

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, November 10, 2015.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Customer Service Manager Diane Hennessy; Energy Services Manager Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; 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 the winners of the 2015 Public Power Week Art Contest and their families: Darrin Hodgson, Cohen Holzgrove; Morgan Cathers, Robert Ramsfield, Jessica Carey; Shelton Christian School 1<sup>st</sup> Grade Class; Debbie Norris; Madison Carkhuff; Emily and Cindy Adams; and Hailey Woods and Family.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session would be scheduled for the purposes of item 42.30.110(1)(g) to evaluate the qualifications of an applicant for public employment. The executive session is expected to take five minutes with potential 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 October 27, 2015, regular commission meeting.
  - b. Voucher Nos. (dated November 3, 2015) 134410 through 134502 — \$ 237,760.39  
(Includes electronic funds transfer payment Nos. 1748-1752.)
  - c. Voucher Nos. (dated November 10, 2015) 134503 through 134615 — \$ 830,632.60  
(Includes electronic funds transfer payment Nos. 1753-1763.)
- TOTAL \$ 1,068,392.99
- e. Void accounts payable checks for the week ending October 30, 2015, in the total amount of \$2,588.91.  
Void accounts payable checks for the week ending November 6, 2015, in the total amount of \$1,636.03.00.

\* 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.

PUBLIC COMMENT

At Mrs. Creekpaum's request, Mrs. Eaton welcomed the 2015 Public Power Week art and photography contest winners and their families. She read the list of winners as follows and requested a short recess for photos. The winners include: Emily Adams; Julius Allison; Terrence Allison; Joni Allen; Madison Carkhuff; Cohen Holzgrove; Mason County Christian School 1<sup>st</sup> Grade Class; Steve Ness; Lynn Patterson; Robert Ramsfield; Avery Sandquist; and Hailey Woods.

Mr. Farmer announced that the meeting would recess at 10:03 for photos. The meeting reconvened at 10:11.

ACTION ITEMS

A recommendation was made to adopt Resolution No. 919-J, which is a resolution "Suspending PUD 3 Employees Self-Funded Dental Program and Providing for a Substitute Plan."

The resolution follows the recommendation by the insurance committee to agree to a two-year group plan through MetLife at a lower premium with better benefits. The self-insured plan would be suspended while the District evaluates the results of the new policy.

Mr. Farmer moved, motion seconded by Ms. Gott to adopt Resolution No. 919-J "Suspending PUD 3 Employees Self-Funded Dental Program and Providing for a Substitute Plan." MOTION PASSED UNANIMOUSLY.

Recommendation was then made to approve the conservation targets for the 2016-2017 biennium as well as the ten-year conservation targets as required under the Energy Independence Act (I-937).

Mr. Holzgrove explained that EES Consulting helped prepare the targets which he believes to be attainable mainly due to the conservation work that the District has already achieved. He also mentioned that the targets have been benchmarked against other utilities and while it is based on the 6<sup>th</sup> Power Plan which is currently in place, the targets have been measured against the draft 7<sup>th</sup> Power Plan to ensure future compliance. The targets being proposed are: 3,428 MWh for the 2016-2017 biennium and 18,294 MWh for the ten-year plan.

Ms. Gott moved, motion seconded by Mr. Farmer, to approve the conservation targets at 3,428 MWh for the 2016-2017 biennium and 18,294 MWh for the ten-year plan. MOTION PASSED UNANIMOUSLY.

#### STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of October 31, 2015, with the commissioners. Month-end receipts were approximately \$4.4 million, while expenditures were approximately \$4.5 million leaving the month with a negative budget balance of (\$99,745). The year-to-date budget balance is positive at \$312,371.

Mr. Taylor gave the treasurer's report of funds through October 2015. The beginning cash balance was \$3.8 million, ending cash balance was \$7.3 million. The total investments equaled \$11.5 million and the total of all funds at month-end were \$35.5 million.

Mrs. Creekpaum noted that the PUD offices will be closed tomorrow, November 11, in observance of Veterans Day and thanked the commission and staff for their individual service as well as the service of their family members. She also noted that there would be a tribute to veterans on the District's Facebook page.

At Mrs. Creekpaum's request, Mr. Holzgrove gave the commission an update on the community solar project. He announced that all of the 2,893 units were sold and paid for and the all of the inspections were complete with the exception of Mason County, which will be here today. The plan is to begin production as soon as the project is signed off and have a celebration ribbon-cutting ceremony in mid-December where commissioners, staff, participants and local officials will be invited.

Mr. Jorgenson inquired whether the District would consider another project due to the large community interest. Mr. Holzgrove explained that currently the state law's cap on community solar is met with this project.

Mrs. Creekpaum informed the commission that staff will be presenting an analysis of a change to the methodology for arriving at pole contact fees at an upcoming meeting. She explained that Mason PUD 3 evaluated the current rate in comparison to the pole contact rate under the statutory method set forth in RCW 54.04.045 as interpreted by Public Utility Dist. No. 2 of Pacific County v. Comcast of Washington IV, Inc., 184 Wash. App. 24, 56, 336 P.3d 65, 82 (2014), as amended on reconsideration (Feb. 10, 2015). The current rate adopted prior to the Court's decision under Resolution No. 1587 is \$22. Adopting the maximum rate as calculated under the statutory methodology reflected in the Pacific County case would result in a pole contact rate higher than the current rate. Staff believes that the current rate is just, reasonable, nondiscriminatory, and sufficient under RCW 54.04.045 at this time, and is therefore recommending the commission ratify the existing \$22 rate under the new methodology.

#### COMMISSION REPORT

Ms. Gott reported her attendance at the Energy Northwest E-board meeting and public power forum where Joem Myer gave a presentation on community solar.

Mr. Farmer reported his attendance at the Allyn Community Association.

#### GOOD OF THE ORDER

Following the calendar review and with no further business appearing, the commission meeting recessed at 10:46 a.m. for a short break, and reconvened at 10:52 a.m.

The commissioners then adjourned and met in executive session for no more than five minutes to evaluate the qualifications of an applicant for public employment.

At 10:57 the commissioners extended the executive session for an additional five minutes.

At 11:02, the executive session adjourned and the regular meeting reconvened.

Mr. Jorgenson moved, motion seconded by Ms. Gott to authorize the manager to sign an employment contract with Mr. Pat McGary for Power Supply services.

With no further business appearing, the commission meeting adjourned at 11:03.

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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