



PUBLIC UTILITY DISTRICT NO. 1 OF MASON COUNTY

Frequently Asked Questions (FAQ) Proposed Rate Increase Effective January 1, 2020

Why a rate increase? Factors contributing to rate increases include: **1)** equalization of water rates for all District owned systems, **2)** increased capital investments, **3)** increased costs associated with operations, **4)** increased regulations by state agencies and recent court decisions

- 1.** The District recently commissioned a Cost of Service Analysis (COSA) to determine whether the rates charged to the customers were adequate to cover the cost to provide safe, reliable water service, and that the rates between customer classes were fair and equitable. It was determined through the COSA that rates charged between classes were not equitable, based on how each class of customers uses the District's system and the cost of infrastructure to provide water to those users. The new proposed rates will bring each customer class within cost of service over the next several years.
- 2.** The District is increasing investments in capital projects to replace old infrastructure and ensure continued reliability and safety. The transition to one uniform rate across all systems will result in the removal of capital surcharges. These surcharges were historically spread amongst a specific system's customers to pay for system-specific capital improvements. Under the new uniformed rate, all systems contribute equally to the capital improvement fund, and the District will determine through Strategic Planning the schedule of when system improvements will occur, like we already do with our power business. The idea is that every system will receive responsible maintenance and upgrades when it's time, regardless of the number of customers on that system or the price of the maintenance and upgrades.
- 3.** Increasing costs associated with operations include materials, permitting, goods and labor to ensure continued reliability.
- 4.** The District is subject to state and local regulations regarding drinking water and environmental protections. The *Foster* decision has resulted in additional expenses for water purveyors who must exercise their existing water rights or apply for new water rights for growing communities. Just the planning and approval process for pumping drinking water that the PUD already has senior rights to use, can quickly rise into six figure costs. The District must pay to have the plans developed, pay to have them reviewed by State agencies, pay consultants to help the State agencies complete the review process, pay for environmental mitigation plans, and sometimes also pay for legal assistance to protect the District against regulatory overreach and ensure that the PUD's legal rights are protected to fulfill our legal obligation to serve our customers safe, reliable drinking water. Increased regulation over the last several years has caused subsequent increases in budget expenses year after year. This will continue into the foreseeable future.

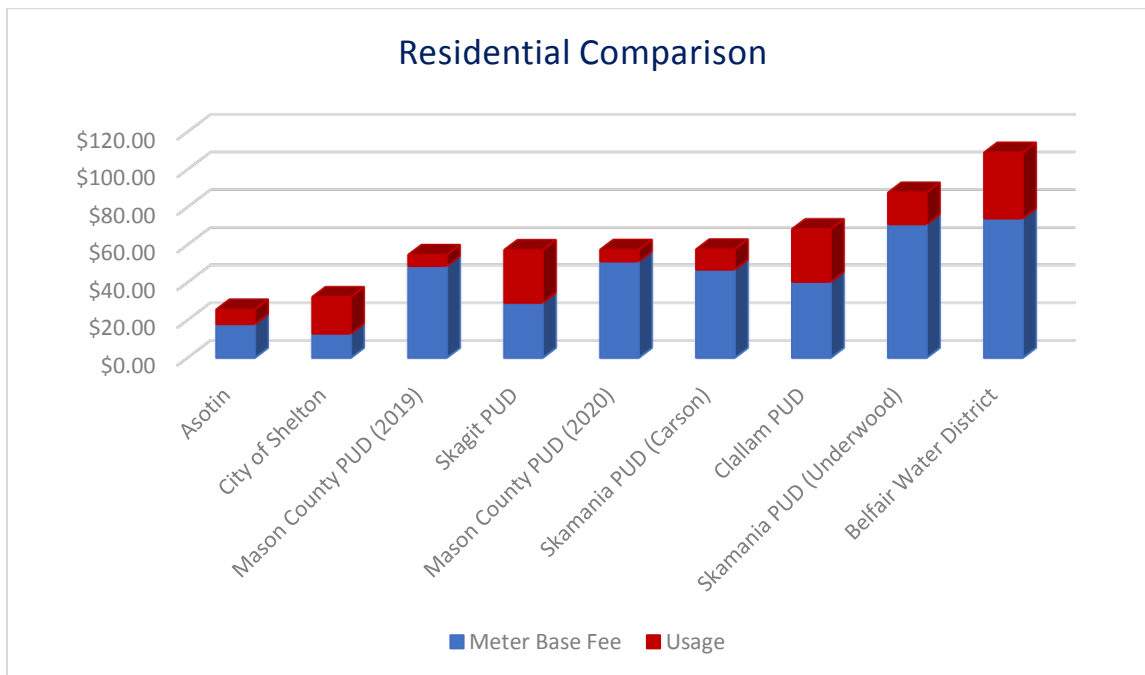
How is the rate increase structured?

The overall meter base charge and the usage rate will increase by 4.97% for the residential rate class, and 10% for the irrigation rate class, while the commercial rate class will not receive an increase since it is already at cost of service.

What is the new rate for residential customers?

On January 1st, 2020, the average meter base charge for all systems, including the capital surcharge, will increase from \$48.70 to \$51.12. Actual increases will vary, depending on a systems previous rate schedule. The usage charge (\$ per ccf) will increase from \$1.96 to \$2.05 for usage from 401 to 1,000 CF, and \$2.44 to \$2.55 for usage of 1,001 + CF. The first 400 CF is still included in the base meter charge. The District has created a bill calculator, so that customers can review how the rate change will affect his/her specific system. You can view the calculator on the District’s website at www.mason-pud1.org/rates-and-fees.

How do Mason PUD 1 residential rates compare to others?



* Please note - the numbers included in this graph include average household usage 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. Household usage varies by customer. Many purveyors do not include 400 cubic feet of usage in their base rate as Mason PUD 1 does.

The chart above shows Mason PUD 1’s rates are in between the other neighboring districts; however, it’s important to note the difference in size, growth factors, and fee schedule design of each utility. Some utilities’ fee schedule designs captures the cost of service through the usage rates, collecting a higher usage rate with a lower base rate, while other utilities choose to capture the cost of service

through the meter base fee, with a higher base fee, and a lower usage rate. Mason PUD 1 has designed its rate, to capture a majority of the cost to provide water through the base fee, which is why the District's base fee is higher than others'. The usage fee is based on water consumption, and can fluctuate throughout the seasons, whereas the cost to provide water service remains largely the same, regardless of how much water is consumed. Through the base fee, the District ensures the revenue requirement is met consistently. Customers control their usage costs.

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, 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. If you are unable to attend the hearing, you are welcome to call the PUD office and ask to speak with the finance department, or you can reach out to one of your PUD commissioners.

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

Mason PUD 1 offers:

- Residential Budget Payment Plans
- Canal Comfort Fund energy and water assistance program