

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, May 26, 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; Customer Service Manager Diane Hennessy; Energy Resources Manager Justin Holzgrove; Telecommunications Manager Dale Knutson; Public Information & Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

A member of the public in attendance was Dedrick Allen of *Mason Web TV*.

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 May 12, 2015, regular commission meeting. | |
| b. Voucher Nos. (dated May 19, 2015) 132215 through 132300
(Includes electronic funds transfer payment Nos. 1606-1611.) | — \$ 2,679,448.28 |
| c. Voucher Nos. (dated May 26, 2015) 132301 through 132380
(Includes electronic funds transfer payment Nos. 1612-1613.) | — <u>\$ 1,654,647.47</u> |
| | TOTAL \$ 4,334,095.75 |
| d. Void accounts payable check for the week ending May 15, 2015, in the total amount of \$868.50. Void accounts payable check for the week ending May 22, 2015, in the total amount of \$32,690.47. | |
| e. Write off deceased, no assets, and bankruptcies accounts as of January 27, 2015 in the total amount of \$1,264.73. Write off deceased, no assets, and bankruptcies accounts as of March 31, 2015 in the total amount of \$2,923.73. | |

* 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 went over the Power Situation Statement for April 2015 with commissioners. The total amount of purchased power for the month of April was 54,481 MWh which was 2.5 percent more power purchased from the Bonneville Power Administration (BPA) than April of 2015. The cost of purchased power was \$2.6 million which was 5.8 percent more than the same period last year. Year to date 2015, power purchases were down 12.8 percent. In addition, the year to date cost of purchased power was lower by 6.0 percent compared to 2014. Mr. Samuelson pointed out that this year compared to last has been 12.0 percent warmer which accounts for the reduced power purchases. Mr. Samuelson informed the commission that the cost to comply with the Energy Independence Act (I-937) year to date in 2015 was \$370,988, which is just over 3 percent of the total purchased power costs for the year.

Mr. Jorgenson expressed budget concern in light of Mr. Samuelson's report of less power sales for the year. Mrs. Creekspaum explained that the new rate structure puts less emphasis on power sales, allowing the utility to recapture its costs through system charges rather than being tied to the kilowatt rate which should just be a pass-through charge to the customer.

Mr. Samuelson informed the commission that the Bonneville Power Administration (BPA) is scheduled to release its draft record decision on rates for the BPA 2016-2017 rate period on June 12, with the final record of decision expected July 24, 2015.

At Mrs. Creekpau's request, Mr. Myer gave a legislative update to commissioners, highlighting the various happenings during the first special session that are of interest to the utility.

At Mrs. Creekpau's request, Mr. Myer reported that the May 14 educational broadband expo at the Johns Prairie Operations Center attracted an estimated 800 to 1,000 residents. PUD 3 and the retail service providers who resell services on the PUD's fiber optic network received about 500 inquiries during the event. He noted that people from all parts of Mason County were represented. He noted that the success showed there is a great deal of interest in obtaining broadband in unserved areas, and faster, more reliable service in underserved areas.

Mrs. Creekpau reported that the PUD will have a truck in the Forest Festival parade on Saturday.

Mrs. Creekpau informed the commission that the communications team along with customer service staff have begun recording marketing messages, in-house, in order to better inform customers about PUD services while they are waiting to speak with a representative.

Mrs. Creekpau reported that the PUD will be joining as a member of Solar Washington. The group is a non-profit cooperative that focuses on solar education.

Mrs. Creekpau announced that no bidders came forward for the community solar Request for Proposal (RFP). She explained that staff is looking into the lack of response and will be re-issuing the RFP.

Mrs. Creekpau reported that Benton PUD has joined Mason PUD 3 as a diamond level Reliable Public Power Provider (RP3), as designated the American Public Power Association (APPA). There are only two PUDs in Washington State with that distinction. The reliable public power rating recognizes utilities that demonstrate high proficiency in reliability, safety, system improvement and work force development. Criteria within each of the four areas are based on sound business practices and recognized industry-leading practices.

Mrs. Creekpau informed the commission that representatives from the utility will be present at the community resources fair, being organized by the Chamber of Commerce in order to identify resources available for displaced Simpson Lumber and Olympic Panel Product employees.

Mrs. Creekpau let the commission know Joel Myer and Lynn Eaton will be attending the NW River Partners meeting in Portland to highlight the education committee activities that PUD 3 is involved in.

Mrs. Creekpau reported that the State Auditor's Office held its entrance conference and on track to complete its audit the first week of June.

Mrs. Creekpau shared that staff will be bringing the National Information Solutions Cooperative (NISC) enterprise software solution proposal for implementation to the next meeting for commission action.

Mrs. Creekpau announced that there may also be Renewable Energy Credit (RECs) contracts for consideration at the next meeting. The RECs are necessary for compliance with the Energy Independence Act (I-937).

Mrs. Creekpau shared that the Economic Development Council is researching grant opportunities for the downtown administration building.

COMMISSION REPORT

Ms. Gott reported her participation in the OPEB trust meeting on Tuesday in addition to meeting with the State Auditor. She also attended a NoaNet meeting in Seattle which was followed by a telecommunications workshop hosted by the Washington Public Utility Districts Association (WPUDA). Ms. Gott also reported her attendance to the Northwest Public Power Association (NWPPA) annual conference.

Mr. Farmer reported his attendance to the Northwest Public Power Association (NWPPA) annual conference as well.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission adjourned at 10:29.

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary