

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, February 12, 2013.

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

The following PUD 3 personnel were present: IS Manager John Bennett; Executive Assistant / Records Program Administrator Lynn Eaton; Conservation Manager Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; Engineering Manager Terry Peterson; Operations Manager Scott Peterson; Power Supply Manager Matt Samuelson; Service Engineering Supervisor Brad Smotherman; 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 Mr. Farmer pointing out that an executive session for the purposes of reviewing the performance of a public employee RCW 42.30.110(1)(g) is scheduled. The executive session will take place following the trip to Mason substation to perform the ceremonial "throwing of the switch." It will last approximately 30 minutes and action may be taken following it.

CONSENT AGENDA

Mr. Farmer reviewed the items listed on the consent agenda. Mr. Jorgenson moved, motion seconded by Ms. Gott, 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 22, 2013, regular commission meeting.

B. * Voucher numbers: (dated January 29, 2013)	120738 through 120839	\$ 902,137.43
(Includes electronic funds transfer payment No. 827.)		
Voucher numbers: (dated February 5, 2013)	120840 through 120915	499,831.83
(Includes electronic funds transfer payment Nos. 828-829.)		
Voucher numbers (dated February 12, 2013)	120916 through 121036	<u>1,023,654.93</u>
(Includes electronic funds transfer payment Nos. 830-841)		
	TOTAL	\$ 2,425,624.19

C. Void accounts payable check for the week ending January 25, 2013, in the total amount of \$4,161.21.

* 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

Mrs. Creekpaum reviewed the status of the budget as of January 31, 2013, with the commissioners. Month-end receipts were \$5,331,058, while expenditures were \$5,335,644.

Mrs. Speaks gave the treasurer's report of funds through January 2013. The total of all funds at month-end were \$38,115,474.26, which is an increase of \$212,579.10 from the beginning of the month.

Mr. Samuelson informed the commissioners that work is underway to complete a de-registration packet for the recently approved Federal Energy Regulatory Commission (FERC) changes in the definition of the "Bulk Energy System." The revised definition excludes certain local distribution utilities such as PUD 3 from the bulk electric system requirements. Utilities must submit a petition to FERC to be exempt on an individual basis. The

new definition will become effective April of 2013 and could take approximately two years from that date to apply the new standards. Staff hopes to get the packet in quickly in order to be first in the queue. The PUD has long contended that as a distribution utility (one that does not have extensive high voltage transmission in its system) it was unfairly forced to register and comply with reliability standards on high voltage transmission facilities, even though it has no impact on the operation of the transmission system.

Mrs. Wood noted for the record that Ms. Gott was recently elected president of the Energy Northwest board of directors for a two-year period. She was elected to the post at the January 23 board meeting. The public power agency's 27-member board represents 22 public utility districts and five municipal utilities that make up Energy Northwest. The board of directors has sole authority to authorize and terminate projects.

Mrs. Wood reported that as directed in Resolution No. 1567 adopted April 4, 2012, staff is developing a rate schedule to be effective with meter readings on and after April 1, 2013. The new rates will be comprised of a three percent increase in energy charges and a 10¢ per day increase in the daily customer charge.

Mrs. Wood informed the commissioners that the sale of the warehouse facilities on "K" Street is scheduled for closing on February 21, 2013, with the transfer of funds on February 22. She requested the board give permission for her to sign the closing papers on behalf of the PUD.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to allow the manager to sign on behalf of the PUD the necessary closing papers for the sale of the "K" Street warehouse facilities. MOTION PASSED UNANIMOUSLY.

COMMISSIONERS' REPORTS

Ms. Gott reported that the first task brought before the Energy Northwest board is the selection or appointment of a member to the executive committee to fill Sid Morrison's seat. Mr. Morrison has indicated a willingness to serve an additional term. The board of directors subcommittee is taking a poll of members to determine their choice or if there are other qualified candidates to be considered.

Ms. Gott noted that she had attended the Public Power Council meetings and Bonneville Power Administration's retirement party for Administrator/CEO Steve Wright on February 6-7. She also plans to attend the NoaNet board meeting on February 13.

Mr. Farmer extended his congratulations to Ms. Gott for her election to be the president of the Energy Northwest board.

He also reported he attended the Public Power Council meetings and Mr. Wright's retirement party, as well as the Chamber of Commerce meeting, Twanoh Grange meeting, and the Capital Land Trust awards ceremony this morning in Olympia.

Following a calendar review and good of the order, the regular meeting was recessed at 10:17 a.m. in order for the commissioners to ceremonially energize the newly rebuilt Mason substation. This was expected to take approximately 45 minutes, at which time the board would reconvene and then meet in an executive session.

EXECUTIVE SESSION

Mr. Farmer reconvened the regular meeting at 11:25 a.m. and then recessed the regular meeting at 11:26 a.m. and the board reconvened into an executive session to last approximately 30 minutes. The executive session was to review the performance of a public employee. The executive session adjourned at 11:56 a.m. and the regular session reconvened.

Mr. Farmer announced the board was in receipt of a notice of retirement from Manager Wyla Wood to be effective March 31, 2013.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to accept Mrs. Wood's retirement notice and prepare the necessary resolution. MOTION PASSED UNANIMOUSLY.

Ms. Gott moved, motion seconded by Mr. Farmer, to direct legal counsel to inquire whether Finance Manager Annette Creekpau is interested in the manager's position and, if so, to begin negotiations with her for an employment contract. MOTION PASSED UNANIMOUSLY.

With no further business appearing, the commission meeting adjourned at 12:09 p.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary