

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, July 22, 2014.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; 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; and Executive Assistant/Records Program Supervisor Lynn Eaton (recorded minutes).

A member of the public in attendance was Dedrick Allan of *MasonWebTV.com*.

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 discuss potential litigation with legal counsel as authorized under RCW 42.30.110(1)(i). The executive session will last 10 minutes, and no 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 July 8, 2014, regular commission meeting.
 - b. Voucher Nos. (dated July 15, 2014) 127056 through 128173 — \$ 2,160,918.78
(Includes electronic funds transfer payment Nos. 1333-1339.)
 - c. Voucher Nos. (dated July 22, 2014) 128174 through 128250 — 465,520.21
(Includes electronic funds transfer payment Nos. 1340-1348.)
- TOTAL \$ 2,626,438.99
- d. Void accounts payable check for the week ending July 11, 2014 in the total amount of \$125.64.
 - e. Write off closed, uncollectible, deceased no assets \$1,549.75, and discharged bankruptcy \$649.40, accounts in the total amount of \$2,199.15.

* 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.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 1625, which is a resolution “Revising Net Metering Program and Interconnection Standards.” This resolution is being updated to comply with changes in the RCW 80.60 as well as to allow for third party owned systems. Mrs. Creekaum explained that the changes in policy are intended to align with recommendations from the Washington Public Utility District Association (WPUDA).

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt Resolution No. 1625, “Revising Net Metering Program and Interconnection Standards.” MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Samuelson reviewed the Power Situation Statement for June with commissioners. The report showed that in June, PUD 3 purchased 41,139 MWh of electricity to serve local customers’ energy needs. That is compared to 42,531 MWh of electricity purchased during the same period in 2013, which is a decrease of 3.3 percent. Through the first six months of the year, the PUD purchased 346,759 MWh of electricity to serve local customers’ energy needs. This is compared to 361,679 MWh of electricity purchased during the same period in 2014, a decrease of 4.1 percent.

Mr. Samuelson noted that PUD 3 paid \$1.6 million during June for wholesale energy purchases, compared to \$1.3 million for the same period in 2013; an increase of 19.2 percent. Through the first six months of the year, the PUD paid \$13.9 million for wholesale energy purchases, compared to \$13.5 million during the same period in 2013, an increase of 2.6 percent. He explained that the large increase between June 2013, and June 2014 is due to a reduction in the amount of financial credit for Federal power that is paid for by the PUD, but goes

unused due to low load. Staff accounted for the fluctuations in forecasting and budgeting for 2014 energy purchases.

Mr. Samuelson reported that the PUD spent \$113,166 in June on "Renewable Energy Credits" to meet its obligations under the Washington State Energy Independence Act (Initiative-937). Through the first six months of the year, the PUD has spent \$579,322 to meet its obligations under the act.

Mr. Samuelson notified the commission that the Bonneville Power Administration (BPA) may release its Draft Record of Decision in late July on wholesale electricity and transmission rates for fiscal year 2016-2017. The BPA had initially proposed an electricity rate increase of 10.6 percent and an increase in transmission rates by 10.3 percent. Depending on its financial management and capital projects program, the proposed rate increases could be 8.7 percent and 6.1 percent respectively.

Mrs. Creekpau updated commissioners on the engineering activities. She explained that both the Pioneer and Dayton substations have received scheduled maintenance and the Mountain View substation is next in line.

Mrs. Creekpau informed the commission that the Johns Prairie Operations Center received the gold standard of Leadership in Energy and Environmental Design (LEED) which is a green building certification that recognizes best-in-class building strategies and practices. She highlighted a shortened list of the building's key features of the LEED certification include:

- Efficient use of energy.
- A solar power array that offsets the purchase of an estimated 189,000 kWh annually.
- Recycling of nearly 98 percent of the construction waste from the project site.
- Low water use landscaping.
- Re-use of rainwater for toilet flushing and landscape irrigation.
- Nine rain gardens to collect and treat stormwater, protecting the Johns Creek watershed.

Mrs. Creekpau reported that the utility received the High Five award from United Way of Mason County for its employee's contributions which were pledged during the annual workplace campaign and submitted through payroll deduction. She explained that PUD 3 was one of the top five contributors in Mason County and commended the generosity of employees since all but one of the other top five agencies included an employer match.

Mrs. Creekpau reported that PUD 3 had a booth at the Shelton Business Expo hosted by the Shelton-Mason County Chamber of Commerce at the Shelton High School Mini-Dome on July 17, 2014. She also mentioned that the PUD was present at the Allyn Days

COMMISSIONER'S REPORTS

Ms. Gott reported her attendance at the Washington Public Utility Association (WPUDA) meetings in Omak last week. She also attended a Corporate Nuclear Safety Board meeting as a representative of Energy Northwest. She spoke briefly about Energy Northwest's adopted Excellence Model.

Mr. Farmer reported his attendance at Allyn Days and expressed that the PUD's "WiFi on Wheels" was a popular feature and a great benefit for the vendors.

GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting adjourned at 10:24.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary