

MINUTES OF REGULAR MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

Vice President Jorgenson 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 12, 2014.

District officers present were: Commissioners, Linda R. Gott, and Bruce E. Jorgenson; Manager Annette Creekpau; Finance Manager/Auditor Sherry Speaks; Treasurer Brian Taylor; and Attorney Rob Johnson. (Commissioner Farmer was on vacation.)

The following PUD 3 personnel were present: Customer Service Manager Diane Hennessy; Conservation Manager Justin Holzgrove; Network Systems Supervisor Joel Moore; Public Information/Government Relations Manager Joel Myer; Records Coordinator Jennifer Renecker; Director of Business Operations Michelle Wicks 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 as presented.

CONSENT AGENDA

Mr. Jorgenson reviewed the items listed on the consent agenda Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- a. Minutes of the July 22, 2014, regular commission meeting.
 - b. Voucher Nos. (dated July 29, 2014) 128251 through 128361 — \$ 641,078.21
(Includes electronic funds transfer payment Nos. 1349-01351.)
 - c. Voucher Nos. (dated August 5, 2014) 128362 through 128424 — 360,150.49
(Includes electronic funds transfer payment Nos. 1352-1357.)
 - d. Voucher Nos. (dated August 12, 2014) 128425 through 128536 — 2,111,189.38
(Includes electronic funds transfer payment Nos. 1358-1371.)
- TOTAL \$ 3,112,418.08

- e. Void accounts payable check for the week ending August 1, 2014 in the total amount of \$4,416.42.
Void accounts payable checks for the week ending August 8, 2014 in the total amount of \$1,582.07.

* 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. 1626, which is a resolution “Appointing Additional Trustees to the Mason PUD 3 Voluntary Employee Beneficiary Association Plan (VEBA).” This resolution is appoints a team of trustees to provide more oversight to the VEBA plan.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1626, “Appointing Additional Trustees to the Mason PUD 3 Voluntary Employee Beneficiary Association Plan (VEBA).” MOTION PASSED UNANIMOUSLY.

Recommendation was then made to adopt Resolution No. 1627, “A Resolution Modifying the Electrical Service Rules and Regulations – Schedule 50 – New and Expanding Large Load (NELL).” The resolution modifies the existing rate schedule 50 and lowers the power capacity from 1 aMW to .5 aMW and lowers the demand from 2MW to 1MW. Mrs. Creekpau explained that after further analysis, staff feels that the lower thresholds in this rate class will better protect the district from new or expanding large loads. Mr. Johnson noted that while this rate class has the actual rate based on a cost of service for each new large load, the utility is having EES Consultants conduct a cost of service as a benchmark for anticipated new large loads.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1627, “A Resolution Modifying the Electrical Service Rules and Regulations – Schedule 50 – New and Expanding Large Load (NELL).” MOTION PASSED UNANIMOUSLY.

Recommendation was then made to commission to authorize the purchase of two ALTEC vehicles in order to replace a 1996 Service truck and a 2003 Tree Trimming truck. The Models proposed are (1) ALTEC Model AT40M and (1) ALTEC Model LR7-60E70 and will be purchased through the National Joint Purchasing Alliance (NJPA) contract. Mrs. Creekpau explained that the combined cost for both vehicles will be approximately \$387,000 and funding for both vehicles has been provided for through the Equipment Vehicle

Replacement (EVR) fund. Mrs. Creekpaum pointed out that the PUD chooses to retire vehicles on a planned schedule to ensure employee safety, guarantee continued reliability through dependable emergency response, and avoid the demand of increasing vehicle maintenance costs.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to authorize the purchase of (1) ALTEC Model AT40M and (1) ALTEC Model LR7-60E70. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of July 31, 2014, with the commissioners. Month-end receipts were \$4.1 million which is approximately 59 percent of the total budget, while expenditures were \$4.4 million also approximately 59 percent of budget, leaving a negative budget balance of (\$496,000). Mrs. Speaks explained that the utility has invoiced for pole contact fees and noted that the utility is on-track for a balanced budget by year end.

Mr. Taylor gave the treasurer's report of funds through July 2014. The opening cash balance was \$3.27 million and was \$3.36 million at month's end. The utilities investments totaled at \$12.2 million. The total of all funds at month-end were \$35,084,541.87 which an increase of \$46,307.35 over the previous month. Mr. Taylor pointed out a re-investment of funds at approximately \$2 million at 1.35.

Mrs. Creekpaum updated commissioners on the engineering activities. She shared that PUD 3 is still working on relocating electrical and telecommunication facilities along State Route 3 for the Department of Transportation's road widening project. She also informed commissioners that since the Squaxin tribe had a paving project, the district took the opportunity to install 5 conduit crossings before the new roadway was paved.

At Mrs. Creekpaum request, Mr. Myer reported on a brush fire along highway 101 in which PUD 3 needed to shut off power in order for the fire department to extinguish the fire safely. He explained that there is a red-flag weather warning and that there may be a risk of lightning storms.

Mrs. Creekpaum announced that the annual employee picnic will be held on August 21, and the retiree luncheon will be held on August 28. In addition, she mentioned that the employees would be participating in a blood-drive on August 28th as well.

Mrs. Creekpaum provided commissioners with the printed copy of the 2013 Comprehensive Annual Financial Report.

Mrs. Creekpaum informed the commission that staff is currently working on the 2015 budget and rate recommendations.

COMMISSIONER'S REPORTS

Ms. Gott reported her first attendance at the American Public Power Association (APPA) Policy Maker's Council (to which she was elected) in Washington D.C. The members of the council made various congressional visits to talk about regional and national issues.

Ms. Gott also reported her attendance at the Public Power Council (PPC) in Portland, OR.

GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting adjourned at 10:20.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary