



PUBLIC UTILITY DISTRICT NO. 1 OF MASON COUNTY

Frequently Asked Questions (FAQ) 3.0% Electric Rate Increase Effective April 1, 2026

Why is the PUD revisiting 2026's scheduled power rate increase? In 2023, the PUD completed a Cost-of-Service Analysis (COSA), and the Board of Commissioners passed a resolution setting the next three years of electric rates for 2024-2026. Since the time that the resolution was passed, the PUD has received several millions of dollars in grant funding that has allowed staff to reduce portions of the 2025 and 2026 budgets, replacing some of the planned capital projects and a portion of the labor associated with them with grant funds. This reduces the revenue requirements for each year and subsequently, the scheduled rate increases. For a second year, rather than a 4.75% increase, as originally approved by board resolution, PUD staff recommends reducing it to 3.0%.

Why have a rate increase at all? Ongoing factors contributing to rate increases include: **1)** significant power and transmission rate increases from BPA; **2)** ongoing capital projects; **3)** increased costs from outside services; **4)** continued building of cash reserves.

- 1. POWER RATES:** BPA announced in July 2025 a 4% increase to their Tier 1 power rates, with an additional 2% towards their Reserve Fund Surcharge, and an 11.7% increase to their transmission rates. This upward rate pressure is in addition to the loss of the 5.5% BPA Low Density Discount due to residential growth on our system, and the absence of a refund from BPA that we previously received and applied as monthly bill credits to our customers in 2023 & 2024, which helped offset the impact of rate increases. Instead of being able to issue credits back to utilities, BPA has now implemented an additional 2% Reserve Fund Surcharge to build their own reserves back up, in accordance with their policy requirements.
- 2. CAPITAL PROJECTS:** The District continues to replace aging infrastructure and ensure continued reliability. The next large infrastructure project will be the Jorstad Substation in Lilliwaup, now that the Manzanita Substation in Union is completed. There are also several areas of underground power lines, installed in the 1970s and 1980s, that are now failing multiple times each year and need to be replaced in 2026. These projects are not part of the PUD's grant-funded line rebuilds and are funded out of electrical revenues (power rates).

Additionally, while the District has been very successful in obtaining grants for many line upgrades and rebuilds, most of these grants require a percentage of local matching funds against the overall project, usually 12-33% of the total project cost. The capital projects infrastructure fund will help cover the PUD's local match requirements, such as the \$3 million grant that will start the engineering and design of the Jorstad Substation and construct the exit feeders out to the highway.
- 3. INFLATION:** Inflationary costs associated with materials, electrical equipment, fuel prices, fleet, and labor in our daily operations continue to drive up our normal operational costs (5%), despite us holding nearly all discretionary line items flat since 2022. We are now

seeing these increases creep up in areas like liability insurance (16%), computer and engineering software (5%), landscaping (28%), and contracted services (fleet mechanic, legal, engineering firms) also are higher (35%), as their own business expenses climb and are passed through in the rates they charge the PUD.

- 4. INCREASING CASH RESERVES:** Cash reserves are less than policy limits. The District's policy goal is to reach 90 days of unrestricted cash-on-hand to ensure that the District can cover its operating costs should there be a disaster event or an economic recession that impaired our ability to collect necessary revenue. (COVID was a prime example of this. The PUD had to continue to pay BPA's power bill and the PUD's operating costs even though a large percentage of customers were not able to pay their bills for a very long time. This reduced cash flow to severely low levels. The PUD must ensure we can continue to pay our bills in an emergency.)

The PUD continues to fund 5 days of cash-on-hand each year to work towards the 90-day goal. As of the end of 3rd Quarter 2025, the District had 70 days of unrestricted cash-on-hand (180 total days of combined restricted and unrestricted cash). This cash level fluctuates each month depending on the timing of expenditures throughout the year and grant projects that the PUD cash flows while awaiting reimbursements.

At year-end though, the PUD has met the goal of adding 5 days of cash to the ending reserve balance each year. We anticipate continuing this reserve funding through 2029, unless emergencies force us to draw against those reserve funds in the meantime.

How is the rate increase structured?

The Board of Commissioners set three years of power rates for 2024-26 by resolution. The PUD's overall revenue requirement has increased by an average of 4.75% per year since 2023. PUD staff reduced several areas of the 2026 budget for one year to help offset a substantial rate increase from BPA and still lower the PUD's scheduled rate increase. This was made possible by a \$3.6 million FEMA grant that will supplement the capital budget and a small portion of the labor budget next year. For the second year in a row, the District was able to reduce the scheduled 4.75% rate increase to 3.0% for 2026. If this new rate recommendation is approved by the Board of Commissioners in December, each class of customers will see an increase of 3.0% for the kWh usage as well as the monthly basic charge starting in April 2026.

What is the new rate for residential customers?

On April 1st, 2026, the basic charge will increase from \$45.86 to \$47.26 for full-time, regular residential customers, and the kWh rate will increase from \$.09670 to \$.09960. A regular residential customer using 800 kWh per month will see an increase of about \$4.28 per month, not including taxes. See Page 3 for more bill scenario examples.

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 9th at the PUD 1 board room 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 proposed electric and water rate increase until 4:30 p.m. on

December 8th, to Katie Arnold, District Treasurer at karnold@mason-pud1.org or by mail to 21971 N. Hwy 101, Shelton WA 98584.

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

Mason PUD 1 offers:

- Rebates on Qualifying Energy Efficient Upgrades on your home and business
- Residential Budget Payment Plans
- Canal Comfort Fund energy and water assistance program
- Low Income Energy Assistance through Community Action Councils of Mason & Jefferson County.

| MASON PUD 1 RESIDENTIAL BILL COMPARISON | | | |
|--|------------------|------------------|-------------------|
| Residential 800 kWh | | | |
| | <i>2025</i> | <i>2026</i> | <i>Difference</i> |
| Electric Usage | \$ 76.80 | \$ 79.68 | \$ 2.88 |
| Electric Basic Charge | \$ 45.86 | \$ 47.26 | \$ 1.40 |
| Total Taxable Electric Charges | \$ 122.66 | \$ 126.94 | \$ 4.28 |
| Privilege Tax | \$ 2.63 | \$ 2.72 | \$ 0.09 |
| State Utility Tax | \$ 4.75 | \$ 4.92 | \$ 0.17 |
| Total Electric Charges | \$ 130.04 | \$ 134.57 | \$ 4.53 |
| Residential 1,200 kWh | | | |
| | <i>2025</i> | <i>2026</i> | <i>Difference</i> |
| Electric Usage | \$ 115.20 | \$ 119.52 | \$ 4.32 |
| Electric Basic Charge | \$ 45.86 | \$ 47.26 | \$ 1.40 |
| Total Taxable Electric Charges | \$ 161.06 | \$ 166.78 | \$ 5.72 |
| Privilege Tax | \$ 3.45 | \$ 3.57 | \$ 0.12 |
| State Utility Tax | \$ 6.24 | \$ 6.46 | \$ 0.22 |
| Total Electric Charges | \$ 170.74 | \$ 176.81 | \$ 6.06 |
| Residential 1,600 kWh | | | |
| | <i>2025</i> | <i>2026</i> | <i>Difference</i> |
| Electric Usage | \$ 153.59 | \$ 159.36 | \$ 5.77 |
| Electric Basic Charge | \$ 45.86 | \$ 47.26 | \$ 1.40 |
| Total Taxable Electric Charges | \$ 199.45 | \$ 206.62 | \$ 7.17 |
| Privilege Tax | \$ 4.26 | \$ 4.42 | \$ 0.16 |
| State Utility Tax | \$ 7.73 | \$ 8.00 | \$ 0.27 |
| Total Electric Charges | \$ 211.44 | \$ 219.04 | \$ 7.60 |

MONTHLY BASIC CHARGE RATE



KWH RATE



ESTIMATED MONTHLY COST PER 800 KWH



*** Total Bill:** **\$143.60** **\$136.54** **\$129.94** **\$125.54** **\$114.04** **\$108.33** **\$90.78** **\$89.34** **\$89.32** **\$81.50**

* Totals do not include taxes or any individual utility fees or surcharges. Estimates are for illustrative purposes only.

EXAMPLES OF MISC FEES & CHARGES

| | System Capacity Fee | Account Setup | Service Call | Disconnect / Reconnect | Meter Check | Application Fee |
|------------------|--|---------------|--------------|------------------------|-------------|-----------------|
| Mason PUD 1 | \$1,200.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$100.00 |
| Mason PUD 3 | \$700 to \$3,200 depending on amp size | \$25.00 | \$75.00 | \$260.00 | \$130.00 | \$200.00 |
| Grays Harbor PUD | \$0.00 | \$0.00 | \$0.00 | \$20.00 | \$0.00 | \$50.00 |
| Jefferson PUD | \$2,150.40 | \$0.00 | \$0.00 | \$210.00 | \$165.00 | \$100.00 |
| Skamania PUD | \$0.00 | \$25.00 | \$0.00 | \$0.00 | \$0.00 | \$100.00 |
| Pacific County | \$0.00 | \$25.00 | \$0.00 | \$0.00 | \$165.00 | \$0.00 |
| Lewis PUD | \$600.00 | \$10.00 | \$0.00 | \$0.00 | \$0.00 | \$100.00 |
| Wahkiakum PUD | 12% of Construction Estimate / \$300 minimum | \$0.00 | \$0.00 | \$0.00 | Actual Cost | \$0.00 |
| Clallam PUD | \$1,200.00 | \$65.00 | \$0.00 | \$30.00 | \$120.00 | \$0.00 |

* Mason PUD 1's basic charge also covers the additional services on this list, except the System Capacity Fee, which applies to new construction.