



PUD 1 transmission lines paralleling BPA's in the Skokomish Valley.

THE CONNECTOR SUMMER 2018

COMMISSIONER CORNER

One thing that has persistently concerned me as a board member of Mason PUD 1, is the **long-lasting effects of Initiative 937, dubbed the "Energy Independence Act", which passed in 2006.** The purpose of the Act was to encourage the integration of renewable energy, like wind and solar, into the energy portfolios of power utilities with more than 25,000 customers (although there have been several efforts to wrap in all of us smaller utilities as well). The mandate is to be 15% "green" by 2020, with the "green" coming from what the Act recognizes as qualifying renewable energy. The concern I have with all of this is that the Act excluded hydroelectricity from the list of eligible renewable resources. The federal government recognizes it.

"Wind is only reliable about 30% of the time..."

California recognizes it up to 30 megawatts. But in our state, we do not, because the drafters of the initiative wanted more development of non-carbon producing energy, even though we already have an abundance of carbon free hydro power in the Pacific Northwest. If the Act would simply recognize hydropower as an eligible renewable resource toward the 2020 goal, we'd be there already.

Now what's happening is that when there's not enough wind and solar energy being

generated each day to power the grid, we have to go to market to meet the renewable standards. This means Washingtonians have to pay more for eligible carbon free electricity. I don't think the average person realizes the impact of this initiative to their rates.

The main reason this concerns me is that they wouldn't recognize Bonneville Power Administration's hydro system. This doesn't work. If we didn't have hydro as our base load power, we'd brown out all the time. Wind is only reliable about 30% of the time in our state, and solar has its limitations also. I am pleased that we have developed the technology for these resources,

but the wind and solar producers have been given large subsidies over the last decade, paid for by Washington taxpayers and ratepayers. The unforeseen

consequences of these energy policy mandates make the monthly power bills and taxes rise for all of us in the state.

A new carbon tax initiative is likely making its way to the ballot this fall. While I appreciate the need to reduce carbon, I don't understand why anyone would want another tax on energy when we have some of the cleanest electricity in America. I worry about the unintended consequences of the carbon tax and how it will impact our utilities and our wallets.



In today's economy, money is still pretty tight. If you are retired and on a fixed income, why would you voluntarily pay more for clean energy mandates when we are already there? Hydro is clean and renewable. It is a carbon-free base load alternative to coal and gas. It is less expensive than the alternatives. It needs to be recognized and we need to be diligent about the impacts of initiatives on our energy policy and the ripple effects on our household finances.



Ron Gold,
Commissioner, District 2

MANAGER'S REPORT

As some of our customers may have already heard, July 13th will be my last day in the office at Mason PUD No. 1. I have accepted a position at Okanogan County PUD as their new general manager and my wife and I will be moving across the mountains in July. The move is bittersweet for me because I have really enjoyed my 11 years in Mason County, working with the exceptional team at PUD 1 and getting to know you all as members of this great community. I am leaving this utility feeling extremely proud of what we have accomplished over the last decade and optimistic about what lies ahead for the first PUD in Washington State.

Since I started in 2007, I and the PUD 1 team have worked with the commission to build planning documents that have realistic, budget-conscious plans to improve the electric and water infrastructure and our office/operations facilities, improve our communication and outreach to our ratepayers, ensure that we are financially solvent and that our financials are transparent, and most importantly- plan for future success.

Part of that success will rely on increasing our electric reliability at our substations so we can support new residential and economic development. Growing our water business, as we are right now with 32 new systems coming

on in July, will also be key. The rest will depend on small but consistent steps to grow and develop our employees and technology, and also expand our facilities to help support the growth in personnel, fleet and technology. We have planned our capital improvement projects out 5-10 years and our facilities improvements out for the next 10-15 years, keeping financial reliability and affordable rates in the forefront of this growth planning.

This community has been so supportive of our utility. You all seem to realize what a tremendous public asset you have here in your PUD and in the employees that work for all of you. I certainly have felt that support and hope that my new community will be as great as the one I am departing. We have begun the search process for a new general manager and hope to have one on board sometime this summer. In the meantime, our competent staff and team at the PUD will continue to ensure that things run smoothly through the transition and will continue to serve you all to the best of their abilities.

Thank you for the pleasure to serve you for the last 11 years.



Steven Taylor,
General Manager

WATER CONSERVATION

in effect July through September

Addresses ending in **ODD** numbers

1 3 5 7 9

**Water on
ODD days of the month.**

Addresses ending in **EVEN** numbers

0 2 4 6 8

**Water on
EVEN days of the month.**



During the months of July, August and September your cooperation is very appreciated and also imperative to help us avoid pressure loss and introduction of bacteria into the water supply. When that occurs, we have to put water systems on a Boil Water Advisory, chlorination and a rigorous testing process until we get confirmation that the water is safe to drink.

Thank you for helping us be proactive and for reducing peak water usage.

Jack Janda Re-elected to ENERGY NORTHWEST EXECUTIVE BOARD



PUD 1 Board President,
Jack Janda

Two PUD commissioners from Mason County were reelected to Energy Northwest's executive board. The organization's 27-member board of directors elected Jack Janda from Mason County PUD 1 and Linda Gott from Mason PUD 3. The executive board sets the policies that govern the operations of Energy Northwest.

"Today's executive board represents a great combination of public power, industry expertise and Washington state leadership," said Sid Morrison, executive board chair.

Janda was first appointed to the Energy Northwest Board of Directors in January 2003 and elected to his first full term on the executive board in 2006, for which he is currently vice chair. Additionally, he has served as secretary/treasurer, vice president and president of Columbia Generating Station Participants Review Board.

Energy Northwest is a joint action agency formed by the Washington state legislature in 1957, representing the convergence of small and big public power. Their consortium of 27 public utility districts and municipalities across Washington takes advantage of economies of scale and shared services that help utilities run their operations more efficiently and at lower cost, to the benefit of more than 1.5 million customers. They also provide generation of clean, reliable electricity from nuclear, wind, hydro and solar projects including four electricity generating facilities: White Bluffs Solar Station, Packwood Lake Hydroelectric Project, Nine Canyon Wind Project and Columbia Generating Station (nuclear energy facility).



Overnight Outage in May Helps Improve Reliability for North End of System

We had a long overnight outage at the beginning of May to replace a transformer at the Duckabush Substation that was testing poorly and showing signs of failure. This wasn't surprising given that the transformer was built in 1957. We found a "new to us" transformer from McMinnville Power & Light in Oregon. McMinnville was in the process of upsizing their transformers due to load growth and they happened to be replacing one that was exactly the size we needed. We went down with our engineers and inspected it and then purchased it, had it retrofitted to meet our design standards, had it transported up to the Duckabush, and then Specialty Engineering replaced it for us during the overnight outage. The entire process took about five months, but it saved the District about \$250,000 by repurposing a used transformer.

Our management team rests a little easier now knowing that this substation that energizes a third of our electrical system has equipment that is working the way it should. We also took the old 1957 transformer and had it rebuilt and put back in the substation as a spare to have on hand if something were to happen

to one of the other transformers of the same voltage. We like to get our money's worth out of our equipment!

We realize overnight outages are inconvenient. We have had to have at least one for the last three years due to Bonneville substation maintenance, and then our own substation repair. When you weight the impact of a planned 12-hour outage, against an outage that could last as long as three days in an emergency situation, we take the safest path. We are looking at another transformer replacement in Union as well. We are evaluating the project at this point and don't have it scheduled but we will be sure to provide notice when we decide to move forward.

The District has tried to be proactive with our notifications to customers about scheduled outages. If you aren't on the email notification list, please sign up so you can be in-the-know. If you were part of the May outage and didn't receive a phone call about it, you may want to call customer service and make sure we have a good phone number on file for you. If you have suggestions on ways that we can expand our reach in getting the word out, please let



89,000 lb. transformer being moved into the Duckabush Substation.

us know. We want people to be aware, so they can plan ahead and not have groceries go to waste, or medical situations without a back up plan. As always, we appreciate your patience and helping us get the word out to neighbors.

On another note, our summer crew has started this month on tree trimming in different neighborhoods and also on water construction projects. If you see our workers in your area, please slow down as you drive past them. Help us ensure that everyone goes home safely each night.

Darin Hall, Director of Operations

PUD 1 Purchases 32 New Water Systems from Thurston PUD



Public Hearing in Agate for Thurston PUD Customers

At the May 1, 2018 board of commissioners meeting, the PUD 1 commission approved a purchase and sale agreement with Thurston County PUD for 32 water systems located within Mason County. Thurston PUD acquired most of these systems last October in a large purchase of over 100 systems from H&R Waterworks that spanned across multiple counties. Water PUDs tend not to operate within the jurisdictions of other water PUDs, which prompted Thurston PUD to reach out to Mason PUD 1 regarding acquisition of the Mason County systems.

The District held three public hearings for the Thurston PUD customers in May and has begun

the outreach to onboard 650 new customers.

Mason PUD 1 purchased the systems for \$1.18 million. Thurston County PUD offered them to Mason PUD 1 at their original bulk purchase price from H&R, which resulted in a savings to Mason PUD 1. A financial analysis showed that the District should recoup its investment in approximately four years. This acquisition helps the District accomplish its strategic goal of growing the PUD's water business and economy of scale.

In 2014, the District made a move from accounting for each of its water systems individually to a combined utility business, like the electric side. Last year, the PUD hired FCS Group to conduct a cost of service analysis (COSA) for both the water and electric businesses. The intent is to eventually meld all the water system rates into a single monthly rate across all systems and have a PUD-wide capital improvement plan and fund for pump and pipe replacement, water system plans, and other overhead costs. Currently, each system has the same base

rate but different capital improvement charges and system development fees according to the financial history and debt of each individual system. The results of the water COSA will be presented at a commission meeting in early 2019.

The District will take official ownership of the new Thurston PUD systems on July 1st. PUD 1 will then own and manage over 70 water systems, amounting to over 3,000 active water connections.

The new systems are: Bellwood A, Bellwood B, Dayton Trails, Hamma Ridge, Island Lake Manor, Madrona Park, New Pine Acres, Rainbow Lake, Rhododendron Place, Shadowood, Springwood, Wonderland, Woodland Manor, Anothony Rd. N, Anothony Rd. S, Elkridge, Hellickson Water, Jackson Timber, Jade Drive, Rolling Hills, Singh Water System, Stonebriar 1, Stonebriar 2, Stonebriar 3, Totten Estates 1, Totten Estates 2, Wivell Road, Pickering View, Cedar Meadows 1, Cedar Meadows 2, Black B, and Black C.

EARN FIVE BUCKS BY GOING PAPERLESS!



Customers who sign up through e-pay by September 30th to receive their statements via email instead of in paper format will receive a \$5 credit on their October billing statement. You must stay paperless for one year to keep the credit to your account. Existing paperless customers will also receive the \$5 credit.

THE BOARD OF COMMISSIONERS regularly meet the 2nd and 4th Tuesday of each month at 1:00 p.m. at the PUD 1 office in Potlatch. For more information on meetings, agendas and minutes, please visit mason-pud1.org/about/meetings/.



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MASON PUD IS AWARDED FOR *-Excellence-* IN COMMUNICATIONS!



Kristin Masteller, Director of Business Services (left) and Brandy Milroy, Water Resource Coordinator

At the American Water Works Association's Pacific Northwest Section Conference in May, Mason County PUD No. 1 was honored with three of the Association's "Excellence in Communications" awards. The honor was bestowed in the categories of digital, print, and strategic communications for the District's social media platform, *The Connector* newsletter, and strategic work plan.

Have you signed up for the Email Notification List yet?



Be the first to know about scheduled outages and other important PUD information by emailing kristinm@mason-pud1.org to join.

Be sure to follow us on social media for more frequent updates.

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