

Nevada Irrigation District
 FY 2021 Budget: 5-Year Forecast Hydroelectric Fund Projection (Appendix D)

	2019	2020 Fest	2021	2022	2023	2024	2025
			Budget				
Operating revenue							
Hydroelectric Fees	\$ 24,310,815	\$ 24,084,359	\$ 23,586,962	\$ 23,926,614	\$ 24,271,157	\$ 19,696,530	\$ 17,782,342
Operating expense							
Salaries	\$ 2,937,629	\$ 3,781,309	\$ 3,829,604	3,982,788	4,142,100	4,307,784	4,480,095
Benefits - HDVL	834,779	941,097	1,054,883	1,097,078	1,140,961	1,186,600	1,234,064
Benefits - Retirement	839,921	1,029,919	1,234,538	1,461,683	1,573,998	1,654,189	1,742,757
Benefits - OPEB	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Materials/Chemicals/Consultants	3,835,979	3,995,716	5,477,206	5,559,364	5,642,754	5,727,395	5,813,306
Debt Service	-	-	-	-	-	4,444,430	4,444,430
Fixed Assets	783,979	1,033,075	711,500	722,173	733,005	744,000	755,160
Transfer Out - Recreation	315,000	315,000	315,000	315,000	315,000	315,000	315,000
Transfer Out - Water	10,665,000	13,579,500	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total operating expense	20,311,287	24,774,616	18,721,730	19,237,086	19,646,818	24,478,398	24,883,812
Transfer In - Bond Proceeds	-	-	-	-	16,490,000	66,840,000	1,017,639
Capital Projects	2,362,032	4,584,942	5,435,000	11,700,000	16,490,000	66,840,000	3,800,000
Hydroelectric Net income	1,637,496	(5,275,199)	(569,768)	(7,010,471)	4,624,340	(4,781,868)	(9,883,831)

We are most fortunate that NID's Hydroelectric (Hydro) operation has underwritten the cost of water for NID customers. In fact, in 2019 and 2020, Hydro underwrote the cost of water by over \$24 million. But NID's 2020 Cost of Service study showed that Hydro could no longer afford this large transfer and that a sustainable level of transfer is \$6 million. You see above in green the shift to this lower level of funds transfer from Hydro to Water.

However, the yellow highlight shows that even with this lower level of funds transfer, Hydro has a cumulative loss of \$17.6 million losses between 2021 and 2025. Here are some trends impacting Hydro:

- Chicago Park turbine rewind in 2024 and 2025 results in loss of income
- Hydro needs to complete investments required with federal relicensing. This requires Hydro to take out \$83 million in debt while also incurring \$4.4 million in new loan payments.

The bottom-line is that Hydro's historical contribution to the Water Department is not possible in the future and NID needs to find ways to reduce operating costs throughout the District in order to avoid large rate increases. Also note that in the February 26, 2020 Cost of Service Study (see page 8), the consultant indicated that raw water rates needed to increase 122% in order to make up for the shortfall created by Hydro's lower level of funding to Water. The Board did not act on this but as this budget forecast indicates, the issue clearly remains.