

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, March 11, 2014.

District officers present were: Commissioners Thomas J. Farmer, and Bruce E. Jorgenson; Manager Annette Creekpaum; Finance Manager/Auditor Sherry Speaks; Treasurer Brian Taylor; and Attorney Rob Johnson. (Commissioner Gott was out of town for meetings with the American Public Power Association.)

The following PUD 3 personnel were present: Customer Service Manager Diane Hennessy; Director of Business Services John Bennett; Public Information/Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Operations Michelle Wicks; and Executive Assistant/Records Program Supervisor Lynn Eaton (recorded minutes).

There were no members of the public in attendance.

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 Mr. Farmer, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- a. Minutes of the February 25, 2014, regular commission meeting.
- b. Voucher Nos. (dated March 04, 2014) 126117 through 126184 — \$ 169,554.26  
(Includes electronic funds transfer payment Nos. 1195-1200.)
- c. Voucher Nos. (dated March 11, 2014) 126185 through 126376 — 1,192,377.36  
(Includes electronic funds transfer payment Nos. 1202-1215.)
- TOTAL \$ 1,361,931.62
- d. Void accounts payable checks for the week ending February 28, 2014, in the total amount of \$11,298.53. Void accounts payable check for the week ending March 07, 2014, in the total amount of \$9,380.00.
- e. Write off closed, uncollectible, deceased no assets (\$1,358.09) and discharged bankruptcy (\$1,551.06) accounts in the amount of \$2,909.15.

\* 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 noted that no members of the public were in attendance.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of February 28, 2014, with the commissioners. Month-end receipts were \$5,108,011, while expenditures were \$5,445,157. Expenditures for the first two months of the year were \$11.5million, or 19 percent of the adopted 2014 adopted budget.

Mr. Taylor gave the treasurer's report of funds through February 2014. The total of all funds at month-end were \$35,670,681.00. He pointed out that one of the Government investments will be maturing in July of 2014 and will be reinvested.

Mr. Samuelson reported on the Bonneville Power Administration's (BPA) draft oversupply management rate case to balance high levels of wind energy at the same time high levels of hydroelectricity is being generated. He explained that BPA is planning to compensate wind generators for curtailing their generation during high wind and high water times with a mix of cash and free hydroelectricity. This would result in up to 75 percent of the cash payments being covered by Pacific Northwest utilities and come at a cost of approximately 2.7 million which equates to about \$27,000 for PUD 3's portion. Mr. Samuelson said a final decision is expected March 27, 2014.

Mr. Samuelson also reported on a copy of a letter from the Western Electric Coordinating Council (WECC) to North American Electric Reliability Corporation (NERC) recommending that Mason PUD 3 be deregistered from its reporting requirements under the reliability standards of the Federal Energy Policy Act of 2005. Although NERC must still respond with the final decision, Mr. Samuelson is optimistic that NERC will support WECC's recommendation.

At Mrs. Creekpaum's request, Mr. Myer updated commissioners on legislative bills that may affect the utility. He spoke about the few bills that have made it out of committee and are still being discussed. He will continue to update the commission as the legislature progresses.

Mr. Myer also reported on the official 2012 Fuel Mix Report for Mason PUD 3, which is reported in 2013 and published in 2014. The report showed that 88 percent of the wholesale electricity purchased comes from renewable sources, such as hydroelectricity and qualifying sources under the Washington State Energy Independence Act (Initiative 937). According to the report, 97 percent of the electricity purchased is carbon-free.

Mrs. Creekpaum updated commission on the emergency underground replacement job resulting from the February 16 storm, which affected divisions 2, 3, and 4 of Lake Cushman. The storm caused a fault on nearly two miles of underground cable that feeds the three divisions, which includes approximately 500 customers and two three-phase water pumps. Crews have been working twelve-hour days since February 25, however customers will be switched over to the newly installed lines today. The project was originally scheduled to last six weeks, however crews have managed to complete it in approximately two and a half weeks. Mrs. Creekpaum reported despite the rain and access issues, the job has gone smoothly. The only work remaining is restoration to the walking trail.

Mrs. Creekpaum's report also included a recap of 2013's overhead and underground outages, noting that outages in 2013 are the lowest they have been in ten years.

Mrs. Creekpaum also reported that thieves stole four spider reels from poles on Capital Prairie Road, she explained that the reels only contained rope for stringing power lines, not the more expensive cable itself.

Mrs. Creekpaum also mentioned an article published in *The Mason County Journal* featuring lineman John Clements.

#### COMMISSION REPORT

Mr. Farmer thanked PUD 3 employees Terry Young and Ron Urdahl for the years of service they provided to the district and wished them both well in retirement.

#### GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting adjourned at 10:22.

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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