



Hood Canal Woman's Club, still located on what is now the PUD's upper campus

THE CONNECTOR SPRING 2020

MANAGER'S REPORT

WORKING THROUGH A CRISIS

This has been an unsettling period for our nation with unprecedented closures impacting all facets of our everyday lives. Those of us that haven't lived through rationing during World War II, or the great depression, or other widespread pandemics, find it hard to grasp the life changing reality that we are living in now. In fact, by the time you will read this newsletter, I'm not even sure what our circumstances will be at the PUD and in our community; things are changing that quickly. What I do know is that our employees remain dedicated to ensuring your utilities are reliable and available.

PUD 1 was invited to participate in Mason County's daily emergency COVID-19 briefings, and I have to say, I'm pretty impressed with the level of coordination the County's emergency management department and their partners have developed for situations like these. These folks are very informed and connected and can act quickly to assist the community. I'm also very impressed with the level of outreach the Mason County Economic Development Council has done for businesses and workers impacted by the closures. These are two good examples of organizations taking leadership roles in times of need. If you have an opportunity to interact with either of these organizations, please thank them for their level of planning and efforts. They help us in ways we might not even realize they had a

hand in making happen.

We've also learned that the best laid plans are always are missing something. If nothing else, this pandemic has helped us strengthen our internal process and plan for how to react to disruptions.

Regardless of interruptions, we have been getting a ton of work done. Our new vehicle warehouse is almost completed. It looks great and the solar installers are siting our Community Solar II solar array on top of the warehouse roof. Our second community solar project is twice the size of the one we erected in 2016 and was fully subscribed in just over two weeks after registration closed.

The line crew has replaced almost two miles of underground line at Timber Tides since late February and the water department



Work on Alderny in Union

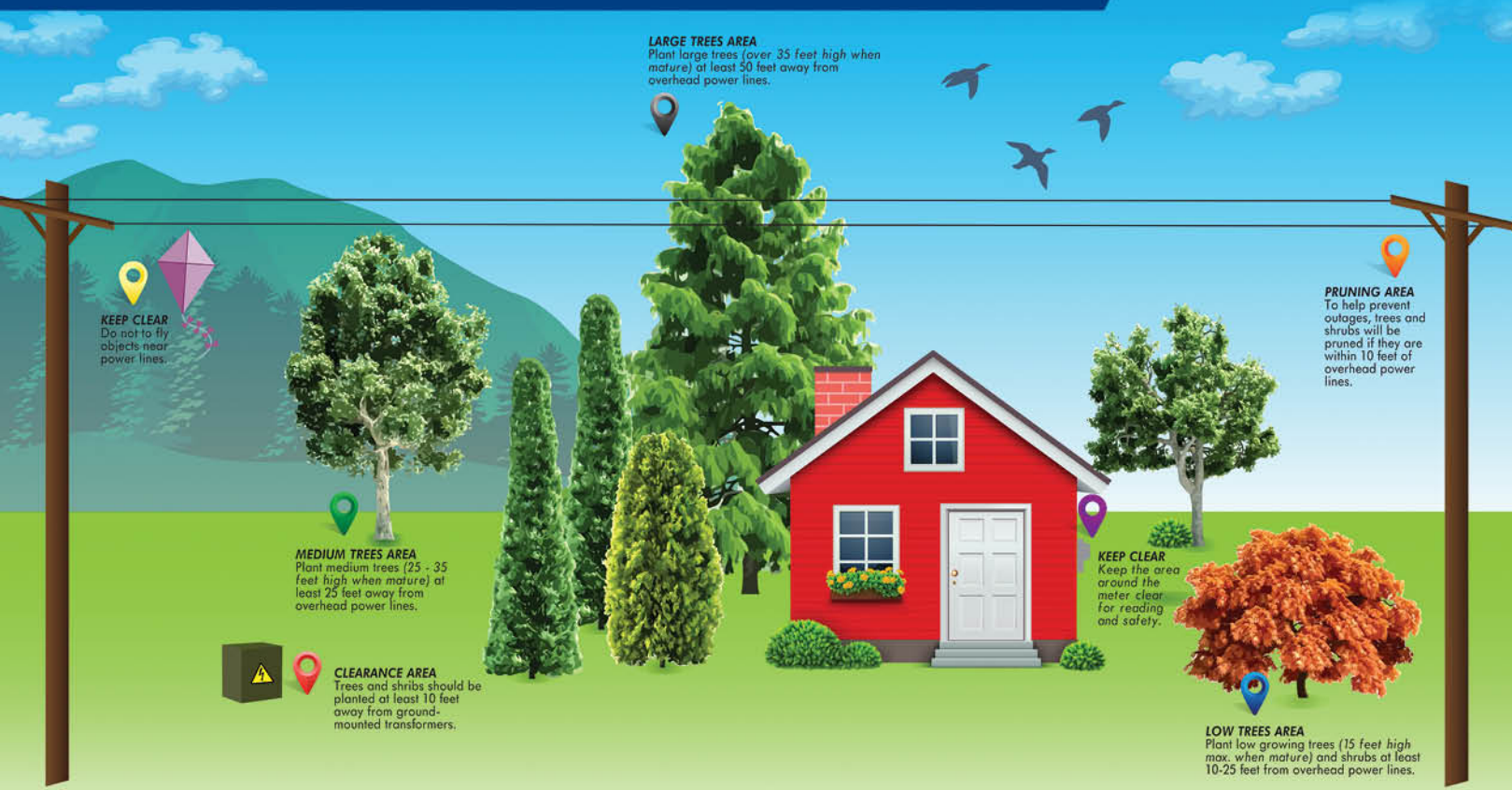
has rehabbed several pump houses. We are taking advantage of the slow down in calls and service work to knock out some of the other items on our to-do list, realizing that the day may come when we have to quarantine or further shut down operations for employee safety until the virus danger passes.

Regardless if we're in the office, out in the field, or working from home on our laptops and tablets, we're still working to keep your power on and water flowing. I hope you all are safe and well. We'll get through this together.



Kristin Masteller
General Manager

Choose carefully when doing your spring planting!



The Community Solar II project was fully subscribed shortly after the randomized drawing and will be constructed by South Sound Solar on top of the new vehicle storage building on the PUD's upper campus. After final design and engineering, the total system size is 51 kilowatts, which is fortuitous because we have exactly 51 customers participating, making up the 1,465 units that comprise the project.

500 of those units were allocated to 10 customers who are participating in our brand new low-income solar program that was generously funded by a \$50,000 grant from Bonneville Environmental Foundation. The 10 participants were randomly selected from a list of prequalified applicants. They will receive

the output benefits from their portion of the project for four years. The PUD will draw new participants every four years for the next 20 years. This allows more qualifying low-income customers an opportunity to participate within the lifetime of the project. Thank you to Evan Ramsey and his team at Bonneville Environmental Foundation for their generous grant and for helping us build this innovative program for our customers!

A public ribbon cutting ceremony is tentatively scheduled for May 12th at the new PUD vehicle storage building on the upper campus. The event will be contingent on public health guidelines and staffing requirements at the PUD in May.

Thank you to all our customers who registered to participate. We are proud to be able to offer this to all of you and partner with you on another successful clean energy project right here on Hood Canal!



PUD Receives Grant Funding for Water System Projects

As part of our strategic plan goal to vigorously pursue grant funding, in November 2019, the PUD applied for construction loans through Department of Health's Drinking Water State Revolving Fund for six water system projects. Out of the six projects, five of them were approved for loan funds, totaling just shy of \$600,000. We received word in March, that three of these projects are eligible for 100% subsidy, including the Bay East Water System's manganese treatment project at \$88,559, the Lake Arrowhead system's manganese treatment project at \$304,500 and also the Lake Arrowhead mainline replacement project at \$162,019.

This means that instead of entering into a loan contract where the funds would be repaid over time, the \$555,078 in revolving fund loans will be forgiven, and no repayment is required. This is a huge deal for our water business! To put this amount into perspective, our entire annual capital budget for water is \$500,000. These grant funds will allow us to make improvements, without impacting future water rates.



Water crew members T.J. and Rooster replacing mainline

PUD staff put in a tremendous amount of time and effort this past year to identify funding opportunities for upcoming projects listed in the District's construction work plan that would qualify for funding. While improvements and upgrades to our water systems are important and necessary, these projects are also costly. With our recent COSA study completed, the PUD has a five-year plan to fund specific projects through rates; however, one of our strategies is to also apply for grants or even construction loans with subsidies to help minimize any

financial impact to our ratepayers. These three projects on our capital work plan can now be completed in the next 24 months, with little-to-no impact on the budget.

The PUD thanks the Washington State Department of Health for advocating for these funds through the state legislature for the repair and maintenance of our state's aging water infrastructure, and for choosing Mason PUD 1 to receive a portion of these funds so we can deliver safe, reliable drinking water in Mason County.

Customers with Financial Hardships Can Set Up Payment Arrangements

Due to the ongoing events related to COVID-19, PUD 1 will NOT be charging late fees, or disconnecting customers for delinquent accounts in April and May.

If you have a financial hardship related to the COVID-19 pandemic, please call and speak to our customer service team about setting up a payment arrangement for your utility account.

As a public agency, the PUD cannot gift public funds, meaning we cannot write-off the balance owed on your account. We can, however, work with our customers to allow you to make payment arrangements until you are able to bring your account current and pay off any remaining balance.

In addition to not charging late fees, or disconnecting customers for delinquent accounts, the Commissioners have also voted to delay the scheduled electric rate increase that was originally set to take effect April 1, 2020 to a new effective date of July 1, 2020. We realize that our customers need support now, more than ever, and it is our hope that delaying the rate increase will provide some relief to the heavy burden you all are facing right now. Our management



Customer service reps Kim and Trish ready to take customer calls

team has reviewed the budget for 2020, and adjusted expenditures to offset this for the next few months.

Customers who can afford to continue to pay their bills, should do so to help with the continued financing and operation of their public utility. Those who can't afford it, should contact us so we can help you set up arrangements. We're here to help!



Katie Arnold
District Treasurer

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Powering Strong Communities

For the second consecutive year, PUD 1 has earned the American Public Power Association's Safety Award of Excellence for safe operating practices. The utility earned another first place award in the category for utilities with 30,000-59,000 worker-hours of annual worker exposure. Entrants were placed in categories according to their number of worker-hours and ranked based on the most incident-free records during 2019.

"We are very proud of our safety record, which is a direct carryover of our continuous-improvement safety culture," said Kristin Masteller, general manager of Mason PUD 1. "This award reflects the leadership from our operations director and foremen, our safety training program, and the hard work that goes into ensuring that our team members go home safe to their families every day."

ENSURING THAT THE RELIABILITY of Our Electric Grid is Priority

Washington state is beginning a two-decade journey to 100% clean electricity by 2045, as mandated last year in the Clean Energy Transformation Act. As we look to the future, and assess the region's assets, it is becoming clear that Washington will not have enough carbon-free electricity to meet this worthwhile goal. Over the next five years, thousands of megawatts of coal generated electricity will be retired and, with no announced plans to build new natural gas plants due to carbon restraints, the northwest is facing looming capacity and resource adequacy challenges. This means that the chance of blackouts will increase drastically between now and 2024, with the Northwest Power and Conservation Council predicting "Loss of Load Probabilities" as high as 33% in 2024 (for reference, anything above 5% is considered cause for concern).

This is not meant to imply that Washington cannot achieve its clean energy goals. With adequate planning and investments in new clean resources, we can meet our targets and do so at a reasonable cost. A recent study completed by Energy and Environmental Economics, Inc. (E3), a renowned energy modeling and consulting firm, found that with investments in new renewable and storage resources, as well as generation from small modular nuclear reactors (SMRs) providing around-the-clock clean power, we can build a carbon-free electric grid that is both reliable and affordable. However, we have no time to waste – it will take time to develop and build these resources, along with the new transmission lines and infrastructure that will be needed to keep the lights on.

No one wants to pay exorbitant electricity bills and none of us want blackouts. This is why so many of us in the electric industry are focused on what we call "resource adequacy" – which means making sure we have enough clean energy on the system to meet demand on the hottest and coldest days of the year, when electricity usage is at its highest. To overcome these challenges, we need strong coordination and consultation, as well as leadership from elected officials. Legislation authored by my friend and colleague, Sen. Tim Sheldon (D-Potlatch), was adopted this year to require the state to convene annual meetings with utilities, regulators, and key stakeholders to assess energy projections and evaluate



Conceptual design of NuScale Plant

resource planning. Energy Northwest has also established a Resource Adequacy Task Force, and the agency is exploring the potential for SMRs to fill critical gaps utilizing carbon-free and reliable nuclear energy.

This is a good start, and we should applaud these efforts and the foresight with which they are being undertaken. Still, more effort is needed if we are to avert the crisis before it arrives. We must maintain and employ all existing clean energy resources at our disposal – from wind, solar and storage, to hydropower and nuclear energy – and develop advanced nuclear energy resources to replace the coal and natural gas coming offline. At Mason PUD 1, we are sounding the alarm and encouraging all stakeholders – from utilities to state governments – to come together and properly plan for our clean energy future. No stand alone entity can solve these problems, but if we all do our parts, we can have reliable, affordable and carbon-free electricity for generations to come.



Jack Janda, Commissioner
District 3

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/.



www.mason-pud1.org

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