

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, August 27, 2013.

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

The following PUD 3 personnel were present: Customer Service Manager Diane Archer; Director of Business Services John Bennett; Distribution Engineer Mark DiBenedetto; Conservation Manager Justin Holzgrove; Telecommunications Manager Dale Knutson; Network Systems Supervisor Joel Moore; 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).

Members of the public in attendance were Dedrick Allan of Mason WebTV, and Kay Gabriel of Northwest River Partners.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session was scheduled for the purposes of item 42.30.110(1)(c) to consider the minimum price at which real estate will be offered for sale or lease. The executive session was estimated to last 10 minutes and potential action would follow.

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 August 13, 2013, regular commission meeting.
- b. Voucher Nos. (dated August 20, 2013) 123537 through 123619 — \$ 127,340.74  
(Includes electronic funds transfer payment Nos. 1012-1016.)  
Voucher Nos. (dated August 27, 2013) 123620 through 123718 — 982,163.39  
(Includes electronic funds transfer payment Nos. 1017-1019.)  
TOTAL \$ 1,109,504.13
- c. Void accounts payable checks for the week ending August 16, 2013, in the total amount of \$5,106.09.  
Void accounts payable checks for the week ending August 27, 2013, in the total amount of \$4,442.87.

\* 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 welcomed those present and stated comments would be accepted throughout the meeting.

ACTION ITEMS

Resolution No. 1601 was brought before the commissioners. It is "A Resolution Regarding Attendance at Commission Meetings." The resolution allows a commissioner to participate in all or part of a commission meeting in person or by other electronic means.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt Resolution No. 1601, "A Resolution Regarding Attendance at Commission Meetings." MOTION PASSED UNANIMOUSLY.

Recommendation was made to adopt Resolution No. 1602, "A Resolution Authorizing the Execution of Revision 4 to Exhibit D, to the Power Sales Contract No. 09PB-13068." The resolution includes additional products and special provisions and clarifies operational requirements as well as adds the Resource Shaping Charge table and DFS tables for the 2014-2015 rate period.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1602, "A Resolution Authorizing the Execution of Revision 4 to Exhibit D, to the Power Sales Contract No. 09PB-13068." MOTION PASSED UNANIMOUSLY.

Resolution No. 1603 was then presented and recommended for adoption. It is "A Resolution Ratifying Entering into a Letter Agreement for a Cluster Study No. 13TP-10308 with the Bonneville Power Administration

(BPA).” Commissioners authorized the manager to enter into the agreement at the August 13, 2013 regular commission meeting. The agreement is the result of the PUD’s and other parties’ request for transmission service along a particular transmission line.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1603, “A Resolution Ratifying Entering into a Letter Agreement for a Cluster Study No. 13TP-10308 with the Bonneville Power Administration (BPA).” MOTION PASSED UNANIMOUSLY.

Resolution No. 1604, “A Resolution Ratifying the Internet Bandwidth Rates Modifying the Telecommunications Exhibit A Rate Schedules.” At the August 13, 2013 regular commission meeting, commissioners authorized the new Internet Bandwidth Rates which Mrs. Creekpau explained was due to a renegotiated wholesale rate with NoaNet in an effort to offer a more competitive rate to retailers and potentially drive some economic development in Mason County.

Mr. Knutson shared with commissioners that in addition to the proposed rate schedule for bandwidth services that offers incentives to retail services providers to reduce their cost per Mbps with increased commitment levels, other changes to the Exhibit A Rate Schedule include; removing rates for offerings that are no longer available as well as including new technology.

Ms. Gott moved, motion seconded by Mr. Farmer, to adopt Resolution No. 1604, “A Resolution Ratifying the Internet Bandwidth Rates Modifying the Telecommunications Exhibit A Rate Schedules.” MOTION PASSED UNANIMOUSLY.

It was presented to the commissioners that Mrs. Creekpau has appointed Accounting Supervisor/Treasurer Brian Taylor as the Hearing Officer for PUD 3. Commissioners unanimously approved the manager’s appointment of Brian Taylor to serve as the District’s Hearings Officer.

Recommendation was made to approve a Small Works Contract, SMW-2013.11 for Power Equipment Operator. The following contractors will be accepted under SMW-2013.11 however they will be selected based on price, equipment and personnel availability depending on PUD 3’s needs for specific jobs: Hood Canal Communications; Active Underground; Kamin Excavation, LLC; and Asphalt Patch Systems, Inc. The contract is a month-to-month, for a duration of three years, with the option to extend for two additional one-year periods. Ms. Gott moved, motion seconded by Mr. Farmer to approve Small Works Contract No. SMW-2013.11 for Power Equipment Operator.

#### STAFF REPORTS

Mr. Samuelson reviewed the power situation statement for July 2013 with the commissioners. He pointed out that the kilowatt-hours purchased by the PUD for sales to its customers in July was up 3.2 percent over July of last year. PUD 3 purchased 44,806 megawatt-hours (MWh) of electricity compared to 43,375 MWh of electricity purchased during the same period in 2012.

He reported that PUD 3 paid \$1.18 million during July on wholesale energy purchases, compared to \$1.02 million for the same period in 2012. This includes spending \$105,304 in July on “Renewable Energy Credits” to meet obligations under the Washington State Energy Independence Act (Initiative 937). Year-to-date, the PUD 3 has spent \$649,508 toward meeting the renewable energy requirements.

Mr. Samuelson also updated commissioners on the ongoing issue with the Federal Energy Regulatory Commission’s (FERC) ruling that the North American Electric Reliability Corporation (NERC) must deregister Southern Louisiana Electric Cooperative from the reliability reporting standards requirement. Mr. Samuelson explained that PUD 3’s application to deregister is on hold with NERC while the agency appeals that ruling. Mr. Samuelson expressed that may be a positive sign that NERC understands the impact of the ruling and recognizes the similarities between PUD 3 and Southern Louisiana Electric Cooperative.

Mrs. Creekpau reported to commissioners that the Johns Prairie Operations Center experienced a fire alarm this morning. The alarm was set off when the maintenance staff was changing a light bulb in the auditorium and interrupted the beam sensor in the ceiling. The building was forced to evacuate while the cause was investigated.

Mrs. Creekpau also reported that Mason County PUD 1 has transferred approximately \$20,000 of Bonneville Power Administration’s (BPA) Energy Efficiency Incentive (EEI) funds to PUD 3. The transfer is due to PUD 1 having an unused balance of allocation from BPA. In addition, another \$67,000 has been received from other agencies. There would be no interest or fees associated with the transfer of the allocations.

Mrs. Creekpau recommended to commission that PUD 3 sign a national mutual aid agreement through the American Public Power Association (APPA) which qualifies utilities participating in out-of-state mutual aid to receive Federal Emergency Management Agency (FEMA) funds when available. She explained that PUD 3 currently has mutual aid agreements with local utilities, however does not have a national agreement.

Mr. Farmer moved, motion seconded by Ms. Gott to authorize the manager to sign a National Mutual Aid Agreement with APPA. MOTION PASSED UNANIMOUSLY.

Mrs. Creekpaum informed the commissioners that the Shelton-Mason County Chamber of Commerce held a tour of vacant buildings in downtown Shelton on August 15 and included PUD 3's previous administration building on Cota Street. The tour included a lunch which was held in the auditorium and Congressman Denny Heck spoke to attendees who also had an opportunity to see the vacant building after lunch.

Mrs. Creekpaum shared with commissioners that a PUD 3 student coordinated a blood drive for employees at the Johns Prairie Operations Center which collected enough blood to help 99 people. The student, Kendal Andersen, used this project to fulfill her senior project requirement for graduation.

Mrs. Creekpaum also reported that the PUD Employee's Association (PUDEA) coordinated a school supply drive for the local schools and employees also collected fifteen backpacks full of school supplies to be donated to foster children.

Mrs. Creekpaum updated the commissioners about the employee picnic which took place on August 14. She expressed that it was a successful event where employees and families enjoyed themselves.

#### COMMISSIONERS' REPORT

Ms. Gott reported her attendance along with Mr. Knutson at the Pioneer Kiwanis club where they shared information about the future plans of telecommunication services.

Ms. Gott also reported her attendance at the Energy Northwest executive retreat which was held at the Alderbrook Resort.

#### DISCUSSION ITEMS

Kay Gabriel of Northwest River Partners gave commissioners an update on the Clean Hydro campaign. The campaign began in 2013 with a media buy to proactively highlight the benefits of the Northwest's most practical renewable energy resource. The ads ran on mainstream news, sports and entertainment programs for a period of six months for every other week. Northwest River Partners is looking for utilities to continue supporting the media campaign for a minimum of three years. Ms. Gabriel showed the commissioners a preview of the ads that are scheduled for the 2014 campaign year.

#### GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting recessed at 10:54 a.m. for five minutes, and reconvened at 10:59 a.m.

The commissioners then adjourned the regular meeting at 10:59 a.m. and met in executive session for 10 minutes to consider the minimum price at which real estate will be offered for sale or lease. Potential action may follow the executive session.

The executive session adjourned at 11:09 a.m. and the regular meeting reconvened.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to accept an offer from Northwest Resources II, for the sale of the engineering building and half block of real property at the purchase price of \$335,000, pursuant to the terms and conditions of the purchase and sale agreement dated August 16, 2013, and authorizing the manager to sign the closing documents. MOTION PASSED UNANIMOUSLY.

With no further business appearing, the commission meeting adjourned at 11:11 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