

MINUTES OF SPECIAL MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

President Farmer called a special 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, March 17, 2015.

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 Rob Johnson.

The following PUD 3 personnel were present: Director of Business Services John Bennett; Customer Service Manager Diane Hennessy; 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; Journeyman Lineman Dennis Simon; Risk Manager Bob Smith; Financial Analyst Dawn Thompson; Director of Business Operations Michelle Wicks and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

Members of the public in attendance were: TJ LaPorte of *Landis+Gyr*; and Darren Lawrence of *Carlson Sales Metering Solutions*.

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 24, 2015, regular commission meeting.
 - b. Voucher Nos. (dated March 3, 2015) 131185 through 131253 — \$ 226,800.53
(Includes electronic funds transfer payment Nos. 1529-1531.)
 - c. Voucher Nos. (dated March 10, 2015) 131254 through 131343 — \$ 3,151,315.80
(Includes electronic funds transfer payment Nos. 1532-1545.)
 - d. Voucher Nos. (dated March 17, 2015) 131344 through 131415 — \$ 232,853.57
(Includes electronic funds transfer payment Nos. 1546-1550.)
- TOTAL \$ 3,610,969.90
- e. Void accounts payable check for the week ending March 6, 2015, in the total amount of \$7,595.00.

* 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

Recommendation was made to approve the settlement proposal with Local 77 International Brotherhood of Electrical Workers (IBEW) union and ratify the April 1, 2015 through March 31, 2018 agreement with the union.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to approve the settlement proposal with Local 77 International Brotherhood of Electrical Workers (IBEW) union and ratify the April 1, 2015 through March 31, 2018 agreement with the union. MOTION PASSED UNANIMOUSLY.

Recommendation was then made to adopt Resolution No. 1641, which is "A Resolution to Revise the Policy and Procedures for Accrual and Use of Scheduled and Unscheduled Personal Time Off (PTO)."

Mrs. Creekpaum informed the commission that the change to the policy is necessary to reflect the new language in the union contract. Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1641, "A Resolution to Revise the Policy and Procedures for Accrual and Use of Scheduled and Unscheduled Personal Time Off (PTO)." MOTION PASSED UNANIMOUSLY.

A recommendation was made to approve telecommunication's future build locations. Staff has identified two neighborhoods for consideration; Lake Nawhatzel and Haven Lake. The projects being proposed are within the

2015 budget and each have fiber backbone facilities in the area which would require less construction. In addition, Mr. Knutson explained that both neighborhoods are currently unserved and have indicated a large demand for services.

Ms. Gott moved, motion seconded by Mr. Farmer to approve telecommunication's future build locations to Lake Nawhatzel and Haven Lake. MOTION PASSED UNANIMOUSLY.

Recommendation was made to confirm the previously approved Light Emitting Diode (LED) interlocal agreements entered into with the City of Shelton, Port of Allyn, and North Mason School District. The agreements have been posted on the website for transparency and the rates have been established through the rate schedules.

Ms. Gott moved, motion seconded by Mr. Jorgenson to confirm the previously approved Light Emitting Diode (LED) interlocal agreements entered into with the City of Shelton, Port of Allyn, and North Mason School District.

Mr. Jorgenson requested an overview of the payback on the LED fixtures. Mrs. Creekpaum explained that Mr. Holzgrove could provide that information when he returns to the office. MOTION PASSED with Mr. Jorgenson abstaining from the vote.

A recommendation was then made to approve the purchase of an Integrated Archive System to accommodate the growing need for data storage. The system will be purchased off the state master contract and can be purchased at a discounted rate if completed by March 31, 2015.

Mr. Farmer moved, motion seconded by Ms. Gott to approve the purchase of an Integrated Archive System. MOTION PASSED UNANIMOUSLY.

A recommendation was made to pre-qualify contractors for inclusion on the PUD's public works roster for 2015. The following contractors have met the district's requirements for pre-qualification:

Asplundh Tree Expert Company of Kenmore, WA
Burke Electric LLC of Bellevue, WA
DJ's Electrical, Inc. of Battle Ground, WA
Henkels & McCoy, Inc. of Portland, OR
International Line Builders, Inc. of Tualatin, OR
KVA Electric, Inc. of Arlington, WA
Magnum Power, LLC of Battle Ground, WA
Maslonka Powerline Services of Spokane, WA
Michels Power (a Division of Michels Corp.) of Tumwater, WA
Moza Construction, Inc. of Tacoma, WA
NW Utility Services, LLC of Pacific, WA
Pape & Sons Construction, Inc. of Gig Harbor, WA
PAR Electrical Contractors, Inc. of Hubbard, OR
Potelco, Inc. of Sumner, WA
Power City Electric, Inc. of Spokane, WA
Power Technology, Inc. of Battle Ground, WA
Robinson Bros. Construction, Inc. of Vancouver, WA
Saunders Line Construction, Inc. of Cheney, WA
Sturgeon Electric Company, Inc. of Troutdale, OR
Summit Line Construction of Heber City, UT
Wilson Construction Company of Canby, OR

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to pre-qualify the listed contractors for inclusion on the PUD's public works roster. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget, ending February 28, 2015, with the commissioners. She pointed out expenditures were \$5.2 million, or 8 percent of the 2015 budget, while revenue for February was \$5.5 million, or 9 percent of what was anticipated in the 2015 budget. Mrs. Speaks said that the PUD ended the month of February with a positive year-to-date budget balance of \$417,382.00.

Mr. Taylor gave the treasurer's report for February 2015, noting that the total of all funds at month end was \$35,457,767.27, and total investments equaled \$11,918,114.63.

Mr. Samuelson updated the commission on the search for Renewable Energy Credits (RECs) to comply with the Energy Independence Act (I-937) requirements. Staff is looking at pursuing options consisting of short and mid-range contracts. The first step would potentially include a ten-year, contract through 2025, to achieve compliance

with the 9% qualifying renewables target, and a step-up in 2020 to achieve compliance at the 15 percent level at that point. He explained that the contracts being explored would be with public agencies versus private developers.

Mr. Samuelson then reported that the Bonneville Power Administration (BPA) held an Integrated Program Review 2 (IPR2) workshop, but largely failed to address the cost structures of the agency. Instead the BPA focused on exploring the possibilities of expensing conservation funding, rather than the current method of capitalizing it, and possible ways to temporarily offset cost increases as a result of that possible change. Mr. Samuelson shared that both the Western Public Agencies Group and the Public Power Council both submitted comments concerning the workshop, and the diminishing overall price competitiveness of BPA compared to other power supply options.

Mrs. Creekpaum announced that the utility completed the entrance conference with the Washington State Auditor's office for the Energy Independence Act (I937) compliance and noted that Mr. Jorgenson was in attendance.

Mrs. Creekpaum reported that the Washington State Department of Commerce issued a revision to the Washington State Electric Utility Fuel Mix Disclosure for the calendar year 2013. It reported an error in the calculation of the fuel mix that was significant enough to re-run the process and correct reported information. PUD 3 will be issuing the revised fuel mix reports according to its normal reporting schedule.

At Mrs. Creekpaum request Mr. Peterson updated the commission on the progress of a line extension project for the Port of Shelton to the future site of the Skookum Rotary OysterFest and other events along one of the abandoned runways. He explained that the utility is taking advantage of conduit that was installed in the mid-2000's for future system benefit and extending power cables and fiber. The work should be complete by March 21.

Mr. Peterson also updated the commission on the status of a planned (emergency) outage in the Belfair area due to a car-pole accident that sheared a transmission pole off at the base. He explained that a line truck was brought in to secure the pole until midnight so the utility can delay the outage until people are asleep and won't be as affected. Since it is a transmission pole, both the Union River and Collins Lake substations will have to be taken off-line in order to repair the damage.

At Mrs. Creekpaum's request, Mr. Myer gave an update on legislative issues. Some of the bills that made the cut-off that could potentially impact the PUD include those related to the Energy Independence Act and distributed generation.

Mr. Myer also reported on an outage affecting the Angleside area of Shelton. He explained that an insulator failed which caused lines to come down in along Turner Avenue and some surrounding streets. Originally only 300 customers were affected, however in order to make the repairs crews had to open a feeder which caused about 1,300 customers to lose power. He reported that the repairs were made relatively quickly and power was restored faster than estimated.

COMMISSION REPORT

Ms. Gott reported her attendance to the Energy Northwest, Public Power Council, NoaNet, and the American Public Power Association (APPA) Legislative Rally and Policy Makers meetings.

Mr. Farmer reported his attendance to the APPA Legislative Rally, as a representative for the Washington Public Utility Association's (WPUDA) and commended Executive Director George Caan and his staff for their efforts in Washington DC.

Mr. Farmer also reported his attendance to the Economic Development Council luncheon held at the PUD facility featuring Congressman Derek Kilmer.

Following the commission report, the commission meeting recessed at 10:58 a.m. for a short break, and reconvened at 11:03 a.m.

DISCUSSION

The commissioners heard from Mr. Lawrence of Carlson Sales Metering Solutions. Mr. Lawrence introduced himself, thanked the commission and staff for their time and consideration of their team for potential partnership in the grid modernization project.

Next, Mr. LaPorte of Landis + Gyr gave a presentation on the solutions and benefits that Landis + Gyr offers. His presentation covered multiple solutions including:

- Capturing Real Time Billing Data
- Meter Technology for Outage Management

- Consumer Education and Empowerment
- Revenue and Theft Protection
- Reduced Outage Restoration Times
- Power Quality and Reliability
- Advanced System Analytics
- Remote Connect/Disconnect
- Field Worker Safety

The technology consists of a wireless mesh-based meters that transport data over routers distributed throughout the county to collectors and back to the utility using PUD 3 fiber.

Staff will provide a cost/benefit analysis of a grid modernization system to commission at the next meeting.

GOOD OF THE ORDER

Following a calendar review, and with no further business appearing, the commission meeting adjourned at 11:26 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary