

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, May 27, 2014.

District officers present were: Commissioners Thomas J. Farmer, and Bruce E. Jorgenson (Linda R. Gott was traveling on PUD 3 business); Acting Manager John Bennett; Finance Manager/Auditor Sherry Speaks; Treasurer Brian Taylor; and Attorney Rob Johnson. (Manager Annette Creekpaum was on PTO)

The following PUD 3 personnel were present: Customer Service Manager Diane Hennessy; Conservation Manager Justin Holzgrove; 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).

A member of the public was in attendance, Louis Cofoni of Shelton.

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 May 13, 2014, regular commission meeting.
 - b. Voucher Nos. (dated May 20, 2014) 127356 through 127432 — \$ 214,234.43
(Includes electronic funds transfer payment Nos. 1282-1286.)
 - c. Voucher Nos. (dated May 27, 2014) 127433 through 127507 — 849,291.08
(Includes electronic funds transfer payment Nos. 1287-1289.)
- TOTAL \$ 1,063,525.51
- d. Void accounts payable checks for the week ending May 16, 2014, in the total amount of \$3,730.43.

* 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 asked for public comments at this time.

Mr. Cofoni cautioned the commission against reducing staff in order to keep rates low. He expressed his view on the importance of the work that each full-time employee does to keep the utility running safely and efficiently and feels that contract employees don't have the same care and concern.

STAFF REPORTS

Mr. Samuelson reviewed the April power situation statement with the commissioners. He pointed out that in April of 2014, the PUD purchased 5.7 percent less power than April of 2013 at a cost of 7.3 percent less. He also conveyed that the year to date power purchases were 259,915 kWh which was 4.0 percent less than 2013 at a cost of \$10.7 million year to date, which was 1.3 percent less. He reported that the additional cost for compliance with Energy Independence Act (I-937) year to date is \$351,109 or approximately 3.3 percent of the total purchased power costs.

Mr. Samuelson reported that the Bonneville Power Administration (BPA) has begun its process for the Integrated Program Review which is the preliminary steps in the 2016-2017 rate case. The BPA has estimated a 10.6 percent increase in wholesale power rates and a 6.1 percent increase in transmission rates.

Mr. Samuelson responded to Mr. Jorgenson's question regarding the use of Tier II resources from the BPA, by saying that he does not anticipate the need to utilize Tier II power until 2016. Mr. Samuelson did express however, that PUD 3 will be bringing the energy from the White Creek Wind Project (located in Klickitat county) to serve its load this October which will require support services from the BPA in order to fill the gaps of the intermittent supply, which is expensive.

Mr. Bennett reported that the PUD took advantage the May 22 Bonneville Power Administration's planned outage to conduct maintenance on the Potlatch substation in order to install an upgraded three-phase cabinet that was necessary to complete the emergency work that took place in March. He explained that the final costs of that project should be available by the next meeting.

Mr. Bennett advised the commission that PUD crews installed a sonotube near the Roessel Rd. in Belfair in preparation for June 7 planned outage necessary to move the final transmission pole required for the State Route 3 widening project. He expressed gratitude to the city of Shelton for the use of its vacuum truck in order to place the tube.

Mr. Bennett reported on a car vs. pole accident at the intersection of Arcadia Street and Cloquallum Road that caused a brief outage for customers in the area while the damage was repaired.

GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting adjourned at 10:15.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary