

To: Columbia City Council

From: David Switzer, Water and Light Advisory Board Chair

Date: 8/2/2022

Subject: FY2023 CWL Proposed Budget

I am writing on behalf of the Water and Light Advisory Board to address Columbia Water and Light's FY2023 proposed budget documents:

1. The WLAB endorses the proposed water rate increases. These rate adjustments are necessary to ensure the financial stability of the water utility and for the sale of the second round of bonds related to the 2018 bond issue, which includes improvements to the water treatment plant.
2. The WLAB supports the proposed FY23 CWL O&M budget documents which include inflationary adjustments based on expected market costs.
3. The WLAB wants to emphasize to Council the unprecedented nature of the current economic situation impacting both utilities, and especially the electric utility. Inflationary increases for supplies and materials, the high prices of electricity and natural gas, supply chain issues, and the tight labor market all mean CWL is facing significant uncertainty in FY23. While some of these economic changes may be transitory, it is possible that others reflect long term changes in the economic environment. As such, we encourage Council to continue to work with staff and WLAB on the best ways to move forward through the uncertainty, with special attention to the results of the ongoing electric cost of service study, which should provide some clarity on necessary utility rate adjustments and potential changes to the fuel adjustment policy.
4. The WLAB is continuing its review of the Water and Electric CIP documents for FY23. We recognize that also due to the current economic situation some CIP projects may need further prioritization or possible deferral. We are planning a supplementary meeting with CWL engineering staff for the end of August to take a closer look at the CIP documents. We anticipate having specific comments/recommendations for the utility staff and Council at the first council meeting in September.