

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, August 25, 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 Robert Johnson.

The following PUD 3 personnel were present: Energy Resources Manager Justin Holzgrove; Director of Business Operations Michelle Wicks; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Operations Manager Scott Peterson; Customer Service Manager Diane Hennessy; Records Coordinator Jennifer Renecker (recorded minutes).

A member of the public in attendance was Dedrick Allen of *Mason Web TV*.

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) (i) to discuss with legal counsel potential litigation. The estimated time for the session is 15 minutes with no action to follow.

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 August 11, 2015, regular commission meeting.
 - b. Voucher Nos. (dated August 18, 2015) 133402 through 133480 — \$ 1,693,945.19
(Includes electronic funds transfer payment Nos. 1682-1685.)
 - c. Voucher Nos. (dated August 25, 2015) 133481 through 133565 — \$ 1,101,521.96
(Includes electronic funds transfer payment Nos. 1686-1691.)
- TOTAL \$ 2,795,467.15

d. Void accounts payable check for the week ending August 14, 2015, in the total amount of \$190.12.

* 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 approve In-House Excavation Crew and Subsequent Equipment.

Staff explained that this is a common practice with several other surrounding utilities. An in-house excavation crew will ensure safety and training and enhance operator efficiency. Customer service will be improved with quicker response times and shorter outages. Several examples were given of recent jobs that would have benefited from having in-house excavation. Wages and benefits would be offset with cost of the contracted services. Equipment would be purchased from reserve funds.

After discussion Mr. Farmer moved, motion seconded by Ms. Gott, to approve the In-House Excavation Crew and Subsequent Equipment. MOTION PASSED UNANIMOUSLY.

COMMENTS FROM PUBLIC

No comments from the public.

STAFF REPORTS

Mr. Samuelson reviewed the power situation statement for July 2015 with the commissioners. He pointed out that the kilowatt-hours purchased by the PUD for sales to its customers in July were up just over half a percent over July of last year, however the purchase price is up 6.1 percent. PUD 3 purchased 43,764 megawatt-hours (MWh) of electricity compared to 43,486 MWh of electricity purchased during the same period in 2014. He reported that PUD 3 paid \$1.58 million during July on wholesale energy purchases, compared to \$1.48 million for the same period in 2014. This includes spending \$75,024 in July on "Renewable Energy Credits" to meet obligations under the Washington State Energy Independence Act (Initiative 937). Year-to-date, the PUD 3 has spent \$626,128 toward meeting the renewable energy requirements.

Mr. Samuelson informed the commission he is working on purchased power forecasting for the upcoming budget and rate scenarios for the September 8th hearing.

Mrs. Creekpau reported that two hearings have been scheduled for September 8, 2015 for proposed rates and for the 2016 budget.

Mrs. Creekpau noted that new service applications year to date through July were at 997, this is up from last year's 819 applications for the same period.

Mrs. Creekpau informed the commission of work that is being done at Johns Creek behind the PUD building on Johns Prairie Rd. The Mason Conservation District received grant funding to preserve and improve the quality and quantity of habitat. Groups involved in the project include: Mason County Conservation District, South Puget Sound Salmon Enhancement Group, Squaxin Island Tribe, and PUD 3.

Mrs. Creekpau gave an update on the Community Solar project. With the first half of marketing completed the program is currently oversubscribed at 3,700 units registered for, and the total units available is set at 2,893.

Mrs. Creekpau read a letter of thanks for the utility's quick response time during a recent outage.

Mrs. Creekpau mentioned the devastating fires in Eastern Washington having effects on Okanogan and Chelan PUD's.

Mrs. Creekpau reported on the banner replacement program with the City of Shelton. The city voted yesterday to approve the LED reader board to replace the banner hanging process. PUD will now move forward with the city on planning the project.

COMMISSION REPORT

Mr. Farmer reported his attendance at the North Mason County Chamber event celebrating 100 years of Belfair.

GOOD OF THE ORDER

Following the calendar review and with no further business appearing, the commission meeting recessed at 10:40 a.m. for a short break, and reconvened at 10:45 a.m.

The commissioners then adjourned and met in executive session for no more than 15 minutes to discuss with legal counsel potential litigation. No action would follow the executive session.

At 11:00 the executive session adjourned and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 11:00.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary