

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, October 28, 2014.

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

The following PUD 3 personnel were present: Records Coordinator Jennifer Renecker; Director of Business Services John Bennett; Conservation Manager Justin Holzgrove; Benefits Coordinator Asia Hoopes; Power Supply Manager Matt Samuelson; Director of Engineering Terry Peterson; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks; and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

Members of the public in attendance were Jeff McHargue of Arnold & Smith Insurance Agency and Dedrick Allan of *Mason WebTV*.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session was scheduled for the purposes of item(s) 42.30.110(1)(i) to discuss with legal counsel potential litigation and 42.30.110(1)(g) to review the performance of a public employee. The estimated time is five minutes each with no action to follow.

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 October 14, 2014, regular commission meeting.
  - b. Voucher Nos. (dated October 21, 2014) 1291443 through 129542 — \$ 314,768.94  
(Includes electronic funds transfer payment Nos. 1425-1429.)
  - c. Voucher Nos. (dated October 28, 2014) 129543 through 129655 — \$ 736,364.34  
(Includes electronic funds transfer payment Nos. 1430-1431.)
- TOTAL \$ 1,051,133.28
- e. Voided accounts payable checks for the week ending October 17, 2014 in the total amount of \$36,378.02.

\* 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. 1631, which is a resolution “In Support of Modification of the Energy Independence Act.” The Resolution, which was proposed by the Washington Public Utility Districts Association, supports modifying the Act to allow utilities (during times of low growth) to invest one percent of its revenue requirement under the Act on local conservation or renewable programs, rather than spend it on renewable energy credits (RECs) which are purchased solely for compliance.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1631, “In Support of Modification of the Energy Independence Act.” MOTION PASSED UNANIMOUSLY.

A discussion ensued on the motion. Mr. Jorgenson commented that while a uniformed effort to change the law is good, he noted that the group could have stated a stronger position by asking for more than 1 percent. He stated that asking for one percent to reinvest is not enough. He expressed however, that he understood it would be difficult to get all utilities to agree on a more aggressive target. Mr. Farmer noted that he supported the proposed changes, stating that keeping the funds in Mason County helps economic development while still maintaining the intent of the Act.

Following the discussion, the MOTION PASSED UNANIMOUSLY.

A recommendation was made to approve the self-insured benefit plan renewals for 2015. At Mrs. Creekpaum’s request Mrs. Wicks reviewed the renewals with the commissioners which include: 1) no increase in premiums for the Zurich Optional AD&D; 2) a 2.9 percent increase in the Group Health Cooperative plan premium; and 3)

that each of the PUD's self-insured medical, dental and vision plans be separated into three standalone plans and that premiums remain the same for the 2015 plan year.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to approve the self-insured benefit plan renewals for 2015. MOTION PASSED UNANIMOUSLY.

#### STAFF REPORTS

Mr. Samuelson went over the Power Situation Statement for September 2014 with commissioners. He pointed out that 6.6 percent less power was purchased from the Bonneville Power Administration (BPA) over September of 2013, at a cost 10.3 percent more. He explained again that this is due to the increase in Tier 1 costs and load shaping costs since it is a new rate period with the BPA. He noted however, that this increase was projected and has been budgeted for. Mr. Samuelson also reported that the cost of compliance with the Energy Independence Act (EIA) is 4.4 percent of total purchased power year to date.

Mrs. Creekpau reported on outages that occurred over the weekend. She explained that even with the windy conditions, PUD 3's system did better than many other areas in the state.

Mrs. Creekpau reported that she and Mrs. Wicks will be attending the Public Utility Risk Management Services Self-Insurance Fund (PURMS) meetings on the Affordable Health Care Act updates. She also reported that she will be attending the Washington Public Utility Districts Association (WPUDA) managers' meetings in Leavenworth at the end of the week.

Mrs. Creekpau announced that public notice is being sent out this week announcing the public hearings on the 2015 budget and proposed rate increases as well as a special meeting for Monday, November 10, due to Veterans Day falling on the regular scheduled meeting date of Tuesday, November 11, 2014.

#### GOOD OF THE ORDER

Following a calendar review and with no further business appearing, the commission meeting recessed at 10:16 a.m. for a short break, and reconvened at 10:21 a.m.

The commissioners then adjourned then met in executive session for 5 minutes to discuss potential litigation. No action would follow the executive session.

The executive session adjourned at 10:23 then immediately met in executive session for an additional 5 minutes to discuss the performance of a public employee. The executive session adjourned at 10:26 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:26.

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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