

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

President Farmer 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 22, 2013.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott, and Bruce E. Jorgenson; Manager Wyla Wood; Finance Manager/Auditor Annette Creekpau; Treasurer Sherry Speaks; and Attorney Robert Johnson.

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; IS Manager John Bennett; Conservation Manager Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; Engineering Manager Terry Peterson; Power Supply Manager Matt Samuelson; Operations Manager Bob Smith (arrived at 10:04 a.m.); Human Resources & Labor Relations Manager Michelle Wicks; and Administrative Services Manager Nancy Bolender (recorded minutes).

There were no members of the public in attendance.

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 30 minutes and no action will be taken following it.

CONSENT AGENDA

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

A. Minutes of the January 8, 2013, regular commission meeting.

B. * Voucher numbers: (dated January 15, 2013)	120539 through 120634	\$ 823,070.10
(Includes electronic funds transfer payment Nos. 821-823.)		
Voucher numbers: (dated January 22, 2013)	120635 through 120737	<u>2,911,060.76</u>
(Includes electronic funds transfer payment Nos. 824-826.)		
	TOTAL	\$ 3,734,130.86

C. Void accounts payable checks for the week ending January 18, 2013, in the total amount of \$202.67.

\* 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

While no members of the public were in attendance, Mr. Farmer stated comments would be accepted throughout the meeting.

STAFF REPORTS

Mr. Samuelson reported that the Department of Energy has announced that Bill Drummond will be the new BPA Administrator, replacing Steve Wright, who is retiring. Mr. Drummond has been serving as BPA's deputy administrator since October 2011. Before joining BPA, Mr. Drummond was manager of the Western Montana Electric Generating and Transmission Cooperative in Missoula, Montana, for 17 years. Prior to that he led the Public Power Council from 1988 to 1994.

Mr. Samuelson then presented commissioners with the power situation statement for December, 2012. He pointed out that through December 31, PUD 3 purchased 719,087 megawatt-hours (MWh) of electricity to serve local customers' energy needs. That is compared to 704,333 MWh of electricity purchased during the same period in 2011, which is an increase of two percent.

The report showed that PUD 3 paid \$24.8 million during 2012 on wholesale energy purchases, compared to \$21.8 million for the same period in 2011; an increase of 14 percent. Taking into account a two percent increase in retail sales overall, the per kilowatt increase in the price of wholesale electricity purchased by the PUD was 11.5 percent.

Mr. Samuelson stated that the 11.5 percent increase is a result of the Bonneville Power Administration's (BPA) new rate structure, an eight percent increase in wholesale energy prices, and a lower amount of revenue from the resale of surplus electricity (which helps offset higher BPA wholesale rates).

Mrs. Wood reported that PUD 3 personnel are working with the Mason County Sheriff's Office to investigate the theft of a portion of a special electrical and fiber optic cable that was extended Friday, January 18 across the Harstine Island Bridge. She said that sometime over the weekend, up to 40 feet of the cable on the mainland side of the crossing on East Harstine Bridge Road was sawed off at ground level where it came out of conduit that led to the bridge. The stolen cable was secured to a power pole where it was to be spliced into the electrical distribution system to feed Harstine Island.

The project is part of a \$250,000 effort by PUD 3 to enhance electrical service and extend the PUD's fiber optic network across the bridge for potential future broadband service. The cost of the entire cable for the bridge crossing was \$85,000.

The cable was specially manufactured for the PUD by Okonite. It has a combination of three phase power lines and an integrated fiber optic cable. Along with extending the PUD's high speed data network to Harstine Island, the power cable is intended to provide greater stability to and improve the quality of the island's power supply by providing an alternative electricity supply, and splitting loads to various portions of the island.

#### COMMISSIONERS' REPORTS

Mr. Farmer reported on BPA Administrator Steve Wright's visit to PUD 3 on January 16, and his presentations to the community and students.

Mr. Farmer also reported on his attendance at the Washington PUD Association legislative reception on January 17<sup>th</sup>, and the Shelton-Mason County Chamber of Commerce Gala on January 18<sup>th</sup>.

Ms. Gott recognized the effort by the PUD staff for the Steve Wright event. She also reported she was a panel member for the new commission orientation put on by the PUD Association on the morning of January 16.

#### EXECUTIVE SESSION

Mr. Farmer recessed the regular meeting at 10:20 a.m. for three minutes, and the board reconvened into an executive session at 10:23 a.m., to last approximately 30 minutes. The executive session was to review the performance of a public employee. The executive session adjourned at 10:53 a.m. and the regular session reconvened.

It was announced that the executive session would continue for another ten minutes in order to review the performance of a public employee, and the commissioners reconvened into the executive session beginning at 10:53 a.m. The executive session adjourned at 11:03 a.m. and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 11:03 a.m.

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Thomas J. Farmer, President

ATTEST:

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Bruce E. Jorgenson, Vice President

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Linda R. Gott, Secretary