



PUBLIC UTILITY DISTRICT NO. 1 OF MASON COUNTY

Frequently Asked Questions (FAQ) Electric Rate Increase Effective April 1, 2020

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 overall rate to the PUD increased 2.58% 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. Substation construction is scheduled to occur in 2025, but we will begin upgrading infrastructure for this sub in 2021. 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 allocates 1% of gross revenue to paying off long term debt. 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. The PUD currently hovers around 60 days in 2019, therefore we budgeted for 5 days of additional cash for 2020, and 5 days each subsequent year to bring us into compliance in 2025.

How is the rate increase structured?

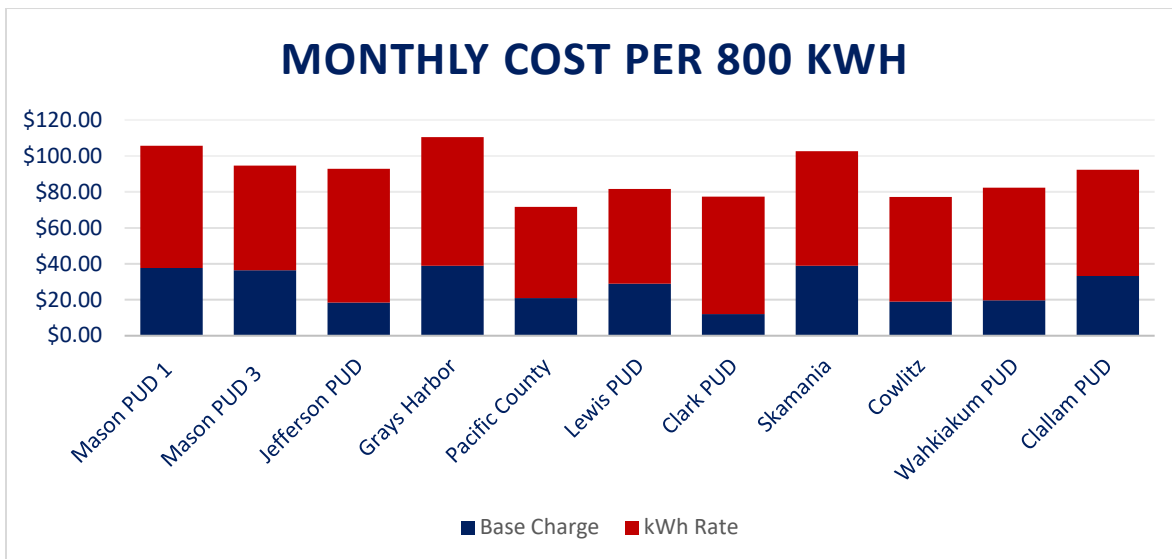
The District's overall revenue requirement has increased by 4.5%. Each class of customers will be allocated their proportionate share of the revenue requirement based on the Cost of Service Analysis done in 2018 for the electric business. This COSA document can be found on the home page of the PUD website at www.mason-pud1.org.

What is the new rate for residential customers?

On April 1st, 2020, the basic charge will increase from \$35.15 to \$37.68 for full-time, regular residential customers, and the kWh rate will increase from \$.081 to \$.085. A regular residential customer, using 800 kWh per month will see an increase of \$5.73 per month, not including taxes

The basic charge will increase from \$35.15 to \$38.83 and the kWh rate will increase from \$.081 to \$.086 for low-use residential customers who average less than 450 kWh per month, each year. This is a new customer class that was proposed and accepted through the COSA process. The Rate Hearing and subsequent proposed rate resolution will ratify this change to our customer classes. 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' 2020 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 and part of our regular service to you.**

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 increases and provide comment?

Rate proceedings will be held during the Board of Commission meetings beginning at 1:00 p.m., Tuesday, November 12th 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 November 11th to Julie Gray, Executive Assistant at 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

Low Use Residential <450 kWh			
	<u>2019</u>	<u>2020</u>	<u>Difference</u>
Electric Usage	\$ 36.45	\$ 38.70	\$ 2.25
Electric Base Charge	\$ 35.15	\$ 38.83	\$ 3.68
Total Taxable Electric Charges	\$ 71.60	\$ 77.53	\$ 5.93
Privilege Tax	\$ 1.53	\$ 1.66	\$ 0.13
State Utility Tax	\$ 2.77	\$ 3.01	\$ 0.24
Total Electric Charges	\$ 75.91	\$ 82.20	\$ 6.30

Residential 800 kWh			
	<u>2019</u>	<u>2020</u>	<u>Difference</u>
Electric Usage	\$64.80	\$68.00	\$3.20
Electric Base Charge	\$35.15	\$37.68	\$2.53
Total Taxable Electric Charges	\$99.95	\$105.68	\$5.73
Privilege Tax	\$2.14	\$2.27	\$0.13
State Utility Tax	\$3.87	\$4.10	\$0.23
Total Electric Charges	\$105.96	\$112.05	\$6.09

Residential 1200 kWh			
	<u>2019</u>	<u>2020</u>	<u>Difference</u>
Electric Usage	\$97.20	\$102.00	\$4.80
Electric Base Charge	\$35.15	\$37.68	\$2.53
Total Taxable Electric Charges	\$132.35	\$139.68	\$7.33
Privilege Tax	\$2.83	\$2.99	\$0.16
State Utility Tax	\$5.13	\$5.41	\$0.28
Total Electric Charges	\$140.31	\$148.08	\$7.77