

MINUTES OF REGULAR MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

President Gott called a regular meeting of the Mason County PUD No. 3 board of commissioners to order at 10:00 a.m. The meeting was held in the PUD 3 auditorium, at 2621 East Johns Prairie Road in Shelton, Washington, on Tuesday, January 8, 2013.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott, and Bruce E. Jorgenson; Acting Manager Annette Creekspaum; Treasurer Sherry Speaks; and Attorney Rob Johnson. (Manager Wyla Wood was on personal leave.)

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; IS Manager John Bennett; Executive Assistant/Records Program Administrator Lynn Eaton; Public Information & Government Relations Manager Joel Myer; Engineering Manager Terry Peterson; Power Supply Manager Matt Samuelson; Operations Manager Bob Smith; Human Resources & Labor Relations Manager Michelle Wicks; and Administrative Services Manager Nancy Bolender (recorded minutes).

Members of the public in attendance were Dedrick Allen of Mason Web-TV and Steve Taylor, manager of Mason County PUD No. 1.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of an executive session for the purposes of reviewing the performance of a public employee RCW 42.30.110(1)(g). The executive session is scheduled to last approximately 15 minutes and no action will be taken following it.

CONSENT AGENDA

Ms. Gott reviewed the items listed on the consent agenda. Mr. Jorgenson moved, motion seconded by Mr. Farmer, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

A. Minutes of the December 27, 2012, special commission meeting.

B. * Voucher numbers: (dated December 31, 2012)	120380 through 120517	\$ 524,541.61
(Includes electronic funds transfer payment Nos. 806-808.)		
Voucher numbers: (dated January 8, 2013)	120518 through 120538	<u>542,785.75</u>
(Includes electronic funds transfer payment Nos. 809-820.)		
	TOTAL	\$ 1,067,327.36

C. Void accounts payable checks for the week ending December 31, 2012, in the total amount of \$1,432.43.

* Vouchers audited and certified by the district auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the board.

COMMENTS FROM THE PUBLIC

Ms. Gott welcomed those present and stated comments would be accepted throughout the meeting.

Mr. Taylor thanked PUD 3 for providing mutual aid and communications assistance to Mason County PUD No. 1 as it worked to repair damage from the mid-December storm. Mr. Taylor said it was a tough week restoring electricity to customers, as a main feed from the Potlatch substation to Union went down in a large canyon. A helicopter was brought in to locate the problem, and crews had to carry and pull the wire by hand and then install it on poles.

Mr. Taylor especially praised Mr. Smith and PUD 3 operations staff for their efforts, as well as Mr. Myer for his assistance with media contacts.

He noted that mutual aide agreements are a good service, and public power staff performed well, showing that local customers get exceptional value by having personnel on hand to respond to such emergencies.

ACTION ITEMS

The commissioners took up the election of officers for the board of commissioners. Mr. Jorgenson moved, motion seconded by Ms. Gott, to appoint Mr. Farmer as president of the commission. Following a discussion, Mr. Jorgenson moved to modify the motion to appoint Mr. Farmer as board president, with Ms. Gott becoming board secretary and Mr. Jorgenson remaining as vice president. Ms. Gott seconded the modified motion. The MOTION PASSED UNANIMOUSLY.

Mr. Farmer thanked Ms. Gott for her leadership in her years as president of the board, especially during the planning and construction of the Johns Prairie Operations Center.

Recommendation was made to select Wilson Recycling, Inc. for disposal service of the PUD's scrap metal. Two responses were received with Wilson Recycling being low bidder.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to select Wilson Recycling, Inc. for the PUD's scrap metal disposal services. MOTION PASSED UNANIMOUSLY.

STAFF REPORT

Mrs. Creekpaum reviewed the year-end status of the budget report with the commissioners. She reported the year ended with a positive budget balance. Expenditures for the year were at \$54,622,552 or 96 percent of the budgeted amount, while receipts were \$55,065,903, which is 97 percent of anticipated budget. The amount spent for purchased power came in under forecast at \$25,033,287.

With commission approval, the ending balance for 2012 will be deposited in operating reserves.

Mrs. Speaks provided the board with the year-end treasurer's report. PUD 3 ended December 2012 with operating reserves of \$16.5 million, while the total of all funds was nearly \$37.9 million.

Mr. Samuelson presented the commissioners with the power situation statement for November 2012. The report showed that through November 30, PUD 3 purchased 641,395 MWh of electricity compared to 625,990 MWh of electricity purchased during the same period in 2011, which is an increase of two percent.

The report also showed that PUD 3 paid \$22.2 million over the first 11 months of 2012 for wholesale energy purchases, compared to \$19 million for the same period in 2011; an increase of 17 percent. The "heating degree days" measurement for November 2012 was 16.6 percent lower than the same time in 2011 meaning that the electricity demand for heating was less during this period. Year-to-date, the heating degree days through the first 11 months of 2012 were down 6.5 percent.

Mrs. Creekpaum reported that the PUD 3 December 15 through 22 storm response and restoration costs are estimated to be \$77,000. She said there will be a billing to Mason County PUD No. 1 of approximately \$66,000 for mutual aid for the use of PUD 3 line crews and tree-trimming personnel for that utility's storm response.

Mrs. Creekpaum reported that the control building for the Mason substation rebuild in downtown Shelton was delivered and installed Saturday, December 29. Work on the Mason substation began in the summer of 2012, and is expected to be completed by January 31.

Mr. Peterson reported that a new feeder line will be constructed in conjunction with the Mason substation project. The line will follow the route of the new Capitol Hill Road. It will provide added redundancy for industrial service on the Shelton waterfront; extend electrical power to commercial property in the Johns Prairie area; and better balance loads between various substations.

Mr. Myer reported that Bonneville Power Administration CEO and Administrator Steve Wright will be in Shelton on January 16 for a community presentation on the BPA's 75th anniversary and its long-lasting contributions to the economy of the Pacific Northwest.

Mr. Wright will be speaking at noon at the PUD 3 auditorium at the Johns Prairie operations center. A special presentation for students from various community colleges and Shelton High School has been scheduled for later that afternoon.

COMMISSIONERS' REPORT

Ms. Gott reported on a meeting she attended on January 2 at which city and county officials updated state and federal elected officials on local issues. She noted that neither the Port of Shelton, nor PUD 3 was officially invited; and PUD 3 representatives, including Mr. Myer and Mrs. Creekpaum were observers in the audience. Ms. Gott stated she was able to thank representatives from Senators Cantwell and Murray's offices for their assistance in getting a re-definition of "bulk power system," which was recently approved by the Federal Energy Regulatory Commission (FERC).

EXECUTIVE SESSION

The board recessed the regular meeting at 10:38 a.m. for seven minutes, and reconvened into an executive session at 10:45 a.m., to last approximately 15 minutes. The executive session was to review the performance of a public employee. The executive session adjourned at 11:00 a.m. and the regular session reconvened.

It was announced that the executive session would continue for another five minutes in order to review the performance of a public employee, and the commissioners reconvened into the executive session beginning at 11:00 a.m. The executive session adjourned at 11:05 a.m. and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 11:05 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary