

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, August 26, 2014.

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 Rob Johnson.

The following PUD 3 personnel were present: Customer Service Manager Diane Hennessy; Conservation Manager Justin Holzgrove; Records Coordinator Jennifer Renecker; Director of Business Services John Bennett; Power Supply Manager Matt Samuelson; Director of Engineering Terry Peterson; Risk Manager Bob Smith; 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 an executive session was scheduled for the purposes of item(s) 42.30.110(1)(i) to discuss with legal counsel threatened litigation and 42.30.110(1)(i) to discuss with legal counsel the legal risks of a current practice and 42.30.110(1)(c) to consider the minimum price at which real estate will be offered for sale or lease. The estimated time is twenty 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:

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| a. Minutes of the August 12, 2014, regular commission meeting. | | | | |
| b. Voucher Nos. (dated August 19, 2014) | 128537 through 128609 | — \$ | 165,409.12 | |
| (Includes electronic funds transfer payment Nos. 1372-1375.) | | | | |
| c. Voucher Nos. (dated August 26, 2014) | 128610 through 128719 | — \$ | <u>792,639.84</u> | |
| (Includes electronic funds transfer payment Nos. 1376-1378.) | | | | |
| | | TOTAL \$ | 958,048.96 | |

* 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.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 1628, which is a resolution Modifying the Electrical Service Rules & Regulations Schedule 41, Further defining OH LED Low-Wattage “Roadway” Luminaire and Establishing an OH LED low Wattage “Area Light” Luminaire. Mr. Holzgrove explained that schedule 41 currently had a rate for the OH LED Low-Wattage Luminaire at \$.40 per day, however with the addition of the proposed OH LED Low-Wattage “Area Light” Luminaire it was necessary to clarify by further defining the existing rate is for a OH LED Low-Wattage “Roadway” Luminaire. Mr. Holzgrove explained that the brighter, more efficient lights will be also be introduced as “Area Lights” at a rate of .35 cents per day compared to the current High Pressure Sodium (HPS) Luminaires at rates from .36 to .77 cents per day. These lights will be phased in by the serviceman when installing new lights or making repairs as a normal course of business rather than an entire retrofit as a capital improvement project. Mr. Holzgrove reported that he has applied for a grant through the Department of Commerce as well as a DEED grant through the American Public Power Association (APPA) for this project.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1628, “Modifying the Electrical Service Rules & Regulations- Schedule 41, further defining OH LED low Wattage “Roadway” Luminaire and Establishing an OH LED low Wattage “Area Light” Luminaire” MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Samuelson reviewed the power situation statement for July 2014 with the commissioners. He pointed out that the kilowatt-hours purchased by the PUD for sales to its customers in July was down 2.9 percent over July of last year, - however the purchase price is up 20.8 percent. PUD 3 purchased 43,486 megawatt-hours (MWh) of electricity compared to 44,806 MWh of electricity purchased during the same period in 2013. He reported that PUD 3 paid \$1.48 million during July on wholesale energy purchases, compared to \$1.17 million for the same period in 2013. This includes spending \$90,231 in July on “Renewable

Energy Credits” to meet obligations under the Washington State Energy Independence Act (Initiative 937). Year-to-date, the PUD 3 has spent \$669,563 toward meeting the renewable energy requirements.

Mr. Samuelson also informed the commission that the District’s contractual share of the White Creek wind generation project, located in Klickitat County, will be brought to load starting October 1st. A thirteen-month firm transmission contract offer is pending with the Bonneville Power Administration (BPA), and will be presented for consideration at a future commission meeting.

Mr. Samuelson also noted that there will be a Public Hearing before the commission on September 9, 2014 for the utility’s updated resource plan. This is mandated by statute to be updated and reported every two years.

Ms. Creekpau reported the Washington State Energy Independence Act (Initiative 937) audit for years 2012 and 2013 resulted in a clean audit.

Mrs. Creekpau also reported that Elliot Mainzer (BPA Administrator) will be coming to the Mason County PUD 3 Johns Prairie operations center on Monday, September 15, 2014 for a regional meeting with Olympic Peninsula area electric utilities. The meeting will be focused on small and medium-sized BPA utilities and is part of Mr. Mainzer’s fall 2014 tour of the region. The meeting is expected to start at 10:00 a.m. and include a presentation by Mr. Mainzer followed by a question and answer period.

Mrs. Creekpau informed commissioners that the retiree luncheon and blood drive are both scheduled for August 28, in the PUD auditorium.

COMMISSIONER’S REPORTS

Ms. Gott reported her attendance at the Northwest Open Access Network (NoaNet) meeting and strategic planning.

Mr. Farmer attended the Northwest Resources open house that now occupies the old PUD 3 engineering building. He noted that the facility will be opening in September and will be ready to serve 14 full time in patient clients.

GOOD OF THE ORDER

Following the calendar review and with no further business appearing, the commission meeting recessed at 10:21 a.m. for a short break, and reconvened at 10:26 a.m.

The commissioners then adjourned and met in executive session for 20 minutes to discuss threatened litigation, the legality of a practice, and to consider the minimum price at which real estate will be offered for sale or lease. Potential action would follow the executive session.

At 10:46 the executive session adjourned and it was announced that the commissioners would continue in executive session for an addition 10 minutes.

The executive session adjourned at 10:55 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:55.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary