

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 E Johns Prairie Road in Shelton, Washington, on Tuesday, February 25, 2014.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Manager Annette Creekaum; Finance Manager/Auditor Sherry Speaks; Treasurer Brian Taylor; and Attorney Kristen French (Rob Johnson was on vacation).

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; Director of Business Services John Bennett; Conservation Manager Justin Holzgrove; Public Information/Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Operations Michelle Wicks; and Executive Assistant/Records Program Supervisor Lynn Eaton (recorded minutes).

Members of the public in attendance were: Dedrick Allan of *Mason WebTV*, and Natalie Johnson of *The Mason County Journal*.

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. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- a. Minutes of the February 11, 2014, regular commission meeting.
  - b. Voucher Nos. (dated February 11, 2014) 125933 through 126009 — \$ 2,603,446.67  
(Includes electronic funds transfer payment Nos. 1187-1191.)
  - c. Voucher Nos. (dated February 25, 2014) 126010 through 126116 — 1,061,744.96  
(Includes electronic funds transfer payment Nos. 1192-1194.)
- TOTAL \$ 3,665,191.63
- d. Void accounts payable checks for the week ending February 14, 2014, in the total amount of \$7,901.65. Void accounts payable check for the week ending February 21, 2014, in the total amount of \$36.58.

\* 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 stated comments would be accepted throughout the meeting.

STAFF REPORTS

Mr. Samuelson reviewed the January power situation statement with the commissioners. He pointed out that in January, the PUD purchased 10.7 percent less power than last January at a cost that is 9.9 percent lower. He explained that while the cost per MWh is higher demand charges were down which accounted for the lower cost. He reported that the additional cost for compliance with Energy Independence Act in January was \$80,072 or 3.1 percent of the total purchased power costs.

Mr. Samuelson reported on the status of the appeal for deregulation from the Western Electric Coordinating Council (WECC). Since the North American Electric Reliability Corporation (NERC) remanded PUD's appeal back to WECC, the organization has made a data request to the PUD which has been fulfilled and will be mailed out today. Mr. Samuelson said WECC will have until March 7, 2014, to make a decision.

At Mrs. Creekaum's request, Mr. Myer updated commissioners on legislative bills that may affect the utility. He spoke about the few bills that have made it out of committee and are still being discussed. He will continue to update the commission as the legislature progresses.

Mrs. Creekaum reported on an outage that occurred on February 16, 2014, affecting divisions 2, 3, and 4 of Lake Cushman. The storm caused a fault on the nearly two miles of underground cable that feeds the three divisions and nearly 500 customers including two three-phase water pumps, which are still without power and one is utilizing a PUD 3 generator to run. The crews were able to temporarily patch the damaged cable in order

to restore power, however due to the extent of the damage, Mrs. Creekpaum has authorized an emergency replacement of the cable. The original cable was installed in 1968 and has been scheduled to be replaced with overhead lines, however it was held up due to difficulty attaining a Department of Natural Resources permit. Since it is unlikely that the temporary splices to the cables will hold, crews will be installing new underground conduit and cables next to the old in order to fully restore power to those portions of Lake Cushman.

Mrs. Creekpaum also reported her attendance at the Washington Public Utility Districts Association (WPUDA) and has been working on a committee to look at the dues structure for participating utilities.

At Mrs. Creekpaum's request, Mrs. Speaks informed commissioners that staff had conducted an entrance conference with the Washington State Auditor's office for its compliance with the Energy Independence Act (I-937) and its renewable energy requirements. Currently the statute requires PUD 3 to have 3 percent of its load served by qualifying renewable resources or acquire equivalent renewable energy credits (RECs). Mrs. Speaks explained that PUD 3 has plenty enough RECs to comply. The next threshold increase will happen in 2016 in which 9 percent of load will be required to be met with renewables and/or RECs.

At Mrs. Creekpaum's request, Mrs. Wicks reported that the Northwest Public Power Association (NWPPA) announced its new Executive Director Anita Decker (formerly with BPA). Mrs. Wicks participated on the selection committee with NWPPA.

#### COMMISSION REPORT

Ms. Gott reported her attendance at the NoaNet meeting in addition to her testimony at the House Local Government Affairs Committee along with Greg Marney of NoaNet and a few others on the benefits of broadband in small communities.

Mr. Farmer reported he will be attending the North Mason Chamber of Commerce meeting tomorrow and Public Power Council (PPC) meetings on the 5<sup>th</sup> and 6<sup>th</sup> of March.

#### GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting adjourned at 10:23.

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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