



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

N. 21971 Hwy. 101  
Shelton, Washington 98584

**BOARD OF COMMISSIONERS**

KARL DENISON, Commissioner  
JACK JANDA, Commissioner  
RON GOLD, Commissioner

**Electrical Rate Hearing**

PUD 1 Board Room

**June 9, 2015**

1:00 p.m.

Since January 2015, the PUD’s revenues have decreased from forecasted budget by 13%, causing the PUD to use its operational reserves to pay its bills. This revenue decrease is due to the warm weather that has occurred in the months of November 2014 through April 2015, which is the timeframe in which the PUD typically receives 75% of its revenue.

Since the revenues are down, the PUD cannot maintain its operations and pays its bills without an increase in rates. There is also a BPA power rate increase coming in October 2015 of 5.6%. BPA power costs account for almost 50% of our total operational budget. The PUD debt covenants require the District to maintain a certain percentage for debt service coverage. It is anticipated that the PUD will not make this percentage unless we have an increase in June 2015.

In order to maintain its standard operations and debt service requirements, the PUD is purposing a \$5.00 increase per month to the base service beginning with the June billing statements. This way all of the PUD’s customers will share in the costs evenly regardless if the customer is seasonal or permanent. The cost to maintain our electric system is the same across our customer base weather the customers live here full time or not.

The last electric rate increase occurred in December 2013 as a result of a 9% BPA rate increase to the District. Through a strategic and conservative budgeting process, we have managed to avoid increases since 2013 up until this point. The proposed increase in base service amounts to a 3.5% rate increase to our average permanent customer. The new proposed rate structure will look like this:

<b>Residential</b>	<b>Old Rate</b>	<b>New Rate</b>
Base Service	\$23.66	\$28.66
KWH Usage	.075 Per KWH	.075 Per KWH
State Public Utility Tax	3.873%	3.873%
State Property Tax	2.14%	2.14%
<b>General Service Single Phase</b>		
Base Service	\$35.76	\$40.76
KWH Usage	.081 Per KWH	.081 Per KWH
State Public Utility Tax	3.873%	3.873%
State Property Tax	2.14%	2.14%
<b>General Service Three Phase</b>		
Base Service	\$41.16	\$46.16
KWH Usage	.081 Per KWH	.081 Per KWH
State Public Utility Tax	3.873%	3.873%
State Property Tax	2.14%	2.14%

Respectfully Submitted,

Greg Kester  
District Auditor