



# Farmers Irrigation District 2024 Newsletter

To All Members of Farmers Irrigation District:

The stream flows in the Hood River were relatively stable in 2024. It was a near average water year, and Farmers Irrigation District (FID or the District) was able to maintain irrigation deliveries with minimal disruptions. This was in part due to improvements within both FID's and patron's systems that have reduced water waste and increased water application efficiency.

## **A Little Bit of History**

Currently, FID has over \$14,000,000 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, upgrading the 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 FID to build and maintain infrastructure, which improves water delivery and reliability and increases drought resilience.

## **Coming Change & the new PPA**

The Public Utility Regulatory Policy Act of 1978 (PURPA) provides FID 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 power it generates to Pacific Power through a PPA that will expire on December 31, 2025. This pending expiration date requires that FID enter a new power sales contract that will begin on January 1, 2026. Unfortunately, under the rules governing the new contract, our rate for power is going to drop from 8.2¢/kWh to 4.8¢/kWh. FID's projected annual hydropower revenue for 2025 is \$1,826,616 and will drop to \$1,085,136. These changes are consistent with what other similar entities are experiencing when renewing their PPAs. While Pacific Power is requesting yet another rate increase for all end users (residential and commercial alike), our new contract represents a substantial decrease in the rate paid to the District for the renewable power that we produce. The District began preparing for this situation in 2023 by increasing rates to proactively reduce the debt service. FID has been following the accelerated debt repayment schedule to reduce the debt load, but further adjustments to rates are necessary to keep the district operational. We will continue to reassess the budget closely with an eye to additional sources of revenue, minimizing operational costs, and opportunities to reduce debt load in the hopes to reduce the costs to patrons in the future.

## **Update on Debt Reduction**

In 2023 the District initiated a debt reduction buydown program to retire some of the loans early before the new PPA takes effect. FID retired one loan early in 2024 and will retire two more early in 2026. By putting the special assessments and additional billing assessments towards loan payments, the District has saved over \$35,000 in interest and loan fees. This strategy will reduce annual expenses by \$600k in 2027. By the end of 2024, FID will have made additional payments to the loans with the highest interest rates totaling \$837,702. The purpose of this is to reduce FID's cashflow requirements when our hydropower revenues drop with the new power contract in 2026. The debt reduction plan will reduce the District's annual loan payments from approximately \$1,800,000 to \$1,200,000, and reduce our total debt.

## **Rates for 2025 and Beyond**

At this time, FID's only sources of income are the sale of power and patron assessments. Losing \$800,000 in hydropower revenue is a significant change to the District's budget. The challenge for the Budget Committee and the Board of Directors was to replace the lost power revenue in a way that balances the needs of agricultural

growers and small parcels alike. The rates will continue to be divided into three categories and will reflect the following changes to evenly spread the burden across our various patrons:

- Account Fee: The total account fee will increase from \$350/account to \$550/account and will be applied to all accounts regardless of acres served.
- Operation & Maintenance: The operation and maintenance fee will increase from \$130/ water right acre to \$190/water right acre.
- Special Assessment: The temporary special assessment that was initiated in 2023 (\$40/water right acre) will remain the same and is scheduled to sunset after the 2026 irrigation season.

Raising rates in any form is never an easy decision. While the District has managed to retire one loan early and will follow through with the accelerated debt repayment plan, a rate increase is necessary to keep FID on solid financial footing into the future. Moving forward we will look for alternative sources of revenue in the hope of reducing patron fees, but a 3-5% annual increase is expected to keep up with increasing costs of operation.

### **Watershed Plan Update**

FID continues to work with Farmers Conservation Alliance and the Natural Resource Conservation Service (NRCS) to complete a Watershed Plan. The Plan outlines a variety of projects the District hopes to complete in coming years, jump starts the permitting process, and opens up significant federal funding. The infrastructure improvements planned will conserve water, improve operational efficiency, increase delivery reliability, and increase drought resiliency. FID was also awarded state funds to match the federal funding. Between the federal and state funds, the projects will be 100% grant funded (FID will not take on any more debt). The first project planned is piping a section of the Farmers Canal and is scheduled to take place in 2026.

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

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. This is an incentive program that will cover 75% or more of the project costs. The next application deadline is November 29<sup>th</sup>, 2024. 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.

### **Water Rights**

State law limits the irrigation season from April 15<sup>th</sup> to September 30<sup>th</sup>, and it is illegal for FID to deliver irrigation water, or for patrons to use FID water for irrigation outside of this window. Safely filling the 30+ mile distribution system at the beginning of the irrigation season takes time. District staff work to respond to customers as quickly as possible and we appreciate your patience during that busy time.

### **Staff Changes & Other Updates**

The District had some significant staff changes in 2024, saying good-bye to two long-time FID employees, June Brock and Sal Velazquez. June and Sal dedicated many years to FID and both retired in 2024. The District hired Cassy Stintzi, Office Manager and Joel Bronson, Operation and Maintenance Technician. We feel very lucky to have them! Additionally, FID's General Manager, Les Perkins took a position with the Oregon Public Utilities Commission in March of 2024. Alexis Vaivoda was hired to replace Les and started working for FID in April.

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<sup>th</sup>, 2025 and a 3% discount is offered if the District receives full payment by January 10<sup>th</sup>, 2025. Please contact the office at 541-387-5261 or email us at [fidhr@fidhr.org](mailto:fidhr@fidhr.org) with any questions or to provide updated email and/or phone numbers. Please visit [www.fidhr.org](http://www.fidhr.org) for more information about FID and to get system updates during the irrigation season.

Thank you,

Alexis Vaivoda & the FID Board of Directors