

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, January 27, 2015.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; Customer Service Manager Diane Hennessy; Energy Resources Manager Justin Holzgrove; Telecommunications Manager Dale Knutson; Power Supply Manager Matt Samuelson; Public Information & Government Relations Manager Joel Myer; Records Coordinator Jennifer Renecker; Risk Manager Bob Smith; and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

A member of the public in attendance was Dedrick Allan of *Mason WebTV*.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session would be held for the purposes of item 42.30.110(1) (b) to discuss the acquisition of real estate. The executive session was estimated to last approximately ten minutes and potential action would follow.

CONSENT AGENDA

Mr. Farmer 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:

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| a. | Minutes of the January 13, 2015, regular commission meeting. | | | | |
| b. | Voucher Nos. (dated January 20, 2015) | 130689 through 130760 | — \$ | 2,950,448.76 | |
| | (Includes electronic funds transfer payment Nos. 1498-1504.) | | | | |
| c. | Voucher Nos. (dated January 27, 2015) | 130761 through 130856 | — \$ | <u>1,048,054.13</u> | |
| | (Includes electronic funds transfer payment No. 1505.) | | | | |
| | | | TOTAL \$ | 3,998,502.89 | |

* 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 PUBLIC

No comments from the public.

STAFF REPORTS

Mr. Samuelson went over the Power Situation Statement for December 2014 with commissioners. He pointed out that for the month of December, approximately 12.1 percent less power was purchased from the Bonneville Power Administration (BPA) compared to December of 2013. The amount of year to date purchased power for 2014 was down 5.4 percent compared to 2013, at a cost 0.4 percent more for the 2014 year. Mr. Samuelson also reported that the cost of compliance with the Energy Independence Act (EIA) was \$1.05 million dollars for the 2014 year, which was approximately 4 percent of the total purchased power costs.

At Mrs. Creekpaum's request, Mr. Myer gave the commission a brief legislative report.

Mrs. Creekpaum informed the commission that the Washington Public Utilities Association (WPUDA) has asked each utility to answer three questions in order to give the association direction on what position to take regarding federal and state telecommunications issues.

Mrs. Creekpaum shared an article published by the American Public Power Association about the modernization of the grid. She expressed that the timing was good because PUD 3 issued a request for proposals (RFP) for the equipment (Advanced Metering Infrastructure – AMI) to modernize its distribution system. Once the proposals are received, staff will do a cost/benefit analysis and bring recommendations to the board.

Mrs. Creekpaum reminded commissioners that the new rates would take effect with meter readings on and after February 1, 2015.

Mrs. Creekpauam told the commission that Energy Northwest will be dismantling a test solar site in Eastern Washington and asked PUD 3 if it would be interested in offering the system to local students to study renewable energy. Staff is working with Energy Northwest Staff and the local schools to coordinate the project.

DISCUSSION

Commissioners discussed with staff the proposed changes to the Telecommunications Service Rules and Regulations. The majority of the changes to the document are focused on defining terms and refining the language in addition to using consistent terms throughout the document. Changes were also made to include updated processes and new services offered. In addition The line extension section of the Telecommunications Service Rules and Regulations was reviewed and modified. Commissioners were given drafts of the revisions proposed with redline and stricken changes. A final draft of the Telecommunications Service Rules and Regulations will be presented at an upcoming commission meeting for consideration.

Staff then presented a draft of the Electric Service Rules and Regulations which were adopted in 1971 and have been modified over the years. Mrs. Creekpauam explained that many of the changes made to the new document were for purposes of transparency and ease of use. For example, staff is proposing that the deposit policy and meter error policy be rescinded and some of the language from those policies be included in the Service Rules and Regulations instead of residing within the District's policy and procedure manual. Also, the fees have been removed from within the body of the Service Rules and Regulations and consolidated into a one-page fee schedule for clarity and ease of access. Mrs. Hennessy explained that changes to the deposit language is to comply with current laws relating to identity theft and to protect the District from balances left on accounts. A final draft of the Electric Service Rules and Regulations will be presented at an upcoming commission meeting for consideration.

COMMISSION REPORT

Ms. Gott reported on her attendance at the NoaNet meeting on January 13, in Seattle.

Ms. Gott also announced that she attended the Washington Public Utilities Districts Association (WPUDA) legislative reception in Olympia.

Ms. Gott attended the Shelton Mason County Chamber of Commerce Awards Gala and will be leaving for Energy Northwest later today where she will relinquish her seat as president of the Board of Directors.

FUTURE AGENDA ITEMS

Mrs. Creekpauam mentioned that the WPUDA Executive Director George Caan, and President of the Board of Directors Diana Thompson of Pacific County PUD, have requested to attend the February 24, PUD 3 commission meeting and will be added to the agenda for that meeting.

Following a calendar review, the commission meeting recessed at 10:30 a.m. for a short break, and reconvened at 10:34 a.m.

The commissioners then met in executive session for 10 minutes to discuss the acquisition of real estate. Potential action would follow.

The executive session adjourned at 10:44 and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 10:44 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary