



PUBLIC UTILITY DISTRICT NO. 1 OF MASON COUNTY

Frequently Asked Questions (FAQ)

1.5% Madrona Sewer Proposed Rate Increase Effective April 1, 2025

Why a rate increase? Factors contributing to the rate increase include ongoing cost increases on both PUD and contractor materials and labor, and the 2025 projected capital investments.

1. Prior to 2021, the sewer system had not had a rate increase in over 18 years, since the District took ownership of the system. The price of labor and materials increased each year, but the rates did not keep up with inflation. The sewer system rates were not maintaining what is known as the “cost of service”.

In 2021, the Board of Commissioners implemented a new base rate with 3% annual rate increases for the following three years to bring the sewer business into cost of service by 2024.

Looking into 2025, the sewer business is now on track, however the costs of materials and labor continue to increase for the PUD each year. Rather than defer increases again over several years and then implement larger increases to catch up, the District is proposing a one year, 1.5% increase to the sewer rate to cover the projected increases for 2025. This is an increase of \$177 over 2024 (about \$0.82/month, per connection) and will cover the cost-of-service increases scheduled for 2025.

2. The District typically replaces two grinder pumps per year, largely due to foreign objects and material that should not be flushed through the system, but occasionally due to a general pump failure. The District does not assess a grinder pump replacement fee (about \$4,500) as some other local systems do.

We instead budget for two replacements per year and the replacement cost is built into the monthly rate. In 2024, we replaced two pumps as budgeted. We still project to replace just two grinder pumps in 2025. The PUD also has the 3-year septic inspection scheduled for 2025. This will also be largely covered by existing reserves that will be replenished over the next three years through the basic monthly charge.

3. Increasing costs associated with operations include materials, labor, equipment, electricity, and contracted services to ensure continued reliability. In addition to increasing 2025 costs for PUD labor and materials, we anticipate a 13% increase to our landscaping services in 2025. The landscapers maintain the drain field and decorative landscaping to not detract from the community aesthetics and to maintain neighboring property values.

How did the PUD come up with the new proposed rate?

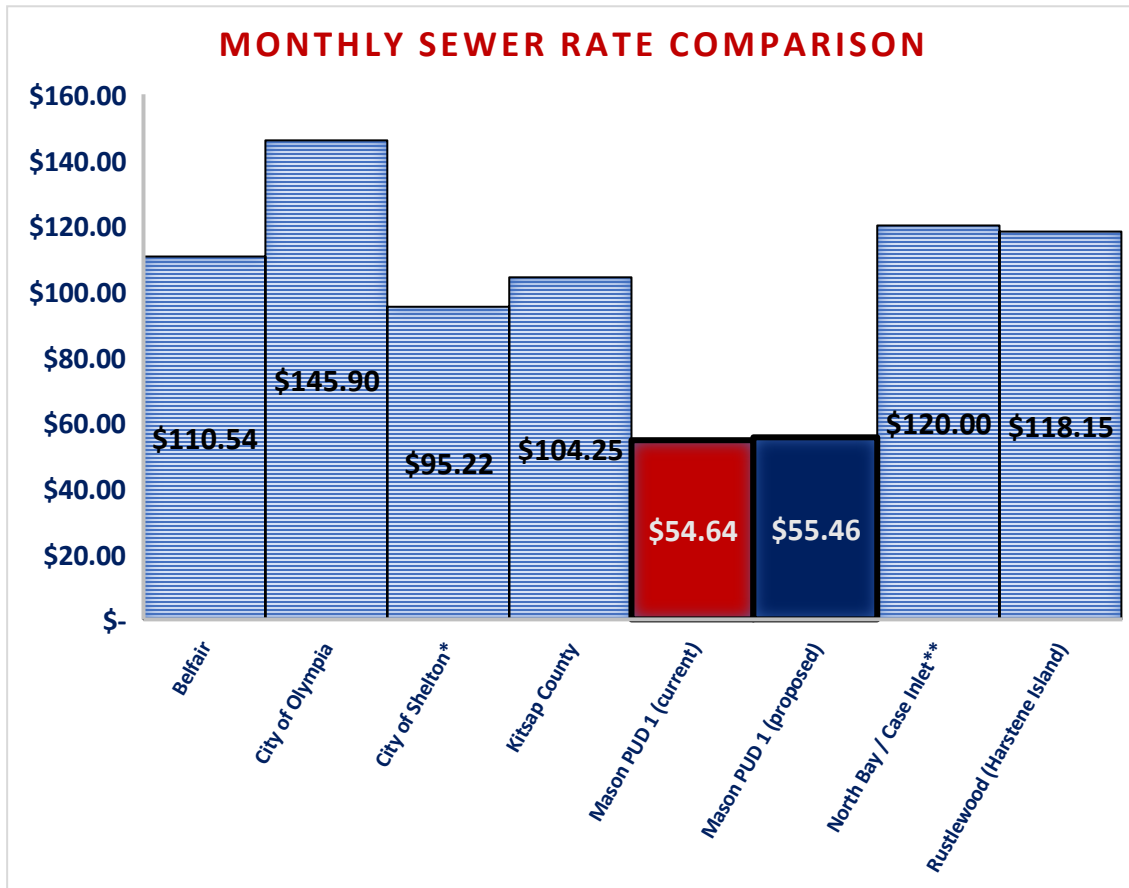
Staff analyzed the historical costs of maintaining the sewer system, in addition to future projections up to 2027 to determine a Cost of Service (COS- Cost of Service Analysis), which is the average annual cost to provide sewer services to the Madrona customers. The COSA then determined the PUD's annual revenue requirement to maintain the proper level of operating cash reserves and be able to continue with annual maintenance of the system.

Following the previous scheduled increases, the sewer business has achieved cost of service. The 1.5% increase maintains that cost of service funding into 2025.

What is the new proposed rate for sewer customers?

On April 1st, 2025, the basic monthly charge will increase from \$54.64 to \$55.46 for sewer customers. This is an increase of \$0.82 per connection, per month.

How do Mason PUD 1 sewer rates compare to other local systems?



* Please note - The figures are for informational purposes only and are not intended to provide an exact billing estimate.

**City of Shelton's base fee is \$56.58 per month with a usage fee of \$.1133 per cubic foot (cf) of water usage as part of the Sewer Rate. Our comparison is based on average usage*

*for Madrona Water System Customers of 341 cf per month.
**North Bay / Case Inlet charges \$6,730 per grinder pump in addition to the monthly fee.*

As you can see, Mason 1's sewer rate is quite a bit lower than neighboring systems. Since Madrona customers are also PUD 1 water and power customers, the District does not allocate any administrative overhead costs (like bill processing, customer service or administrative costs) to the sewer system, which helps to keep the rate lower. The rate is based strictly on the operation and maintenance of the sewer system.

How do I learn more about the proposed increases and provide comment?

A public rate hearing will be held during the Board of Commission meetings beginning at 1:00 p.m., Tuesday, December 10th at the PUD board room. Customers can attend in person or via the Zoom link on the PUD's homepage: www.mason-pud1.org. We welcome and encourage the public to join the meeting and to provide public comment either at the meeting, in writing, or through PUD Staff.

You may also submit written comments concerning the sewer rate increase until 4:30 p.m. on December 9th to Katie Arnold, District Treasurer at karnold@mason-pud1.org or by mail to 21971 N. Hwy 101, Shelton WA 98584.

Customers can also call Katie Arnold or Kristin Masteller at the PUD office if they would like to have a one-on-one conversation about the rate proposal information provided in this packet and an opportunity to ask questions.