



## **PUBLIC UTILITY DISTRICT NO. 1 OF MASON COUNTY**

### **Frequently Asked Questions (FAQ) Rate Increase Effective April 1, 2019**

**Why a rate increase?** Ongoing factors contributing to rate increases include: **1)** BPA power and transmission rate increases, **2)** increased capital investments, **3)** increased costs associated with operations, **4)** long-term debt payoff, **5)** continued building of cash reserves.

- 1.** BPA's power rate to the PUD increased 2.9% and the transmission rate increased 3.6%, effective October 1, 2019.
- 2.** The District is increasing investments in capital projects to replace old infrastructure and ensure continued reliability. The next large capital project will be the replacement of the Union Substation. This is scheduled to begin in 2025 and the District plans to construct the sub without having to take on additional debt through loans or bonds.
- 3.** Increasing costs associated with operations include materials, goods and labor to ensure continued reliability.
- 4.** The District will allocate 1% of gross revenue to paying off long term debt early. Recent changes to federal laws have eliminated public agencies' ability to refund municipal bonds to achieve better interest rates. The passing of the new Farm Bill also eliminated our ability to invest in federal high yield savings programs through Rural Utility Services, which was part of our original debt payoff strategy. This has forced us to change our long-term debt strategy to ensure the utility district is not over-leveraged. (Please see attached debt amortization schedule).
- 5.** Cash reserves are less than policy limits. The District's policy goal is to reach 90 days cash-on-hand by 2025 to ensure that the District can cover its operating costs should there be a disaster event or an economic recession that impaired our ability to collect necessary revenue.

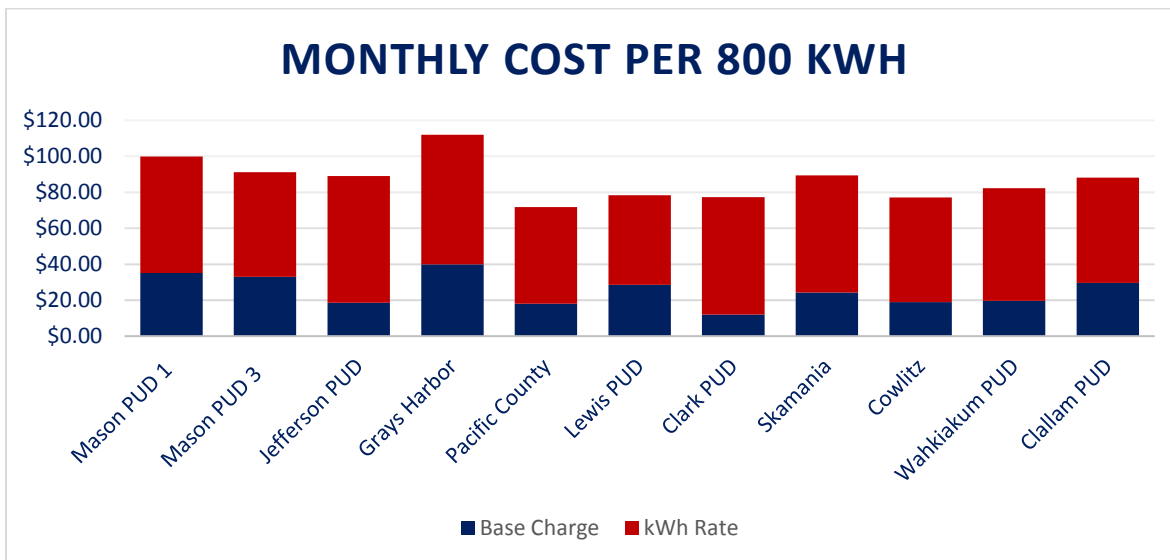
### **How is the rate increase structured?**

The basic charge and the kilowatt hour (kWh) rate will increase by 5.0% for all rate classes.

### **What is the new rate for residential customers?**

On April 1<sup>st</sup>, 2019, the basic charge will increase from \$33.47 to \$35.15, and the kWh rate will increase from \$.077 to \$.081. A residential customer, using 800 kWh per month will see an increase of \$4.88 per month, not including taxes. Please refer to the bill examples for more detail.

## How do Mason PUD 1 residential rates compare to others?



\* Please note - the numbers included in this graph include energy and base rate charges. Taxes and other fees have not been added or removed from the other utilities published rates. Some utilities' 2019 rate increases are pending and are not captured in this comparison. The figures are for informational purposes only and are not intended to provide an exact billing estimate.

While the chart above shows Mason PUD 1's rates are higher than some of the other neighboring districts, it's important to note the difference in size, growth factors, and fee schedule design of each utility. Though some districts have a lower base charge and/or kWh rate, they may collect different miscellaneous fees such as a fee for all new service connections, a fee for meter check reads, a fee to disconnect service for a panel upgrade. Mason PUD 1 does not charge customers for these types of service requests. They are included in the monthly basic charge.

Other factors that impact rates are that Mason PUD 1 does not have the growth that other districts have, nor does it have the industrial or commercial loads that other districts have. Some districts have their own generation, which lowers their cost of energy that is passed onto their customers.

### How do I learn more about the proposed increase and provide comment?

Rate proceedings will be held during the Board of Commission meetings beginning at 1:00 p.m., Tuesday, January 22<sup>nd</sup> at the PUD 1 district office in Potlatch. We welcome and encourage the public to attend all meetings to learn more about your PUD and provide public comment. You may also submit written comments concerning the electric rate increase until 5:00 pm on January 21<sup>st</sup> to Julie Gray, Executive Assistant at [julieg@mason-pud1.org](mailto:julieg@mason-pud1.org) or by mail to 21971 N. Hwy 101, Shelton WA 98584.

## What types of programs and services are available to help customers?

Mason PUD 1 offers:

- Free Energy Audits
- Rebates and Incentives
- Residential Budget Payment Plans
- Canal Comfort Fund energy and water assistance program

## MASON PUD 1 RESIDENTIAL BILL COMPARISON

<b>Residential 800 kWh</b>			
	<b>2018</b>	<b>2019</b>	<b>Difference</b>
Electric Usage	\$61.60	\$64.80	\$3.20
Electric Base Charge	\$33.47	\$35.15	\$1.68
<b>Total Taxable Electric Charges</b>	<b>\$95.07</b>	<b>\$99.95</b>	<b>\$4.88</b>
Privilege Tax	\$2.03	\$2.14	\$0.10
State Utility Tax	\$3.68	\$3.87	\$0.19
<b>Total Electric Charges</b>	<b>\$100.78</b>	<b>\$105.96</b>	<b>\$5.18</b>

<b>Residential 1200 kWh</b>			
	<b>2018</b>	<b>2019</b>	<b>Difference</b>
Electric Usage	\$92.40	\$97.20	\$4.80
Electric Base Charge	\$33.47	\$35.15	\$1.68
<b>Total Taxable Electric Charges</b>	<b>\$125.87</b>	<b>\$132.35</b>	<b>\$6.48</b>
Privilege Tax	\$2.69	\$2.83	\$0.14
State Utility Tax	\$4.87	\$5.13	\$0.26
<b>Total Electric Charges</b>	<b>\$133.43</b>	<b>\$140.31</b>	<b>\$6.87</b>

TOTAL LONG TERM DEBT					
	Accrued Interest	Principal	Extra Principle	Total	Balance
2018					
2019	476,817.15	494,384.60		971,201.75	12,190,230.90
2020	439,946.26	479,538.45		919,484.71	11,710,692.45
2021	442,929.07	519,384.60		962,313.67	11,191,307.85
2022	424,699.29	539,384.60		964,083.89	10,651,923.25
2023	421,581.02	584,230.75		1,005,811.77	10,067,692.50
2024	383,085.44	569,384.60		952,470.04	9,498,307.90
2025	361,679.40	584,384.60		946,064.00	8,913,923.30
2026	323,064.06	579,538.45		902,602.51	8,334,384.85
2027	314,181.53	629,384.60		943,566.13	7,705,000.25
2028	300,787.80	684,230.75		985,018.55	7,020,769.50
2029	260,259.89	674,384.60		934,644.49	6,346,384.90
2030	232,449.18	699,384.60	770,000.00	931,833.78	4,877,000.30
2031	154,558.64	454,538.45	-	609,097.09	4,422,461.85
2032	147,873.87	494,384.60		642,258.47	2,585,000.00
2033	92,450.00	395,000.00	1,343,077.25	487,450.00	2,190,000.00
2034	76,650.00	410,000.00	1,780,000.00	486,650.00	-

2014 Electric Bond					
	Accrued Interest	Principal	Extra Principle	Total	Balance
					2,970,000.00
	134,698.00	150,000.00		284,698.00	2,820,000.00
	130,197.00	155,000.00		285,197.00	2,665,000.00
	125,160.00	155,000.00		280,160.00	2,510,000.00
	119,735.00	165,000.00		284,735.00	2,345,000.00
	113,630.00	170,000.00		283,630.00	2,175,000.00
	107,000.00	175,000.00		282,000.00	2,000,000.00
	100,000.00	180,000.00		280,000.00	1,820,000.00
	91,000.00	190,000.00		281,000.00	1,630,000.00
	81,500.00	200,000.00		281,500.00	1,430,000.00
	71,500.00	210,000.00		281,500.00	1,220,000.00
	61,000.00	220,000.00		281,000.00	1,000,000.00
	50,000.00	230,000.00	770,000.00	280,000.00	-

RUS					
	Accrued Interest	Principal	Extra Principle	Total	Balance
					3,104,000.10
	87,276.37	119,384.60		206,660.97	2,984,615.50
	83,869.15	119,384.60		203,253.75	2,865,230.90
	60,499.26	89,538.45		150,037.71	2,775,692.45
	77,919.07	119,384.60		197,303.67	2,656,307.85
	74,914.29	119,384.60		194,298.89	2,536,923.25
	88,101.02	149,230.75		237,331.77	2,387,692.50
	66,835.44	119,384.60		186,220.04	2,268,307.90
	63,429.40	119,384.60		182,814.00	2,148,923.30
	45,214.06	89,538.45		134,752.51	2,059,384.85
	57,831.53	119,384.60		177,216.13	1,940,000.25
	66,837.80	149,230.75		216,068.55	1,790,769.50
	49,809.89	119,384.60		169,194.49	1,671,384.90
	46,399.18	119,384.60		165,783.78	1,552,000.30
	32,508.64	89,538.45		122,047.09	1,462,461.85
	40,423.87	119,384.60	1,343,077.25	159,808.47	-

2018 Electric Bond					
	Accrued Interest	Principal	Extra Principle	Total	Balance
					6,730,000.00
	258,250.00	225,000.00		483,250.00	6,505,000.00
	249,250.00	235,000.00		484,250.00	6,270,000.00
	239,850.00	245,000.00		484,850.00	6,025,000.00
	230,050.00	255,000.00		485,050.00	5,770,000.00
	219,850.00	265,000.00		484,850.00	5,505,000.00
	209,250.00	275,000.00		484,250.00	5,230,000.00
	198,250.00	285,000.00		483,250.00	4,945,000.00
	186,850.00	300,000.00		486,850.00	4,645,000.00
	174,850.00	310,000.00		484,850.00	4,335,000.00
	162,450.00	325,000.00		487,450.00	4,010,000.00
	149,450.00	335,000.00		484,450.00	3,675,000.00
	136,050.00	350,000.00		486,050.00	3,325,000.00
	122,050.00	365,000.00		487,050.00	2,960,000.00
	107,450.00	375,000.00		482,450.00	2,585,000.00
	92,450.00	395,000.00		487,450.00	2,190,000.00
	76,650.00	410,000.00	1,780,000.00	486,650.00	-

**Key POINTS:**  
 Total Interest Savings \$457,018  
 RUS Debt Paid off 11 Years Early  
 '18 Electric Bond Paid off 4 Years Early  
 '14 Electric Bond Paid off 3 Years Early