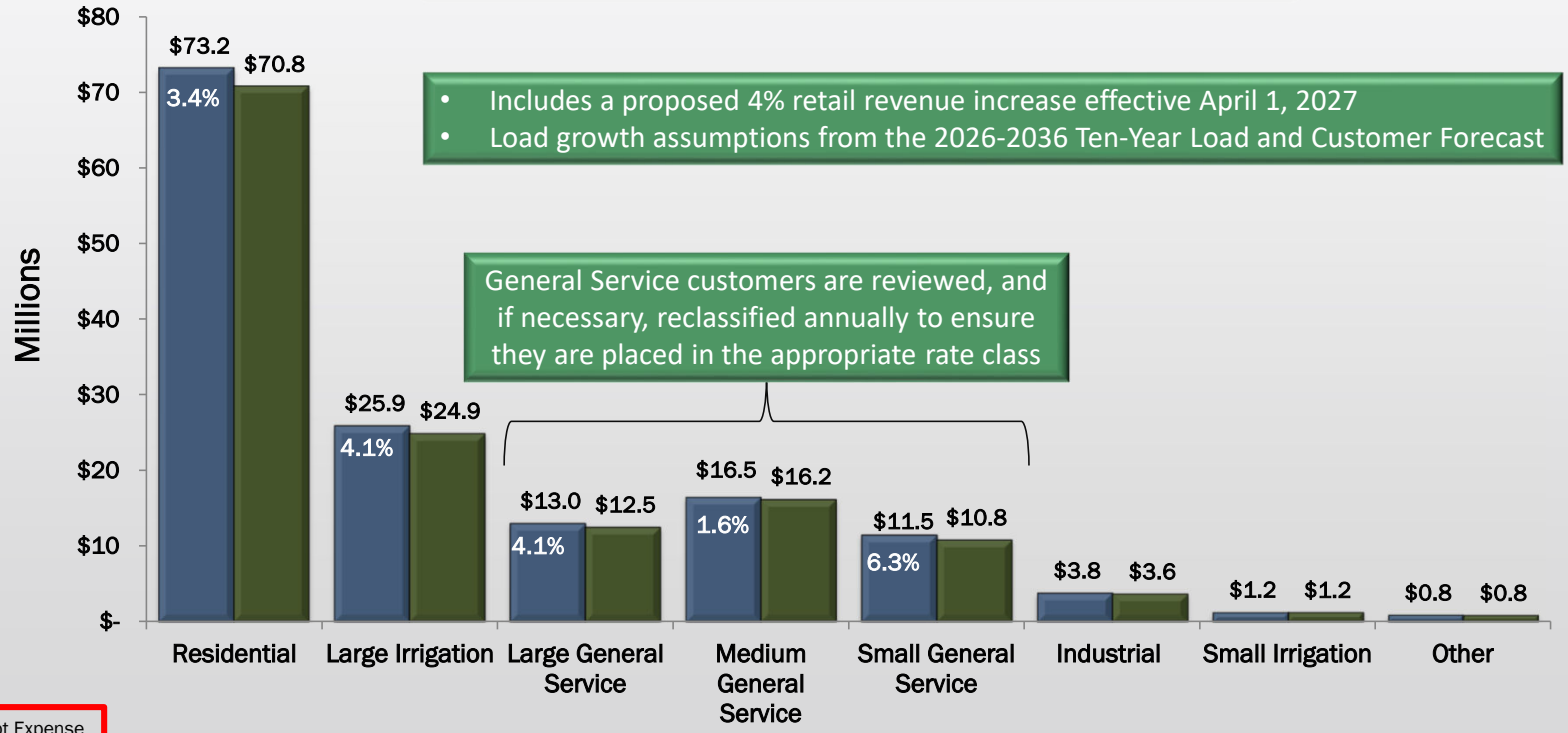
REVENUES

(ENERGY SALES – RETAIL CUSTOMER RATE CLASSES ONLY, EXCLUDES CITY OCCUPATION TAX & BAD DEBT EXPENSE)

2027 Preliminary Budget

Total Energy Sales – Retail Customer Rate Classes Only
$145.8 million





- Includes a proposed 4% retail revenue increase effective April 1, 2027
- Load growth assumptions from the 2026-2036 Ten-Year Load and Customer Forecast

General Service customers are reviewed, and if necessary, reclassified annually to ensure they are placed in the appropriate rate class

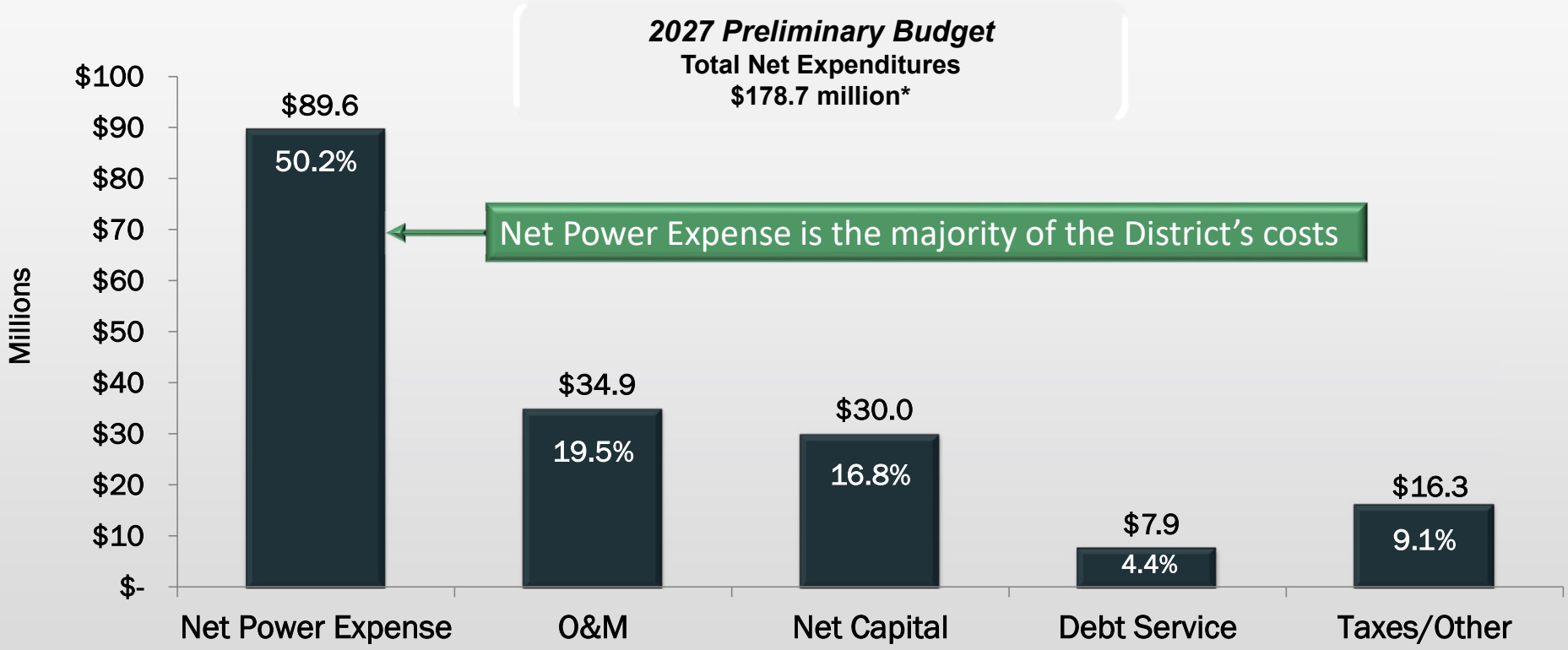
*Excludes City Occupation Tax and Bad Debt Expense

2027 Preliminary Budget 2026 Original Budget

Net Power Expenses (Jon Meyer)
(Including Secondary Market Sales)

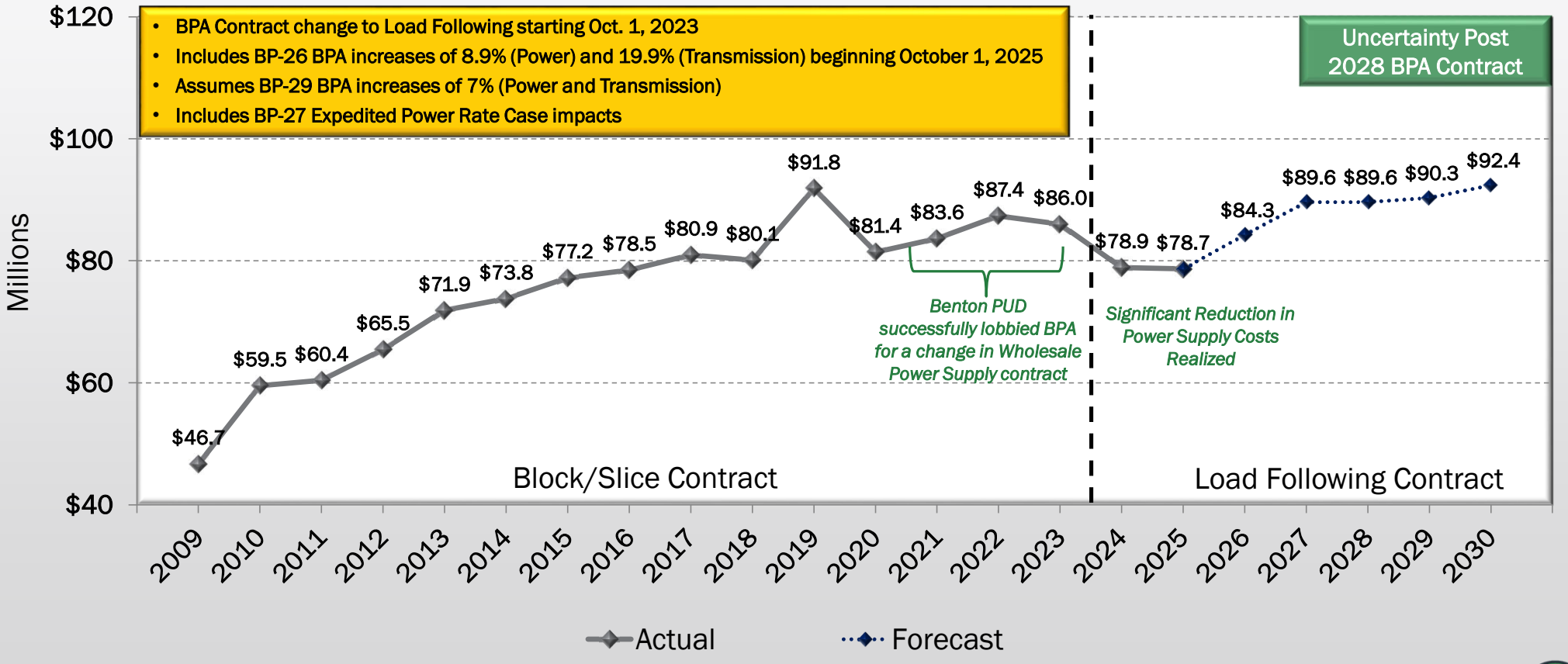
Key takeaways:
- BP-27 rate increase estimates (5.4% Power)

2027 Budgeted Expenses



** Net of secondary market sales of $1.7 million, capital contributions of $4.2 million, and Build America Bonds subsidy of $0.2 million*

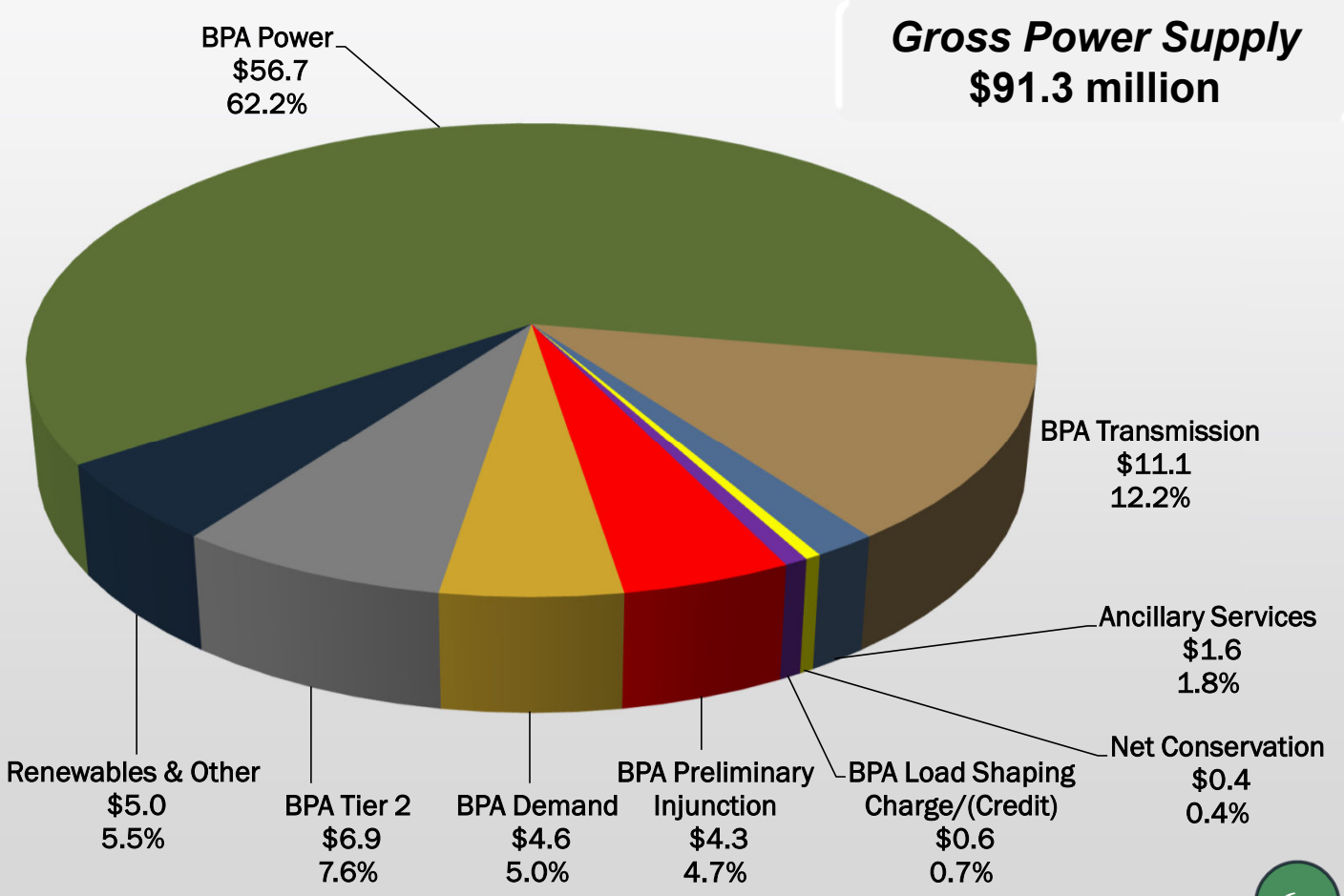
Net Power Costs*



* *Net power costs (NPC) = gross power costs (including power and transmission) less sales for resale.*

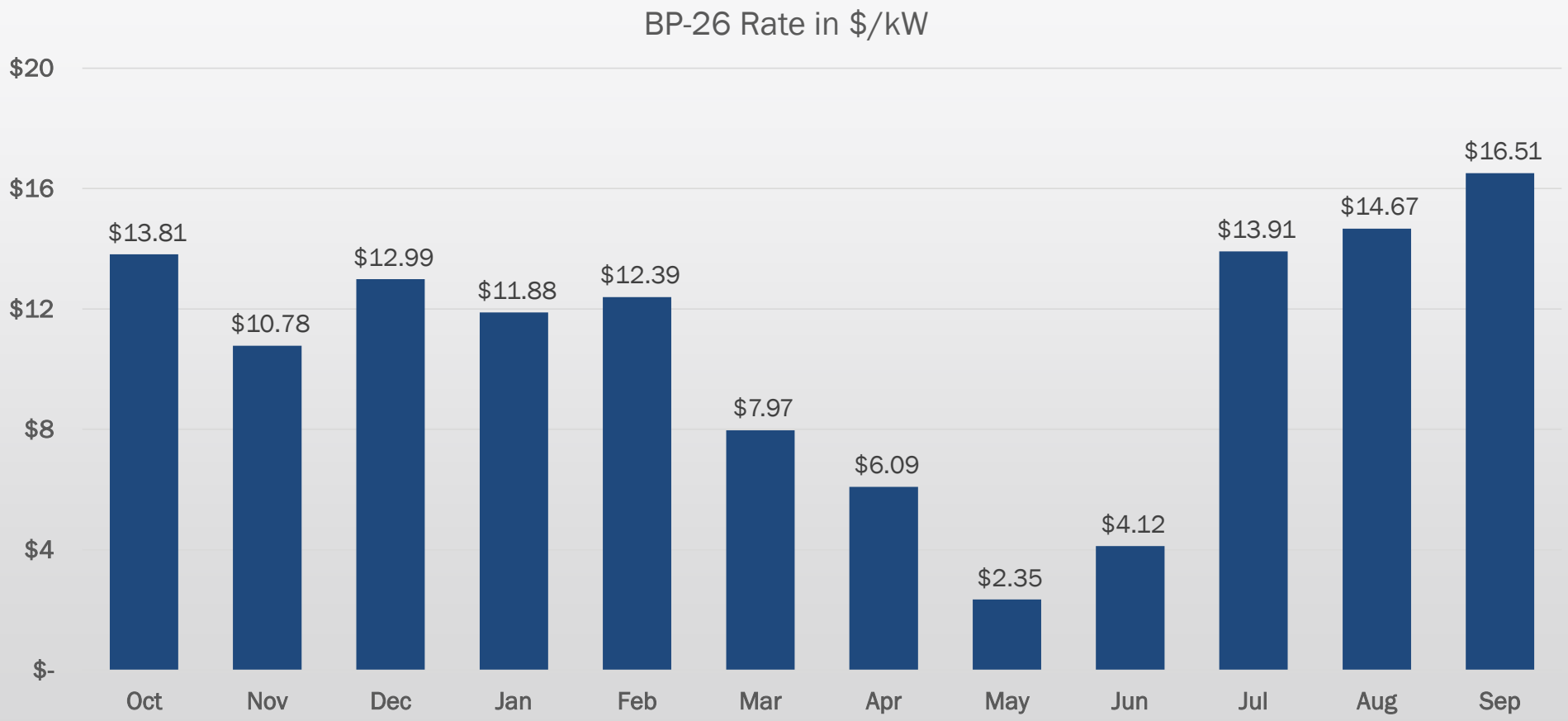
2027 Gross Power Supply Cost by Source

Description	Amount *Dollars in millions*
BPA Tier 1 Power	$56.7
BPA Tier 2	6.9
BPA Demand	4.6
BPA Load Shaping Charge/(Credit)	0.6
BPA Preliminary Injunction (BP-27)	4.3
BPA Transmission	11.1
Renewables & Other	5.0
Ancillary	1.6
Net Conservation	0.4
Gross Power Supply	**$91.3**
Less: Secondary Market Sales	(1.5)
Less: Transmission Sales	(0.1)
Net Power Expense	**$89.6**



BPA Demand Rates

Vary by Month and Rate Period



BPA Potential Adjustments/Surcharges

No adjustments or surcharges are currently assumed for 2027

BONNEVILLE POWER ADMINISTRATION

BP-26 Rate Proceeding

2026 Power Rate Schedules
and General Rate Schedule Provisions
(FY 2026-2028)

Q. Power Financial Reserves Policy Surcharge (Power FRP Surcharge)

The Power FRP Surcharge is an upward adjustment to certain rates that apply to the following products under the PF-26 Rate Schedule: Load Following, Block, and the Block portion of Slice/Block. The Power FRP Surcharge also applies to power purchased at the PF Melded Rate (PF-26), Industrial Firm Power Rate (IP-26), and New Resource Firm Power Rate (NR-26).

1. Power CRAC Amount

At the beginning of each fiscal year of the Rate Period (that is, each "applicable year"), BPA will calculate financial reserves available for risk that are attributed to Power Services (Power RFR) as of the end of the fiscal year preceding the applicable year. Based on the calculations below, a Power CRAC may trigger, resulting in a rate increase that will go into effect for the period of December 1 through September 30 of the applicable year.

1. Power RDC Amount

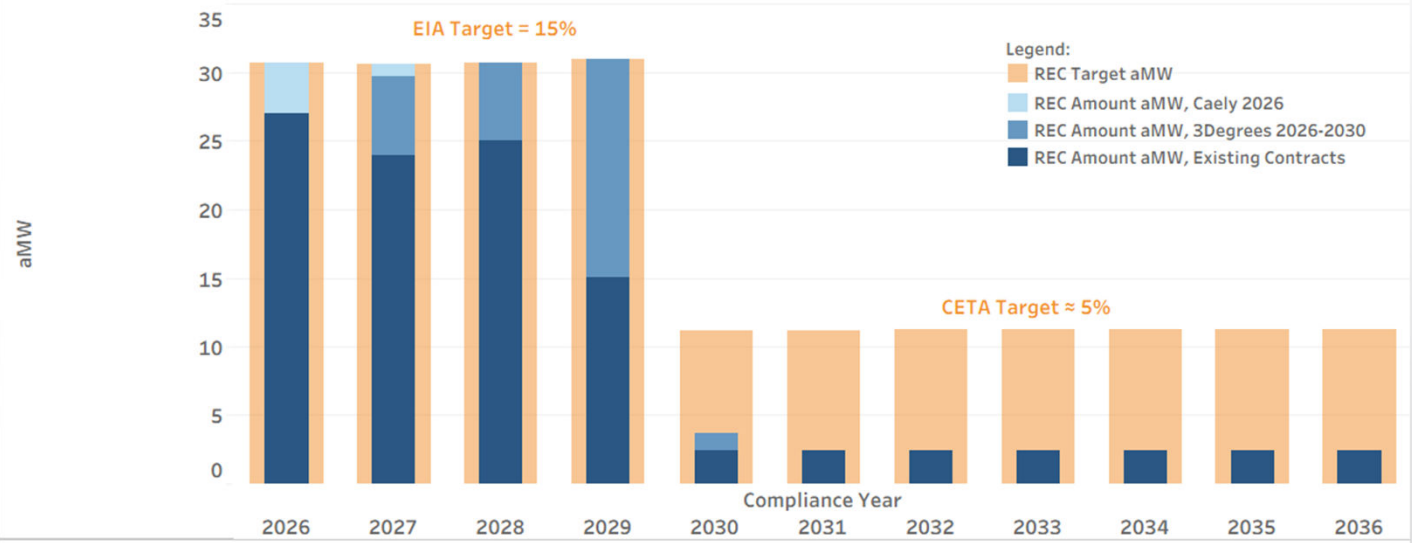
At the beginning of each fiscal year of the Rate Period (that is, each "applicable year"), BPA will calculate financial reserves available for risk that are attributed to Power Services (Power RFR) and financial reserves available for risk that are attributed to BPA (BPA RFR) as of the fiscal year preceding the applicable year. If Power RFR is greater than the Power RDC Threshold for that applicable year by at least $5 million, and BPA RFR is greater than the BPA RDC Threshold for that applicable year by at least $5 million, the Administrator will determine a Power RDC Amount. If the Administrator determines that all or part of the Power RDC Amount will be applied to a Power DD, the resulting rate decrease will go into effect beginning the month following the issuance of the Power RDC decision through September 30 of the applicable year.

GHG Neutral Standard

Primary + Alternative = 100%

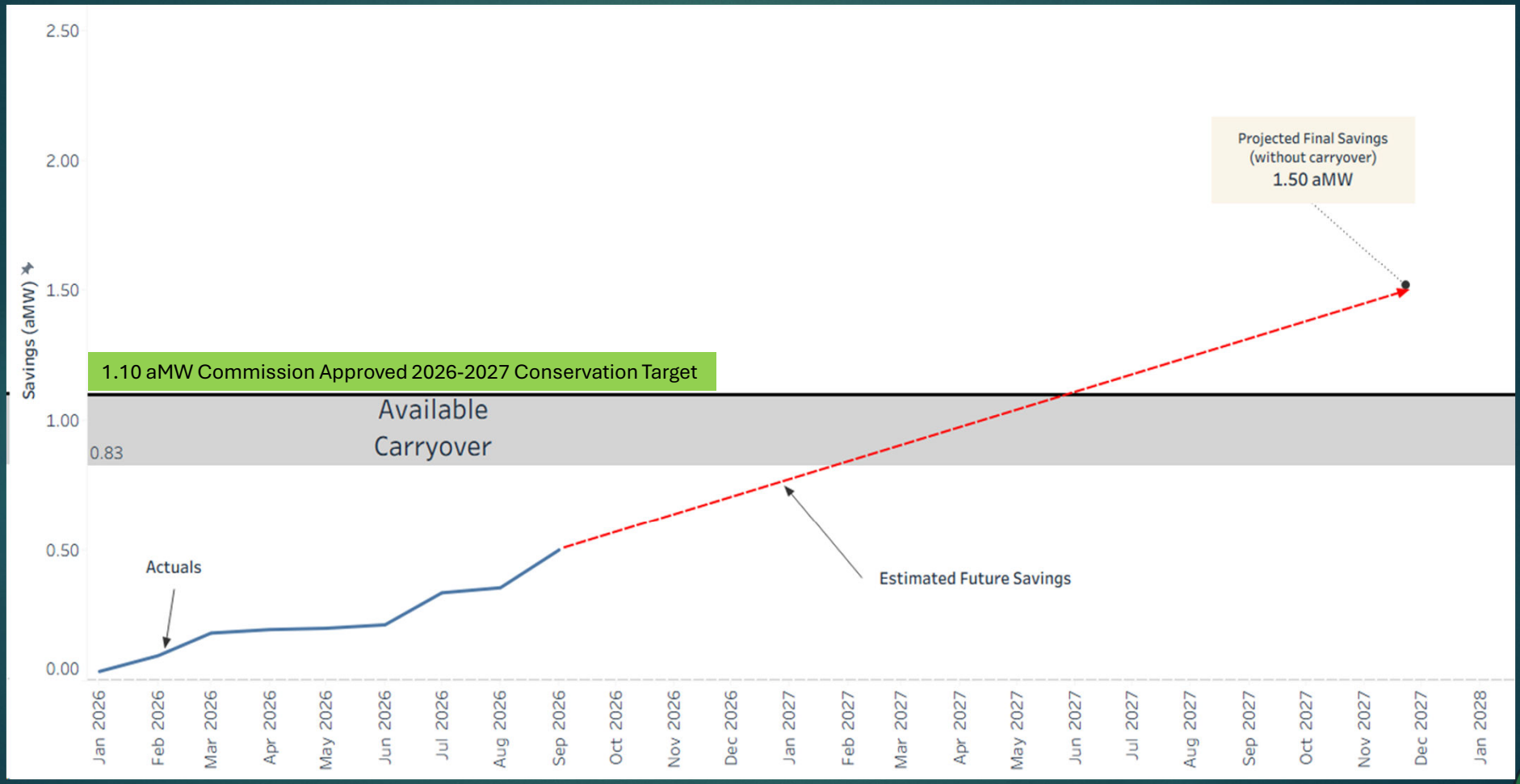
- **Primary Compliance**
  - ☑ At least **80% clean by 2030**
- **Alternative Compliance**
  - **From 2030-2044**, may satisfy **up to 20%** with **alternative compliance**
  - **CEIP** must identify **planned use** of these **alternatives**:
    1. Pay the Penalty Amount
    2. Energy Transformation Projects
    3. Municipal Solid Waste
    4. ☑ **Renewable Energy Credits (REC)**
       - **Already** procuring for Energy Independence Act (EIA) compliance
       - **CETA reduces EIA from 15% to 5%**
- **CEIP Actions? No incremental resource actions are planned**

Renewable Energy Credits - Compliance
Net Position by Compliance Year

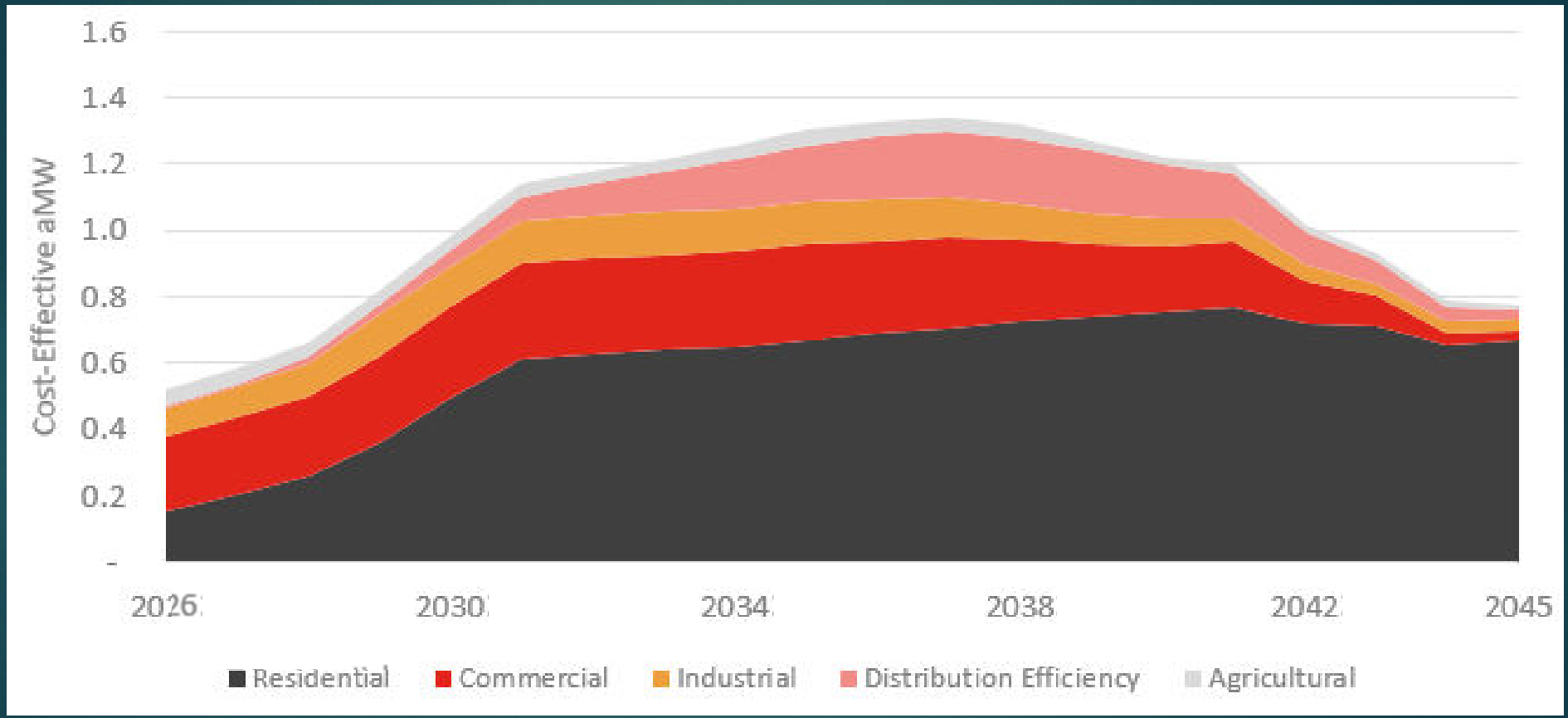


	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
REC Amount aMW	30.7	30.6	30.7	31.0	3.8	2.5	2.5	2.5	2.5	2.5	2.5
REC Target aMW	30.7	30.6	30.7	31.0	11.2	11.2	11.2	11.2	11.2	11.2	11.2
REC Net Position aMW	0.0	0.0	0.0	0.0	-7.4	-8.7	-8.7	-8.7	-8.7	-8.8	-8.8
REC Amount MWh	269,006	267,814	269,637	271,217	32,890	21,651	21,651	21,651	21,651	21,651	21,651
REC Target MWh	269,006	267,814	269,637	271,217	97,727	97,884	98,303	98,138	98,261	98,350	98,693
REC Net Position MWh	0	0	0	0	-64,837	-76,233	-76,652	-76,487	-76,610	-76,699	-77,042

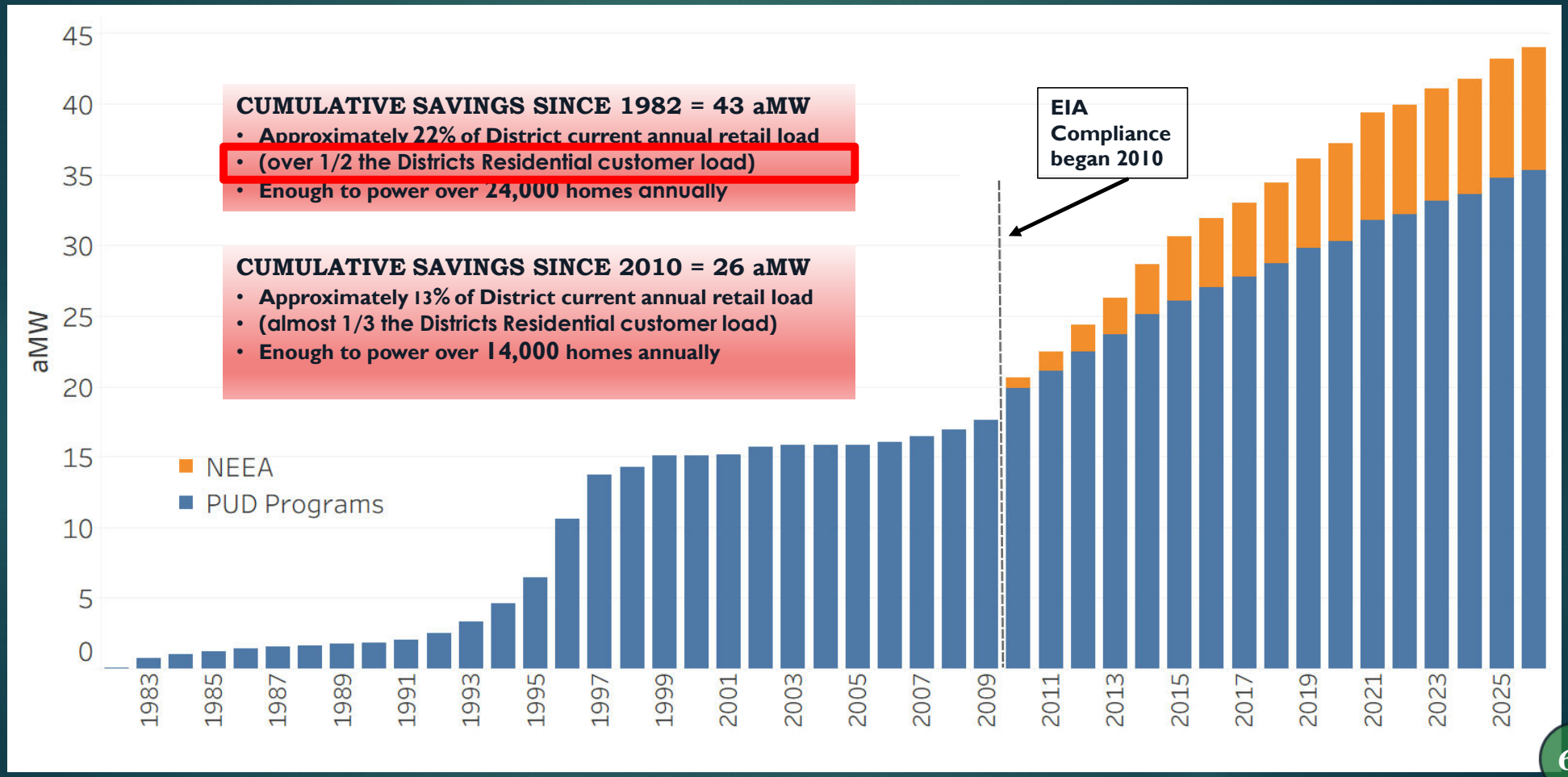
2026-2027 Total Conservation Achieved



2026-2045 CPA Total Results by Sector



District 1982-2026 Conservation Energy Savings



CAPITAL PLAN (CHRIS FOLTA)

Key takeaways:

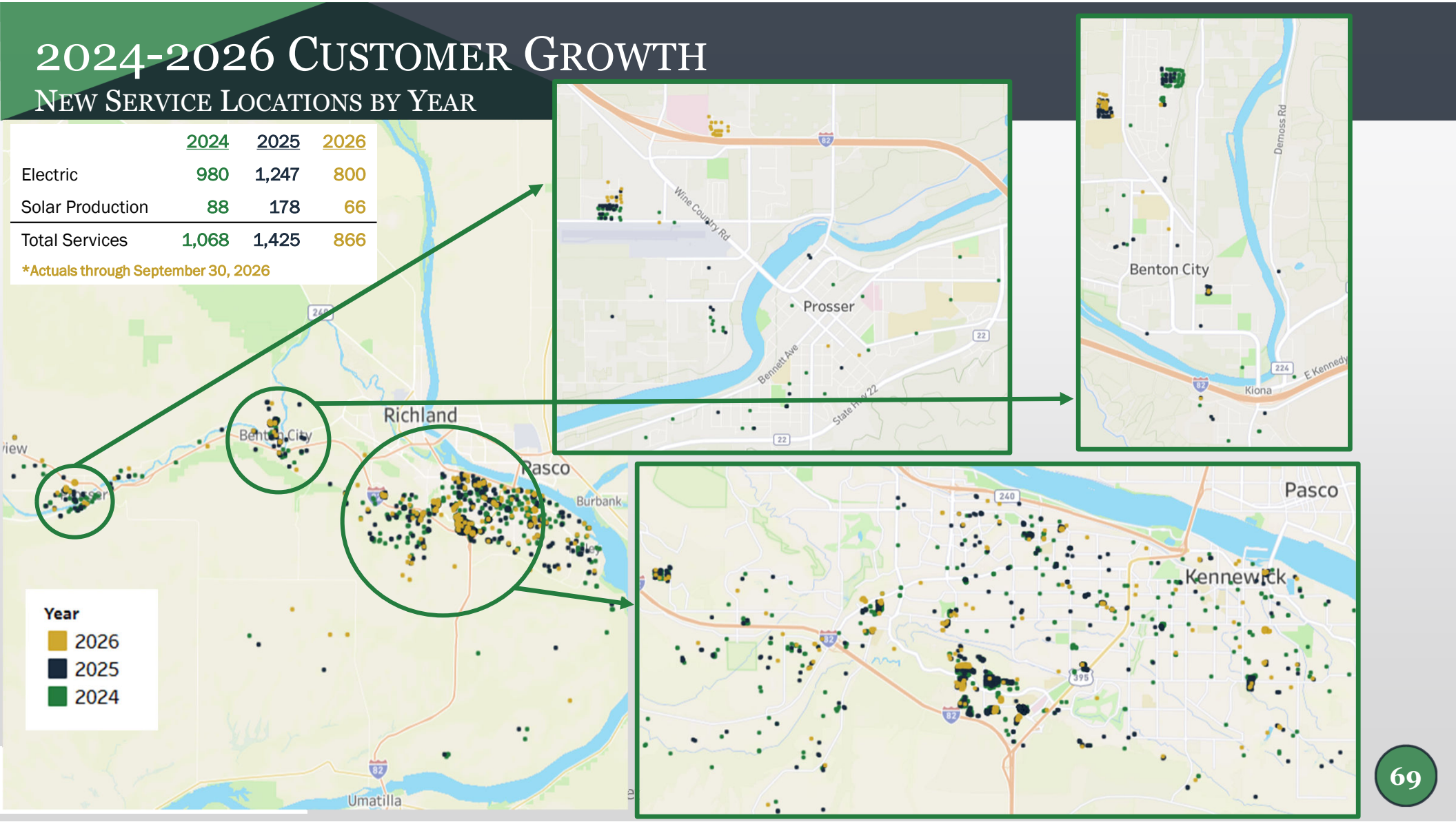
- Maintaining the District's system and accommodating growth
- Developing the 21st Century Power Grid
  - Capacity and reliability

2024-2026 Customer Growth

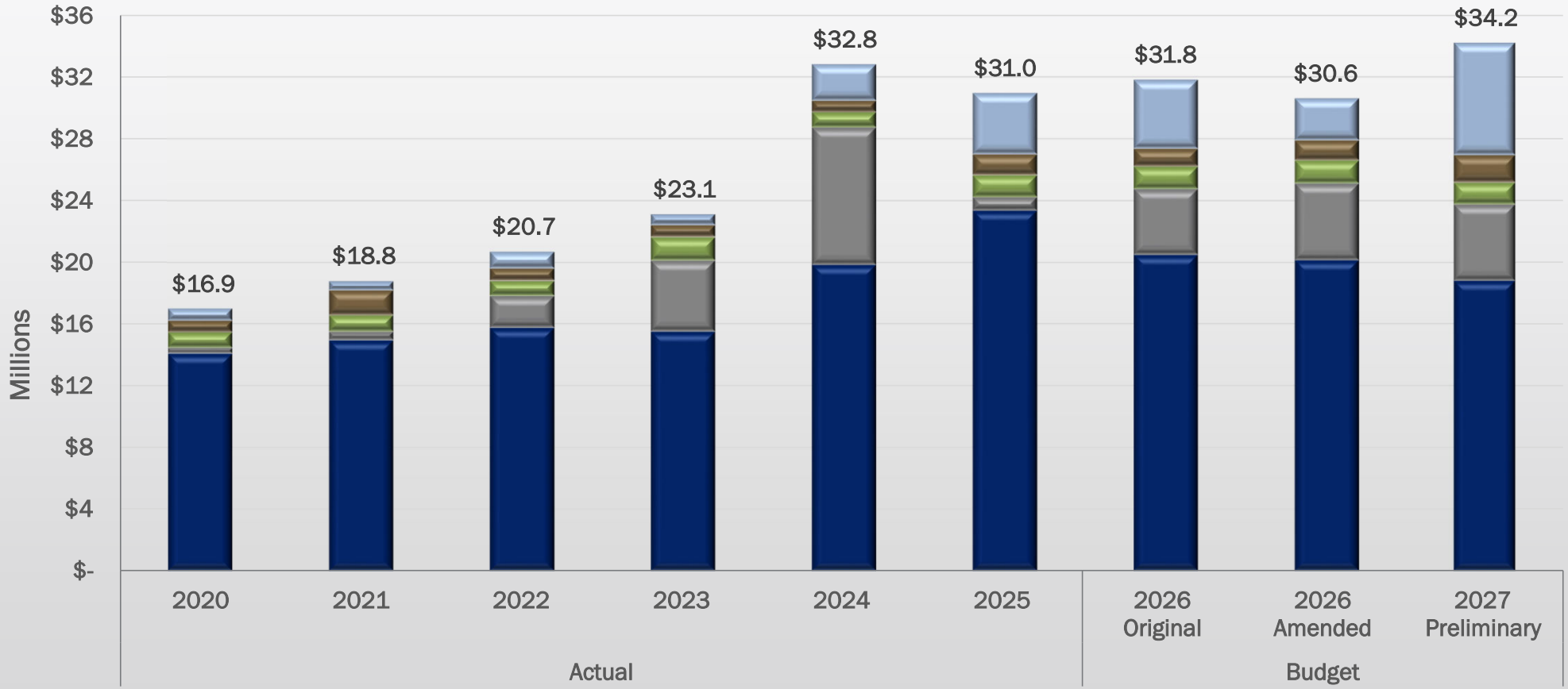
New Service Locations by Year

	2024	2025	2026
Electric	980	1,247	800
Solar Production	88	178	66
Total Services	1,068	1,425	866

*Actuals through September 30, 2026

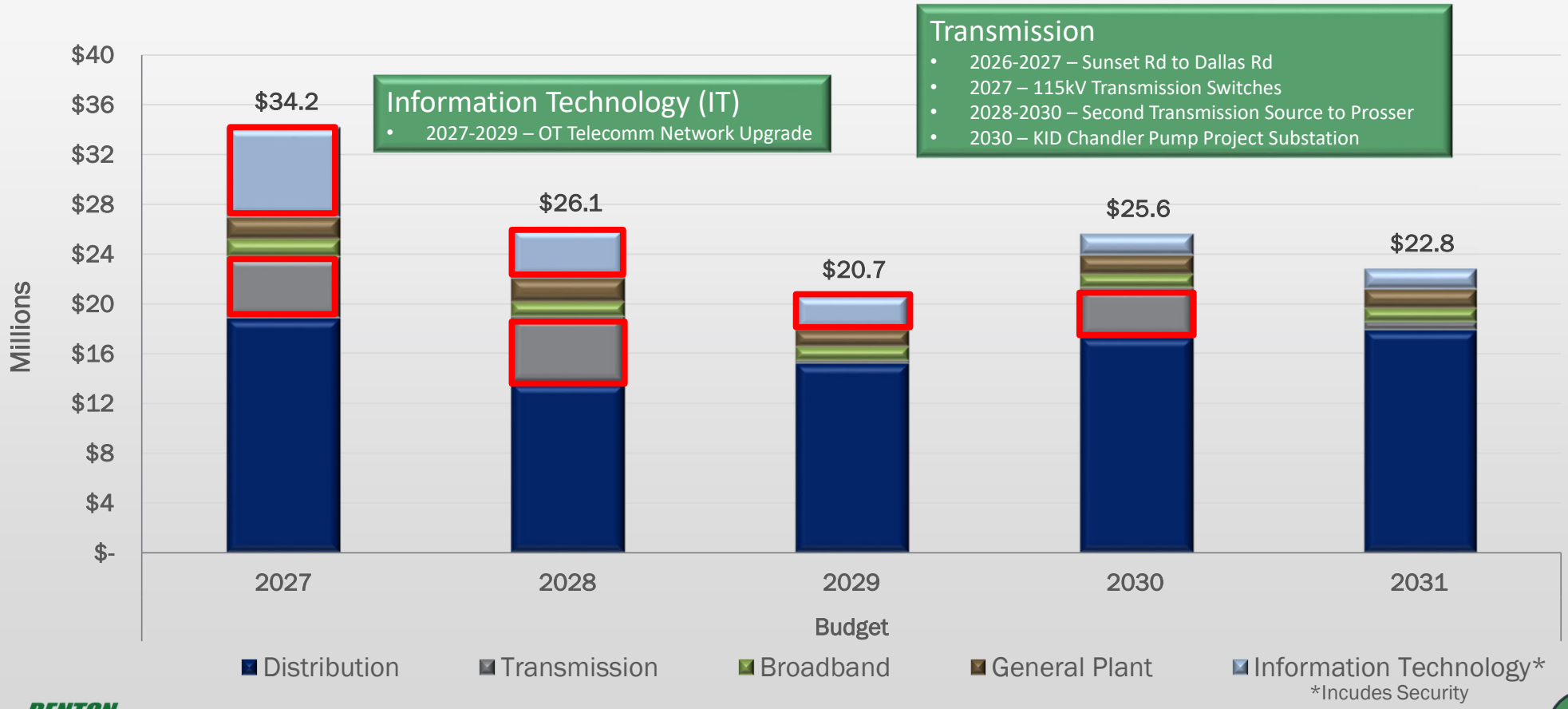


2020 – 2027 Gross Capital Expenditures by Category



*Incudes Security

2027 - 2031 Gross Capital by Category



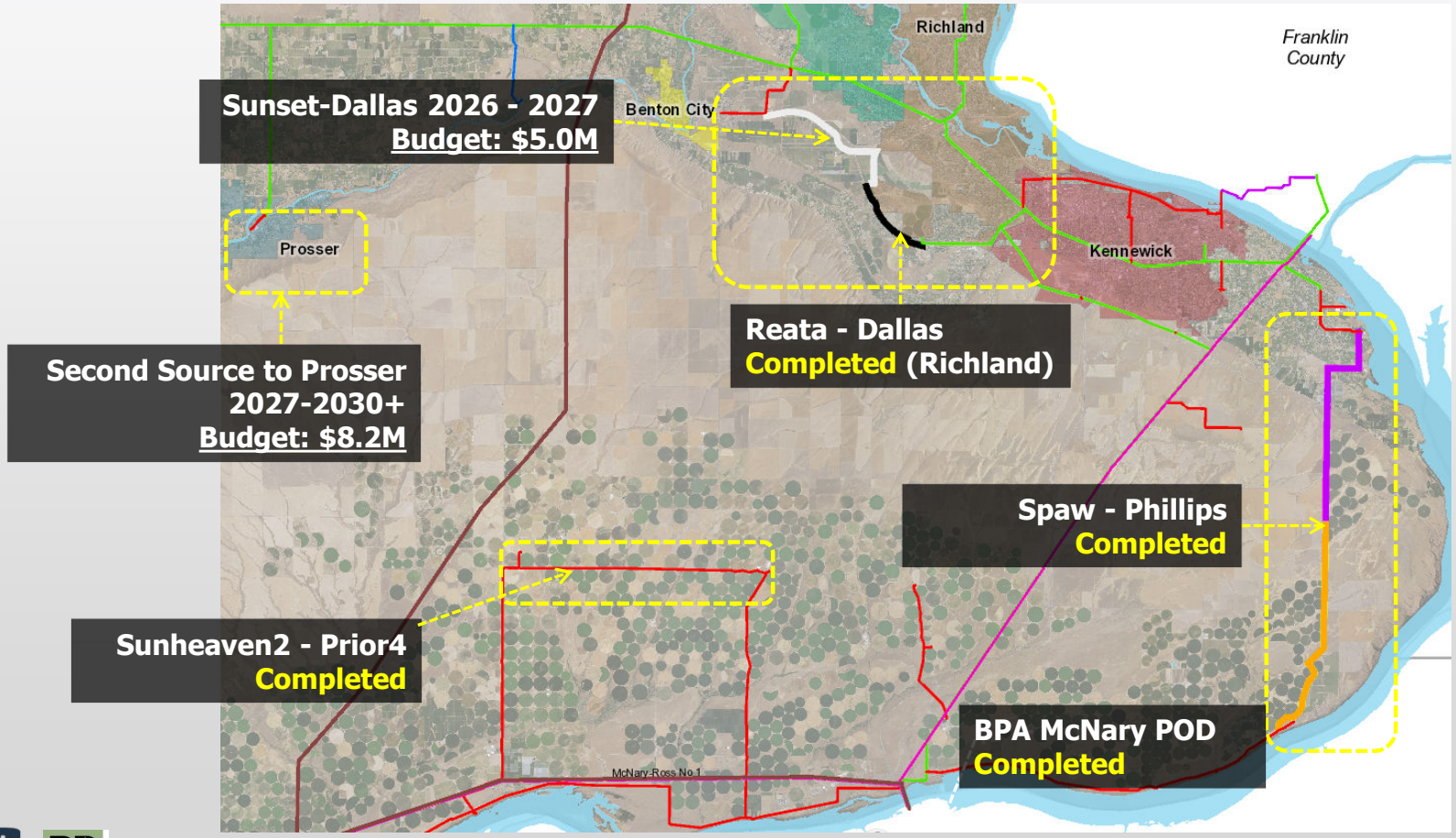
2027 Capital Projects

2027 Capital Projects (Amounts in Thousands)	
Transmission Subtotal (13.4%)	**$4,931**
Sunset Rd to Dallas Rd	2,940
Southridge Transmission Extension To S/O I-82	388
North River Crossing 115kV Steel Deadend Upgrade	287
Mabton to Prosser (BPUD Service Territory)	275
Transmission Switch Upgrades BC190, New SW W/O H2F1 Tap	258
Switch Upgrade/Additions	254
Other	529
Distribution Subtotal (64.5%)	**$18,841**
Customer Growth	7,791
Repair & Replacement - Cable, Pole, and Other (Multiple Year Project)	3,536
Capacity & Reliability - District 5-Year Plan	2,273
Distribution other (Project Management Labor & Other)	1,617
Capacity & Reliability - District System Improvement	1,225
Meters	1,091
Capacity & Reliability - Substation	763
Capacity & Reliability - SCADA	545

2027 Capital Projects (Amounts in Thousands)	
Information Technology Subtotal (14.1%)	**$7,267**
OT Telecomm Network Upgrade	4,539
Network Infrastructure	1,420
Kennewick Lobby Remodel	980
Enterprise Security System (Substations & Cameras)	318
Enterprise Applications	10
General Plant Subtotal (3.5%)	**$1,763**
Transportation - Heavy Duty Vehicles (Aerial Lifts)	600
Transportation - Light Duty Vehicles (Pickups & Cars)	420
Facilities Improvements and Other	396
Transportation - Equipment/Trailers	169
Line Department	88
Meter Shop	80
Auto Shop and Other	10
Broadband Subtotal (4.5%)	**$1,406**
Customer Connections (Multi-tenant, line extensions)	736
Backbone and Laterals	545
Electronics and Other	125
Gross Capital	**$34,208**

Transmission Reliability Improvement Projects

115-kV Transmission Lines for Redundancy



SUBSTATIONS & DISTRIBUTION: ~$18.8M



Customer Growth: $7.8M
~$3.2M Secondary Transformers
~4.4M Distribution Base Growth*

*1,000 new electric services



Capacity & Reliability: $5.0M
~$0.3M Badger Canyon Substation Property
~$1.0M Substation Controls, & Batteries
~$1.2M Distribution System Improvement
~$2.3M Plan of Service Projects
~0.15M Distribution Regulators



Repair & Replace: $3.5M
~$2.0M Cable Replacements
~$1.5M Maintenance (Trouble Orders)

General Plant (Chris Folta)

Key takeaways:

- Tool and Equipment replacement for Operations

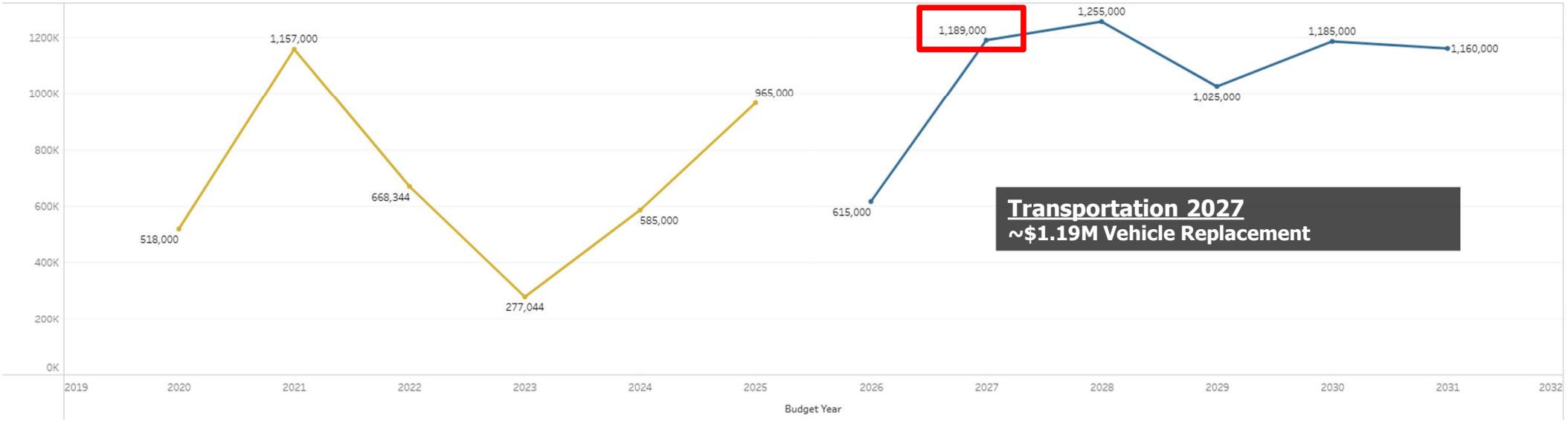
Historical Fleet Budget vs Proposed Fleet Budget

Historical Fleet Budget ~ 6 year Average

$695,065

Proposed Fleet Budget ~ 6 year Average

$1,071,500



Historical Fleet Total Budget

$4,170,388

Proposed Fleet Total Budget

$6,429,000

Evaluation When to Replace a Vehicle

Estimated Replacement Value Entire Fleet~$19M - $20M

Original Method

POINTS = AGE + MILES/HOURS

Age: 1 point per year Miles: 1 point per 10,000 miles

REVIEW THRESHOLDS

Acceptable	<15 points
Need to Review	15-24 points
Need to Replace	>25 points

WHAT IT DID NOT FULLY CAPTURE

Condition & inspections
Actual mechanical and structural condition

Parts availability
OEM support, obsolete components, secondary sourcing

Maintenance history & cost
Repair trend, repeat failures, total cost of ownership

Utilization & assignment
High-use roles versus spare or backup equipment

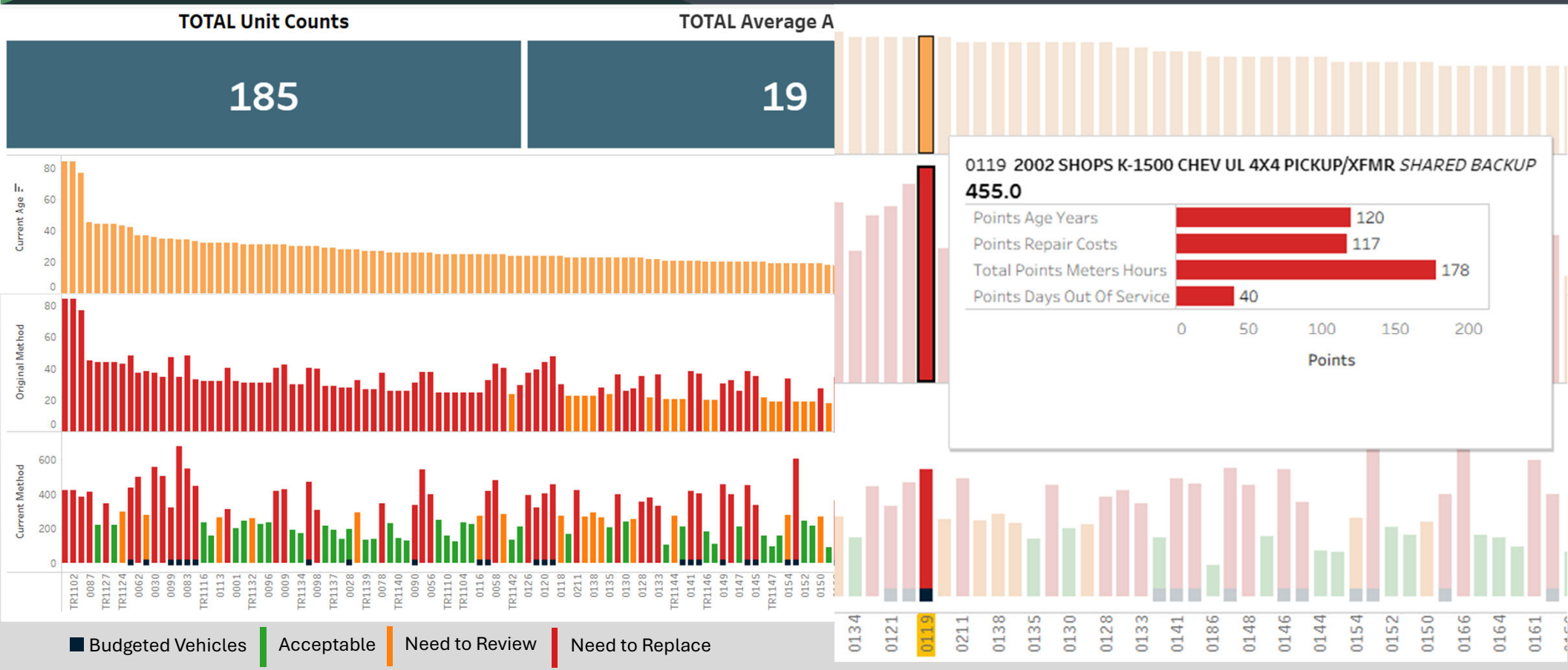
Downtime & risk
Crew impact, rentals, emergency replacement lead time

Original Method created a starting point — not a full lifecycle replacement strategy

BENTON P·U·D

Reliable Public Power Provider

Fleet Health & Replacement Dashboard



Full Lifecycle Fleet Replacement Strategy

Historical

$695K
Annual average replacement budget

$4.17M
Total Capital 2020- 2025

185
Total Units 2026

19 yrs
Current Average Fleet Age in 2026

Proposed

$1.07M
Annual average replacement budget

$6.42M
Total Current Capital Plan 2026 - 2031

184
Total Units 2031

15 est
Average Fleet Age by 2031



BROADBAND (JENNIFER HOLBROOK)

Key takeaways:

- Community partnership for fiber extension
- System Improvements for network capacity and growth
- Strategic hardware replacements to maintain capabilities

2027 Broadband Revenue, Capital, and Net Cash Flow

Dollars in thousands	2027 Budget	2026 Original Budget	Increase/ (Decrease)	% Change
Revenue	$3,037	$2,943	$94	3.2%
Operating Expenses	(1,319)	(1,310)	(9)	(0.7%)
Net Income [1]	**1,718**	**1,633**	**85**	**5.2%**
Base Capital	1,406	1,445	(39)	(2.7%)
Capital Contributions	(75)	(75)	-	0.0%
Net Capital	**1,331**	**1,370**	**(39)**	**(2.8%)**
Total Broadband Cash Inflow/(Outflow)	**$387**	**$263**	**$124**	**47.1%**

16 Consecutive Years Net Cash Positive!	Future 5 Years (2026-2030)	Previous 5 Years (2021-2025)
Five Year Rolling Net Cash Test	**$3.9M**	**$3.5M**

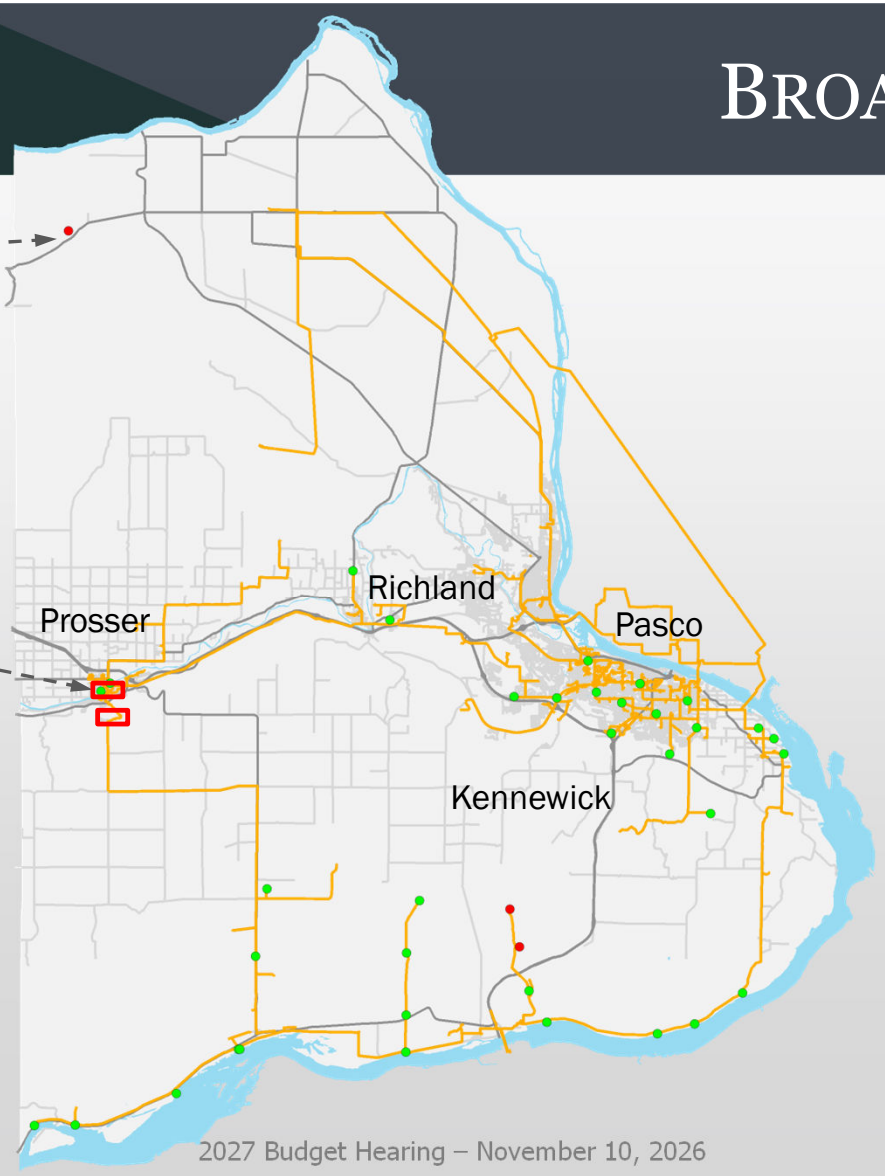
1) Summary does not include depreciation

BENTON PUD

BROADBAND SYSTEM

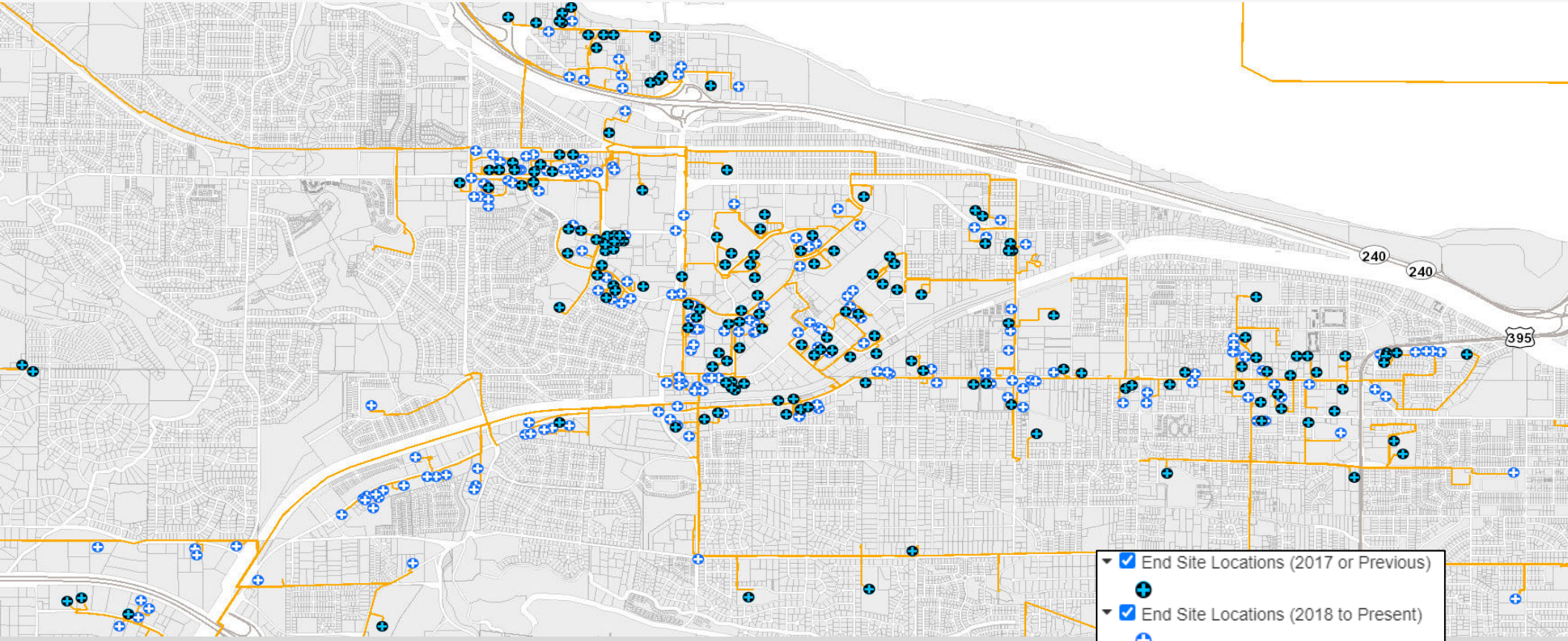
Fiber to Cold Creek Substation: ~$300K

Relocate Courthouse Node to PUD Co-Lo: $100K



Fiber Miles:	**~560**
Fiber Customers:	**791**
Wireless Customers:	**19**
2027 Capital Plan:	**$1.4M**

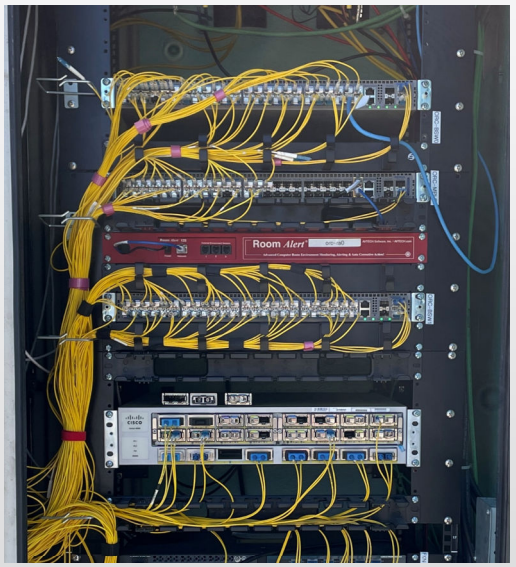
Customer Connect Line Extensions: ~$459K



Projected 2027 Connections: 40 – 50

Strategic Equipment Replacements: ~$175K





High Density port equipment, Node Hardware, Premise, and Spare Telecom Equipment: $175K

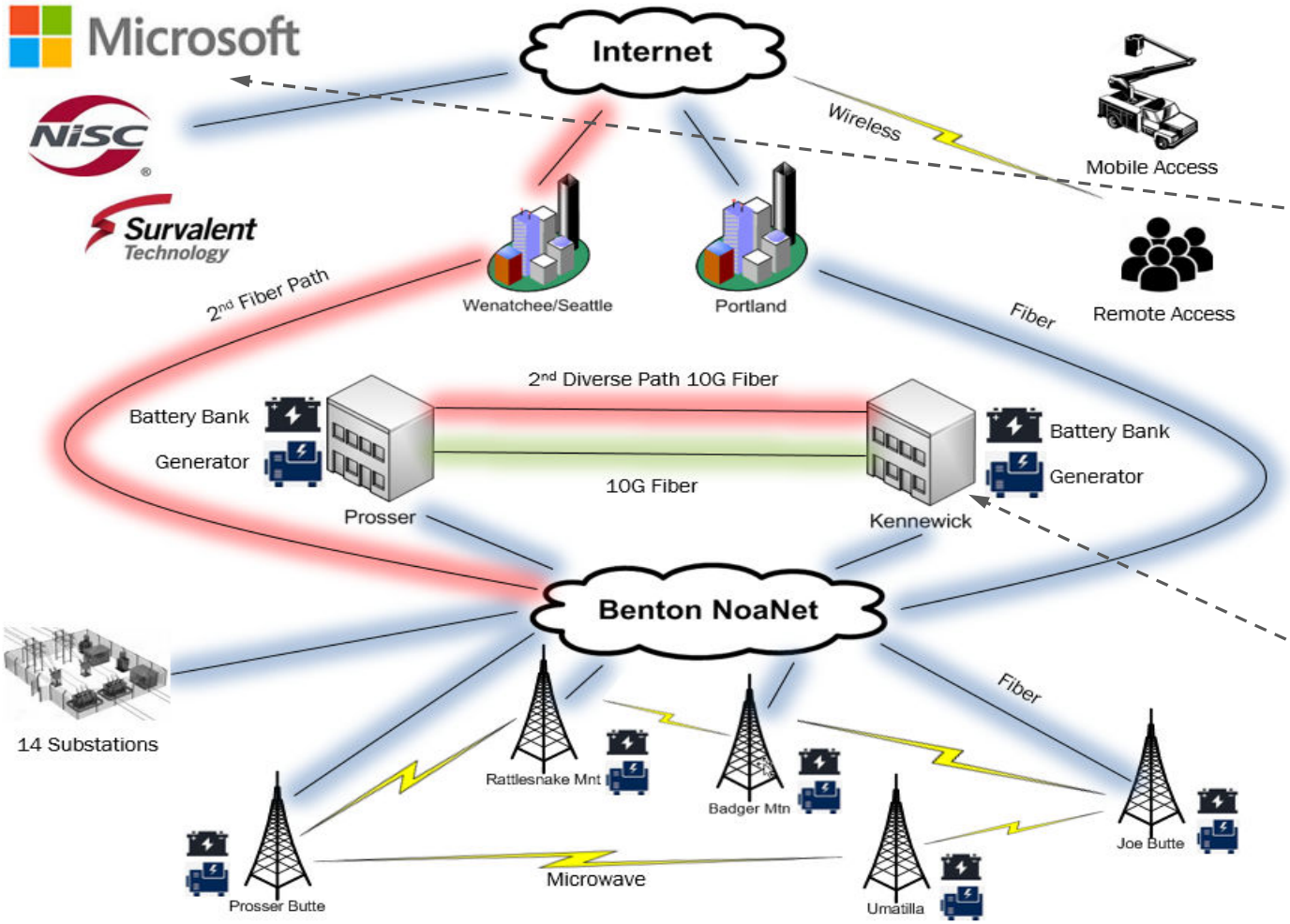
INFORMATION TECHNOLOGY (JENNIFER HOLBROOK)

Key takeaways:

- Strategic hardware replacements to maintain capabilities
- Aged equipment upgrades

Information Technology: ~$1.42M in 2027

Software and Aged-Equipment Replacements

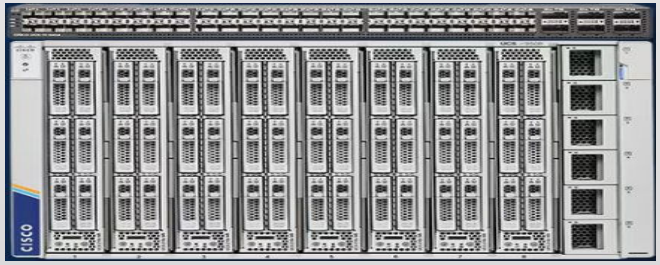


Server Software:	**$30K**

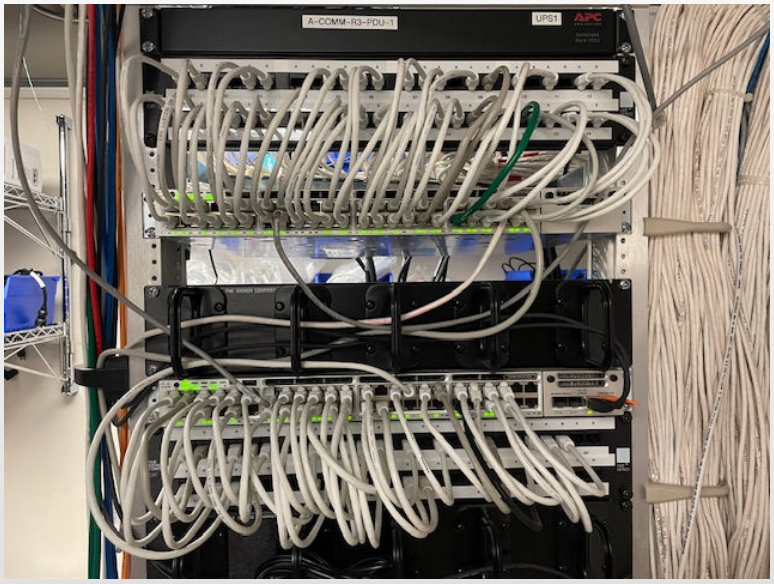
Server, Switch Equipment:	**$950K**
Storage Expansion:	**$275K**
Commission Room A/V:	**$25K**
Wi-Fi Upgrades:	**$125K**
Multi-Function Printer:	**$15K**

Virtual Server & Network Switch Replacements: ~$950K





UCS Servers: $800K





Network Switches: $150K

Storage Area Network Upgrade: ~$275K



Storage Network (expand capacity): $275K

IT Capital Equipment ~$165K



Multi-Function Printer: $15K



Wi-Fi Upgrades: $125K



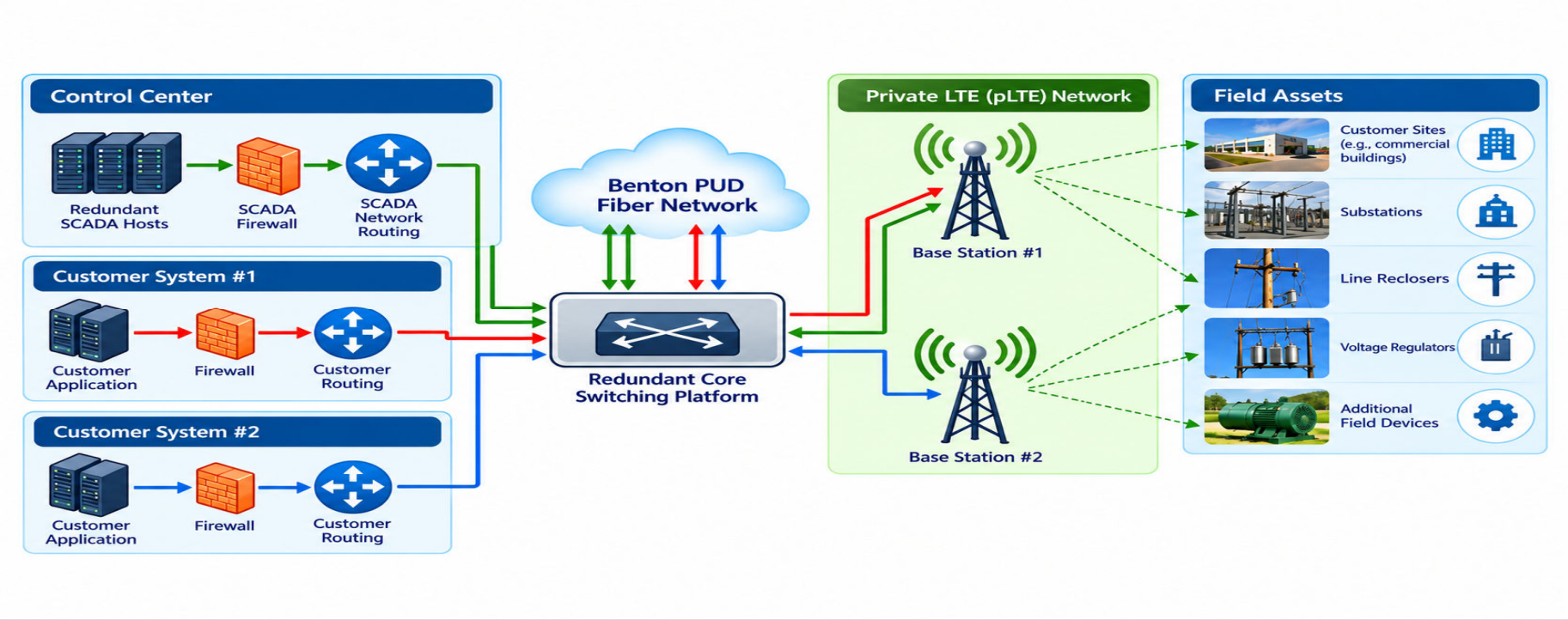
Commission Room A/V Update: $25K

OPERATIONAL TECHNOLOGY (JENNIFER HOLBROOK)

Key takeaways:

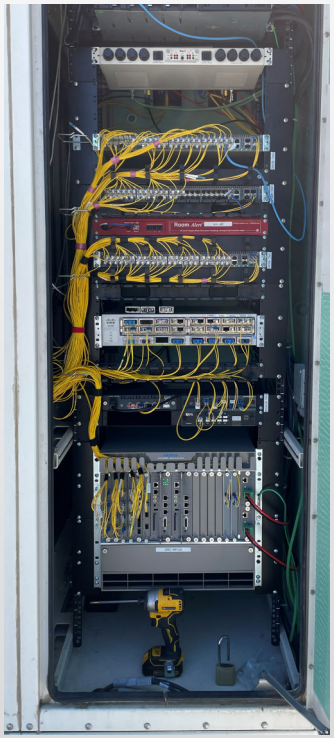
- OT Telecommunications Network Upgrade
- OT Capital Equipment
- Load Reduction Software

Operational Technology: ~$4.5M in 2027
OT Telecom Upgrade: ~$4M



OT Network System Design, Planning, Equipment Procurement-initial: $4.04M

Operational Technology Capital Equipment: ~$215K



Substation Router Replacements: $40K

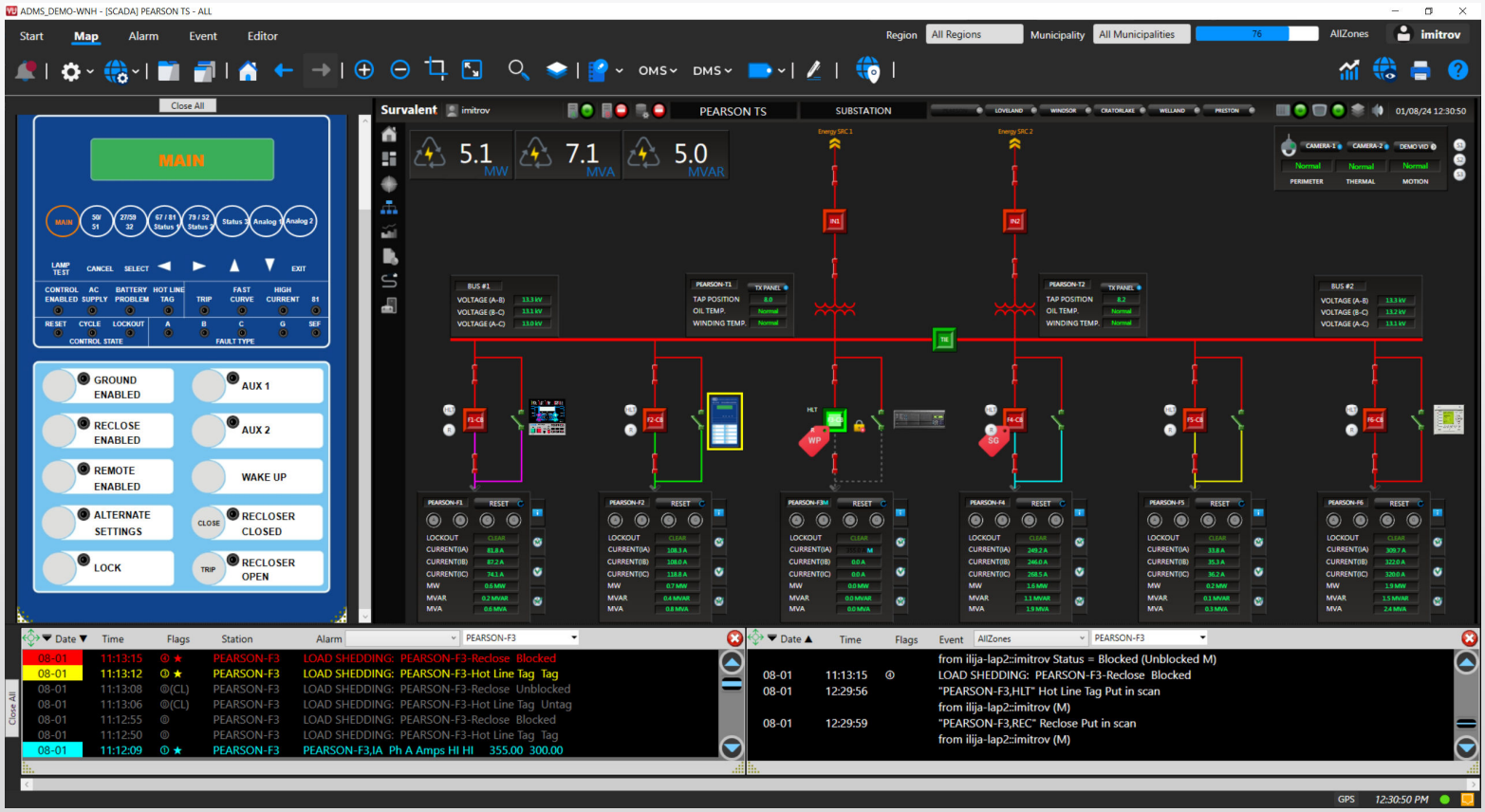


Cellular Routers: $100K



WAN Switches: $75K

OPERATIONAL TECHNOLOGY SOFTWARE: ~$180K



Emergency Load Reduction Software: $180K

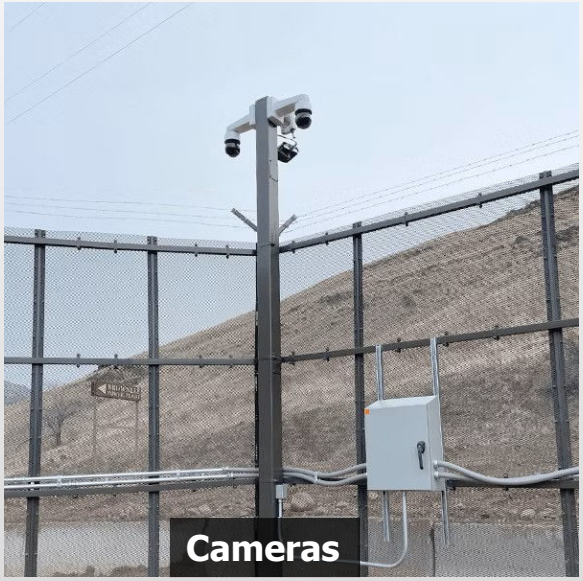
SECURITY (JENNIFER HOLBROOK)

Key takeaways:

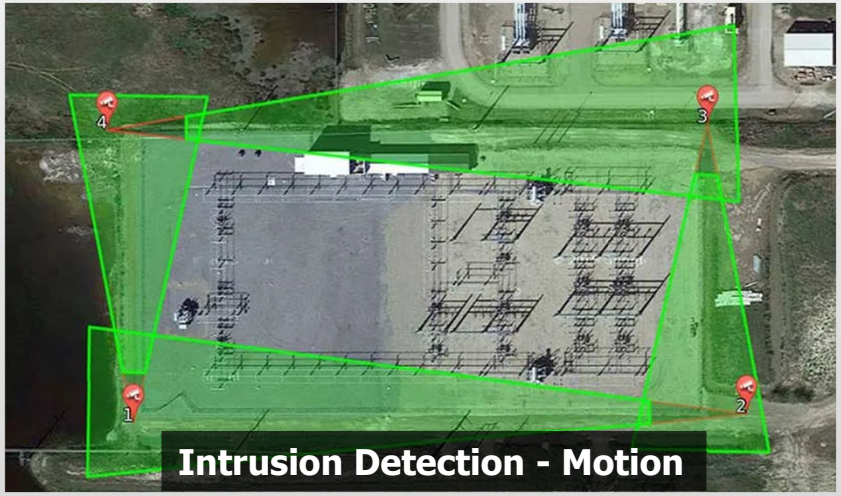
- 2026-2030 Strategic Plan Action Item
- Electric Substation physical security focus
- Mitigate risks to critical infrastructure
- Safety of employees and public through facility improvements

SECURITY: ~$1.3M IN 2027

SUBSTATION SECURITY IMPROVEMENTS ~$250K


Cameras





Intrusion Detection - Motion


Intrusion Detection – Fence Cut


Access Control

Substation Security Improvements (cameras, access control, intrusion detection): $250K

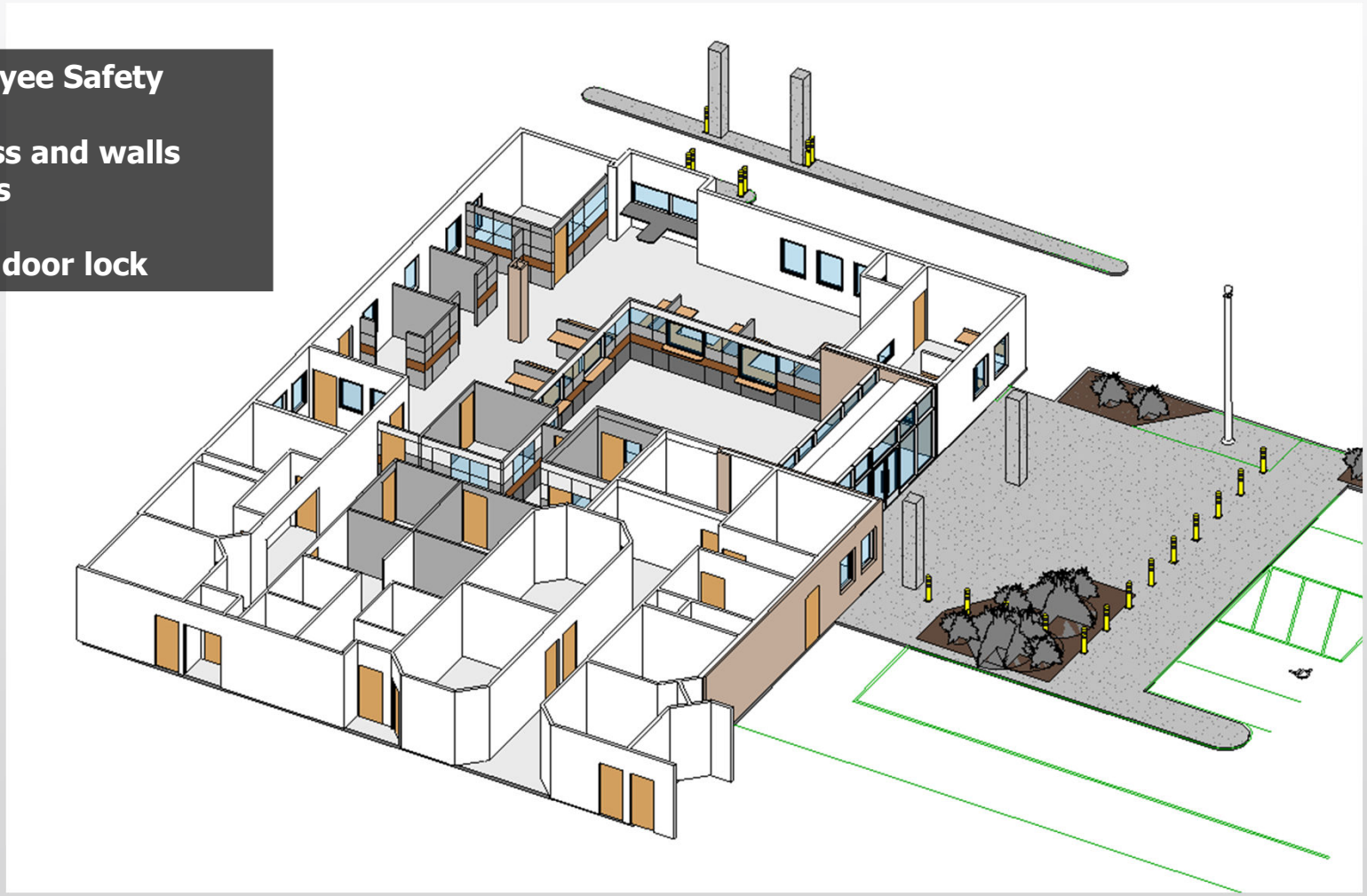
Kennewick Lobby Remodel ~$0.98M

Budgeted originally in 2024, Project Deferred to 2027

Focused on Employee Safety

Ballistic rated glass and walls
Protective bollards

Push button front door lock

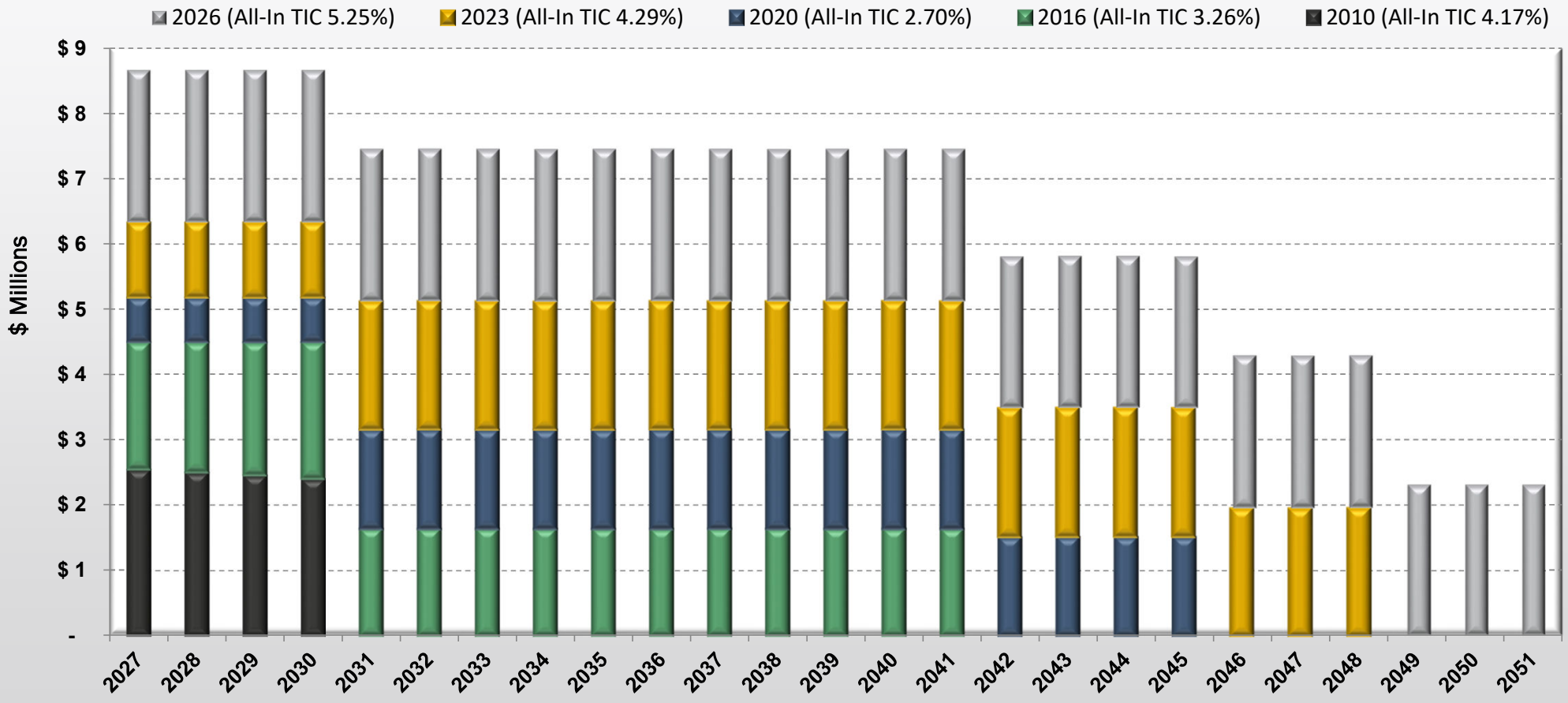


DEBT SERVICE (JON MEYER)

Key takeaways:

- Good fiscal stewardship through sound financial planning
- Issued $32 million in bonds in 2026

Current Debt Service Schedule



2026 Debt Service, Taxes, and Other

Dollars in thousands	2027 Budget	2026 Original Budget	Increase/ (Decrease)
Other Expenditures:			
Taxes	$16,319	$15,788	$531
Interest Expense *	4,692	3,149	1,543
Debt Service Principal	3,705	2,930	775
Debt Premium & Expense Amortization	(541)	(505)	(36)
Total Other Expenditures	**$24,175**	**$21,362**	**$2,813**
Non-Cash Expenses			
Depreciation/Amortization	13,721	13,138	583
Total Non-Cash Expenses	**$13,721**	**$13,138**	**$583**

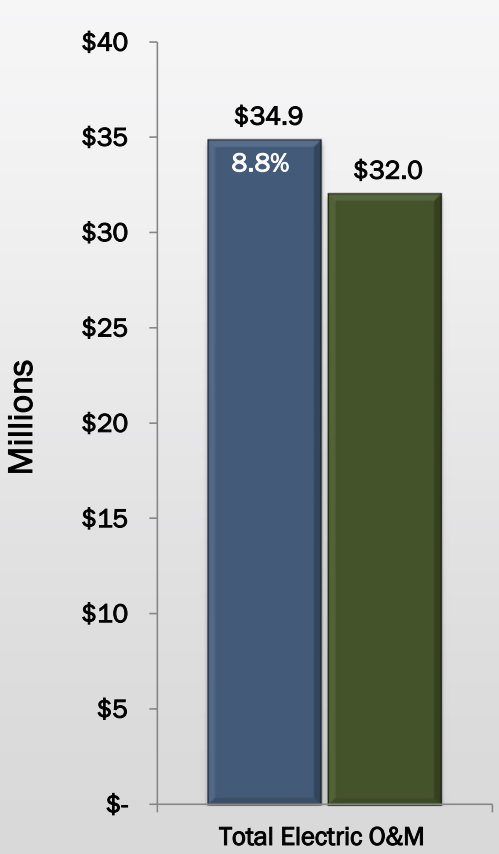
**Interest expense is net of the Build America Bonds federal subsidy of $0.2 million*

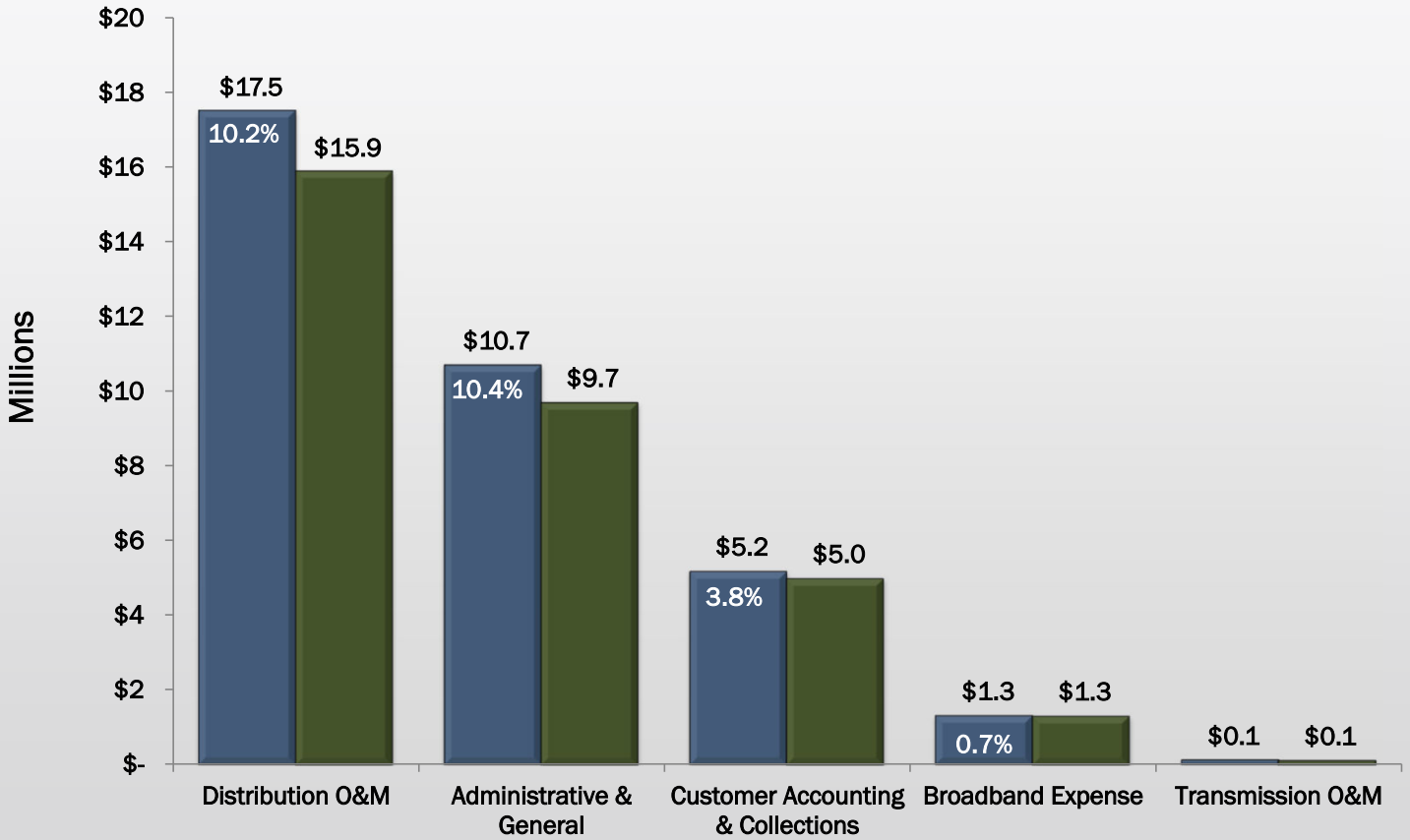
NON-POWER O&M COSTS (JON MEYER)

Key takeaways:

- Incorporates key strategic initiatives, while
- Maintaining fiscal stewardship

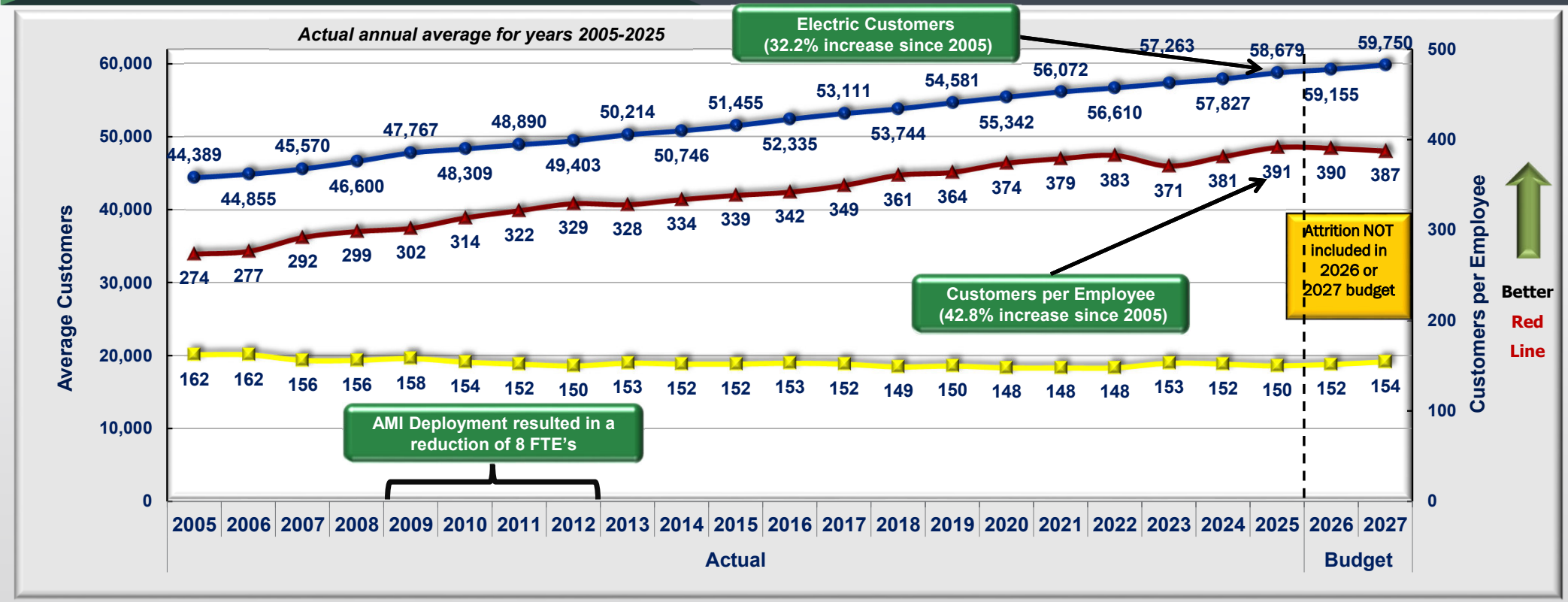
Operations & Maintenance





2027 Preliminary Budget 2026 Original Budget

CUSTOMERS PER DISTRICT EMPLOYEE



Definition of Customer per American Public Power Association

Note: -Average customer figures have been restated to be consistent with method used by new enterprise system.
-FTE figures have been restated and now include a reduction for the FTEs shared and paid for by other utilities.
Currently 0.5 FTEs are shared and paid for by other utilities.

AUTHORIZED STAFFING

Full Time Equivalent Positions (FTEs)

Directorate	2027 Staffing Plan	2026 Staffing Plan	Increase/ (Decrease)
Executive	13.25	12.25	1.00
Finance & Customer Service	25.50	25.50	-
Engineering	18.50	18.75	(0.25)
Power Management	8.00	7.00	1.00
Operations	71.00	70.00	1.00
Information Technology	18.00	18.00	-
Authorized Positions	**154.25**	**151.50**	**2.75**
Less: FTEs utilized by other local utilities	(0.50)	(0.50)	-
Authorized Positions	**153.75**	**151.00**	**2.75**

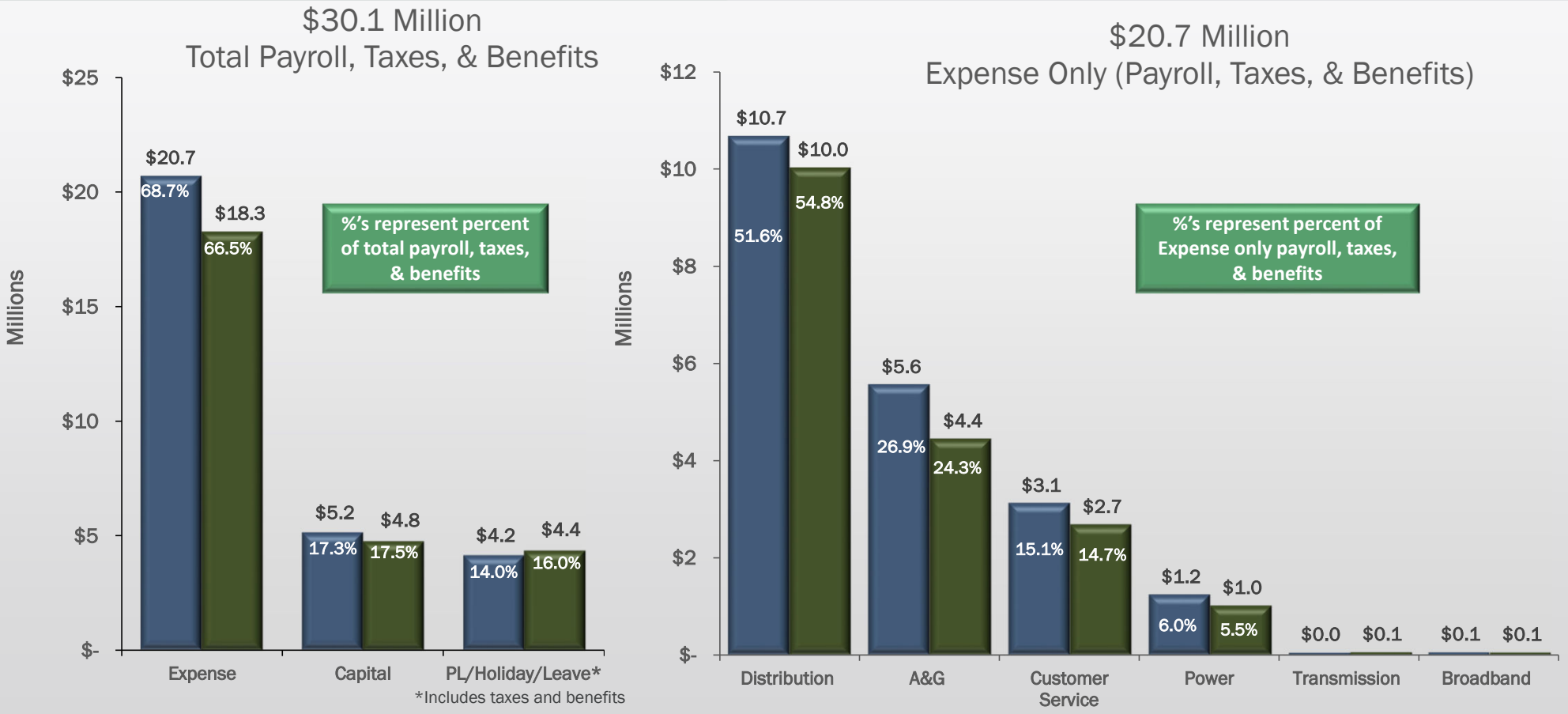
The 2026 staffing plan has been restated to reflect the organizational changes for comparison purposes

PAYROLL TAXES & BENEFITS

Dollars in thousands	2027 Budget	2026 Original Budget	Increase/ (Decrease)	% Change
Labor				
Overtime Wages	$1,138	$1,041	$97	9.3%
Regular Labor - Salaries and Wages	20,625	18,796	1,829	9.7%
Total Labor	**$21,763**	**$19,837**	**$1,926**	**9.7%**
Payroll Taxes				
Social Security	$1,327	$1,209	$118	9.8%
Medicare	316	288	28	9.7%
Total Payroll Taxes	**1,643**	**1,497**	**$146**	**9.8%**
Employee Benefits				
State Industrial/Unemployment	226	263	($37)	(14.1%)
Public Employee Retirement System	1,189	1,078	111	10.3%
Deferred Compensation/VEBA	1,229	1,134	95	8.4%
Medical/Dental/Vision Insurance	3,685	3,360	325	9.7%
Other Benefits	385	316	69	21.8%
Total Employee Benefits	**$6,714**	**$6,151**	**$563**	**9.2%**
Total Payroll Taxes and Benefits	**$8,357**	**$7,648**	**$709**	**9.3%**
Grand Total Labor, Payroll Taxes and Benefits	**$30,120**	**$27,485**	**$2,635**	**9.6%**

Medical premiums increased 13.1%, partially offset by nine employees switching from PPO to CDHP. Dental increased 0.8%; vision remained flat.

Payroll, Taxes, & Benefits
(By Category)

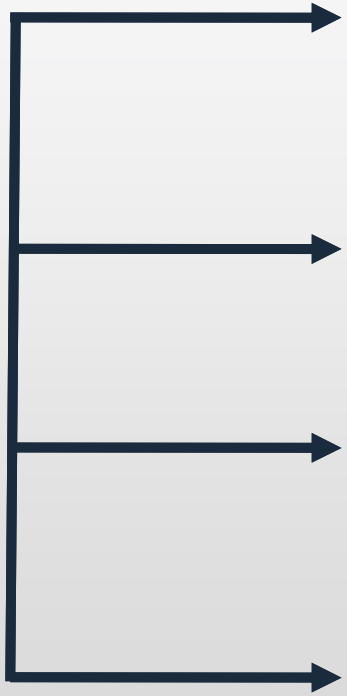


SUMMARY & NEXT STEPS (RICK DUNN)

SUMMARY – KEY TAKE AWAYS

1. 4% overall increase in retail energy sales revenues ($152.7 M)
   - Load growth assumptions from the **2026-2036 Ten-Year Load and Customer Forecast**
   - Proposed **4% overall rate increase** effective April 1, 2027
   - Implemented **evenly** across all rate classes and rate components
2. Net wholesale power costs ($89.6 M)
   - Includes BPA BP-27 rate case increase
3. 2027 gross capital ($34.2 M)
   - Continue to implement **21st Century Power Grid** projects
   - Persistent supply chain constraints and **price inflation**
   - Substantial investments in **Capacity & Reliability** projects
4. Operations & maintenance expenses ($34.9M)
   - Tracking with wage and benefits inflation
   - Remains well below APPA median benchmark

Next Steps



November 10

- Public Hearing
- Open public comment period

November 24

- Commission meeting
- Review customer comments
- Review budget updates

December 1

- Public Comment period closed

December 8

- Review customer comments
- Review budget updates (if applicable)
- Consider Adoption of the 2027 Budget
- Consider Adoption of the 2027 Rate Increase

Commissioner Questions & Comments

Customer Comments

END OF PRESENTATION

Appendix

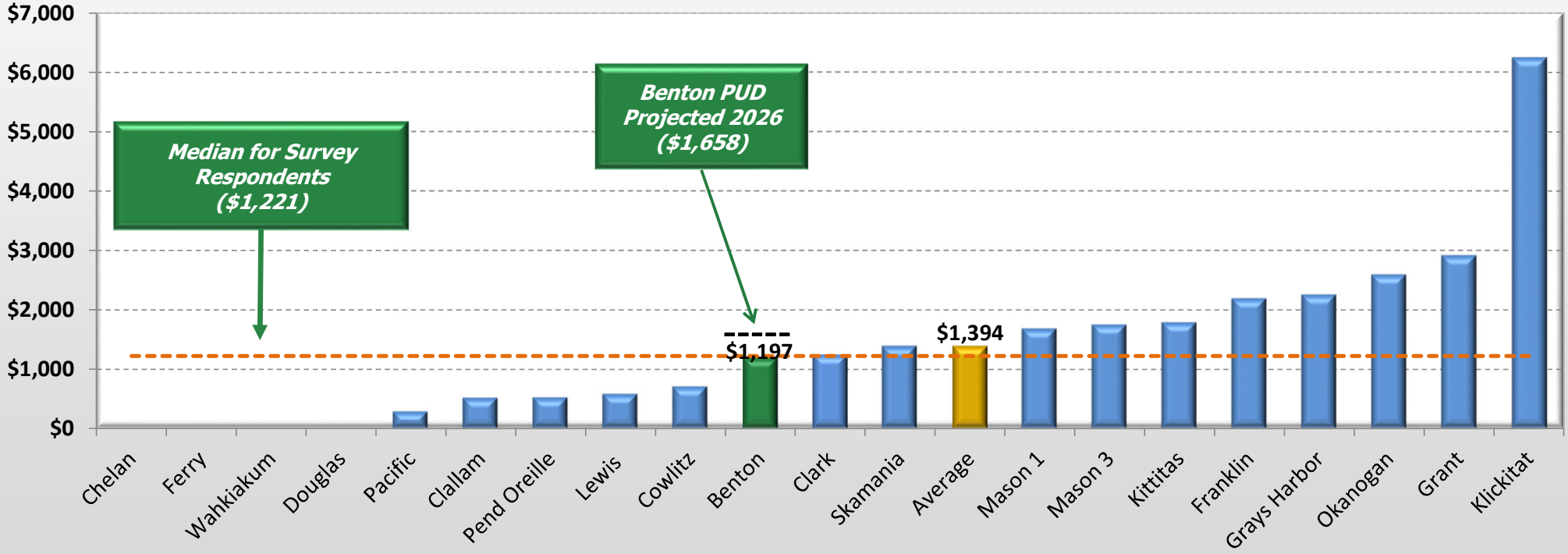
Financial Metrics

Debt Per Customer

Draft *WPUDA[1] Survey – September 2026 (Distribution Systems Only)*

[1]Washington PUD Association

Source: Draft WPUDA Source Book (Sept 2026)



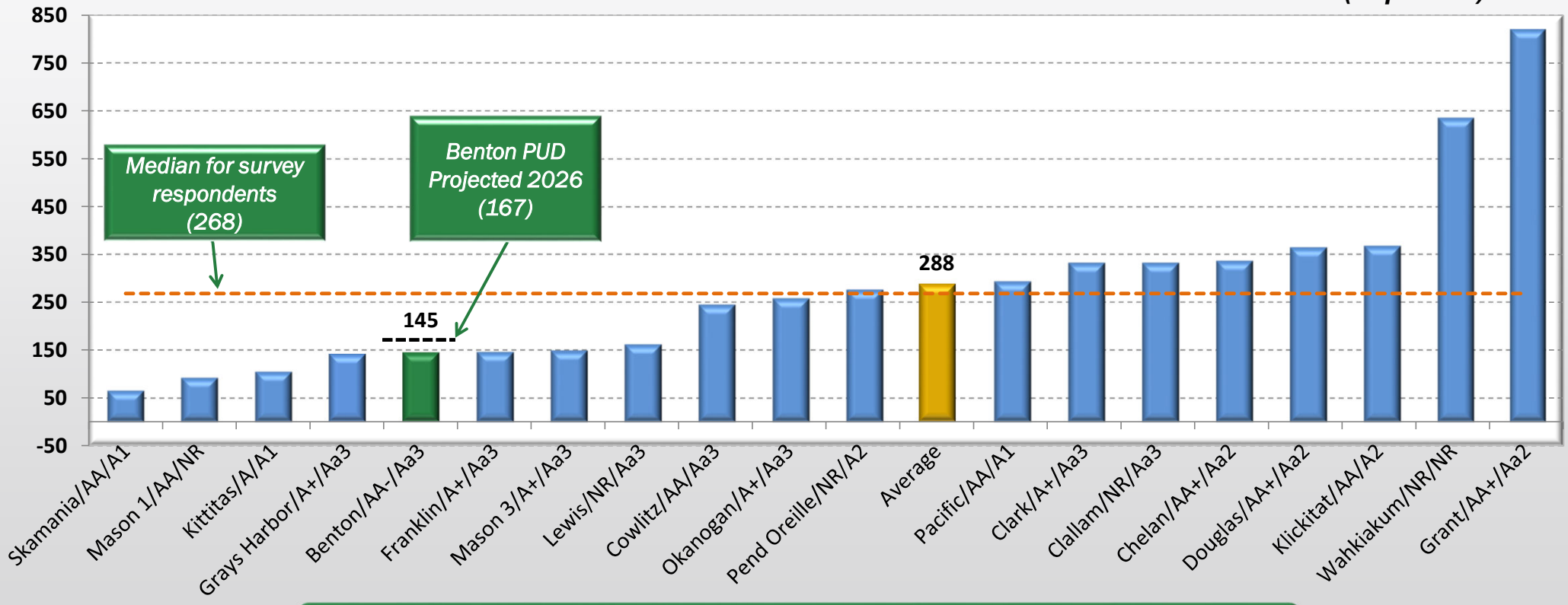
District below the average and just above the median of Washington PUDs

Days Cash on Hand (Reserves)

Draft *WPUDA[1] Survey – September 2026 (Distribution Systems Only)*

[1]Washington PUD Association

Source: Draft WPUDA Source Book (Sept 2026)



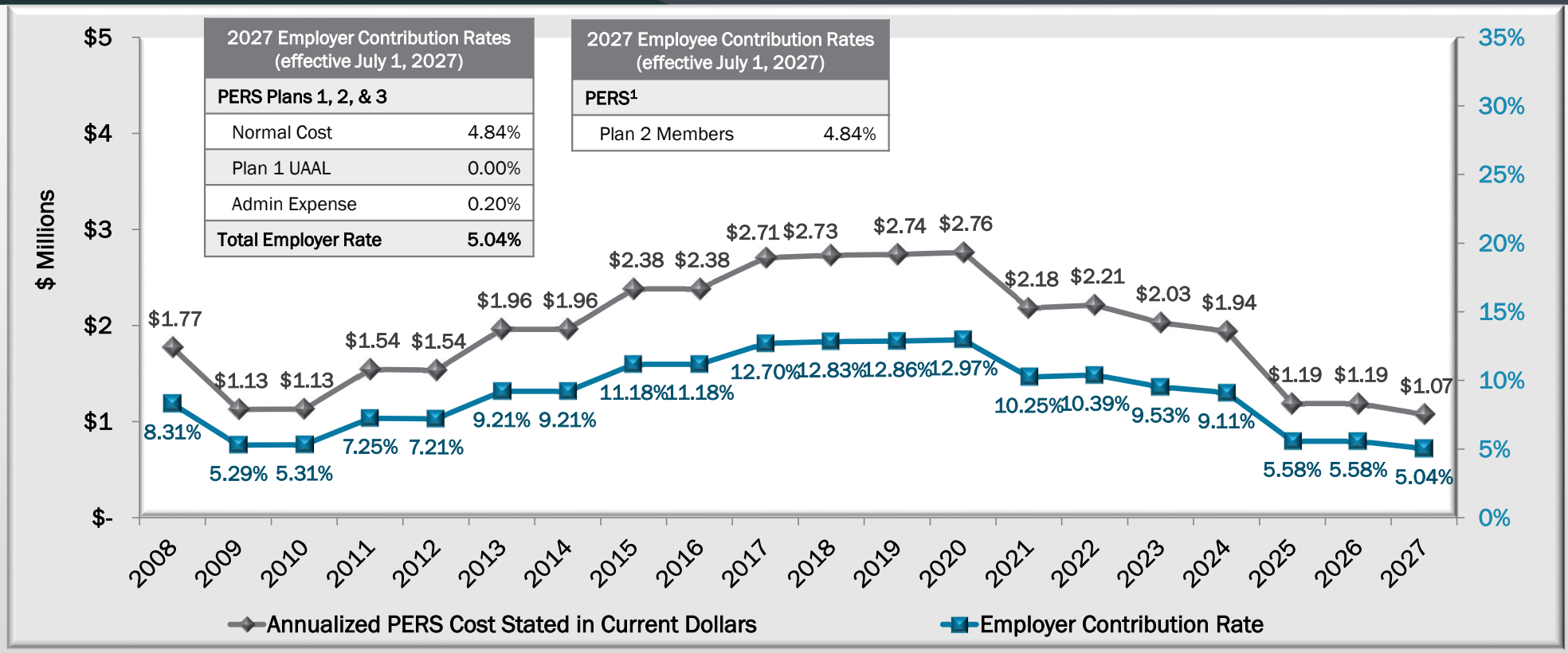
Measures the number of days utility can cover its operating expenses using unrestricted reserves and assuming no additional revenue

2027 Preliminary Budget

Public Employee Retirement System – Employer Contribution

2027 Employer Contribution Rates (effective July 1, 2027)	
PERS Plans 1, 2, & 3	
Normal Cost	4.84%
Plan 1 UAAL	0.00%
Admin Expense	0.20%
Total Employer Rate	**5.04%**

2027 Employee Contribution Rates (effective July 1, 2027)	
PERS[1]	
Plan 2 Members	4.84%

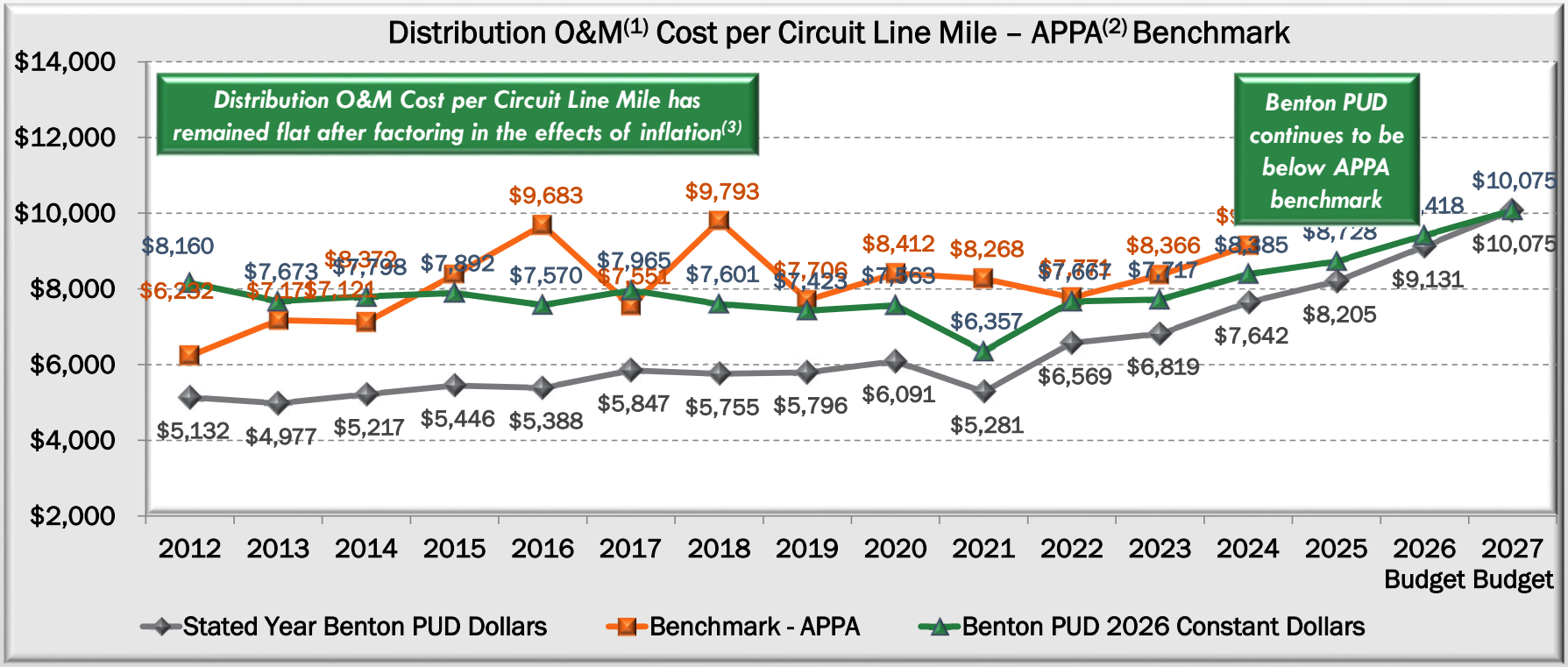


-Annualized PERS cost included in chart is based on current labor multiplied by the annual employer rate

-Rate changes, when implemented, are generally effective July 1 and September 1

1. Plan 1 members' contribution rate is statutorily set at 6.0%. Members in Plan 3 make contributions to a defined contribution plan.

DISTRIBUTION O&M



(1) Distribution O&M only. Excludes Broadband.

(2) American Public Power Association - 2023 median for West utilities.

(3) Inflation rate utilized comes from a producer price index for electric utilities, which on average has been slightly under 3%

Average Retail Rates[1]

2024 Report on Average Revenue (Cents per kWh) [2]

	Residential	Commercial	Industrial	Total
Benton PUD	8.8	6.9	5.6	7.3
WA Publicly Owned	10.6	8.2	5.9	8.7
WA Investor Owned	13.8	13.1	9.6	13.1
WA Cooperatives	10.1	8.7	7.1	9.2
National Average	16.5	12.8	8.2	13.0
California	28.4	24.0	19.4	24.7

[1] Revenues - includes all charges to customer
[2] American Public Power Association