WELL-MAINTAINED FINANCIAL OPERATIONS

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coverage of peak debt service, including the current offering, by fiscal 2009 net revenues is 1.9 times. Financial projections through 2014, which
assume annual rate increases of 7.5% in both 2011 and 2012 indicate annual coverage averaging 2.5 times (net of the BABs subsidy 2.3 times).
The district has continued to maintain satisfactory financial reserves. In fiscal 2009, net working capital was 53.0% of gross revenues ($25.9
million) and days cash on hand was 305. These reserve levels exceed the district's target of maintaining at least 120 days of operating and
power costs.

FAVORABLE DEBT STRUCTURE; SATISFACTORY LEGAL PROVISIONS

District debt levels are currently modest due to the relatively limited capital needs for the district's distribution system. The district's debt ratio
was a modest 22.9% in fiscal 2009 and is expected to increase only modestly due to the current offering. The Series 2010A bonds refund a
portion of the district's outstanding Series 2001 bonds and the Series 2010B funds the construction of a new district headquarters and
operations center, as well as the debt service reserve fund and capitalized interest through June 1, 2012. Satisfactory legal provisions include a
rate covenant which requires 1.25 times coverage of annual debt service requirements, a 1.25 times additional bonds test, and a debt service
reserve requirement funded at average annual debt service. The bond resolution allows the district to take into account the federal BABs interest
subsidy in calculating debt service coverage and in calculating the reserve account requirement

KEY STATISTICS

Type of system: Retail electric / BPA preference customer

Estimated 2008 population (Mason County): 57,846

Number of customers, 2009: 32,634

Total customer average annual growth, 2004 - 2009: 1.8%

Total energy sales average annual growth, 2004 - 2009: 2.0%

Fiscal 2009 Ratios

Operating ratio: 75.9%

Annual debt service coverage: 3.87x

Maximum annual debt service coverage: 1.85x

Net working capital as a % of gross revenues: 53.0% ($25.9 million)

Days cash on hand: 305

Debt ratio: 22.9%

Proforma debt ratio: 44.6%

The last rating action with respect to Mason County PUD No. 3, Washington was on December 4, 2008, when the district's electric revenue
bond rating was upgraded to A2 from A3. On April 23, 2010 the district's electric revenue bonds were recalibrated from Moody's municipal rating
scale to Moody's global rating scale.

The principal methodology used in rating the Mason County PUD No. 3 Electric Revenue Bonds Series 2010 A&B was "U.S. Public Power
Electric Utilities" published in April 2008 which can be found at www.moodys.com in the Rating Methodologies sub-directory under the Research
& Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the
Rating Methodologies sub-directory on Moody's website.

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