

I want to inform our public power rate payers about some important issues that may explain why you continue to see your electric bills increase. Like many Northwest utilities, most of PUD 1's power is hydroelectric and purchased from Bonneville Power Administration (BPA). PUD 1 and consumer advocacy groups have been working with the U.S. Department of Energy and BPA to ensure that BPA continues their mission to supply cost-based power to our local utilities.

These innate functions of BPA are important to monitor because regulations and restrictions can lead to policy decisions that impact you as the consumers of the power that BPA sells. It is our job as PUD commissioners to ensure that you are receiving the most reliable, and low-cost electric services.

With state initiative I-937, there is a movement to continue subsidizing incentives for wind energy producers, even though wind remains a costly and unsustainable energy source as this point in its development. While green power technology is exciting and provides hope for future renewable energy sources, until the science and management of these programs is able to provide these green energy sources in an economically sustainable manner, our ratepayers simply cannot afford for BPA and the government to raise the cost of hydroelectric power to subsidize wind energy. It is unreliable and cannot be used at all during the colder, wet seasons when hydroelectric energy is overabundant.

Columbia River hydroelectric energy is clean and renewable energy abundant to our region. Public power agencies contribute nearly \$1 billion (1/3 of your electric bill) every year to protecting fish habitats and mitigating effects that the dams have on wildlife. Due to policy decisions, hydroelectric power has not been included on the "green energy" list, even though water is one of the Pacific Northwest's most bountiful renewable resources.

While PUD 1 continues to encourage conservation and the exploration of renewable and reliable energy sources, we also continue to fight to ensure that politics and regulations do not overshadow our mission to provide locally controlled utility services with the highest possible value at the lowest possible cost. We continue our work to remind Washington, D.C. of Bonneville Power Administration's mission as well.

Jack Janda
District 3



THE BOARD OF COMMISSIONERS
regularly meet the 2nd and 4th Tuesday
of each month at 1:00 p.m. at the PUD 1
office in Potlatch. For more information
on meetings, agendas and minutes,
please visit www.masonpud1.org.

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Proudly serving Mason County since 1935.

**THE
CONNECTOR
SUMMER 2012**



www.masonpud1.org



Summer is construction season in Western Washington. Among the various small projects the District has lined up for the water systems, we have secured funding for two large capital construction projects.

WATER DEPARTMENT NEWS: CAPITAL IMPROVEMENTS

In 2011 we were awarded a Public Works Trust Fund Loan for the Hood Canal A and B Intertie Project in the amount of \$472,210. The project will connect the two water systems with a new main line down Dalby Road and State Route 106, remove the wooden reservoir off Dalby Road, then consolidate the two systems into a single water system. Design work is in progress and construction is expected to begin in late Spring 2013. This project will improve water quality for Hood Canal A and reliability for both systems.

During the 2012 Legislative special session, the District was awarded a \$650,000 grant for the Canal Mutual Water System to continue to upgrade the distribution system. The focus will be on replacing the main line along Highway 101 and Terrace Road, and removing the water main out of the creek. Meters will also be

installed. The improvements will allow for more connections to be added to the system for those who have been waiting for years for water service. We hope to start construction this year, but depending on the funding timeline from the state and approval from the Department of Health, we may have to finish construction the summer of 2013.

Other projects the water department is engaged in include repairing the pressure reducing valves along Beach Drive in the Alderbrook Water Company, rebuilding the Bloomfield and View Ridge Heights well houses, and addressing pressure issues in the Union Water System.

– Jocelyne Gray, PE, *Director of Operations - Water*

Thank you

for your years of service with PUD 1!

The following employees have reached service milestones for the first half of 2012...

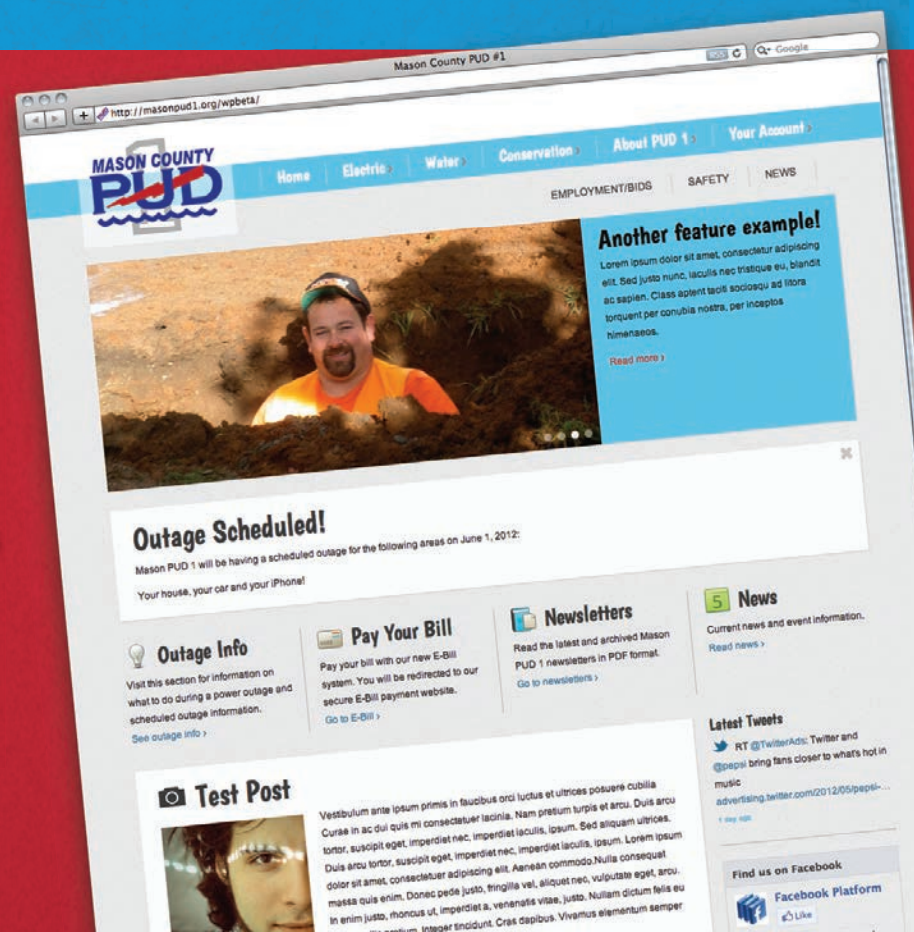
Tim Brown	10 Years
Ron Gold	10 Years
Marty Crossan	5 years
Brandy Milroy	5 Years
Steve Taylor	5 Years

Our website has a new look!

In our efforts to keep our customers informed on the latest PUD happenings and programs we have created a new website and social media campaign!

Visit www.masonpud1.org to see our new website with more information than ever on conservation, electric and water service and much more!

ALSO, follow us on our new Twitter account for the latest information on outages and PUD 1 programs and FRIEND us on Facebook!



MANAGER’S REPORT

A system outage is a crisis that is always just around the corner for an electric utility like PUD 1. We provide a mission-critical, life-or-death service with a high degree of reliability; a service that is generally only really noticed when the lights actually go out. At that moment, all eyes turn to us. It is a stressful situation for both us and our customers. Typically, stormy weather is the cause of the disruptions to the physical electric grid and it results in an outage. It is always an unplanned event and there is always pressure to restore service as soon as possible.

Less frequently, an outage is caused by a short circuit to the distribution system, if a tree branch or other object happens to make contact with a power line and connect it to the ground. This very same situation took place recently when a small

branch fell across power lines and caused the feeder to the Alderbrook Resort, restaurants and businesses, and residences in the Union area to be without power for a couple of hours.

These types of events are significant because they are frustrating to you and to us. An outage situation like the one described above is one of the most bedeviling issues that utilities face. To ensure that we are actively working to prevent as many nuisance outages as possible, we have been performing (and will continue to perform) additional system maintenance that will give us the greatest odds of avoiding outages.

For example, we have already completed 377 spans of line and right-of-way clearing this year in some of our most densely forested areas. These two different, yet very important jobs give us years of

uninterrupted electrical service. We are also in the process of buying a piece of equipment that will allow our crews to maintain vegetation under and along our overhead power lines.

Prompt power restoration following a storm or other type of outage is the hallmark of a utility’s customer service. To improve our responsiveness, we are moving forward with the installation of an Outage Management System. This is utility software that will track and record our outages to help us diagnose problem areas and help our line crew locate the faults quicker than our present practice. The software will also help indentify areas that need additional engineering and dollars budgeted for corrective action. This process will ensure that we can adequately budget and plan for system maintenance each year in areas that will make the most impact.

As we continue to provide YOU, our valued customers, the service that you have come to appreciate and rely on, we will also work to maintain our costs and continue to perform these proactive utility improvement functions on your behalf.



Steven Taylor,
General Manager



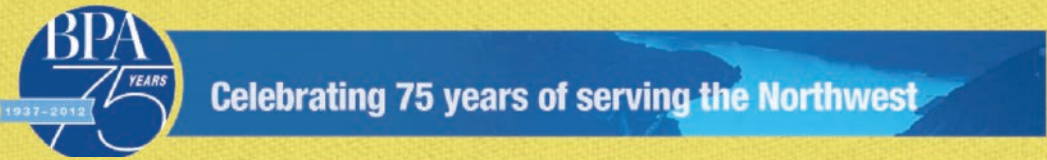
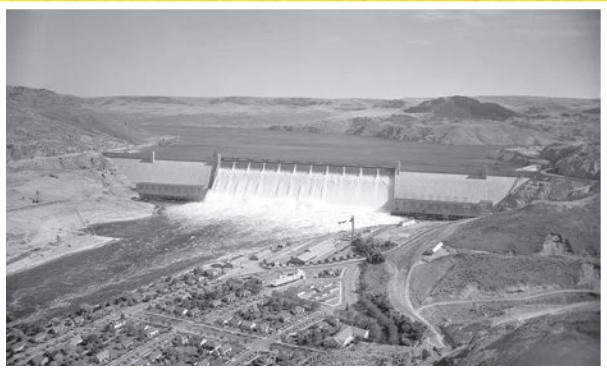
Photo by Joel Myer

Karl Denison named President of the Washington PUD Association

District 1 Commissioner Karl Denison was elected President of the Washington Public Utility Districts Association for 2012-2013 at WPUDA’s annual meeting held at Alderbrook Resort & Spa in May. Karl has served as Vice President of the association for the last year and will now represent Mason County PUD No. 1 and lead WPUDA in their strategic advocacy efforts to support and promote public power in Washington State. “I’m excited to lead this trade association as it celebrates 75 years of protecting rate payers’ interests for reliable and low cost utilities. The real value

of WPUDA is that it enables a small utility like Mason PUD 1 to have a voice on the state and federal policy levels”, stated Denison.

The Washington PUD Association represents 26 public utility districts and Energy Northwest, a joint operating agency for PUDs and other publicly owned utilities. Association member utilities provide nonprofit electricity, water, sewer, and wholesale telecommunications service to 1.7 million people in Washington State. District 3 Commissioner Jack Janda is also serving as President of Energy Northwest this term.



This year marks the 75th anniversary of the Bonneville Power Administration. On August 20, 1937, President Franklin Delano Roosevelt signed the Bonneville Project Act to deliver the massive benefits of Columbia River hydropower — clean, inexpensive electricity — to citizens of the Pacific Northwest.