

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, May 14, 2013.

District officers present were: Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Manager Annette Creekpaum; Finance Manager/Acting Auditor Sherry Speaks; and Attorney Kristin French. (Attorney Robert Johnson was on personal leave.)

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; Director of Business Services John Bennett; Executive Assistant / Records Program Administrator Lynn Eaton; Public Information & Government Relations Manager Joel Myer; Operations Manager Scott Peterson; Director of Engineering Terry Peterson; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Accounting Supervisor Brian Taylor; Director of Business Operations Michelle Wicks (arrived at 10:03 a.m.); and Administrative Services Manager Nancy Bolender (recorded minutes).

There were no members of the public in attendance.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of an executive session under item 13 of the agenda. It will be held to evaluate the qualifications of an applicant for public employment as authorized under RCW 42.30.110(1)(g). The executive session will last 15 minutes, and action may be taken following.

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:

A. Minutes of the April 23, 2013, regular commission meeting.

B. * Voucher numbers: (dated April 30, 2013)	121972 through 122076	\$ 796,824.31
(Includes electronic funds transfer payment No. 907.)		
Voucher numbers: (dated May 7, 2013)	122077 through 122154	360,824.43
(Includes electronic funds transfer payment Nos. 908-914.)		
Voucher numbers (dated May 14, 2013)	122155 through 122275	<u>1,015,158.27</u>
(Includes electronic funds transger payment Nos. 915-925.)		
	TOTAL	\$ 2,172,807.01

C. Void accounts payable checks for the week ending May 3, 2013, in the total amount of \$525.19.

* 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

While no members of the public were in attendance, Mr. Farmer stated comments would be accepted throughout the meeting.

CORRESPONDENCE

The commissioners acknowledged receipt of a letter from GM Investments, Partnerships thanking those employees involved in helping deal with a sewer line/power pole issue at one of its rental units on Summit Street in Shelton.

STAFF REPORTS

Mrs. Speaks reported to the commissioners on the status of the budget as of April 30, 2013. April expenditures and revenues for the first four months of the year were both 37 percent of what was anticipated in the adopted 2013 budget. Year-to-date expenditures are \$22,076,872, while revenues are \$21,921,523.

Mrs. Speaks then presented the commissioners with the treasurer's report for the month of April. The report showed operating reserves of \$16.9 million, and investments totaling \$39.2 million.

Mr. Samuelson reported that PUD 3 is on track to comply with the Washington State's Energy Independence Act (Initiative 937) regarding the required amount of qualified renewable energy resources. The PUD has

acquired 19,957 renewable energy credits (REC's) to meet the requirement that three percent of the utility's energy come from state-defined resources. He noted that the PUD is on track to also meet the nine percent requirement, which goes into effect in 2016, by purchasing REC's. Fifteen percent of the PUD's wholesale electricity purchases must come from renewable energy by 2020, depending on the financial impacts to the utility. A discussion on the cost cap provisions of the law took place.

PUD 3 is using renewable energy credits as part of its strategy to meet mandates of the Act. Instead of spending money on the construction of new energy facilities or renewable power purchase agreements to meet the nine percent threshold, PUD 3 will be buying the credits, which represent the environmental benefits of existing renewable energy projects. Because of I-937 requirements, the PUD would pay between \$95.2 million and \$104 million for electricity from qualifying renewable energy sources such as wind or solar over a sixteen year period. However, by purchasing renewable energy credits, the PUD is reducing that expenditure to an estimated \$54.6 million.

Mrs. Creekpaum informed the commissioners that the Washington State Auditor's office has staff on site for the utility's annual audit. An entrance conference will be scheduled in the near future.

She also reported that PUD 3 has received a clean audit for its compliance with the state's Energy Independence Act.

Mrs. Creekpaum reported the PUD has seen the impacts of federal budget sequestration on its "Build America Bonds" (BABS) assistance under the American Recovery and Reinvestment Act of 2009. The PUD had expected the effect of sequestration to be a 7.6 percent cut, or a loss of \$86,249. However, PUD 3 recently received the first of its twice annual payments from the United States Treasury and the financial hit from sequestration is greater than anticipated: an 8.7 percent decrease in the BABS assistance for an annual reduction of \$93,732.

The commissioners were informed that PUD 3 staff will be participating in the May 16 Shelton Business Expo.

Mrs. Creekpaum notified the commissioners that the utility experienced outages yesterday due to winds in excess of 40 miles per hour. Approximately 2600 customers lost power when a tree fell over the transmission line about two miles past the Dayton substation. The outage was relatively short as crews responded quickly to remove the tree. The Mission Lake and Tiger Lake area also experienced an outage that affected about 145 customers.

Scheduling is underway for a Northwest Open Access Network (NoaNet) member update during the May 28 regular commission meeting.

Mr. Myer reported the PUD's paperless billing promotion has been doing well. After 28 days, 1,166 customers have signed up for paperless billing, which will result in an annual savings in postage and processing of \$8,104. The promotion will continue through June 30. He recognized Justin Holzgrove, Lynn Eaton, Diane Archer and the IS department for their efforts to develop the paperless billing promotion.

COMMISSIONERS' REPORT

Ms. Gott reported on the April 23rd quarterly Energy Northwest board of directors meeting. At this meeting the board re-appointed Sid Morrison to the outside director position for another four-year term.

Ms. Gott also reported on the NoaNet board meeting last week. Reports were given on the Broadband Technology Opportunities Program (BTOP) round one projects as they are being finished. NoaNet staff is moving to begin construction on the second round of the BTOP projects.

It was reported that former Energy Northwest executive board member Larry Kenney passed away last evening.

Mr. Farmer reported on his attendance at the Public Power Council (PPC) meeting, as well as the Mason County Fair board meeting and North Mason School Board meeting.

He also noted that he will be attending the Mason General Hospital's ribbon cutting ceremony for the remodel on the facility tomorrow morning, and he has a speaking engagement at the Democratic Women's luncheon tomorrow afternoon.

GOOD OF THE ORDER

Following a calendar review, Mr. Farmer announced that following a brief recess, the commissioners will be meeting in an executive session to evaluate the qualifications of an applicant for public employment as

authorized under RCW 42.30.110(1)(g). The executive session will last 15 minutes, and action may be taken following.

The regular meeting recessed at 10:34 a.m. and reconvened at 10:37 a.m., at which time, the regular meeting adjourned and the commissioners convened into an executive session.

The executive session adjourned at 10:52 a.m. and the regular meeting reconvened.

Having been presented with draft resolutions, Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1595, which is "A Resolution Appointing a Treasurer and Deputy Treasurer for Public Utility District No. 3 of Mason County." Brian Taylor being appointed treasurer and Jennifer Renecker being appointed deputy treasurer. MOTION PASSED UNANIMOUSLY.

Ms. Gott then moved to adopt Resolution No. 1596, "A Resolution Appointing an Auditor and Deputy Auditor for Public Utility District No. 3 of Mason County." Motion was seconded by Mr. Farmer. The resolution appointed Sherry Speaks as auditor and Jenifer Sliva as deputy auditor of the PUD. MOTION PASSED UNANIMOUSLY.

With no further business appearing, the commission meeting adjourned at 10:55 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary