



2021 Rate Notification

March 2021

Dear Ratepayers:

Northshore Utility District has not raised rates for the last three years. Regrettably this practice is not sustainable. The decision to raise rates is an issue that every responsible utility must face. The good news is, there is no increase for water again this year. However, this is not the case for sewer. King County Wastewater Treatment Division raised rates by 4.5% and this will be treated as a pass-through cost to District customers. This decision was reached after the District held two public hearings, on February 24, 2021 and March 1, 2021. The 2021 Rate Resolution went into effect on March 15, 2021.

Balancing rising costs through difficult times

When determining rates, the District carefully analyzes numerous cost factors associated with providing water and sewer services. Like any business, the District continually faces rising operating costs. Costs related to personnel, security and technology, power, communications, construction, and local municipal fees have increased.

The District continually invests to improve the reliability and quality of service. These investments include rehabilitating, replacing, and expanding facilities and pipelines; updating IT security systems, adopting new technologies to improve efficiency, and enhance the customer experience.

Efficient operating practices and financial stewardship help keep costs low

How is the District able to keep rates steady and service quality high? One way is by continually striving to keep internal costs down. For utilities, one measure of operational efficiency is the staff-to-service connection ratio. Compared to other agencies our size, NUD maintains a relatively small staff.

Secondly, the District follows best management practices and exercises sound fiscal management principals. Many other water and sewer utilities can't afford to properly maintain their infrastructure, requiring funding from loans and bond issuances and significant increases in rates and fees. NUD is not in this position. We have been able to fund the cost of infrastructure through our allocated reserves.

As stewards of ratepayer dollars, we will work hard to keep your rates as affordable as possible, while diligently maintaining the infrastructure, in order to provide the level of service you expect and deserve.

2021 BIMONTHLY SINGLE-FAMILY WATER AND SEWER RATES

WATER SERVICE

| | |
|---|----------------|
| Bimonthly Base Charge | \$30.20 |
| Usage Charge per 100 Cubic Foot (CCF) (NUD billing units) | |
| 0 through 10 CCFs | \$3.45 |
| 11 through 20 CCFs | \$4.45 |
| 21 CCFs and above | \$5.45 |
| Bill for Bimonthly Average Use of 13 CCFs | \$78.05 |
| Bill after 5% Early Payment Discount | \$74.15 |

SEWER SERVICE

| | |
|---|-----------------|
| Bimonthly Base Charge | \$123.93 |
| Usage Charge per CCF* | \$4.00 |
| Typical Bimonthly Bill | \$123.93 |
| Bill after 5% Early Payment Discount | \$117.73 |

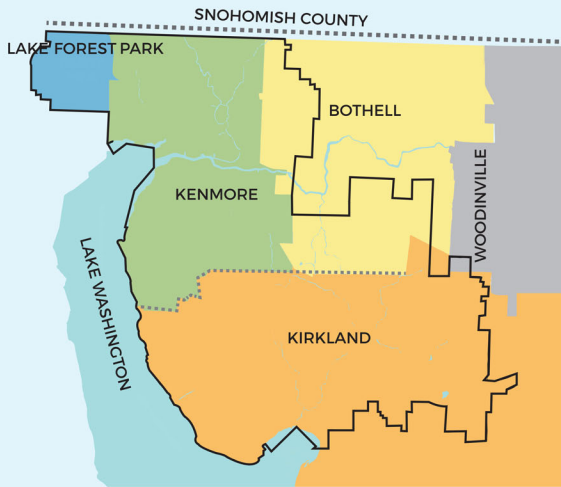
**The typical single-family home uses 10 CCFs in the winter. Sewer usage charge is assessed based on bimonthly winter consumption in excess of 15 CCFs. For 2021, less than 2.5% of total sewer usage was above this threshold.*

How NUD's rates compare with local neighboring utilities

A meaningful comparison of rates can be difficult, since different agencies have significant cost impacts associated with wholesale services. Some agencies have their own water and wastewater treatment plants, compared to NUD, who uses regional providers SPU for water and King County for wastewater.

The table below compares water and sewer rates for NUD, Woodinville Water District and the cities of Seattle, Bothell and Kirkland. Each of these agencies purchase their water from SPU, and pay King County to treat their sewage. The information for NUD reflects a 5% early payment discount, that is used by over 85% of NUD ratepayers. The District is the only provider that offers this discount.

NUD SERVICE AREA MAP



| PROVIDER - 2021 RATES ¹ | WATER | SEWER | TOTAL |
|--|----------------|-----------------|-----------------|
| NUD 2021 (including 5% discount) | \$74.14 | \$117.73 | \$191.87 |
| Bothell (Inside City) | \$75.38 | \$171.20 | \$246.58 |
| City of Kirkland Utilities* | \$89.67 | \$162.03 | \$251.70 |
| Woodinville (Winter) | \$109.52 | \$151.66 | \$261.18 |
| Woodinville (Summer) | \$123.71 | \$151.66 | \$275.37 |
| Bothell (Outside City) | \$94.23 | \$214.00 | \$308.23 |
| Seattle (Winter) | \$107.10 | \$216.71 | \$323.81 |
| Seattle (Summer) | \$112.98 | \$216.71 | \$329.69 |

*The City of Kirkland provides drinking water purchased from SPU through Cascade Water Alliance, an association of regional water districts and cities.

¹The table above does not include franchise fees and utility taxes charged by, and paid to, the respective cities. If you are a City of Kirkland resident, the City's franchise fee is added as a multiplier to your water and sewer service rates. Franchise fees for residents of Bothell, Kenmore, and Lake Forest Park are listed as a separate line item on water and sewer bills. The most current franchise fee information is found at www.nud.net/rates.

Working to represent your needs

As your elected Board of Commissioners, we take great pride in representing you, as owners of the utility. We are focused on being an effective governing body that establishes policies to ensure high quality drinking water and sewer services are provided in an affordable, sustainable manner.

We welcome the opportunity to discuss policy or the future direction of the District with you. Please contact any of us by phone or email. You can find our contact information on NUD's website at www.nud.net/board.

Sincerely,

The Northshore Utility District Board of Commissioners

Matt Breyse, Board President

Bruce Gardiner, Board Secretary

Don Ellis, Commissioner

Tom Mortimer, Commissioner

Trudy Rolla, Commissioner