

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 24, 2015.

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

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

Members of the public in attendance were: George Caan, *Executive Director of the Washington Public Utility Districts (WPUDA)*; Diana Thompson, *President of WPUDA and Pacific County PUD Commissioner*; Dedrick Allan of *Mason WebTV*.

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 10, 2015, regular commission meeting.
 - b. Voucher Nos. (dated February 17, 2015) 131021 through 131107 — \$ 2,485,978.03
(Includes electronic funds transfer payment Nos. 1519-1523.)
 - c. Voucher Nos. (dated February 24, 2015) 131103A through 131107A
And Voucher Nos. (also dated February 24, 2015) 131108 through 131184 — \$ 1,166,424.54
(Includes electronic funds transfer payment No. 1524 - 1528.)
- TOTAL \$ 3,652,402.57
- d. Void accounts payable check for the week ending February 20, 2015, in the total amount of \$70.00.

* 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 PUBLIC

No comments from the public.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 1640, which is "A Resolution Adopting the Telecommunication Service Rules and Regulations and Associated Schedules." This resolution abolishes all previous versions of the Telecommunication Service Rules and Regulations and becomes the new standards for doing telecommunication business with PUD 3. In addition, the new service rules and regulations were rewritten and formatted for better transparency and ease of use. The purpose of the update was to add clarity and simplicity to the language that was originally written when the utility began providing these services. There were not major policy changes, however the line extension policy was modified to prepare for system growth and the deposit policy was rewritten to align with the electric service rules and regulations.

After some discussion, Ms. Gott moved, motion seconded Mr. Jorgenson, to adopt Resolution No. 1640, "A Resolution Adopting the Telecommunications Service Rules and Regulations and Associated Schedules." MOTION PASSED UNANIMOUSLY.

A recommendation was made to adopt approve the purchase of an Aerial Truck for Telecommunications Altec Model AT235. The truck will replace the existing fiber van that has met its useful life, is leaking and exposing expensive splicing equipment. The new truck will allow for more flexibility for system repairs and emergency response. The approximate cost of the vehicle is \$155,000 plus taxes and licensing through the National Joint Powers Alliance (NJPA).

Mr. Farmer moved, motion seconded by Ms. Gott, to approve the purchase of an Aerial Truck for Telecommunications Altec Model AT235. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Samuelson went over the Power Situation Statement for January 2015 with commissioners. The total amount of purchased power for the month of January was 70,464 MWh which was 4.6 percent less power purchased from the Bonneville Power Administration (BPA) than January of 2014. He pointed out that January was approximately 9.4 percent warmer. The cost of purchased power was \$2.5 million which was 5.2 percent less than the same period last year.

Mr. Samuelson reminded the commission about the issues behind the terminated Renewable Energy Credit (REC) contract with Exergy and explained that staff is exploring other options to meet the REC requirements under the Energy Independence Act (I-937). They will be bringing recommendations to the board soon and begin contract negotiations over the next few months in order to have it completed by 2016.

At Mrs. Creekpau's request, Mr. Myer reported on current legislative topics being considered by Washington State Legislature. Mr. Myer shared that many bills went away on Friday which was the first cut-off date for the legislature. But briefly covered the few bills that could still have an impact on the utility.

Mrs. Creekpau announced that PUD 3's Project Share donations equaled over \$54,000 in 2014 and that the Community Action Council assisted over 300 families with their electric bills in 2014.

Mrs. Creekpau informed the commission that Brian Matthews from Mason County Public Works formally thanked the PUD for their work and communication during an outage.

Mrs. Creekpau shared a story of an act of kindness. One couple overheard customer in the lobby of the Belfair office having difficulty paying their bill. After the couple left the office for a few minutes, they returned to pay the other customers bill.

Mrs. Creekpau asked the commission to consider cancelling the March 10th meeting and rescheduling. After some discussion, Mr. Farmer moved, motion seconded by Ms. Gott to cancel the March 10 and March 24 meetings and reschedule special meetings for March 17 and March 31. MOTION PASSED UNANIMOUSLY.

Mrs. Creekpau updated the commission on the grid modernization project and shared that staff has identified the vendor they think best meets the needs of the district. Mr. Jorgenson and Ms. Gott requested a briefing or presentation prior to making a final decision.

COMMISSION REPORT

Ms. Gott reported her attendance to the NoaNet meetings and visit to the Network Operations Center (NOC) in Spokane.

Ms. Gott also attended the Economic Development Council (EDC) meeting at Little Creek Casino where the presentation was given by Ridge Motor Sports.

Ms. Gott attended a training on distributed generation through the Northwest Public Power Association (NWPPA). She shared some of the concepts about the future for utilities and how the role of the electric utilities may change.

Ms. Gott reported that she attended the Washington Public Utility Districts Association (WPUDA) sponsored event at the state capitol.

Mr. Farmer reported that he also attended the EDC luncheon.

Mr. Farmer also reported that he successfully completed his required open public meetings and public records training through the WPUDA and provided the district with his certificate for the record.

DISCUSSION

Commissioner for Pacific County PUD and President of the board of directors for the Washington Public Utility Districts (WPUDA) Diana Thompson thanked Mason County PUD 3 for its continued support of WPUDA and its membership.

Executive Director of WPUDA George Caan, briefed the commission on the happenings of WPUDA. He explained that the association has seen several years of improvement including improved participation of its

members and its effectiveness in the legislature. This comprises of better decision making, funding, and increasing the value that members receive from the association.

Mr. Caan gave an extensive legislative report on the association's efforts, current bills, and the potential impacts to public utilities.

GOOD OF THE ORDER

Following a calendar review, and with no further business appearing, the commission meeting adjourned at 11:05 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary