

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, February 10, 2015.

District officers present were: Commissioners, Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson. Manager Annette Creekspaum; 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; Power Supply Manager Matt Samuelson; Public Information & Government Relations Manager Joel Myer; Records Coordinator Jennifer Renecker; Director of Engineering Terry Peterson and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

There were no members of the public in attendance.

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 Ms. Gott, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- a. Minutes of the January 27, 2015, regular commission meeting.
 - b. Voucher Nos. (dated February 03, 2015) 130857 through 130928 — \$ 154,708.06
(Includes electronic funds transfer payment Nos. 1506-1507.)
 - c. Voucher Nos. (dated February 10, 2015) 130929 through 131020 — \$ 828,691.15
(Includes electronic funds transfer payment No. 1508 - 1518.)
- TOTAL \$ 983,399.21
- d. Void accounts payable checks for the week ending January 30, 2015, in the total amount of \$3,300.00.

* 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.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 1639, which is "A Resolution Adopting the Electric Service Rules and Regulations and Associated Schedules." This resolution abolishes all previous versions of the Electric Service Rules and Regulations and becomes the new standards for doing business with PUD 3. In addition, the new service rules and regulations were rewritten and formatted for better transparency and ease of use. The Deposit Policy and Meter Error Policy will be rescinded with its policy and have been incorporated into the new Electric Service Rules and Regulations. A fee schedule has also been added as "Fee Schedule A," so customers can quickly access this information.

Ms. Gott moved, motion seconded Mr. Farmer, to adopt Resolution No. 1639, "A Resolution Adopting the Electric Service Rules and Regulations and Associated Schedules." MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of January 31, 2015, with the commissioners. Month-end receipts were approximately \$5.6 million, while expenditures were approximately \$5.5 million leaving the month with a positive budget balance of \$106,479.

Mr. Taylor gave the treasurer's report of funds through January 2015. The total of all funds at month-end were \$34.6 million. Mr. Taylor noted a very slight increase in interest rates but nothing substantial.

Mr. Samuelson reported to commissioners that the Ninth Circuit Court of Appeals are in continued legal dispute with the Bonneville Power Administration (BPA). The dispute is over refunds due from a settlement over how BPA administered the "Small Farm and Residential Exchange Program." He stated that a resolution is expected by the end of spring.

Mr. Samuelson also discussed the BPA's current rate case and the consideration of capitalization of conservation. This will be discussed further at upcoming meetings and will be open for a comment period as well.

At Mrs. Creekpaum's request, Mr. Myer reported on current legislative topics being considered by Washington State Legislature. Mr. Myer provided his testimony for House Bill 1607 to the House Technology and Economic Development Committee on February 5, 2015. This bill, which was introduced by Representative Griffey, would declare all hydroelectricity a qualifying renewable energy under the Energy Independence Act (I-937).

Mr. Myer briefed the commissioners on a number of bills that would support the location of modular nuclear power plants in the state. Also in discussion are bills that would allow a portion of new hydroelectric generation from federal dams to be considered as qualifying renewable energy under the Energy Independence Act. Another item in discussion with the legislature is a bill that could require redistricting based on the population and demographics.

Mrs. Creekpaum informed the commissioners that an interlocal agreement with the City of Shelton was signed for the comprehensive lighting plan. The program will provide for the retrofit of many existing high-pressure sodium lamps with energy-efficient LED fixtures. This roll-out will occur over a 3-5 year time frame and will count towards meeting energy conservation targets under the Energy Independence Act (I-937).

Mrs. Creekpaum also discussed working with the City of Shelton on the possibility of purchasing an LED electronic reader boards as an alternative to over-the-street banners.

Mrs. Creekpaum gave the commissioners an update on the AMI Grid Modernization bids that were received. Once the bids are evaluated, staff will do a cost-benefit analysis and bring a recommendation to the board.

Mrs. Creekpaum reported on the engineering statistics for the month of January showing service applications slightly up from 2014.

Mrs. Creekpaum thanked Mr. Jorgenson for his 20 years of service with the utility.

DISCUSSION

Mrs. Creekpaum informed the commissioners of her attendance at the legislative rally on March 10, 2015. Since she and two of the commissioners will be in Washington DC for this meeting, she noted that the regularly scheduled meeting would need to be cancelled and the commission would need to determine when or if they will be rescheduling.

COMMISSION REPORT

Ms. Gott reported on her attendance at the Energy Northwest Board of Directors and Executive Board meetings in the Tri Cities. She mentioned that the new Board of Directors was selected.

Ms. Gott also attended the Public Power Council in Portland last week.

Mr. Farmer reported that he attended the North Mason Chamber of Commerce Awards Gala held at Alderbrook. Mr. Farmer also attended the Public Power Council in Portland last week.

GOOD OF THE ORDER

Following a calendar review, and with no further business appearing, the commission meeting adjourned at 10:37 a.m.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary