The holiday season is a time for reflection and thankfulness. As one of three commissioners of Mason PUD 1, I'm thankful that I serve a Public Utility District that provides customers some of the cleanest energy in the nation at some of the lowest rates nationally. This combination of clean energy and affordability is critical to keeping you comfortable in your homes every day, every hour, while helping our existing businesses thrive.

PUDs serve approximately 40% of Washington State's electric needs, yet emit only 3% of the reported total greenhouse gas emissions in the state. Because of PUDs' clean energy portfolios, there is minimal potential for greenhouse gas reductions. The continued pursuit by those in Olympia and Washington D.C. of requiring new renewable generation resources for PUDs will have little if any impact on reducing emissions. Requiring new renewable generation, such as wind and solar, essentially replaces one clean energy resource (hydropower) for less dependable clean energy resources and at a higher cost.

Now I'm not against new renewable resources but let the business case dictate the need, rather than legislative mandates. I can assure you that your PUD board of commissioners are working on your behalf so your electric bill won't double as they have elsewhere around the nation and internationally.

In terms of challenges closer to home, our biggest has been the weather and trees that impact our infrastructure. We are putting continued emphasis on tree trimming. The Board is very proud of our employees' work ethic and the customer service they provided as they worked to improve both our electric and water systems this last year. We also appreciate your thanks as well as deserved criticism when we don't meet customer expectations. After all, that's how we improve as we strive for excellence in meeting our strategic plan.

This holiday season, I send best wishes—hopefully with the power on and water working. Merry Christmas and have a safe and Happy New Year!



Karl Denison. District 1 Commissioner

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.mason-pud1.org.

MASON COUNTY PUD 1 COMMISSIONERS:

DISTRICT 1

Karl Denison(360) 898-2618

DISTRICT 2

Ron Gold(360) 426-9540

DISTRICT 3

Jack Janda(360) 877-5867

GENERAL MANAGER

Steven Taylor(360) 877-5249





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www.mason-pud1.org







Conservation Rebates are Changing

BPA plans to reduce our popular ductless heat pump program's rebates beginning April 1, 2014. Until March 30th, the rebate is still \$1,500. Starting April 1st the rebate will be \$1,200 for single-family and manufactured electric forced air furnace replacements and \$800 for single-family zonal heat replacements. Take advantage of the ductless program while the rebates are still high! Call Teresa at (360) 877-5249 to schedule an energy audit and for information on how to begin.

Commercial Customers- Take advantage of our rebates for lighting, ductless heat pumps, insulation and appliances! It can save you energy and money on your power bills. Call Teresa for a free audit.



Have you received your four FREE CFL light bulbs this year? Stop by our office and pick some up along with a low flow showerhead.

CANAL COMFORT FUND SHUL NEEDS SUPPORT!

The need for utility assistance continues to grow as unemployment levels continue to hover at close to 9% for our county. The Canal Comfort Fund as of November 2013 was depleted for the rest of the year, forcing the PUD to use the funds collected for 2014 to cover the last two months of 2013. The federal grant that was received a few years ago to supplement the program has also been exhausted.

The Community Action Council, who administers these funds at no charge to the PUD or its customers, has provided a report to show the donations that were dispersed over 12 months as of October 3, 2013.

Our customers responded generously in 2013 to our request for support and donated to the fund to help keep the heat and water on for low income neighbors. The PUD asks customers to please consider rounding up your bill today and sending the change to the Canal Comfort Fund.

Annual Activity Report Program Year Period 10/12-9/13

	Electric	Water	Total
Inquiries Received	46	11	57
Customers Served (Households)	46	11	57
People Served	107	15	122
Average Benefit per Household	\$150.00	\$100.00	\$140.35
Funds Received in Last 12 months			\$3,270.08
Remaining Reserve Funds from Federal Grant			\$5,555.73
Funds Distributed	\$6,900	\$1,100	\$8,000

Current Program Balance as of 10/3/13: \$825.81

MANAGER'S REPORT

Why Automatic Meter Reading?

Automatic Meter Reading (AMR) is the ability to read utility electric and water meters remotely, thus eliminating the need for a person to drive or walk up to each meter and manually read them. Automatic Meter Infrastructure (AMI) goes one step further where a utility company can send instructions to a meter or manage it remotely. AMI meters are typically referred to as "smart meters". PUD 1 only has AMR meters installed in our service territory at this time.

We installed AMR to improve efficiency, cost savings, and better management of energy and water resources. We reevaluated the time and cost associated with having two full time meter readers. Today we have just one person who is responsible for reading all of our water and electric meters every month. We went from two meter readers taking 15+ days to read all our meters to one person taking just four days and using the rest of their time assisting the line crew on various projects. This translates into savings for our customers and more timely and consistent meter reads.

The advent of automatic meter reading (AMR) came about in the mid-'80s, and more prominently in the early 1990s as a way to collect basic meter-reading data. The term and technology behind advanced metering infrastructure (AMI) began showing itself around 2005, evolving from the foundations of AMR. As

COMPARISON OF RADIO FREQUENCY LEVELS FROM VARIOUS SOURCES:

	SOURCE	DISTANCE	EXPOSURE LEVEL (in microwatts per square centimeter)
2	Microwave oven	Two inches from door	5
	Cell phone	At ear	1-5
	Radio/TV broadcast		0.000005-0.001
-	Wireless network signal	Three feet from router	0.0002-0.001
	AMR meter	10 feet	0.000009

ource: Electric Power Research Institute (EPRI), Radio Frequency Exposure Levels from Smart Meters (November 2010)

not uncommon in this industry, we often hold on to the label that came first or use two terms interchangeably, even if the actual meaning or definition is slightly different. All AMI systems contain AMR functionality (although it's not the core of its purpose), but all AMR systems are not AMI systems. At PUD 1, we can drive through your area and pick up your monthly kilowatt hour usage remotely, but we don't have the technology to track your energy usage daily, or incrementally. We can't tell when you're home or what you're doing when you're home. We just don't have to get out of the truck now each month.

There's a lot of hype and misinformation surrounding new meter technology labeling them invasive or unsafe. We want to assure our customers that we made the decision to go to AMR meters because it made the best business sense for our small utility and saves our ratepayers money.

Down the road if we ever decide to look at AMI, we will communicate any potential changes to our customers and explain our business case. Right now, we do not have the capability to store any usage data other than your total amount used, just like when we read them manually. If you have any questions, please feel free to contact us.



Steven Taylor, General Manager



Water Sampling WHY AND HOW WE SAMPLE...

The District takes 372 routine bacteriological samples throughout its 37 water systems during the year. These samples test for total coliform, fecal coliform and E. coli, all which are referred to as "coliform". The Group A water systems are tested monthly, the Group B systems are tested twice a year. The water technicians either test at a hose bib on the outside of a home or at a sampling station at the meter. We have just begun to install the sampling stations which allow us to insert a rod and a faucet at the meter on the day we sample. We are not permitted to sample from frost-free faucets. For systems with no or few full time residential connections, we take samples at businesses with outdoor faucets. In order to test from the faucet, we must remove any attachments (hoses, aerators, screens, filters, etc.) then run the water for a few minutes on full stream to remove anything that might be in the faucet. Then the water is turned down and the faucet is disinfected with alcohol. The technician then has to run the water for at least 5 minutes on full, preferably longer, then turn the stream to a thin flow and measure any chlorine residual if the system is chlorinated. Information is recorded on the lab slip. The sample bottle is filled and capped.

We are required to rotate our sampling locations throughout the water system. Depending on the size of the water system, there are 3 to 5 sampling locations that are rotated through on a monthly basis for the Group A water systems; the locations are approved by the State Department of Health. Our locations may change if a residence becomes vacant or switches from full time occupancy to part time occupancy (we review usage

records). A residence that is not used full time typically results in unsatisfactory samples as the water becomes stagnant in the service line. If we get an unsatisfactory sample, we are required to take a minimum of four repeat samples: one at the original sample location, one upstream of the original location within 5 connections, one downstream of the original

location within 5 connections, and one at each source serving the system. If any of the repeat samples come back unsatisfactory for total coliform, the District is required to send out notices within 30 days that we detected total coliform. We typically chlorinate the water system until we get satisfactory water samples; chlorination may last two weeks or several months. If fecal coliform or E. coli is detected, the District must notify the public within 24 hours and issue a boil water advisory until satisfactory samples are achieved.

If you have questions about water sampling, please call me, Jocelyne Gray, PE, Director of Operations - Water.

FINANCE NEWS

Another Clean Audit and 2013 Rate Increases

The Washington State Auditor's Office presented their annual audit report for the PUD for the year 2012. Results showed a clean audit report of the district's financials with no findings or letters to management. The PUD continues its run of never having a finding from the State Auditor!

At the November 26th meeting, the commission adopted the 2014 budget for both the electric and water departments. Greg Kester, district auditor & director of finance presented the commissioners with a budget that he "felt was appropriate to maintain our reliability and sustain our operations" in light of Bonneville Power Administration's 9% increase in wholesale power cost and a 7.7% increase in transmission costs to the District.

The PUD already absorbed a 15% wholesale power rate from BPA for the year 2012-2013. BPA power costs make up approximately 50% of the PUD's total operating costs.

Weighing the base and kilowatt hour charge options and after reviewing three different increase scenarios to the base charge and the kilowatt hour consumption rate, the commission passed a resolution for the middle of the road proposal which called for a \$5.00 increase in the monthly base service charge and a 4% increase in the consumption charge for 2014. This puts PUD 1's base service rates in line with PUD 3's. The 2014 budget calls for electrical revenues of \$7,581,000 and cost of electric service of \$7,267,161.

Citing an ongoing decrease in cash flow and reserves, the commission also passed a 3.25% increase to the water rates and authorized the auditor to consolidate all of the individual water accounts into one general fund account. The PUD water budget calls for revenues of \$1,218,000 and cost of water service of \$1,022,000.



Snapshot

PUD 1 commissioners and employees cut the ribbon on the new t3ba'das Substation on