

Franklin PUD

2027 Rate Action Proposal

PUBLIC HEARING



OCTOBER 13, 2026



What's happening?

Franklin PUD Board of Commissioners is considering an adjustment to electric rates to ensure we can continue providing reliable, affordable service while meeting the changing costs of serving our community.

Rate Action Background

April 2024

- The Commission approved planned rate changes of 3% annually – effective each May 1 of 2024 – 2027.
- Each year would be reviewed and evaluated, and the planned rate increase would **only be implemented if needed or adjusted as necessary.**

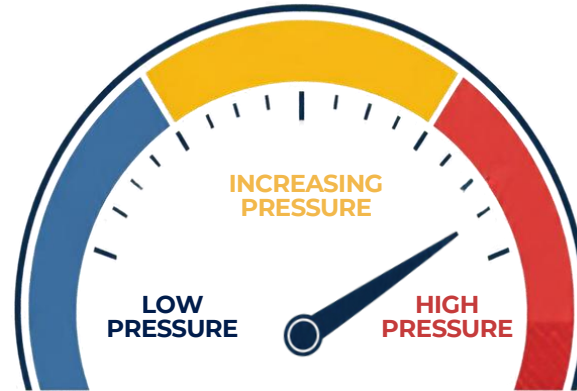


Rate Advisory Committee (RAC)

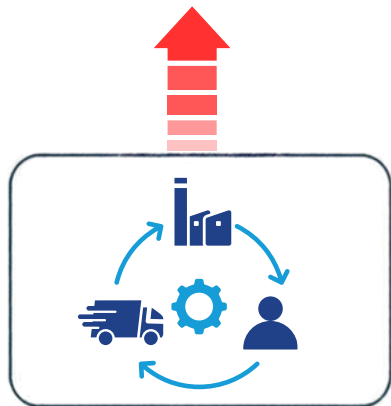
- Formed in 1982.
- Includes customers from different rate classes.
- Evaluates the methods for establishing rates and rate design.
- Members emphasize **rate stability** for our customers – manageable increases.
- Bring a recommendation on rates to the Board of Commissioners.



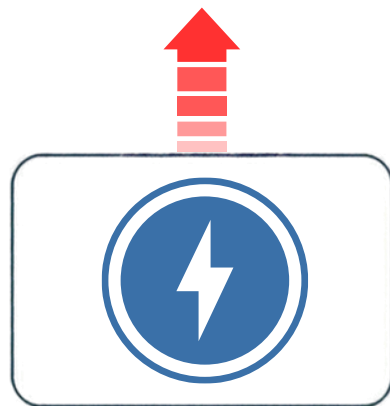
Rate Pressure



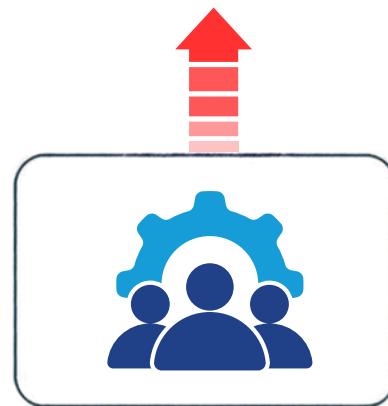
Cost of providing service is increasing!



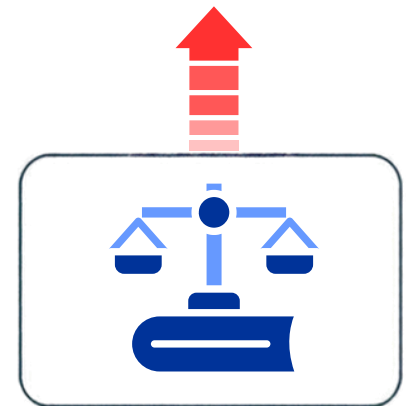
Supply Chain &
Inflation



Power Supply
Uncertainties



Workforce

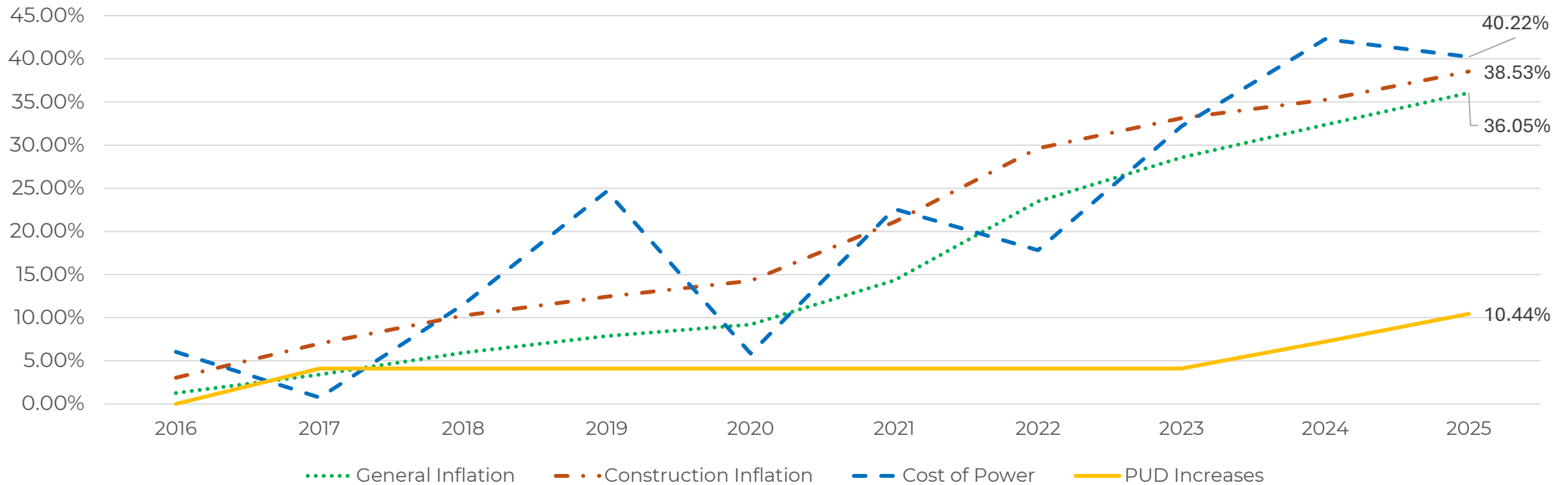


Legislation



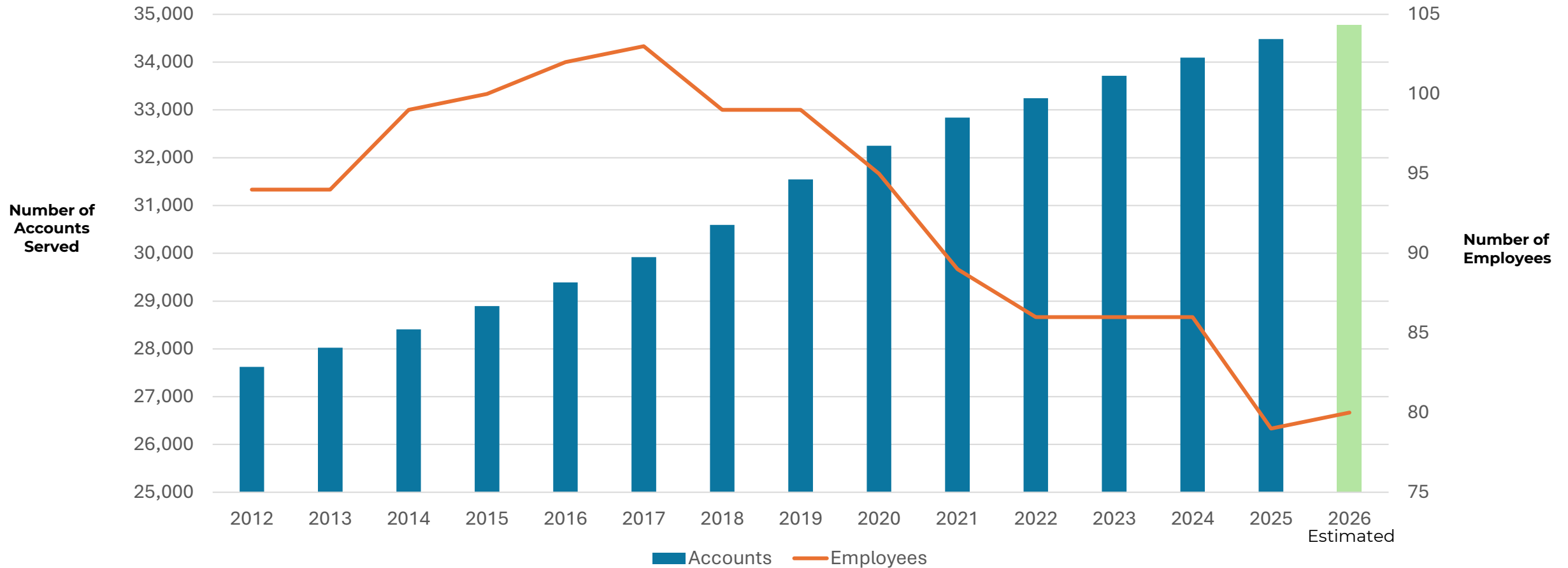
Inflation vs. Rate History

10-Year Cumulative Increase in Inflation vs. Franklin PUD Rates



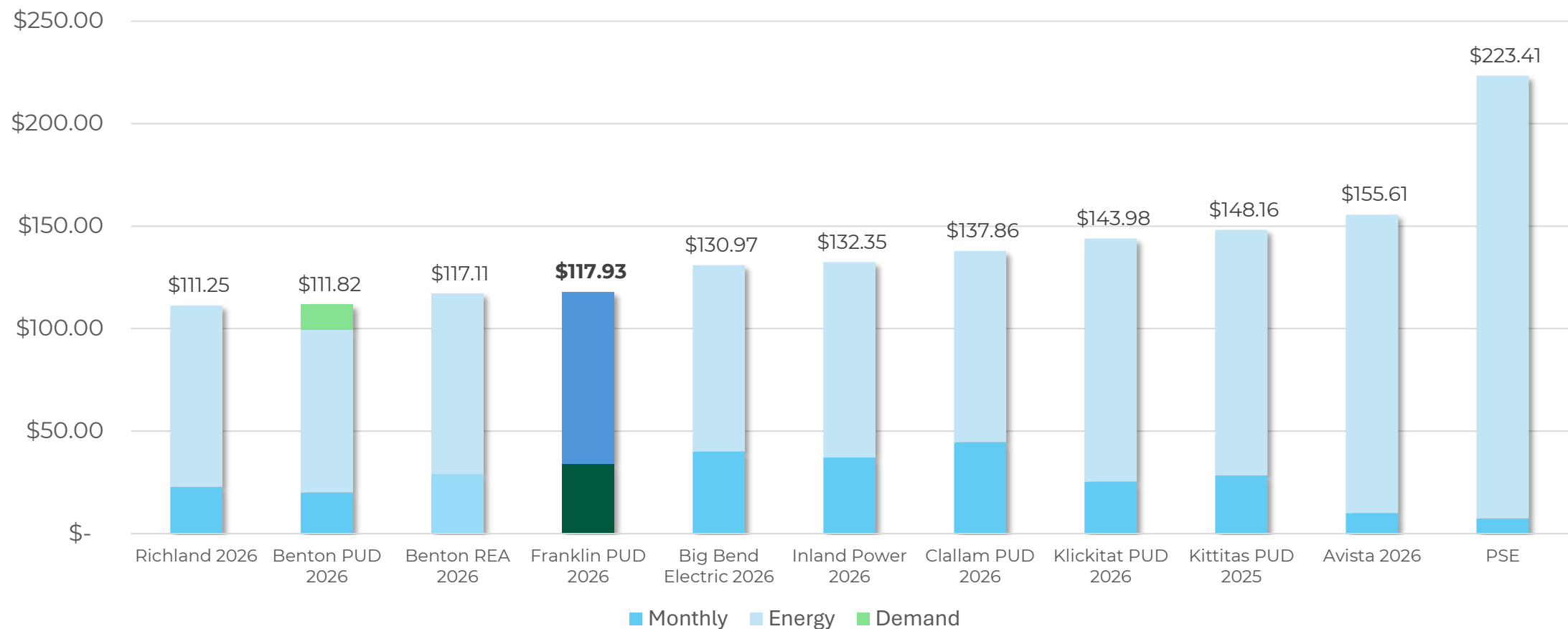
Inflation has outpaced rate adjustments, and Franklin PUD can no longer absorb the full impact of rising costs.

Achieving Efficiencies



While we continue to serve a growing number of accounts, we are achieving efficiency and performing work with fewer employees.

Residential Utility Rate Survey



Notes: assumes 1,100 average kWh monthly usage and 8.00 kW (demand) where applicable, no taxes included.

Future Uncertainty



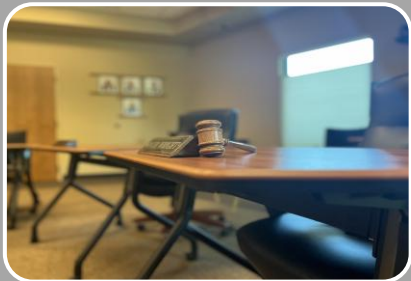
Power cost & revenue uncertainty

- Mild weather patterns affecting water levels
- Court ordered spill reduction impacting generation
- Additional BPA increases
- Reduced resale sales revenues



Future inflation

- Labor and benefits have tracked above historical inflation levels
- Cost of materials continues to increase above historical inflation levels



Legislative Regulations

- CETA and Climate Commitment Act (CCA)
- Renewable and carbon free requirements
- Low-income support



Proposed Rate Changes

Rate Scenarios for Consideration

Scenario 1

- Maintain existing 3.0% in 2027
- January 1, 2027 effective date instead of May 1, 2027

Scenario 2

- Increase to 4.7%
- Effective May 1, 2027



In both scenarios:

- No changes proposed for monthly System Charges.
 - (Exception of security lighting class)
- Increases passed on proportionally to energy and demand charges.
- The impact on future years is taken into consideration.

Comparison of Scenario Forecasts



	Proposed	Forecasted - Effective each May 1			
	2027	2028	2029	2030	2031
Scenario 1, 3% effective 1/1/27	3.00%	7.50%	3.00%	3.00%	3.00%
Scenario 2, 4.7% effective 5/1/27	4.70%	4.70%	3.50%	3.50%	3.50%

As part of the District's annual budget and rate-setting process, future-year projections are considered to help ensure the District can meet its financial targets and maintain financial stability. **The rate increases shown in the outer years are forecasts based on current assumptions and projections, not planned or predetermined rate increases.** Actual future rate adjustments will be reviewed and determined through the District's rate-setting process.

Scenario 2 – provides for more levelized rate increases in the outer years based on current projections

Scenario 1 Rate Design

Energy Charges - \$/kWh	Existing	Adopted FY2027
Residential & Net Metering		
Energy Charges	\$ 0.0763	\$ 0.0795
Generation Credit	0.0571	0.0571
Small General	\$ 0.0828	\$ 0.0857
Medium General		
Summer (Apr-Aug)	\$ 0.0399	\$ 0.0411
Winter (Sep-Mar)	0.0505	0.0520
Large General		
Summer (Apr-Aug)	\$ 0.0399	\$ 0.0411
Winter (Sep-Mar)	0.0497	0.0512
Industrial		
Summer (Apr-Aug)	\$ 0.0397	\$ 0.0409
Winter (Sep-Mar)	0.0498	0.0513
Small Irrigation		
Summer (Apr-Aug)	\$ 0.0351	\$ 0.0361
Winter (Sep-Mar)	0.0575	0.0592
Large Irrigation		
Summer (Apr-Aug)	\$ 0.0350	\$ 0.0360
Fall (Sep-Oct)	0.0478	0.0492
Winter (Sep-Mar)	0.0576	0.0593

Demand Charges - \$/kW	Existing	Adopted FY2027
Residential & Net Metering	\$ -	\$ -
Small General	\$ -	\$ -
Medium General	\$ 9.05	\$ 9.32
Large General	\$ 9.23	\$ 9.50
Industrial	\$ 9.48	\$ 9.76
Small Irrigation	\$ 8.53	\$ 8.79
Large Irrigation	\$ 10.39	\$ 10.70

Scenario 1 –

Adopted 3% rate action
effective January 1, 2027,
INSTEAD of May 1, 2027

Scenario 1 Rate Design Impacts

Class of Service	kWh	kW	Existing	Adopted FY2027	Difference	
					\$	%
Residential	1,100	n/a	\$ 117.93	\$ 121.45	\$ 3.52	2.98%
Small General	2,300	n/a	\$ 230.00	\$ 236.67	\$ 6.67	2.90%
Medium General	31,000	94.37	\$ 2,471.41	\$ 2,543.39	\$ 71.98	2.91%
Large General	200,000	547.95	\$ 15,066.79	\$ 15,514.74	\$ 447.95	2.97%
Industrial	1,300,000	2,968.04	\$ 93,363.69	\$ 96,144.74	\$ 2,781.05	2.98%
Small Irrigation	16,000	48.71	\$ 977.06	\$ 1,005.73	\$ 28.66	2.93%
Large Irrigation	160,000	398.51	\$ 9,740.47	\$ 10,024.01	\$ 283.54	2.91%

Notes:

1. Medium General is based on 730 hour month, 45% load factor and winter energy rate.
2. Large General is based on 730 hour month, 50% load factor and winter energy rate.
3. Industrial is based on 730 hour month, 60% load factor and winter energy rate.
4. Small Irrigation is based on 730 hour month, 45% load factor and summer energy rate.
5. Large Irrigation is based on 730 hour month, 55% load factor and summer energy rate.

Scenario 2 Rate Design

Energy Charges - \$/kWh	Existing	Proposed FY2027
Residential & Net Metering		
Energy Charges	\$ 0.0763	\$ 0.0814
Generation Credit	0.0571	0.0571
Small General	\$ 0.0828	\$ 0.0875
Medium General		
Summer (Apr-Aug)	\$ 0.0399	\$ 0.0418
Winter (Sep-Mar)	0.0505	0.0529
Large General		
Summer (Apr-Aug)	\$ 0.0399	\$ 0.0418
Winter (Sep-Mar)	0.0497	0.0520
Industrial		
Summer (Apr-Aug)	\$ 0.0397	\$ 0.0416
Winter (Sep-Mar)	0.0498	0.0522
Small Irrigation		
Summer (Apr-Aug)	\$ 0.0351	\$ 0.0367
Winter (Sep-Mar)	0.0575	0.0602
Large Irrigation		
Summer (Apr-Aug)	\$ 0.0350	\$ 0.0366
Fall (Sep-Oct)	0.0478	0.0500
Winter (Sep-Mar)	0.0576	0.0603

Demand Charges - \$/kW	Existing	Proposed FY2027
Residential & Net Metering	\$ -	\$ -
Small General	\$ -	\$ -
Medium General	\$ 9.05	\$ 9.48
Large General	\$ 9.23	\$ 9.67
Industrial	\$ 9.48	\$ 9.93
Small Irrigation	\$ 8.53	\$ 8.93
Large Irrigation	\$ 10.39	\$ 10.88

Scenario 2 –
4.7% rate action effective
May 1, 2027

Scenario 2 Rate Design Impacts

Class of Service	kWh	kW	Existing	Proposed FY2027	Difference	
					\$	%
Residential	1,100	n/a	\$ 117.93	\$ 123.54	\$ 5.61	4.76%
Small General	2,300	n/a	\$ 230.00	\$ 240.81	\$ 10.81	4.70%
Medium General	31,000	94.37	\$ 2,471.41	\$ 2,586.39	\$ 114.98	4.65%
Large General	200,000	547.95	\$ 15,066.79	\$ 15,767.89	\$ 701.10	4.65%
Industrial	1,300,000	2,968.04	\$ 93,363.69	\$ 97,819.30	\$ 4,455.62	4.77%
Small Irrigation	16,000	48.71	\$ 977.06	\$ 1,022.15	\$ 45.08	4.61%
Large Irrigation	160,000	398.51	\$ 9,740.47	\$ 10,191.74	\$ 451.27	4.63%

Notes:

1. Medium General is based on 730 hour month, 45% load factor and winter energy rate.
2. Large General is based on 730 hour month, 50% load factor and winter energy rate.
3. Industrial is based on 730 hour month, 60% load factor and winter energy rate.
4. Small Irrigation is based on 730 hour month, 45% load factor and summer energy rate.
5. Large Irrigation is based on 730 hour month, 55% load factor and summer energy rate.

Snapshot - Residential Impacts

Residential Class (1,100 kWh)	Currently Adopted	Scenario 1	Scenario 2
Rate Increase	3.0%	3.0%	4.7%
Effective Date	May 1, 2027	January 1, 2027	May 1, 2027
Annual Residential Cost Increase	\$28.16	\$28.16 + \$14.08	\$28.16 + \$16.72
Annual Costs		\$42.24	\$44.88
		3% begins 4 months earlier	Additional 1.7% applies for 8 months

Both scenarios result in a relatively similar additional annual cost for a residential customer, but achieve it differently - earlier implementation of the 3.0% action versus a higher 4.7% action beginning May 1, 2027.

Summary

Scenario 1: maintain existing 3.0% in 2027

- Move rate action to January 1, 2027 instead of May 1, 2027.
- Maintains adopted rate plan as much as possible through 2027.
- May require higher increases in 2028.

Scenario 2: 4.7% rate action effective May 1, 2027 - **RAC majority preference.**

- Keeps rate increases as level as possible.
- Hedges against future uncertainty.

System Charge remains the same for all rate classes in both scenarios.

Next Steps



Two Public Hearings
on Proposed Rate
Action

October 13, 2026
8:30 am and
5:00 pm



Compile feedback received from
public hearings



Commission to consider feedback
from public hearings and take
action at the November 10, 2026
regular commission meeting



Public Hearing Comments

Comments can be submitted by:

- Email at Clerkoftheboard@franklinpud.com
 - Mail: PO Box 2407, Pasco, WA 99302
 - In person at either of the scheduled public hearings:
 - October 13, 2026, 8:30 AM or 5:00 PM (Auditorium, Franklin PUD)
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Snapshot – Residential Impacts

Using 1,100 kWh usage as average.

	Currently Adopted	Scenario 1	Scenario 2
Rate Increase	3.0%	3.0%	4.7%
Effective Date	May 1, 2027	January 1, 2027	May 1, 2027
Annual Bill Impact	+\$28.16	+\$42.24	+\$44.88
Additional Cost (more than currently adopted)	-	+\$14.08	+\$16.72

Both scenarios result in a relatively similar additional annual cost for a residential customer but achieve it differently - earlier implementation of the 3.0% action versus a higher 4.7% action beginning May 1.