

MINUTES OF PUBLIC HEARINGS
and
REGULAR MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

President Farmer called the public hearing to order at 10:00 a.m. The hearing was held to receive comments on the proposed update to the state mandated Resource Plan as required under RCW 19.280.

The public hearing and regular meeting were held in the PUD 3 auditorium (Skookum Room) at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, September 9, 2014.

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

The following PUD 3 personnel were present: Customer Service Manager Diane Hennessy; 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 Business Operations Manager Michelle Wicks; and Executive Assistant / Records Supervisor Lynn Eaton (recorded minutes).

There were no members of the public in attendance.

PUBLIC HEARING

Mrs. Creekpaum stated that in accordance with RCW 19.280, the PUD is holding this hearing to receive comments on the PUD's proposed update to the its state mandated Resource Plan. She explained that utilities are required to update their resource plans every two years and report the update to the Department of Commerce. She noted that since PUD 3 is a full requirements customer of the Bonneville Power Administration (BPA), the utility uses a load forecast that is generated by the BPA.

Mr. Samuelson explained that the plan takes into account the average megawatt load forecast and the resources required to meet the load. He shared that the updated plan accounts for less load growth in the five and ten year estimates due to a number of factors including distributed generation and efficiency. As a full requirements customer of the BPA, the load forecast is related to the Tier 2 election. The forecast in average megawatts (aMW) is as follows:

- 2018 – 81.75 aMW
- 2023 – 83.62 aMW

Mr. Holzgrove reported that in compliance with the Washington State Energy Independence Act (I-937), PUD 3 chose to use the Utility Potential Analysis option (WAC 194-37-070 (6)) to determine its share of the region's cost-effective and achievable conservation potential, according to the 2011 and 2013 Conservation Potential Assessments developed in partnership with EES Consulting. This option brings the targets lower than the targets that were used in the 2012 update, which were based on using the Sixth Power Plan target calculator. Under the mandate utilities have three options to determine conservation targets; using the standard calculator under the plan, using a modified calculator, or determining a utility potential assessment. The PUD's projected conservation is as follows:

- 2018 – .35 aMW
- 2023 – .33 aMW

With no additional public comments forthcoming, the public hearing was adjourned at 10:05 a.m.

The regular meeting was called to order at 10:05 a.m. by President Farmer.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

Mr. Farmer reviewed the items listed on the consent agenda Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- a. Minutes of the August 26, 2014, regular commission meeting.
- b. Voucher Nos. (dated September 2, 2014) 128720 through 128812 — \$ 385,390.89
(Includes electronic funds transfer payment Nos. 1379-1380.)
- c. Voucher Nos. (dated September 9, 2014) 128813 through 128916 — \$ 2,789,487.62
(Includes electronic funds transfer payment Nos. 1381-1390.)

TOTAL \$ 3,174,878.51

* 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

No members of the public were in attendance.

ACTION ITEMS

A recommendation was made to adopt the updated resource plan under RCW 19.280. Ms. Gott moved, motion seconded by Mr. Farmer, to adopt the updated resource plan. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reported to the commissioners on the status of the budget as of August 31, 2014. August expenditures were 66 percent and revenues year to date were also 66 percent of what was anticipated in the adopted 2014 budget. Year-to-date expenditures totaled \$40.9 million while year to date revenues were at \$40.8 million. Mrs. Speaks reported that she anticipates a balanced budget by year end.

Mr. Taylor reviewed the August treasurer's report with the commissioners. The opening cash balance was \$3.36 million and was \$3.72 million at month's end. The utilities investments totaled at \$12.2 million. The total of all funds at month-end were \$35.9 million which was an increase of \$849,871.38 over the previous month.

Mr. Samuelson reported that due to increased spill of water for fish and Canadian hydroelectric operations, electricity production at Columbia River Basin dams has gone down. The Bonneville Power Administration predicts a decrease of 173 megawatts in the next rate period. Samuelson said this may require the purchase of a small percentage of higher-priced electricity by October of 2015.

Mrs. Creekpaum requested approval to authorize an interlocal agreement for purposes of joint purchasing with the King County Directors' Association and the U.S. Communities. The purpose of these cooperatives is to allow member public entities to obtain substantial savings through volume purchasing. There is no cost for membership for either of the organizations. Mr. Farmer moved, motion seconded by Mr. Jorgenson to authorize the manager to sign interlocal agreements with the King County Directors' Association and the U.S. Communities for the purposes of joint purchasing. MOTION PASSED UNANIMOUSLY.

Mrs. Creekpaum provided commissioners with a template resolution from the Washington Public Utility Districts Association (WPUDA) urging utilities to adopt the resolution in the future as an outreach effort to utility customers for supporting modifications to the Energy Independence Act (I-937). At this point, the draft is for commission consideration to be discussed at a later date.

Mrs. Creekpaum reported that PUD 3 will be renewing its contract with Jayco which provides refrigerator recycling services to PUD customers.

Mrs. Creekpaum updated the commission on the progress for the third party credit card processing. She explained that the program will be live in the next month or so and will save the district's ratepayers approximately \$70,000 per year as well as ensure compliance with Payment Card Industry (PCI) data security standards.

Mrs. Creekpaum shared the engineering update with commissioners. She reported that year to date, service engineering has received 914 applications for service or altered service compared to approximately 779 during the same period last year. She also announced that the Collins Lake substation is back on line after a faulty switch was discovered during scheduled maintenance. The power was re-routed from another substation which allowed for the new switch to be installed without the need for an outage.

At Mrs. Creekpaum's request Mr. Myer reported on the status of the Columbia River Treaty. He explained that September 16 is the date when the U-S or Canada may decide if they want to continue to abide by the Columbia River Treaty. There has been no desire to terminate the agreement, but revisions suggested for the 50-year-old treaty may mean changes in how the river is managed for energy production and flood control. Payments in the range of \$350 million per year to Canada, a recommendation to include river management for ecological benefits, and parties included in the negotiations are among major issues in the evaluation of the treaty.

Mrs. Creekpaum reported that Elliott Mainzer, administrator for the Bonneville Power Administration, will be in Shelton on September 15, 2014 to meet with regional utility officials. The meeting will begin at 10:00 AM at the Mason PUD 3 auditorium, 2621 E Johns Prairie Road, Shelton.

COMMISSIONERS' REPORT

Ms. Gott reported her attendance at the Energy Northwest Board of Directors and Executive Board Retreat at Lake

Quinault as well as her attendance at the Public Power Council (PPC) in Portland last week.

GOOD OF THE ORDER

After a calendar review, with no further business appearing, the commission meeting adjourned at 10:25 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary