

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, May 28, 2013.

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

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; Director of Business Services John Bennett; Executive Assistant/Records Program Administrator Lynn Eaton; Service Engineering Technician Laurie Francavilla (arrived at 10:05 a.m.); Conservation Manager Justin Holzgrove; Telecommunications Manager Dale Knutson; Telecommunications Project Engineer Joe McClanahan (arrived at 10:05 a.m.); Public Information & Government Relations Manager Joel Myer; Operations Manager Scott Peterson; Director of Engineering Terry Peterson; Telecommunications Supervisor Mike Rientjes (arrived at 10:05 a.m.); Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks; and Administrative Services Manager Nancy Bolender (recorded minutes).

Members of the public in attendance were: Jay Himlie of Utility Consulting; Greg Marney, CEO of Northwest Open Access Network (NoaNet); Matt Matayoshi, Economic Development Council of Mason County; Natalie Johnson of *The Mason County Journal*; Commissioner Ron Gold, Mason County PUD No. 1; Manager Steve Taylor and Operations Manager Tracy Collard of Mason County PUD No. 1 (arrived at 10:34 a.m.).

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

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 on a voucher item, the MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- A. Minutes of the April 23, 2013, regular commission meeting.
- B. \* Voucher numbers: (dated May 21, 2013) 122276 through 122341 \$ 2,600,414.67  
(Includes electronic funds transfer payment Nos. 926-929.)  
Voucher numbers: (dated May 28, 2013) 122342 through 122447 793,958.67  
(Includes electronic funds transfer payment Nos. 930-934.)  
TOTAL \$ 3,394,373.34
- C. Void accounts payable checks for the week ending May 24, 2013, in the total amount of \$222.39.
- D. Write-off of closed, deceased no assets accounts in the amount of \$249.60.

\* 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

Mr. Farmer welcomed those present and stated comments would be accepted throughout the meeting.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 1597, which is "A Resolution Declaring Vehicles & General Plant Items Surplus." The vehicles, if declared surplus, will be sold or disposed of through surplus sale bid S1-2013, while the general plant items will be sent to the state surplus center for sale to the public.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1597, "A Resolution Declaring Vehicles & General Plant Items Surplus." MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Samuelson reviewed the April 2013 power situation statement with the commissioners. He pointed out that in April of 2013 PUD 3 purchased 56,283 MWh of electricity to serve customers' energy needs, which is an increase of one percent over the same period in 2012, when 55,853 MWh of electricity was purchased. Furthermore, PUD 3 paid \$2.6 million during April on wholesale energy purchases, compared to \$2.5 million for the same period in 2012; an increase of two percent.

Mr. Samuelson stated that year-to-date, the utility has spent \$328,349 toward meeting the renewable energy requirements of the Energy Independence Act (Initiative 937).

Mrs. Creekpau reported that officials from the Washington State Auditor's Office have begun their annual review of PUD finances and operating practices. An entrance conference was held on May 17 and the review is expected to be finished by mid-June.

At the Northwest Public Power Association's (NWPPA) annual conference held last week in Bellevue, WA, Mrs. Creekpau and others from PUD 3 met with Matt Blizzard of North American Electric Reliability Corporation (NERC). They discussed the PUD's and other distribution utilities' deregistration from the Western Electric Coordinating Council (WECC) with him.

At Mrs. Creekpau's request, Mr. Holzgrove reported on a recently completed lighting upgrade project at Olympic Panel Products (OPP) on Shelton's industrial waterfront. He shared before and after photographs of the light level changes in several areas of the site.

The project is the culmination of an eight-year process, which has resulted in the annual savings of approximately 2,641,556 kWh of electricity, worth an estimated \$112,266. The work will also reduce demand charges to the facility for an annual savings of \$26,371.

PUD 3 provided \$306,313 in conservation funding for the project, or approximately 70 percent of the total cost. The PUD will recoup its cost of the project through the acquisition of \$414,331 in energy efficiency funds, which were not used for a U.S. Department of Energy project in Richland. The money will also be used for a project designed to reduce electricity used by compressed air equipment at the Simpson Lumber Company.

Operations Manager Scott Peterson reported that PUD 3 crews worked over the Memorial Day weekend replacing a high voltage transmission pole at the corner of First and Alder Streets in downtown Shelton (the bottom of Northcliff Road). The work was arranged to coordinate with upgrades being done by the Bonneville Power Administration (BPA) at its high voltage facilities on Mt. View, which required outages at the PUD's Johns Prairie, Mt. View and Mason substations. Linemen and support personnel started the project at 8:00 p.m. Sunday, with completion by 2:00 p.m. on Monday.

Mr. Peterson noted the help of personnel and equipment from the city of Shelton made the work proceed smoothly.

#### COMMISSIONERS' REPORT

Ms. Gott reported on her attendance at the NWPPA annual conference last week, where she attended the meeting with Mr. Blizzard of NERC and the Participants' Review Board (PRB) for the Columbia Generating Station.

Ms. Gott also reported that she happened by the transmission pole change out on Memorial Day and was able to watch the crews work.

Mr. Farmer reported on his attendance at the NWPPA annual conference, which covered the overall theme of examining the responsibility to serve.

#### DISCUSSION ITEMS

Greg Marney, CEO of NoaNet, presented a member update on the organization's activities. He noted that NoaNet is the only open access network in the state and is a partner with most of the large private telecommunications carriers in Washington State.

Mr. Marney reported that NoaNet is close to completing work under a \$180 million American Recovery and Reinvestment Act (ARRA) grant to extend wholesale broadband service to un-served or underserved areas in Washington. The NoaNet grant program is the second largest such broadband effort in the U.S. The program is connecting communities, schools, libraries and public facilities in rural areas of Washington State.

The ARRA grant program had anticipated the need for 100 "anchor tenants" on the new broadband network to make it successful. Mr. Marney stated that 143 have connected to date, far exceeding the expectations of the granting agencies.

Mr. Marney also reported on a program being initiated by cell phone communications companies to upgrade the speed, capacity and number of cell tower sites in Washington State. He said that current and future requirements of cell technology are outstripping the capabilities of older communications systems, requiring a move to fiber optic based networks. He noted that NoaNet has been quite successful in obtaining contracts for these efforts.

Being the single point of contact throughout Washington State, in addition to its reliability, data capacity and cost effectiveness have been advantages in NoaNet's favor.

GOOD OF THE ORDER

Following a calendar review, Ms. Gott followed up on Mr. Marney's presentation. She noted that she has been involved in the telecommunications process since 1999, and remembers when it was to be called WPUDA.net. She said there has been a lot of give and take in the process to get where we are, but feels telecommunications is an essential service, and private and public entities need to work together to meet the needs of rural communities.

With no further business appearing, the commission meeting adjourned at 10:56 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