



Foggy day on the Dosewallips.

THE CONNECTOR FALL 2022

COMMISSIONER CORNER

Keeping customers and utility workers SAFE is the top priority for Mason PUD 1. Utility workers have some of the most dangerous jobs in the United States. That's why your PUD 1 puts safety as the No. 1 priority. Over time, we have created a culture of putting the crews' safety and that of the community above all else.

Our mission is to provide safe, reliable, and affordable electricity and water to you, the customer/owners. Yes, we strive to provide affordable electricity and water to you, but equally as important, we want the crews to return home safely to their loved ones every day. This requires ongoing focus, dedication and vigilance, with your help.

Distractions can be deadly. While we appreciate your kindness and interest in the work the crews are doing, we ask that you stay back and let them focus on their tasks at hand. Even routine work has the potential to be dangerous, and it takes their full attention and that of their colleagues, who are also responsible for the crew's safety. Distractions can have deadly consequences. If a utility worker is on or near your property during an outage, for vegetation management or for routine maintenance, please allow them ample room to work. These accommodations help protect the crews—and you.

If you have a pet, especially a dog, try to keep them inside while utility crews are on or near your property. While most dogs are friendly, some are defensive of their territory and can't distinguish who's invading their space. The crews work best without a pet "supervising" the job. We recognize that for your family's safety, you want to make sure only authorized utility workers are on or near your property. You will recognize the crews by the Mason PUD 1 logos on the service trucks and equipment and you may know some of the crew members since they live right here in the community. They all should also have government ID that proves they are a PUD 1 employee.

In addition to giving the utility workers some space while they are near your property, we ask that you move over and slow down when approaching a utility vehicle on the side of the road. Just an extra barrier of safety to help those who help all of us.

Just recently we've had vandalism on a transmission line, in a pad mount transformer on someone's property, and inside a substation where people are putting their lives at risk to steal energized wire. Please report any suspicious activity around electrical equipment to the office.

We have been focused on environmental safety too. We developed a Wildfire Mitigation plan this year and applied for a \$3.6 million grant from the U.S. Forest Service for whole system vegetation management. PUD 1 would like to thank the local fire districts, Mason and Jefferson County Commissions and departments of Emergency Management, along with Congressman Derek Kilmer, Senator Tim Sheldon, Rep. Drew MacEwen, and the Skokomish Tribe for supporting the application.

And finally, I would like to thank you for allowing me to be one of your PUD 1 commissioners and continue to provide outstanding services to our community.



Mike Sheetz
Commissioner, District 1

Updating Contact Information

The PUD has several methods to contact customers. We can email you, text you, call you, message you on SmartHub, post updates on social media and on our website. During the summer when we had to take small outages day-to-day to transfer power to our new lines that we built, we relied heavily on our robo-call system, only to find out that several of our customers do not have current phone numbers on file with us anymore.

The next time you call or stop in the office or jump on SmartHub to manage your account, please take a moment to make sure that we have the most current contact information for you. It's important for us to be able to reach you if we have scheduled outages that impact your home or business.

If you would like to receive text or emails about outages, we can help set you up for that as well. Communication is a core value at PUD 1, and we work at it every day to improve how we're communicating with our customers.

Also, if you are a life support customer, please notify our office and complete the form so we can add you to our system.

Thank you for helping us get your accounts up to date!

PUD 1 Customer Service Team



Heading into the cold months, PUD 1 has begun our annual campaign to raise donations for the Canal Comfort Fund. This fund is sustained entirely by generous customers who want to assist neighbors and families in need.

We partner with the Community Action Councils to disburse the funds. We collect the donations and forward them on to CAC and OlyCAP. What's really great is that 100% of the donations are applied to those in need- there is zero overhead expenses for administration.

Last cycle, our customers generously made \$6,798.25 in tax-deductible donations to support the Fund. 21 low-income families and seniors have received assistance so far. Despite the continued efforts and donations, the need is always greater than the supply. We hope that you will consider

rounding up your next payment and asking us to set aside the change to the Fund. We also are able to take one-time donations or even set up regular monthly donations on your statement.

If you are a family or individual in need, please reach out to your local Community Action Council. They will help you with the application process to see if you qualify. They also have other programs that can provide energy assistance and even energy efficiency for your home, including additional LIHEAP funds for COVID hardship. The CAC of Mason & Thurston Counties has an office on Railroad Ave. in Shelton and can be reached at (360) 426-9726. OlyCap, serving Jefferson County, can be reached at (360) 385-2571.

Thank you again for your continued support of this program!

OPERATIONS Report

The PUD's water crew has knocked out some critical construction projects recently, including an overnight replacement of a leaking pressure reducing valve in Union and a water main replacement project on Main Street in Union. Our contractor has also completed the Lake Arrowhead mainline replacement project for this year and our crew has installed new service connections to the mainline. The second phase of that project, which includes mainline replacement and iron and manganese treatment, will be put out to bid in late 2022 or early 2023. Our water engineers also completed or are almost complete on the designs for Agate Beach's new reservoir, which is out to bid this fall, the Manzanita water reservoirs that can create storage for Highland Park and also Alderbrook water systems down the road (no funding is available yet to construct them- working on grants for this), the design for the

Vuecrest reservoir, and the design for the storage and upgrades for Shadowood water system. The Canal View system in Eldon has a completed water system plan that has been submitted to Department of Health for approval so we can put those upgrades out to bid as well. There's a lot of work being done, even if it's not visible. To keep up on the status of projects, please review our strategic work plan on our website: www.mason-pud1.org.

The electric crew has been busy upgrading equipment that has caused us some strange outages in the beginning of fall, including switches and old sections of underground cable that we've had to replace. When temperatures fluctuate 40 or so degrees during the day, like they did this fall with the extended hot days, we see more underground faults than normal because the ground and cable flexes so much. We've also had a lot of vandalism in our equipment and substations that has caused issues for our crew to repair. In between these emergency calls, they have worked to clear the new pole line on Bee

Mill and will continue to rebuild that section of line through the end of the year and will begin pulling in the new transmission wire at the new Manzanita substation site. They were able to get Colony Surf wrapped up and do two overhead to underground conversions on Dosewallips Road and Duckabush Road to create clearance for BPA to rebuild their transmission lines. The power crew has completed a tremendous number of line conversions and rebuilds this year. Hopefully our FEMA grant will be approved so we can continue to gain momentum on improving our system and reducing outages.



Mainline replacement in Union.

Bonneville Power Administration

Settlement Agreement

Bonneville Dam on the Columbia River
near Cascade Locks, Oregon

Bonneville Power Administration recently proposed a settlement agreement to all of its customers to determine how to redistribute an overcollection of power rates and a surplus from higher-than-expected revenue from secondary sales of power on the market. The settlement proposes to refund approximately \$350 million to utilities. Typically, BPA has 2-year rate cases that are heavily negotiated each summer leading into October of the new rate case. This year, this settlement would bypass the rate case and move forward for the next two years on pre-settled terms for tariffs, power rates, transmission rates and their power reserve distribution. This is all a very complicated and nuanced process where larger utilities have power supply managers and attorneys that deal specifically with BPA rates and negotiations. Mason PUD 1 relies on our participation in both the Public Power Council and Western Public Agencies Group to help advocate for small preference customers, like PUD 1, and advise us accordingly on impacts to our PUD related to BPA contracts.

BPA will announce this fall that due to this unintended surplus, they will have a "zero average" rate increase or a "negative average" rate increase. The important word there is "average". Some utilities will have negative rate increases (surplus), and some will not. While Mason PUD 1 is proposed under the terms of the settlement to have a small negative increase, the elimination of BPA's Low Density Discount (LDD) for PUD 1 impacts the savings we will

achieve. Mason County has finally experienced enough growth that both PUDs in our county lost our Low Density Discounts. For PUD 1, this was about 5.5% of our power bill, annually.

“The settlement proposes to refund approximately \$350 million to utilities.”

If the settlement goes through as proposed, PUD 1 will receive about \$594,857 in power bill credits for 2023. This is about \$170,000 more favorable than if we didn't settle and went through the rate case process. However, with the loss of our LDD, we will see an increase in our annual power bills of about \$175,000. Our transmission rates are proposed to be flat, with no increase in this next biennium. Transmission is a very small portion (12%) of our power bills.

The PUD 1 commission and staff must maneuver through our usual rate setting next year while taking into account this strange surplus anomaly that BPA is experiencing. The finance committee, made up of the PUD GM, the District's Treasurer, the District's external Auditor and one commissioner, recommended to the entire commission to stay the course with our projected rates that the Cost of Service Analysis (COSA) laid out for us to make sure we're adequately funding our plant and capital projects. The loss of the LDD will be factored into the next set of power rates decided in fall of 2023. However, if there ends

up being a negative rate increase for PUD 1 after the LDD offset, that surplus will be passed through directly to PUD 1 customers as a bill credit, rather than try to reconfigure our rate structure with these odd circumstances.

PUD 1 continues to bring in millions of dollars in grant funding annually to help offset necessary capital projects for both power and water. These grants are factored into our long-term revenue requirement projections as we set new rates. For our water business, the amount of customer growth and grant funding has reduced the rate projections by 2%, from 7% overall to 5%. We're hoping that we will see the same reductions when it's time to recalculate our power revenue requirements and next set of power rates at the end of next year. Like everyone else, we're taking a hit with inflation on fuel, materials, fleet, contractors, labor, you name it! We continue to work to keep our costs down and scrutinized with a zero-based budgeting process each fall and a lot of grant applications. For those who are interested, our budget materials are on our website at www.mason-pud1.org and can be obtained by email or hard copy by inquiring at the customer service desk.

We should find out before the end of the year if the BPA settlement agreement is adopted.



Kristin Masteller
General Manager

Grant UPDATES

2022 has been a busy year of grant applications! Over the last four years, it's been a strategic

goal of the PUD to pursue as much grant funding as possible. This allows us to move forward with the bigger ticket infrastructure upgrades for both our electric and water departments without having to seek high interest bonds or loans.

In just this year alone, we've submitted nearly \$18 million in grant applications. In 2021, we were awarded over \$5 million in grants, bringing our total to just over \$8 million since 2018. These applications include proposals for a system-wide electric resiliency project to upgrade sections of

overhead and underground lines, as well as to convert overhead lines to underground in high outage areas, system wide vegetation management, a water earthquake resiliency project to install generators on all systems that do not currently have generators, replace the remaining AC pipe located throughout the various water systems, install seismic valve retrofits on reservoirs to mitigate damage from flooding in case of an earthquake, and water system upgrades to increase capacity and connections. Many of these grants are still in the review phase within the awarding agencies' offices and we won't know until early 2023 if our applications are successful.

In addition to these grant applications, we also work with the Washington State

Emergency Management Division to ensure that we are reimbursed through FEMA for declared storm events. As you all remember, January 2022 was a historic storm event for Mason PUD 1. We had over \$600,000 in damages throughout our service territory, but thanks to the quick work of our team and FEMA, we expect to be reimbursed for 90% of those damages. We recognize the importance of what these funds mean to our ratepayers- the ability to conduct the necessary upgrades to provide reliable power and safe drinking water, without having as big of an impact on our rates as we would if we had to pay for these projects through loans. We will continue our aggressive pursuit of grant opportunities year after year as long as the funding is available.



Customer Appreciation Event

On September 30th we welcomed our customers for lunch again for our 13th annual Customer Appreciation Event, and the third drive-through event we've held. While some customers got out and visited with us, the drive-through format enabled us to serve the approximately 400 customers quickly and efficiently without long delays. It's always great to host this event and see our customers before Public Power Week. We hope you enjoy it as much as we do!



THE BOARD OF COMMISSIONERS regularly meet the 2nd and 4th Tuesday of each month at 1:00 p.m. Meetings are now held both in person and remotely. The call-in instructions for the public are posted on the PUD website along with the meeting packets. For more information on meetings, please visit mason-pud1.org or call the PUD office.

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www.mason-pud1.org

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