



POWER AND WATER NEWS

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PUD NO.1 OFFERS ENERGY STAR REBATES AND INCENTIVES

Mason County PUD #1 is pleased to provide rebates on energy star appliances such as: washing machines, dishwashers, refrigerators, freezers, water heaters, and compact fluorescent light bulbs.

There are rebates available for the decommissioning of non-energy star refrigerators and freezers as well. All of these rebates are applied directly to the customer's account.

We also have incentives available for New Energy Star Site-Built Homes and New Energy Star Manufactured Homes. In addition, we have incentives on heat pump upgrades, duct sealing, and insulation.

Please call Teresa at (360) 877-5249 or email at teresah@hctc.com for all of the qualifications on the programs. (Programs are subject to change without notice.)



MASON COUNTY PUD # 1

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COMMISSIONERS

Karl Denison, District 1
898-2618

Ron Gold, District 2
426-9540

Jack Janda, District 3
877-5867

MANAGER

Steven N. Taylor
877-5249

CANAL COMFORT FUND

During the summer months from June 1 through September 30, water customers of Mason County PUD #1 who qualify can receive assistance in paying their water bill. The fund will provide up to \$100.00 per household per year.

If you are in need of assistance contact Community Action Council in Mason County at:

(360) 426-9726



NEW BILL GRAPH

Customers will notice a change in the bill graph beginning with this month's (July) billing.

The new bill graph is larger and shows the average kWh's per day. Data beneath the graph shows daily consumption, the amount of days in the billing period, the current month's usage, and the average kWh usage per day for the current month.

COMMISSIONER'S CORNER

By Jack Janda
Commissioner - District 3



Mason County PUD commissioners and staff have been working hard to put together a plan to meet the future needs of our customers. This plan has identified many areas that we need to focus on if we expect to satisfy future load growth and continue to provide reliable electric service. I will speak to some of the specifics later in the article, but I want

to alert you that these upgrades and replacements will not be without cost, and we expect to approve a rate increase this year to fund these critical infrastructure needs.

As many of you have experienced over the last few years, we have seen an increasing number of power outages. Many of these outages are due to the age of both our underground and overhead electric lines. In fact our line loss and outages are higher than the industry average and it is time to replace and upgrade the system.

There will be a public meeting on Tuesday, August 12th at the Hoodsport Fire Hall at 6 p.m. where you can learn more about our plans for upgrading the system.

Not all of our added cost will be from upgrading our ageing system. Obtaining power from the Bonneville Power Administration (BPA) represents up to 60% of our costs. This is due to a 50% increase in BPA rates since 2001. BPA is expected to increase its rates another 4% this October. In the past, we have done all we can to absorb these cost increases, and the continuing rising cost of the materials it takes to maintain a reliable electrical system without raising your rates. Unfortunately, we've done as much as we can at this point.

The meat of the situation is that we need to invest up to \$7 million over the next five years to meet our obligation to provide you with a reliable and cost effective electrical distribution system. At the public meeting on August 12th, we will present a proposal for a 6.13% rate increase this year, with additional increases possible in the future.

These possible future increases will most likely come from increased debt payments of the \$7 million and BPA's higher cost for acquiring new resources (wind, etc.) and the cost to integrate these new resources into the grid especially new transmission. BPA's fish costs are one of the main drivers of upward rate increases. The BPA's increasing expensive fish and wildlife program is also a principal driver of increased rates.

Without getting into too much detail I wanted to give you some of the specifics of our plan. We plan to upgrade our transmission system to 115 kV. This will make it more cost effective to get power from BPA, since BPA's low voltage delivery charge will become more restrictive and costly in

the near future. The higher 115 kV voltage level will also allow your PUD to serve all its existing and new potential loads.

We will also upgrade existing substations to the 115 kV voltage level and new substations will be located at load centers where they can operationally and economically best serve the system customers.

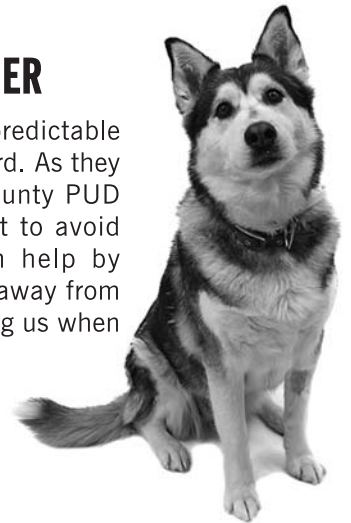
New distribution feeders will be constructed either underground or overhead to accommodate the needs and requirements of the particular area served. The existing feeders can be upgraded to larger sizes as required to serve the loads.

There is much more, and we will be happy to provide as many details as you want. If you have any questions I will be happy to answer them or find someone who can.

Lastly I just wanted to say that we know this rate increase does not come at a good time. The economy has not been doing well and this is just one more added cost you didn't plan on. I assure you we are doing our best to keep costs down and if you go back and look you will see that we have not had a rate increase since 2004.

HELP THE METER READER

Even friendly dogs can be unpredictable when a stranger enters your yard. As they make their rounds, Mason County PUD 1 meter readers do their best to avoid startling your dog. You can help by confining your dog in an area away from your electric meter and notifying us when you have a new pet.



CALL BEFORE YOU DIG!

If you plan to dig, call the utilities underground location center two business days before you dig at:
1-800-424-5555