

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 East Johns Prairie Road in Shelton, Washington, on Tuesday, April 9, 2013.

District officers present were: Commissioners Thomas J. Farmer, Linda Gott and Bruce E. Jorgenson; Manager Annette Creekpau; Finance Manager/Acting Auditor Sherry Speaks; and Attorney Robert Johnson.

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; Director of Business Services John Bennett; Conservation Manager Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks; and Executive Assistant / Records Program Administrator 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. Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

A. Minutes of the March 26, 2013, special commission meeting.

B. * Voucher numbers: (dated April 2, 2013)	121632 through 121729	\$	406,668.07
(Includes electronic funds transfer payment Nos. 879-882.)			
Voucher numbers: (dated April 9, 2013)	121730 through 121805		<u>428,350.89</u>
(Includes electronic funds transfer payment Nos. 883-894.)			
		TOTAL \$	835,018.96

C. Void accounts payable check for the week ending April 5, 2013, in the amount of \$164.28

* 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 THE PUBLIC

Mr. Farmer stated comments would be accepted throughout the meeting.

STAFF REPORTS

Mrs. Speaks reported on the status of the budget ending March 31, 2013. February expenditures were \$5.23 million. Expenditures for the first three months of the year were \$16.2 million, or 27 percent of the adopted 2013 budget.

Revenue for March was \$5.48 million. Revenue for the first three months of the year was \$16.8 million, which is 29 percent of what was anticipated in the adopted 2013 budget.

Mrs. Speaks said that the PUD, as of the March report, had a positive budget balance of \$664,351.

Mrs. Speaks reported that PUD 3 ended the month of March with operating reserves of \$17.3 million. Total investments were \$39.3 million.

Mr. Samuelson informed the commissioners that the Bonneville Power Administration (BPA) has three ongoing rate cases for the 2014-2015 power sales contracts. He reported that initial reports from BPA indicate an average 9.6 percent increase in wholesale electricity prices and an average 13 percent increase in transmission charges. The oversupply rate case includes discussions on how to address the situation where intermittent resources such as wind can overwhelm the region's generating resources – causing cutbacks in various other plants' output.

Mr. Samuelson also reported that the U.S. Army Corps of Engineers along with BPA are overseeing a study of the Columbia River Treaty. The 49-year old agreement with Canada is designed to manage the river for power generation and flood control as it flows from British Columbia into the United States. The initial results of the study indicate that the United States is only receiving approximately 10 percent of the benefit compared to the financial and power generation benefits provided to Canada.

Mrs. Creekpauum provided commissioners a copy of the 2013 Fish Facts released annually by the Public Power Council (PPC). The report showed that BPA has spent \$13 billion on fish and wildlife programs from 1978 through 2012. She said that fish and wildlife costs make up over 40 percent of the wholesale power rates charged by BPA to PUD 3.

Mrs. Creekpauum reported that the solar array at the Johns Prairie operations center has provided enough electricity to offset 22 percent of the operations center's consumption over the past eleven months.

Mrs. Creekpauum noted that PUD 3 employees will be participating in the April 21 earth day celebration that also marks the grand opening of the Oakland Bay Historical Park. She also shared that the PUD will have a booth at the annual Shelton-Mason County Chamber of Commerce's Business Expo on May 16, 2013.

Mrs. Creekpauum asked conservation manager, Justin Holzgrove to give a brief presentation on PUD 3's ductless heat pump program offerings. Mr. Holzgrove explained that effective April 1, 2013, BPA expanded the program to include manufactured homes and site-built homes with electric forced air furnaces. He also shared the benefits of a ductless heat pump and included information about the available incentives. Mr. Holzgrove reported that in addition to the benefits to the customer, the conservation savings will go towards PUD 3's target conservation requirements under Initiative 937 (I-937).

STAFF REPORTS

Ms. Gott reported that she missed the last commission meeting due to her attendance at the Energy Northwest annual budget review. She also attended PPC and commented that she is glad to see an increase public education from the industry about the fish facts over the past few years. Ms. Gott passed on a message to staff from Brian Kelly of Miles Sand and Gravel about his appreciation in working with the conservation department on a lighting retrofit for Miles Sand and Gravel.

Mr. Farmer reported his attendance at the Twanoh Grange, the fair board and the Tahuya Community Association meetings.

GOOD OF THE ORDER

Following a calendar review, with no further business appearing, the commission meeting adjourned at 10:42 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary