

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 28, 2015.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; Energy Resources Manager Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; Power Supply Manager Matt Samuelson; 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 Dedrick Allen with *Mason Web TV* and Andrew Davis with *Shelton-Mason County Journal*.

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

- a. Minutes of the July 14, 2015, regular commission meeting.
  - b. Voucher Nos. (dated July 21, 2015) 133008 through 133083 — \$ 1,851,690.19  
(Includes electronic funds transfer payment Nos. 1655-1663.)
  - c. Voucher Nos. (dated July 28, 2015) 133084 through 133189 — \$ 1,332,248.89  
(Includes electronic funds transfer payment Nos. 1664-1666.)
- TOTAL \$ 3,183,939.08

d. Void accounts payable check for the week ending July 17, 2015, in the total amount of \$1,200.00.

\* 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.

ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1646, "A Resolution Declaring Electric System Items Surplus (Non-PCB Contaminated)."

Mr. Jorgenson moved, Mr. Farmer seconded to Adopt Resolution No. 1646, "A Resolution Declaring Electric System Items Surplus (Non-PCB Contaminated)" MOTION PASSED UNANIMOUSLY.

Recommendation was then made to Adopt Resolution No. 1647, "A Resolution Authorizing Submission of an Application for a Community Economic Revitalization Board Grant in the Approximate Amount of \$50,000 for the Mason County Business Development Center."

Mrs. Creekpaum explained that the resolution is a requirement of the grant. The grant is being submitted in a joint effort with the Mason County Economic Development Council to obtain funds which will allow for a feasibility study to be conducted on the EDC's vision to use PUD 3's downtown administration building as a business development center.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to Adopt Resolution No. 1647, "A Resolution Authorizing Submission of an Application for a Community Economic Revitalization Board Grant in the Approximate Amount of \$50,000 for the Mason County Business Development Center." MOTION PASSED UNANIMOUSLY.

COMMENTS FROM PUBLIC

No comments from the public.

STAFF REPORTS

Mr. Samuelson announced that the Bonneville Power Administration announced its final record of decision regarding the 2016-2017 wholesale power rates. The average rate increase to utilities for power is 7.1 percent and for transmission is 4.4 percent. Mr. Samuelson said that he is currently working on the rate impact model to see what the final impact to PUD 3's rates will be.

Mr. Samuelson went over June's power situation statement with commissioners. The total amount of purchased power for the month of June was 42,902 MWh which was 4.1 percent more power purchased from the Bonneville Power Administration (BPA) than June of 2014. The cost of purchased power was \$1.8 million which was 5.2 percent more than the same period last year. Mr. Samuelson pointed out that this summer has been significantly warmer than last year and with the increased installation of ductless heat pumps over the past year, the utility is seeing more cooling load than previous years. Mr. Samuelson informed the commission that the cost to comply with the Energy Independence Act (I-937) year to date in 2015 was \$551,104 which is approximately 4 percent of the total purchased power costs for the year.

Mrs. Creekpaum gave an update on engineering applications for the year. Year to date in 2015, service engineering has received 837 applications compared to 695 in 2014.

Mrs. Creekpaum gave a report on her attendance at the Select Committee on Pensions with Washington State. She has been appointed as the Employer's Representative for evaluating the State Actuary's office.

Mrs. Creekpaum then informed the commission on the progress of some strategic initiatives. Beginning with process improvement, she explained that the team has been studying the work order process and have begun implementing a number of improvements that will translate into efficiencies and prepare the utility for the migration to the new enterprise software system through NISC.

Mrs. Creekpaum updated the commission on the community solar project. Announcing that customers can begin registering for solar units beginning August 1. She expressed that there has been a lot of interest in this project.

Mrs. Creekpaum also gave an update on the grid modernization project. She said that the Landis + Gyr contract has been signed and that the kickoff meeting for that will be happening soon. She then explained that the team conducted its kickoff meeting with NISC last week.

Mrs. Creekpaum followed up on the BPA rate increase announcement. Stating that the utility has been faced with substantial rate increases the last two rate periods. She prompted the commission to begin thinking about the timing of a rate increase for PUD 3. She expressed that not only is the utility facing the wholesale rate increases from BPA, but there will also be impacts from the renewable requirements under the Energy Independence Act (I-937) going from 3 percent to 9 percent in 2016. In addition the utility will have additional conservation requirements under the 7<sup>th</sup> power plan. She explained that staff will be looking at the impact to the utility but would like to consider a rate increase in October of 2015 to coincide with BPA's rate increase.

#### COMMISSION REPORT

No reports.

#### GOOD OF THE ORDER

Andrew Davis introduced himself as a new reporter for the Shelton-Mason County Journal.

Following the calendar review and with no further business appearing, the commission meeting adjourned at 10:14.

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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