

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 31, 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: Customer Service Manager Diane Hennessy; Energy Resources Manger Justin Holzgrove; Network Systems Supervisor Joel Moore; Public Information & Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

A member of the public in attendance was Dedrick Allan of *MasonWebTV.com*.

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:

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| a. Minutes of the March 17, 2015, special commission meeting. | |
| b. Voucher Nos. (dated March 24, 2015) 131416 through 131574
(Includes electronic funds transfer payment No. 1551.) | — \$ 618,542.79 |
| c. Voucher Nos. (dated March 31, 2015) 131575 through 131640
(Includes electronic funds transfer payment No. 1552.) | — \$ <u>542,813.69</u> |
| | TOTAL \$ 1,161,356.48 |

* 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.

STAFF REPORTS

Mr. Samuelson reviewed the February power situation statement with the commissioners. He reported that the PUD purchased 56,873 MWh of power at a cost of \$2.4 million. Mr. Samuelson pointed out that in February of 2015, the PUD purchased 19.2 percent less power than February of 2014 at a cost of 24.7 percent less. He explained that this February was 28.6 percent warmer than the same period last year. In addition, Mr. Samuelson shared that the added cost for compliance with Energy Independence Act (I-937) year to date is \$195,753 or approximately 4 percent of the total purchased power costs.

Mr. Samuelson then reported that the Bonneville Power Administration (BPA) provided the utility with unilateral revisions to Exhibit A and Exhibit C to the Power Sales Agreement Contract No. 09PB-13068. Exhibit A, Revision No. 4 modifies the amounts of non-federal resources we own and are bringing to load and Exhibit C, Revision No. 5 reflects PUD 3's purchase obligations under Tier 2 Rates for the upcoming rate period which is zero. The revisions do not require signatures.

At Mrs. Creekpaum's request, Mr. Myer gave a legislative update to commissioners, highlighting various bills that are of interest to the utility.

Mrs. Creekpaum updated the commission that 294 engineering applications were received in February of 2015 compared to 278 in February of 2014.

Mrs. Creekpaum shared the activities of the PUD's education committee. She reported that three students won awards from the PUD at the Skookum Rotary Science Fair for their energy related science projects. On April 23rd, she mentioned the utility will be honoring Bring Your Kids to Work Day following the national guidelines. In June, employees will be entering a photo contest for their dogs. The photos will be used for marketing and social media purposes.

Mrs. Creekpauam informed the commission that Justin Holzgrove and Lynn Eaton met with the City of Shelton regarding the proposal to replace the banner program with light emitting diode (LED) signs at a couple of entrances to the city. The proposal would benefit the community by allowing multiple agencies to post a digital message at the same time. The group is hopeful for a positive resolution.

Mrs. Creekpauam shared that staff will begin a strategic planning process facilitated by Energy Northwest in April. She reported that Commissioner Gott would be participating in the process. Ms. Gott said she would be interested in participating as she has sat through several strategic planning processes with other agencies such as Energy Northwest, American Public Power Association, and Northwest Public Power Association. She feels that the goal of the process should be to arrive at the end with a document that can be implemented.

Mrs. Creekpauam reported that currently the PUD has forty customers who participate in the net metering program. Fifteen of those connected their renewable generating source in 2014, and three have already connected in 2015. She explained that the interest is increasing in the program and staff is working on a brochure that will help educate customers about the program. Currently all but two of the participants are solar, the others are wind. She explained that the increased interest has sparked staff to begin investigating the possibility of building a community solar project.

Mrs. Creekpauam also reported that the telecommunications department held a retailer meeting where they announced new products and services, future construction plans, and announced that the PUD will be hosting an educational broadband expo at the Johns Prairie Operations Center on May 14 from 3pm to 7pm. It will be open to the public and PUD fiber retailers will be on hand to showcase their services.

Mrs. Creekpauam announced that Tree Trimmerman Mike Aries will be retiring after 36 years with the utility. Today is his last day.

COMMISSION REPORT

Ms. Gott reported her attendance to the Washington Public Utility Association (WPUDA) meetings in Olympia where she spoke on a panel regarding the role of women commissioners.

Ms. Gott also reported her attendance to the Energy Northwest Executive Board and Participants Review Board meetings.

Mr. Farmer reported his attendance at the North Mason Chamber of Commerce meeting.

DISCUSSION

Mrs. Creekpauam went over the grid modernization information with the commission. She went over the milestones that led staff to this point of research. She explained that the utility began looking at automated meter reading in 1998 (or sooner) however it was cost prohibitive at that point. Instead, the utility began building its fiber optic network with the idea that the network would eventually support automatic meter reading. Much of the fiber construction contracts for cell towers that the utility has taken advantage of over the last few years has expanded the PUD's infrastructure to some remote areas of the county which puts the utility into a strategic position for collectors. She also explained that in 2012 staff began a pilot test of automated metering infrastructure (AMI) on North/South Mountain. At that time a committee of technical employees was formed to formally begin researching a solution. After sight visits and vendor meetings, the group submitted a request for proposal and selected the best solution which was Landis + Gyr who presented at the last meeting.

Mrs. Creekpauam also covered the cost/benefit analysis that was provided by staff which shows a net benefit to the utility of \$7.9 million dollars over ten years.

Mrs. Creekpauam pointed out a few key benefits from the white paper and cost benefit analysis that was provided by staff including:

- Elimination of Meter Reading Function
- Reduction of Labor Costs
- Voltage Monitoring and Resulting Reductions
- Many Customer Benefits

After much discussion about the project overall, Mrs. Creekpauam explained that the project is expected to be installed in-house and should take approximately 18-24 months. The utility plans to start by implementing a complete meter route. Staff has also identified the software (NISC) that will integrate with the meters and provide the customer an interface.

GOOD OF THE ORDER

Following a calendar review, and with no further business appearing, the commission meeting adjourned at 11:50 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary