

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, April 14, 2015.

District officers present were: Commissioners, Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson. Manager Annette Creekspaum; 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; Telecommunications Manager Dale Knutson; 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 Michelle Wicks and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

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 31, 2015, special commission meeting.  |                          |
| b. Voucher Nos. (dated April 7, 2015) 131641 through 131757<br>(Includes electronic funds transfer payment Nos. 1553-1562.)  | — \$ 148,010.54          |
| c. Voucher Nos. (dated April 14, 2015) 131758 through 131850<br>(Includes electronic funds transfer payment Nos. 1563-1572.) | — <u>\$ 3,350,257.83</u> |
| TOTAL  | \$ 3,498,268.37          |

\* 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 to approve an Interlocal Agreement with Mason County regarding Light Emitting Diode (LED) Street Lighting was made. While the rates are included in the rate schedule, special provisions relating to the use of current poles and dismantling of existing fixtures were spelled out in the document. The executed agreement will be posted on the utility's website.

Mr. Farmer moved, Ms. Gott seconded to approve an Interlocal Agreement with Mason County regarding Light Emitting Diode (LED) Street Lighting, authorizing the manager to sign. MOTION PASSED UNANIMOUSLY.

It was then recommended that the commission approve the Manager's Plan for Implementation of the Grid Modernization Project. Mrs. Creekspaum recapped the presentation from the March 31<sup>st</sup> meeting where staff covered the cost/benefit analysis of the project. She restated that the estimated savings over a ten year period would be over \$7 million. Since several items on the Manager's Plan for Implementation are interdependent on each other, she requested that the commission approves the full scope of the project.

After some concern about giving full authorization, Mr. Johnson explained that any bids or purchases that exceed the manager's current purchasing authority will still come before commission. However, if the board approves this plan it will award the Ladis + Gyr bid and authorize the manager to negotiate the contract.

Mr. Jorgenson moved to table the action item to the next meeting since there is no reporting mechanism in the manager's plan, motion seconded by Mr. Farmer.

Mr. Johnson expressed concern about waiting to award the bid, as there is an active records request hinging on the outcome of the bid award that could negatively affect the utility's position if records are released prior to awarding the bid. He suggested the commission add a motion that adds a reporting component to the plan.

Mr. Jorgenson withdrew his motion, Mr. Farmer rescinded his second.

Mr. Farmer moved, motion seconded by Ms. Gott to approve the Manager's Plan for Implementation of the Grid Modernization Project. MOTION PASSED UNANIMOUSLY.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to add an additional line item to the Manager's Plan for Implementation of the Grid Modernization Project that reads, "Manager shall report on a monthly basis the status of the project including milestones, financials, and bid awards." MOTION PASSED UNANIMOUSLY.

#### STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of March 31, 2015, with the commissioners. Month-end receipts were approximately \$5.8 million, while expenditures were approximately \$5.3 million leaving the month with a positive year to date budget balance of \$926,228 which is higher than the same period last year which was at a negative budget balance of approximately \$243,000.

Mr. Taylor gave the treasurer's report of funds through March 2015. The beginning cash balance was \$4.2 million, ending cash balance was \$4.9 million. The total investments equaled \$11.9 million and the total of all funds at month-end were \$36.7 million.

Mr. Samuelson reported that the utility received a clean audit from the Washington State Auditor for its efforts to meet requirements of the Energy Independence Act (I-937).

Mr. Samuelson also reported that the Bonneville Power Administration (BPA) published its draft of the Integrated Program Review II. One significant change he noted was related to the expensing of energy efficiency programs. He explained that this limit rate increases for the next rate case if the BPA successfully refinances some of Energy Northwest's debt.

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 reported her attendance at a presentation on Harstine Island by fisheries biologist, Dennis Dauble of Pacific Northwest National Laboratories relating to breaching of dams in the Northwest. Mr. Dauble is also an adjunct professor at the Washington State University campus in Richland, WA. She was impressed by the balanced approach that Mr. Dauble used in his presentation.

#### COMMISSION REPORT

Ms. Gott reported her attendance at NoaNet last week. She also briefly attended NWPPA's E&O (Engineering and Operations) conference in Tacoma.

#### GOOD OF THE ORDER

In review of the calendar, Ms. Gott asked to include the Washington Public Utility Districts Association (WPUDA) Telecommunications Conference taking place on May 13-14, in Seatac, WA.

With no further business appearing, the commission meeting adjourned at 11:50 a.m.

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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