

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 13, 2015.

District officers present were: Commissioners, Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson. Manager Annette Creeksbaum; Finance Manager/Auditor Sherry Speaks; and Treasurer Brian Taylor; (*Attorney Robert Johnson was at a conference*).

The following PUD 3 personnel were present: Director of Business Services John Bennett; Customer Service Manager Diane Hennessy; Public Information & Government Relations Manager Joel Myer; Risk Manager Bob Smith; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

Members of the public in attendance were Mark Reddeman, Jim Gaston, and Carla Martinez of Energy Northwest.

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 September 22, 2015, regular commission meeting.
 - b. Voucher Nos. (dated September 29, 2015) 133908 through 134029 — \$ 1,109,005.41
(Includes electronic funds transfer payment Nos. 1714-1720.)
 - c. Voucher Nos. (dated October 6, 2015) 134030 through 134142 — \$ 203,260.17
(Includes electronic funds transfer payment Nos. 1721-1724.)
 - d. Voucher Nos. (dated October 13, 2015) 134143 through 134241 — \$ 2,559,831.46
(Includes electronic funds transfer payment Nos. 1725-1736.)
- TOTAL \$ 3,872,097.04

- e. Void accounts payable check for the week ending September 25, 2015, in the total amount of \$125.86. Void accounts payable checks for the week ending October 2, 2015, in the total amount of \$633.11. Void accounts payable checks for the week ending October 9, 2015, in the total amount of \$3,272.02.

* 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.

COMMENTS FROM THE PUBLIC

Energy Northwest (ENW) CEO, Mark Reddeman updated the commission on the various projects and recent successes at Energy Northwest. He discussed the Excellence in Performance program that ENW has implemented and the awards the organization has received as a result. He also covered the various member services that ENW currently provides and shared ways the organization is exploring to strengthen its partnership with members and expand its offerings. Mr. Reddeman explained that through benchmarking other joint action agencies, he recognized that ENW may be missing opportunities to take advantage of the economy of scale for its members. He shared that he is considering an advisory group of general managers to explore these opportunities further.

Energy Northwest (ENW) Energy Services & Development General Manager Jim Gaston gave commissioners a presentation on the demand response pilot that ENW is working on with the Bonneville Power Administration (BPA). Unlike the pilot project that Mason PUD 3 conducted with consumers, the ENW project focuses on the load side management. He explained that the control system purchased for the pilot, the Demand Response Aggregated Control System (DRAC) could be available to support utility scale demand voltage reduction. Mr. Gaston shared that the City of Richland has already seen success using the DRACS by installing gateways in its substations. In addition, there may be commercial opportunities for demand response with BPA offering a stipend to participants.

Mr. Jorgenson thanked Energy Northwest for its update and commended the organization for being inventive and imaginative. He asked if there is any opportunity for the group to address the impacts of the Energy Independence Act (EIA/I-937) for its member utilities.

Mr. Reddemman expressed that ENW is heavily involved with its members on the (EIA) issue, however he is not optimistic that the legislation will be changed prior to its final deadline of 2020. He does think that there is an opportunity for member utilities to work together to address other clean energy legislation that continues to be introduced.

ACTION ITEMS

Recommendation was made to approve an Interlocal Agreement with the Houston-Galveston Area Council (H-GAC) for cooperative purchasing.

Mr. Farmer moved, motion seconded by Ms. Gott to to approve an Interlocal Agreement with the Houston-Galveston Area Council (H-GAC) for cooperative purchasing. MOTION PASSED UNANIMOUSLY.

Next a recommendation was made to Award Bid No. SMW-2015.4, the Kamilche Tower Fuel Tank Installation to the low responsible bidder, General Mechanical, Inc. for a bid price of \$117,000 plus tax. The project includes the installation of a 1500 gallon fuel tank, fuel polishing system and associated pumps, piping, and electrical work to supply the Kamilche tower generator. The generator currently can only operate for three days, but with the upgrade will be able to operate for 10-14 days. The tower provides 911 and emergency communications and was prompted by Mason County's Emergency Plan.

Ms. Gott moved, motion seconded by Mr. Jorgenson to Award Bid No. SMW-2015.4, the Kamilche Tower Fuel Tank Installation. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of September 30, 2015, with the commissioners. Month-end receipts were \$4,554,021, which brought the year to date receipts to approximately 71 percent of the total annual budget, while expenditures for the month of September were \$4,516,462, which is approximately 70 percent of budget for the year.

Mr. Taylor gave the treasurer's report of funds through September 2015. The total of all funds at month-end were \$35,594,728.95 which an increase of \$751,088.35 over the previous month.

Mrs. Creekpau reported that service engineering received 1,291 total applications for service year to date. That is compared to 1,015 for the same period in 2014.

Mrs. Creekpau informed the commission that Puget Sound Solar is currently on site installing the solar panels on the roof of the warehouse for the community solar program.

At Mrs. Creekpau's request, Mrs. Eaton gave the commission an overview of the Public Power Week activities. She said that over 330 fifth graders visited the PUD to learn about what the PUD does, the benefits of hydroelectricity to our region, and the science behind electricity. Mrs. Eaton also explained that it is great exposure for the PUD as well as an opportunity to make our future ratepayers into advocates for public power and hydroelectricity.

At Mrs. Creekpau's request, Mr. Myer let the commissioners know about two upcoming events tied to Public Power Week. The Chamber After-Hours function which will be hosted by the PUD tomorrow (Wednesday, October 7) from 5:30-7:00. And The Economic Development Council luncheon which will be co-hosted by PUD 3 and PUD 1 featuring a presentation by Liz Anderson of the Washington Public Utility Districts Association (WPUDA) on the history of Public Power.

Mr. Myer also updated commissioners on the storm over the weekend which marked the 53rd anniversary of the Columbus Day storm. He said that a Pacific Ocean hurricane "OHO" caused winds up to 50mph. While the few outages that did happen as a result were scattered and isolated, one transmission line to the Collins Lake substation was knocked out by a tree causing nearly 3,400 customers to be without power.

Mr. Myer also informed the commission that in addition to the PUD's participation in the Skookum Rotary's OysterFest, PUD employees and community members volunteered to put together the Shuck 'n Share 5k run to benefit the Project Share fund. He said the event raised over \$3,300 for the charity.

COMMISSION REPORT

Ms. Gott reported her attendance at the Western Public Agencies Group (WPAG) last week as well as two meetings with Energy Northwest. She also plans to attend the NoaNet meeting in Spokane later today.

GOOD OF THE ORDER

Following the calendar review and with no further business appearing, the commission meeting adjourned at 11:12.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary