



# Farmers Irrigation District 2022 Newsletter

To All Members of Farmers Irrigation District:

2022 was a very good water year with stable stream flows and relatively low sediment loads. This is in stark contrast to 2021 and was a welcome relief to the difficult water years we've experienced in the last decade. We work with other irrigation districts from around the state and our basin was one of the lucky few to have a good water supply this year.

## A Little Bit of History

FID currently has over \$16,000,000 in debt that was incurred to modernize our infrastructure. Projects included piping and pressurization of the lower district, building the centralized pumping and filtration station, piping portions of the Farmers Canal and Lowline Pipeline, upgrading both powerhouses, expanding Kingsley Reservoir, and replacing fish screens that were out of compliance with state and federal regulations. These projects, and previously financed projects that have already been paid off, have allowed us to build and maintain high quality infrastructure, improving water delivery and reliability and increasing drought resilience. For the last 35 years, FID has used hydropower revenue to pay project debt service. FID's current annual debt payment is about \$1,700,000, which is entirely covered by hydroelectric revenue.

## Coming Change

The Public Utility Regulatory Policy Act of 1978 (PURPA) is the act that provides FID (and other small power producers) access to sell power into the grid. PURPA allows each state to set policies that govern the prices available to small producers like FID through Power Purchase Agreements (PPA) with Investor-Owned Utilities. FID currently sells the output of our hydroelectric facilities to Pacific Power through a PPA that expires on December 31, 2025. Currently, the prices available for a new PPA are considerably lower than our existing contract. If we were to sign a new contract today, we would lose more than half of our hydroelectric revenue, leaving an almost \$1,000,000 hole in our budget which would have to be made up in patron assessments and fees. In order to reduce our future liability, the District has opted to pay down as much debt as possible prior to the expiration of the existing hydroelectric contract. This will make it more likely that the District can manage our debt service without a significantly higher increase in rates in 2026. If the available energy price improves significantly before the expiration of our existing contract, the reduction in debt will have put the District in a much better financial position and the burden on patrons will be lessened.

## Rates for 2023 and Beyond

You will notice a sizable increase in your bill for the 2023 irrigation season. Two aspects of your bill have changed:

- First, there's an increase of **\$110 to the account fee** which is applied to all accounts regardless of acres served. \$100 of the increase is **directed specifically to debt reduction** and will be applied to existing project related debt.
- The second increase is in a new line item on your bill and is a temporary special assessment of **\$40 per acre** scheduled to sunset after the 2026 irrigation season. It is **dedicated entirely to debt reduction** and will be applied to existing project related debt.

Raising rates in any form is never an easy decision. In this case, the Board of Directors and the Budget Committee chose to be proactive to reduce existing debt load, to help prepare the District for anticipated decreases in future revenue. Paying down debt now will put Farmers Irrigation District on solid financial footing into the future, even with potential large reductions to our hydroelectric revenue. The increase in assessments were divided into the two categories (account fees and per acre assessments) to evenly spread the burden across our various patrons. The increased revenue for debt service will be **46% from account fees** and **54% from per acre assessments**.

### **Quick Revenue Facts**

- **Hydropower production** currently makes up **50%** of total revenue.
- Total **patron payments** (account fees and per acre assessments) make up **45%** of FID's total revenue.
- Out of the total patron payments, **account fees** are **19%** of total revenue and **per acre assessments** are **26%** of total revenue.
- The other 5% of revenue is made up of various transaction fees, sales of Renewable Energy Certificates, and other miscellaneous sources.

### **Funding Available for On-Farm Upgrades**

The Natural Resource Conservation Service (NRCS) has funding available for FID patrons to upgrade their on-farm irrigation systems. Covered practices include: upgrading to microsprinklers, installing irrigation lines, improving filtration, and expanding irrigation water management practices. Cost share is generally about 50% but can be up to 75% for specific projects. Applications will be accepted at any time, with ranking cut-offs set in the fall for each subsequent year's funding. The deadline for 2023 funds is **November 18, 2022**. For more information, to discuss project ideas, or to begin an application, contact NRCS District Conservationist Carly Heron at [carly.heron@usda.gov](mailto:carly.heron@usda.gov) or 541-352-1037.

### **Other Updates**

The District completed construction of the **Kingsley Reservoir Expansion Project** this summer, including installation of the spillway entrance, campground build-out, and other site finalization. While FID manages the water supply in the reservoir, Hood River County operates the day-use area and campground.

District **water rights** limit irrigation season to April 15<sup>th</sup> through September 30<sup>th</sup>. Even if weather is warm and dry, use of FID water for irrigation outside of that timeframe is a violation of State Law.

FID offers an **on-line bill pay** option available through our website. This is a quick and convenient way to make your annual payment. All payments are due by April 15 and must be in by January 9<sup>th</sup> to receive the 3% discount. As always, Farmers Irrigation District would like to have up-to-date contact information for all customers. This information allows FID to improve service and provide notice of known service interruptions. Please contact the office at **541-387-5261** or email us at [fidhr@fidhr.org](mailto:fidhr@fidhr.org) to provide updated email or phone numbers.

For more information about FID and to get system updates during the irrigation season, go to [www.fidhr.org](http://www.fidhr.org).

Thank you,

Erick von Lubken  
Chair of the Board of Directors

Les Perkins  
District Manager