

MINUTES OF PUBLIC HEARING  
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 sale of the Administration Building located at 307 W Cota St. Shelton, WA.

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 23, 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 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; Director of Business Operations Manager Michelle Wicks; and Executive Assistant / Records Supervisor Lynn Eaton (recorded minutes).

Members of the public in attendance were Dedrick Allan of *MasonWebTV.com*; Natalie Johnson of *The Mason County Journal*; David Mackey and John Bolender from the Mason Conservation District; Jim Gaston and Laura Scheele of Energy Northwest; Jef Conklin of Windermere; Kristy Buck of John L. Scott; and Pat Hennessy of Shelton.

PUBLIC HEARING

Mr. Farmer announced the purpose of the public hearing to take public comments on the potential sale of the PUD administrative building located downtown Shelton at 307 W Cota Street, through an intergovernmental transfer. Mrs. Creekaum explained the Mason Conservation District extended an offer of \$550,000.00 with a \$200,000.00 down payment. If accepted, the balance of \$350,000.00 would be amortized over 20 years at a three percent interest rate with payments of approximately \$1,941.00 per month. The interest was set to align with the Public Works Trust Fund. The Mason Conservation District has asked for a 90 day feasibility period with a closing date of January 9, 2015.

With no additional public comments forthcoming, the public hearing was adjourned at 10:04 a.m.

The regular meeting was called to order at 10:04 a.m. by President Farmer.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of an executive session under item 14 of the agenda. It will be held to discuss potential litigation with legal counsel as authorized under RCW 42.30.110(1)(i). The executive session will last 5 minutes, and no action will be taken following.

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 September 2, 2014, special commission meeting.
- b. Minutes of the September 9, 2014, public hearing & regular commission meeting
- c. Voucher Nos. (dated September 16, 2014) 128917 through 129018 — \$ 176,823.38  
(Includes electronic funds transfer payment Nos. 1391-1398.)
- d. Voucher Nos. (dated September 23, 2014) 129019 through 129101 — \$ 411,290.23  
(Includes electronic funds transfer payment Nos. 1399-1403.)

TOTAL \$ 588,113.61

\* 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.

Ms. Scheele, Public Affairs for Energy Northwest, (ENW) and Mr. Gaston Energy Services & Development for ENW presented an update on ENW activities. Energy Northwest's Columbia Generating Station (CGS), a nuclear power plant near Richland in south-central Washington, generated more than 9.7 million megawatt hours of

electricity for the fiscal year of 2014. Mr. Gaston explained that the management has adopted an excellence model that has produced continued improvement in safety and leadership. Member engagement is a primary focus for the agency bringing awareness to the programs that are available through ENW. Mr. Gaston then reviewed the Small Modular Reactor program, a Demand Response pilot project, and solar energy development information.

#### ACTION ITEMS

A recommendation was made to accept the offer from Mason Conservation District, authorizing the manager to sign the purchase and sales agreement for the sale and intergovernmental transfer of the PUD 3 administrative building at 307 W Cota Street along with the adjacent park and Grove Street parking lot. Mr. Jorgenson moved, motion seconded by Ms. Gott. MOTION PASSED UNANIMOUSLY.

Resolution No. 1629 was brought before the commission. It is “A Resolution Authorizing Execution of Revision to the Network Integration Transmission Service Agreement NO. 01TX-10421 with Bonneville Power Administration.”

Mr. Samuelson explained this is to guarantee transmission for the District’s portion of the output of the White Creek Wind Project to serve PUD 3’s load starting October 1, 2014, for term of thirteen months.

Ms. Gott moved, motion seconded by Mr. Farmer to adopt Resolution No. 1629 “A Resolution Authorizing Execution of Revision to the Network Integration Transmission Service Agreement NO. 01TX-10421 with Bonneville Power Administration.” MOTION PASSED UNANIMOUSLY.

#### STAFF REPORTS

Mr. Samuelson reviewed the August 2014 power situation statement with the commissioners. He pointed out that this August was warmer than last year which likely caused a 1.8 percent reduction purchased power at a cost of 5.1 percent higher. Mr. Samuelson reported that power sales for August were \$1.74 million compared to \$1.54 million in August of 2013. He also mentioned that the costs to comply with the Washington State Energy Independence Act (Initiative 937) is \$748,315 year-to-date.

Mr. Samuelson reported on a September 8, 2014, letter he received from the Bonneville Power Administration (BPA) awarding PUD 3 with the Low Density Discount for the 2015 fiscal year. The discount results in approximately \$1 million savings per year. He provided the commission with a graph outlining potential scenarios (based on estimated load growth) for the future of the low density discount.

Mrs. Creekpau reported that PUD 3 received seven excellence in communication awards in its category from the Northwest Public Power Association (NWPPA). The category includes utilities with 25,000 – 49,999 customers and received 192 entries from 45 different utilities.

At Mrs. Creekpau’s request, Lynn Eaton briefed the commission on the activities that will take place during public power week, October 5 – 11. Events will include a 5k Shuck and Share run benefiting PUD 3’s project share program, nearly 400 fifth graders will visit the Johns Prairie Operations Center and participate in hands-on learning about electricity, and Wednesday, October 8<sup>th</sup> will host a customer appreciation day.

Mrs. Creekpau also reported that Bonneville Power Administrator (BPA) Elliot Mainzer was at the PUD 3 Johns Prairie facility on September 15, to give a presentation to staff and other regional utility representatives, regarding some of the financial and organizational challenges that BPA faces due to increased costs for capital improvements and fish and wildlife efforts. He estimated that utilities will likely see an impact on wholesale power rates of approximately seven percent and an increase of nearly ten percent for transmission rates during the next rate case.

#### COMMISSIONERS’ REPORT

Mr. Farmer also commented on the presentation made by Elliot Mainzer, noting it was very informative to hear the cost pressures that BPA is under and how they will be affecting PUD 3 rates in the future.

#### 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 10:51 a.m.

The commissioners then met in executive session for 5 minutes to discuss potential litigation. No action would follow the executive session.

The executive session adjourned at 10:56 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:56.

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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