



## **PUBLIC UTILITY DISTRICT NO. 1 OF MASON COUNTY**

### **System Capacity Fee for New Electric Services**

**Why are we proposing a System Capacity Fee for new electric services?** **1)** New service connections are increasing load requirements and demands on the power grid. These include increasing wire sizes, installing protection equipment, and the construction of new substations, **2)** as part of the recent Cost of Service Analysis and subsequent rate design, part of the capital funding requirement included new service connections paying into a system capacity fund to help pay for future infrastructure upgrades due to growth.

- 1.** The District recognizes the need for a system capacity fee for new services connecting to the District's infrastructure. The capacity fee has two primary purposes: to provide a source of capital funding for necessary system improvements, and to equitably recover the proportionate share of the utility infrastructure investment from new customers. This fee is intended to recover an equitable share of the cost of the PUD's electric system from the growth that is driving the infrastructure investment costs rather than solely paying for these costs through power rates for existing residential and commercial customers who have already been paying into the maintenance and operation of the power system.
- 2.** When the District underwent the most recent Cost of Service Analysis (COSA), the model looked at the total number of new connections over the past 5 years. The rate design incorporated the system capacity fee using the average quantity of new connections to develop an estimated amount the District would collect each year to help pay for future infrastructure upgrades, like substations and reconductoring. This equated to an estimated \$78,000/year, using an average of 65 new connections per year. The amount received from the capacity fee would go into a designated reserve fund and be invested until the funds are needed to pay for planned infrastructure projects.

#### **How is the fee structured?**

The District reviewed the current infrastructure investment, as well as future infrastructure needs to determine a conservative fee of \$1,200 per new connection. This is a one-time fee that would be charged at the time the customer is billed for system installation charges to construct and connect the new service.

#### **What is the proposed rate and timeframe for new service connections?**

Effective April 1, 2024, all new service connections will pay a capacity fee of \$1,200.

### **How do I learn more about the proposed fee and provide comment?**

A public rate hearing will be held during the Board of Commission meetings beginning at 1:00 p.m., Tuesday, January 23<sup>rd</sup> 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 new capacity fee to Katie Arnold, Director of Business Services at [karnold@mason-pud1.org](mailto:karnold@mason-pud1.org) or by mail to 21971 N. Hwy 101, Shelton WA 98584.