

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, April 22, 2014.

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

The following PUD 3 personnel were present: 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).

Members of the public in attendance were Dedrick Allan of MasonWebTV.com and Louis Cofoni of Shelton.

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 scheduled to discuss the minimum price at which real estate will be offered for sale or lease (RCW 42.30.110 (1)(c)). The executive session will last 15 minutes, and potential action will 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 8, 2014, regular commission meeting.
  - b. Voucher Nos. (dated April 15, 2014) 126850 through 126976 — \$ 3,001,361.96  
(Includes electronic funds transfer payment Nos. 1244-1252.)
  - c. Voucher Nos. (dated April 22, 2014) 126977 through 127063 — 523,915.11  
(Includes electronic funds transfer payment Nos. 1253-1258.)
- TOTAL \$ 3,525,277.07
- d. Void accounts payable check for the week ending April 11, 2014, in the total amount of \$1,081.54.  
Void accounts payable check for the week ending April 18, 2014, in the total amount of \$1,500.00.

\* 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. Cofoni praised PUD3 and staff for all the recent awards including the diamond award for Reliable Public Power (RP3) from the American Public Power Association. He said he was a proud customer of PUD 3 and commended the leadership and employees of the PUD for being recognized on a national level.

ACTION ITEMS

It was recommended to the commissioners that they approve the following contractors as pre-qualified for inclusion on the PUD's public works roster: Asplundh Tree Expert Company; Burke Electric LLC; DJ's Electrical Inc.; Henkels & McCoy Inc.; Hood Canal Telephone Co., Inc. (Hood Canal Communications); KVA Electric Inc.; Magnum Power, LLC; Michels Corporation (Michels Power Division); Moza Construction Inc.; Northwest Asphalt, Inc.; Pivetta Brothers Construction Inc.; Potelco Inc.; PowerCom, Inc.; Power City Electric Inc.; Prime Electric, Inc.; Saunders Line Construction, Inc. and Wilson Construction Company. These contractors have met the financial and insurance requirements set by the district.

Ms. Gott moved, motion seconded by Mr. Jorgenson to approve the prequalified public works roster. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Samuelson reviewed the March power situation statement with the commissioners. He pointed out that in March of 2014, the PUD purchased 5.2 percent less power than March of 2013 at a cost of 7.8 percent less. He

also conveyed that the year to date power purchases were 3.5 percent less than last year at a cost of .6 percent higher. He reported that the additional cost for compliance with Energy Independence Act (I-937) year to date is \$248,665 or approximately 3 percent of the total purchased power costs.

Mr. Samuelson informed the commission that the North American Electric Reliability Corporation (NERC) agreed with the Western Electric Coordinating Council (WECC), and PUD 3 is in the process of being deregistered from the Compliance Registry for the National Reliability Standards. Mr. Samuelson explained that the utility estimates a savings in opportunity costs of approximately \$100,000-\$125,000 per year as well as having the risk removed of potential fines of up to \$1m per day for non-compliance in reporting.

At Mrs. Creekpaum's request, Mr. Myer gave a report on the Columbia River Treaty. Mr. Myer informed commissioners that regional entities sent a letter to the President's office asking for support in keeping wide-spread federal interests out of the treaty process and leaving the work to the regional entities (currently involved) that will be directly impacted by any agreements.

Mr. Myer also reported that the Northwest Power Planning Council's work on the 7<sup>th</sup> Power Plan. He explained that Governor Inslee's administration is asking the council to consider a carbon-free power plan. Mr. Myer's expressed concern that the plan, which is currently impartial and considers the adequacy of power supply in the region, will become a political document.

Mrs. Creekpaum announced that PUD 3 has received an award for first place in its division for safety from the Northwest Public Power Association (NWPPA). She explained that the award is based on number of incidents and severity.

Mrs. Creekpaum reported that the final bill for trenching the emergency replacement job at Lake Cushman was received from Hood Canal Communications. The bill totaled approximately \$108,000 including retainage.

At Mrs. Creekpaum request, in honor of Earth Day, Mrs. Eaton updated commissioners on the Education Committee's plans to host a booth at the May on Oakland Bay event that is normally an Earth Day celebration but has been re-scheduled this year to Sunday, May 18<sup>th</sup>. Mrs. Eaton informed commissioners that the focus of the booth will be on conservation, recycling CFL's and renewable energy.

Mrs. Creekpaum reported that the Bonneville Power Administration (BPA) postponed its requirement for a 10-year conservation plan by June of 2014 until June of 2016.

Mrs. Creekpaum also reported that the BPA sent out a report on each utilities portion of Renewable Energy Credits (RECs) under Tier I wind RECs. She said PUD's portion was approximately 4,393 mega-watts, which does not include the incremental-hydro RECs as it is not allowed under the Energy Independence Act (I-937).

#### COMMISSION REPORT

Ms. Gott reported that she attended the NoaNet board meeting where there were continued discussions about the Line of Credit options and member guarantees as well as bank financing.

Mr. Jorgenson asked staff to look into options regarding the senate bill (ESB 5964) which will require state and local governing bodies and elected officials to receive training regarding the Open Public Meetings Act, the Public Records Act and the preservation and destruction of public records.

Mr. Farmer wanted to recognize PUD 3 employees who recently completed educational accomplishments; Asia Hoopes and Lacy McIntosh, who both recently completed their Bachelor of Arts degrees in Human Resource Management, and Haylee Dehning and Alexis Howe who both completed their Associate of Arts degrees from Olympic College.

#### GOOD OF THE ORDER

Mr. Cofoni added for the good of the order that he believes that clean, renewable hydroelectricity should be considered as a renewable in Washington State. He pointed out that Governor Inslee should recognize it is carbon free.

Following a calendar review and with no further business appearing, the commission meeting recessed at 10:23 a.m. for a short break, and reconvened at 10:28 a.m.

The commissioners then adjourned then met in executive session for 15 minutes to discuss real estate. Potential action would follow the executive session.

At 10:43 the executive session adjourned and it was announced that the commissioners would continue in executive session for an addition 10 minutes.

The executive session adjourned at 10:51 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:52.

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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