

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, May 13, 2014.

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

The following PUD 3 personnel were present: Customer Service Manager Diane Hennessy; Director of Business Services John Bennett; 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).

There were no members of the public in attendance.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that two executive sessions were scheduled for the purposes of item(s) 42.30.110(1)(i) to discuss with legal counsel specific threatened litigation and 42.30.110(1)(c) to consider the minimum price at which real estate will be offered for an estimated ten minutes with potential action to follow.

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 April 22, 2014, regular commission meeting.
  - b. Voucher Nos. (dated April 29, 2014) 127064 through 127173 — \$ 810,797.71  
(Includes electronic funds transfer payment Nos. 1259-1261.)
  - c. Voucher Nos. (dated May 6, 2014) 127174 through 127230 — 606,397.65  
(Includes electronic funds transfer payment Nos. 1262-1266.)
  - d. Voucher Nos. (dated May 13, 2014) 127231 through 127355 — 2,964,867.82  
(Includes electronic funds transfer payment Nos. 1267-1281.)
- TOTAL \$ 4,382,063.18
- e. Void accounts payable checks for the week ending April 25, 2014, in the total amount of \$138.65.  
Void accounts payable check for the week ending May 02, 2014, in the total amount of \$10,010.21.  
Void accounts payable check for the week ending May 09, 2014, in the total amount of \$4,673.90.
  - f. Write off closed, uncollectible, deceased no assets (\$710.65) and discharged bankruptcy (\$10,068.98) accounts in the amount of \$1,779.63.

\* 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 noted that no members of the public were in attendance.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 1619, which is to "Authorize Investment in the Local Government Investment Pool (LGIP)". This resolution is initiated from the State Treasurer's office due to the recently amended Washington Administrative Codes (WACs). The PUD has had a long standing history with the LGIP.

Ms. Gott moved, motion seconded Mr. Jorgenson, to adopt Resolution No. 1619, "Investment in the Local Government Investment Pool." MOTION PASSED UNANIMOUSLY.

Recommendation was then made to adopt Resolution No. 1620, which is "A Resolution Declaring Non-PCB Transformers Surplus."

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt Resolution No. 1620, "A Resolution Declaring Non-PCB Transformers Surplus." MOTION PASSED UNANIMOUSLY.

### STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of April 30, 2014, with the commissioners. Month-end receipts were \$5,556,835, while expenditures were \$5,729,934. Expenditures for year to date were \$23.5.5 million, or 38 percent of the adopted 2014 adopted budget. Mrs. Speaks explained the telecommunications budget is at 70 percent at this time however funds will be received from NoaNet for two large projects that PUD 3 contracted for which will help offset this number. She also discussed the status of the conservation budget at 50 percent. She explained it was due to the push for ductless heat pumps in the first part of the year and that conservation expenditures are expected to decrease for the remainder of the year. Mrs. Speaks also reported that the Build America Bonds (BAB) refund (utilized in the financing for the Johns Prairie Operations Center) was received and explained that this subsidy is received twice a year.

Mr. Taylor gave the treasurer's report of funds through April 2014. The total of all funds at month-end were \$36,574,673 which was an increase of \$477,000 over last month.

Mr. Samuelson reported that on April 24, 2014 official correspondence from the North American Electric Reliability Corporation (NERC) was received and Mason PUD 3 won its deregistration appeal and is officially removed from the reliability compliance registry.

Mr. Samuelson also reported that Bonneville Power Administration in addition to other stakeholders continue to evaluate a better method to balance the wind energy that flows into the Pacific Northwest energy grid. The goal is to better balance the unpredictable output from these resources with other, more reliable electricity generation. This project is now being called "Security Constrained Economic Dispatch" (SCED). A decision to move forward on this project is expected by year end.

Mrs. Creekpaum reported on her attendance at the Washington Public Utility Districts Association (WPUDA) telecommunication workshops which emphasized the benefit of private and public partnerships.

Mrs. Creekpaum reported on entrance conference with the State Auditor's office. The auditor has begun the annual audit of the 2014 records. In addition, the state auditor's office has also begun reviewing PUD 3's records for compliance with the Energy Independence Act's (EIA or previously termed I-937) conservation targets. The act requires qualifying utilities to have each of the conservation and renewable targets audited every other year.

Mrs. Creekpaum spoke to the commissioners about the Light Emitting Diodes (LED) street light program that the District is working on with the city of Shelton and the Port of Allyn to test the energy efficiency of the new lights. She indicated that increased interest is anticipated and requested authorization to enter into interlocal agreements with governmental agencies for these types of pilot projects involving LED street lights now and in the future.

Ms. Gott moved, motion seconded by Mr. Jorgenson to authorize the manager to enter into interlocal agreements with governmental agencies for the purpose of LED Street Light Pilot Projects which includes but is not limited to the City of Shelton as well as the Port of Allyn. MOTION PASSED UNANIMOUSLY.

At Mrs. Creekpaum's request, Mr. Myer updated commissioners on the May 3, 2014 power outages that affected approximately 4,000 customers in south Mason County. Two separate but related outages were caused by failed equipment on the Bonneville Power Administration (BPA) transmission lines that feed the substation serving those customers. PUD equipment was not damaged by the outages.

Mrs. Creekpaum requested that Mr. Peterson, report on the State Route 3 widening project. Mr. Peterson said the Washington State Department of Transportation (WSDOT) has completed the purchase of the right of way along Highway 3 in Belfair as part of the widening project from Highway 106 to Belfair Street. This project is to install a center turn lane and construct sidewalks. PUD 3 received notification on May 1, authorizing the work to begin on the relocation of 14 power distribution poles along the route of the project. The PUD has already relocated four of the five transmission poles last November without the need for an outage, however was unable to complete the rest of the work required until WSDOT obtained the right-of-ways. Mr. Peterson noted that there is very little room in the right of way for the utility work to be completed and also explained that the WSDOT is requiring extensive tree trimming and the removal of some trees in the area to accommodate the work. On June 7, a planned power outage at Roessell Road is required to move the final transmission pole.

Mrs. Creekpaum reported that the engineering work order for the new construction of the North Mason High School electrical project has been completed.

Mrs. Creekpau updated commissioners on the Senate Bill 5964, which requires commissioners and staff to receive training on the Open Public Meetings Act and the Public Records Act. She said many other public utilities are planning to provide the training during a regular commission meeting in order to document the training in the minutes. PUD 3 will also look into providing the training at a commission meeting in order to comply with the mandate after the first of the year.

#### COMMISSION REPORT

Ms. Gott reported on the WPUDA telecommunications workshop she attended last week and shared the speakers' view of the changing landscape in the cable and phone industry due the younger generation using other means of technology and cancelling cable and phone services. She indicated that the message of the meeting was that true fiber to the home is necessary to provide a long-term solution.

Ms. Gott also reported that she and retired PUD 3 Manager, Wyla Wood accepted the State Architects Association merit award for the Johns Prairie Operations Center along with TCF Architecture in Seattle. This is the second award the building has won for its architecture.

Mr. Farmer reported his attendance at the Economic Development Council (EDC) legislative review meeting, and the State Auditor's Office entrance conference. He also attended the Allyn Community Association where PUD's Conservation Manager Justin Holzgrove was praised for his work with the North Mason School District and the downtown Allyn lighting project.

#### GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting recessed at 10:45 a.m. for a short break, and reconvened at 10:50 a.m.

The commissioners then adjourned then met in executive session for 10 minutes to discuss potential litigation and Real Estate terms. No action would follow the executive session.

At 11:00 a.m. the executive session adjourned and it was announced that the commissioners would continue in executive session for an additional 5 minutes.

The executive session adjourned at 11:04 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 11:04.

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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