

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

President Gott 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 10, 2016.

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 Robert Johnson.

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Customer Service Manager, Diane Hennessy; Engineering and Community Relations Manager, Justin Holzgrove; Telecommunications Manager, Dale Knutson; Public Information and Government Relations Manager, Joel Myer; Director of Engineering Terry Peterson; Records Coordinator, Jennifer Renecker; and Administration and Communication Services Manager Lynn Eaton (recorded minutes).

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session would be held for the purposes of item 42.30.110(1) (i) (iii) to discuss with legal counsel the legal risks of a proposed action or current practice. The executive session is estimated to last approximately 5 minutes, with no action to follow.

CONSENT AGENDA

Ms. Gott reviewed the items listed on the consent agenda. Mr. Jorgenson moved, motion seconded by Mr. Farmer, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- a. Minutes of the April 26, 2016 regular commission meeting.
 - b. Voucher Nos. (dated May 3, 2016) 136715 through 136811 — \$ 371,457.09
(Includes electronic funds transfer payment Nos. 2936- 2937.)
 - c. Voucher Nos. (dated May 10, 2016) 136812 through 136883 — \$ 1,128,257.03
(Includes electronic funds transfer payment Nos. 2938 - 3092.)
- TOTAL \$ 1,499,714.12
- d. Void accounts payable checks for the week ending April 29, 2016 in the total amount of \$224,049.73.
 - e. Write-off closed, deceased no assets, and bankruptcy accounts in the total amount of \$1,478.69.

* 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.

PUBLIC COMMENT

No members of the public were in attendance.

ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1664, "A Resolution Modifying the Electrical Service Rules and Regulations." The resolution includes a Service Disconnection Fee which streamlines a current procedure for customer requested disconnections before the meter base. Instead of requiring a full work order process for these requests, they will be handled through a service order and a flat fee.

Mr. Farmer moved, Mr. Jorgenson seconded to Adopt Resolution No. 1664, "A Resolution Modifying the Electrical Service Rules and Regulations." MOTION PASSED UNANIMOUSLY.

MANAGER'S REPORT

At Mrs. Creekspaum's request, Mr. Myer, Mrs. Hennessy, and Mr. Holzgrove gave a presentation to the commission on the customer service software conversion to National Information Solutions Cooperative (NISC). The benefits of the software along with new tools available were described. Staff explained that the statistics for the first week show that customers are using the new features and that the system is working as it should. Customer response was discussed and staff explained how the utility is responding to any challenges that have arose.

Mrs. Creekspaum informed the commission that the first set of customer letters for the Grid Modernization project were being mailed out. Approximately 450 customers in the first route scheduled for meter change-outs will be receiving a letter informing them of the process. Approximately one week prior to the customers' actual meter change-out date, the utility will mail a postcard reminder. The project is slated to begin in June.

Mrs. Creekpaum asked Mr. Johnson to discuss the a proposal received from Jim Boldt on behalf of the West Canal Broadband Project to request Mason PUD 3 to evaluate the formation of an LUD for telecommunications in the area north of the Hama Hama. Mr. Johnson explained that the request is complicated due to the involvement of multi jurisdictions and crossing county lines. The proposed area is partially served by Mason PUD 1 and Jefferson County PUD is also evaluating the possibility of extending telecommunications services through an LUD. Mr. Johnson explained the steps necessary to evaluate the proposal and will be looking into it further.

At Mrs. Creekpaum's request, Mr. Myer gave an update on the recent ruling by U.S. District Court Judge Michael Simon in Oregon which invalidated the U.S. government's 2014 Columbia Basin biological opinion, under which federal agencies operate the Columbia River hydropower system. It's the fifth time a biological opinion written by the agencies regarding the plan for protecting salmon has been struck down by the courts. Federal agencies that run the Columbia River hydropower system have repeatedly rewritten their salmon protection plan, known as a biological opinion or BiOp, but each time it has been challenged and ultimately rejected in court. Mr. Myer explained that only Public Power customers are paying for the habitat restoration efforts and the ruling only affects federal dams. He expressed concern on the potential impact this decision could have for PUD 3 customers.

Mr. Myer also updated the commission on additional public utility boards in Washington that have taken a formal position on Initiative 732. In March, PUD 3 adopted Resolution No. 1659, opposing Initiative 732, the Carbon Pollution Tax Act. PUD 3 commission was concerned that the tax on the three percent of the utility's electricity coming from natural gas and coal could increase costs to PUD 3 customers as well as the use of the Washington State Fuel Mix report for monthly tax calculations as an inaccurate tool for assessing a tax.

COMMISSIONERS REPORT

Mr. Farmer reported his recent attendance at events in the Belfair area.

Mrs. Gott reported her attendance at the State Auditor's exit conference for the GASB 68 (Government Accounting Standards Board Pension Audit) as well as the entrance conference for the annual financial and accountability audit.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission took a short break at 10:57.

Upon return, the commission went into executive session at 11:00 for the purposes 42.30.110(1) (i) (iii) to discuss with legal counsel the legal risks of a proposed action or current practice. The executive session is estimated to last approximately 5 minutes, with no action to follow.

At 11:05 the commission announced it would continue in executive session for approximately 5 more minutes.

The executive session adjourned at 11:08 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 11:08.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary