



In 1929, the Washington State Grange, a populist agricultural organization, collected more than 60,000 signatures to send Initiative No. 1 to the State Legislature, allowing rural communities to form their own publicly owned utilities. When the Legislature failed to act, the measure went to a statewide election, where it passed in 1930. The new PUD law went into effect in 1931.

Mason County's PUD No. 1 was formed in 1934 by a vote of its citizens and soon began operations in February of 1935 as the very first PUD in Washington State.

2015 marks our 80th anniversary of service to our ratepayers/owners. Our employees and commissioners thank you for your support over the years and look forward to the next 80 years of service!

For more information on the history of public power in Washington State, including a detailed history of public power on Hood Canal, visit the link on the home page of the PUD 1 website.

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 [www.mason-pud1.org](http://www.mason-pud1.org).

#### MASON COUNTY PUD 1 COMMISSIONERS:

##### DISTRICT 1

Karl Denison .....(360) 898-2618

##### DISTRICT 2

Ron Gold .....(360) 426-9540

##### DISTRICT 3

Jack Janda .....(360) 877-5867

##### GENERAL MANAGER

Steven Taylor .....(360) 877-5249

## INSPIRING THE Next Generation OF PUD EMPLOYEES



PUD 1 employees Jocelyne Gray, Steve Brown and Kristin Masteller met with Mason County's future linemen, engineers and utility professionals at the 2014 Career Expo at Shelton High School. Over 1,400 high school and Olympic College students attended the expo.

THE  
CONNECTOR  
WINTER 2014-2015



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# 2015 BUDGETS SET FOR WATER & ELECTRIC

In November, the commission held two budget workshops: one for water and one for electric. The workshops allowed the management team to sit and explain different budget scenarios that outlined the work that needed to be done and what system improvements needed to be made in 2015. Staff prioritized that list, mapped out what can realistically be accomplished in the next year, and presented budget scenarios to the commissioners, explaining how each scenario impacted debt structure, cash flow and rates. Both budgets were then presented for approval at the December 9th board meeting following a public hearing for the water rates.

The electric budget was approved without any rate increase for 2015. Bonneville Power Administration projected a 9% power cost increase for the PUD in October 2015 but the PUD's auditor was confident that the District could absorb that rate increase for three months without raising customer rates until January 2016. Customer rates will be reevaluated through the budget process beginning in October 2015 after the auditor is able to determine what impact BPA rate increases have had to the District's finances for the year and what the BPA rate projections are for 2016. The 2015 electric budget also added a full time employee to begin training for impending retirements, set aside funds to replace a 24 year old bucket truck, continued the vegetation management, and supported the electric's capital work plan for line replacements and system improvements.

For the water department, the commission was presented with a plan to consolidate capital surcharges and also a plan to equalize rates. Since most of the District's systems have a

capital surcharge that is set to retire by 2022, management felt it was not fair to customers to consolidate those existing surcharges at this time. Management also recommended that future capital improvement financing of approximately \$500,000 per year for the next five years be consolidated and evenly allocated amongst all residential water customers, which would be a net impact of approximately 4%, or \$1.53/month per customer, and cap existing rates at a high of \$75 over the next five years for systems that have already have high monthly rates. Each water system will eventually benefit from this process because regardless of the number of customers on the system, they will be able to have system improvements made. The water department also budgeted a one-time 6% increase in 2015 to fill a position that has been vacant following a retirement in 2012. The department currently has only two water technicians to maintain 36 water systems while trying to also accomplish in-house construction projects.

The final water budget resolution that was adopted after the rate hearing on December 9th included a one-time 10% increase in base service for 2015 to allow the water department to bring staffing levels back to par and pay for capital improvement funding, and a 4% increase for the following four years to pay specifically for capital improvement funding for all PUD systems.

The annual budget workshops are open to the public and the dates and times are listed on the PUD website. Customers are encouraged to attend to learn about the budgeting process. You can also read the minutes from those meetings on the PUD website on the "Meetings" page.

## 2013 FUEL MIX SUMMARY



HYDRO

88.34%



NUCLEAR

10.25%



COAL

.94%



NATURAL  
GAS

.39%



BIOMASS

.04%



WASTE

.02%



PETROLEUM

.01%



OTHER

.01%





MANAGER'S REPORT

As we prepared all fall for our annual strategic planning and budgeting sessions, PUD staff and employees had to decide if we are effectively meeting our obligations to our customers and if we need to make changes to improve our business to better serve you. At PUD 1 we listen to what our customers are saying.

You have told us that you want reliability, reasonable energy costs and clean drinkable water. We are doing all we can to provide that for you, our valued customer-owners. We have presented to your commissioners the 2015 electric and water budgets that reflect the work that needs to be done in the next 12 months to accomplish increased reliability and quality water service without a dramatic impact to rates.

Just to highlight a few of the work plan items for next year, in the electrical department we are going to continue an aggressive vegetation management program, rebuild and replace aged distribution in both overhead and underground line where we are experiencing more frequent

issues, replace poles, investigate our risk associated with a 1960's power transformer that is reaching its end of life, upgrade substation breakers, and add communication programming with each of our substations to help us more quickly identify power issues. In the water department our crews will see an addition to the team to help them accomplish the mandatory testing and monitoring of the 36 water systems that we own and manage, replace aged and failing water distribution mainlines and install meters to comply with the state regulation to have all our water services metered by 2017.

Our office and operations facilities are also becoming a high concern. We need more room to store our high value equipment and warehouse materials so our investments are secured and protected from the weather. So, in 2015, we will also develop a long term facility plan. This plan will evaluate how we can best use the property we already have and retrofit our existing buildings to accommodate our workforce and our storage needs as well as look

toward future needs in the next 5-7 years. Our buildings were constructed in the early 1960's and cost more and more each year to repair and maintain them so that they are safe and efficient for our employees and customers. We must look at the most cost effective way to maintain safe and adequate facilities and supply our employees with the proper tools and space to do their jobs correctly and efficiently.

We have set forth an ambition plan of work for the next 12 months and look forward to working hard again in 2015 to ensure that we are maximizing the value out of every dollar budgeted to support these endeavors.

Sincerely,



Steven Taylor,  
General Manager



**CANAL MUTUAL** – The water crew completed the replacement of the water main and installation of the meters on the existing services on Westward Way this fall. Some drainage still needs to be addressed on the roadway, a fire hydrant needs to be relocated, and meters for new connections need to be installed. After \$1.6 million in funding, the water system has been completely replaced and fully functioning off of Well 4, with Well 3 as an emergency source. The system is approved for 108 connections. The flat rates will switch to metered rates in January 2015.

**HOOD CANAL** – Hood Canal A Water Company and Hood Canal B Water Company are now consolidated into a single water system, Hood Canal Water System, fully approved by DOH. The water mains on Dalby Road and State Route 106 were replaced in 2013 while the Mason Avenue water main was replaced this fall. The system is approved for 273 connections. Those with meters installed will switch from flat rates to metered rates in January 2015. For those still without meters, your rate will switch a month or two after your meter is installed in 2015.

**2015 CAPITAL IMPROVEMENTS** – The 2015 Water Construction Work Plan provides for capital improvements in 15 out of 35 water systems owned by the District. More details to come in the spring newsletter.

- Jocelyne Gray, PE, Director of Operations-Water

# EMERGENCY PREPAREDNESS IS IMPORTANT



In October, the PUD participated in the Great Washington Shake Out earthquake drill and earlier in the year employees revised our Emergency Response Plan. We have to be ready so that when the devastating earthquake does finally hit, we have a practiced plan in place to help get the power back on and provide water to our customers while you all work to get your own homes and business back in order. We also actively participate in county-wide disaster planning with other public agencies.

While it may be a while before we have a large scale disaster, it's very important to make sure that you're prepared to survive without vital infrastructure such as power, water, phones, road access, transportation and especially food and heat.

During a large storm event at the end of 2012 that caused a system-wide outage and landslides up and down Highway 101, many of our customers were without power for three days. The highway was also closed and several side roads were blocked by downed trees and slides. This is always a real possibility in the winter months.

While the PUD always works as many hours as it takes to get folks back online, it's vitally important for you to have a plan in place until we

can restore power and water. Do you have another source of heat? Do you have enough food to last you a few days? Do you have drinking water? Is there a place you can go to stay warm if you only have electric heat? Are their neighbors nearby that can help or may need your help? Are you on life-support? If you are on life support, it's imperative that you let our office know. We'll put you on a notification list so that way you will get a personal phone call when we know the power will be out.

We've had some wind storms come through already and luckily our crews have been able to get power restored within a few hours. If a bigger weather system comes through though or a large scale disaster hits, it's important for us all to take responsibility for being prepared. The PUD continues to work to make sure that we're as ready as we can be. We encourage you all to do the same! Please visit [www.ready.gov](http://www.ready.gov) for suggestions on how to prepare.



Ron Gold, Commissioner  
District 2