

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 24, 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: Director of Business Services John Bennett; Customer Service Representative – Switchboard Operator Ulises Brambila; Director of Business Operations Michelle Burleson; Energy Services Manager Justin Holzgrove; Public Information & Government Relations Manager Joel Myer; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; Safety & Environmental Compliance Manager Bob Smith; 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. It was noted that two executive sessions would be scheduled. The first executive session for the purposes of item 42.30.110(1)(g) to review the performance of a public employee is expected to last five minutes with no action to follow. The second executive session for the purposes of 42.30.110(1)(b) to consider the selection of a site or the acquisition of real estate is also expected to last five minutes, however 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 November 10, 2015, regular commission meeting.
 - b. Voucher Nos. (dated November 17, 2015) 134616 through 134702 — \$ 1,840,327.40
(Includes electronic funds transfer payment Nos. 1764-1776.)
 - c. Voucher Nos. (dated November 24, 2015) 134703 through 134816 — \$ 1,189,829.28
(Includes electronic funds transfer payment Nos. 1777-1778.)
- TOTAL \$ 3,030,156.68
- e. Void accounts payable checks for the week ending November 13, 2015, in the total amount of \$179.90.
Void accounts payable checks for the week ending November 20, 2015, in the total amount of \$1,065.53.

* 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

No members of the public were in attendance.

ACTION ITEMS

Recommendation was made to adopt Resolution No. 1652, “A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees.” These positions are as planned for in the 2016 budget and are presented as required by RCW 54.12.090.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt Resolution No. 1652, “A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees.” MOTION PASSED UNANIMOUSLY.

Resolution No. 1653, “A Resolution Establishing the 2016 Non-Union Compensation Plan,” was presented for consideration. The resolution sets compensation levels as adopted by the 2016 budget.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt Resolution No. 1653, “A Resolution Establishing the 2016 Non-Union Compensation Plan.” MOTION PASSED UNANIMOUSLY.

Recommendation was then made to ratify the pole contact fee. Commissioners were presented an analysis of a change in the methodology for arriving at pole contact fees. Staff 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 the court in the Public Utility District No. 2 of Pacific County case. The current rate adopted prior to the Court’s decision under Resolution No. 1587 is \$22. Mr. Johnson explained that 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.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, that the pole contact rate of \$22 set under Resolution 1587 be ratified as a just, reasonable, nondiscriminatory and sufficient rate consistent with RCW 54.04.045 as interpreted by the Court of Appeals in the Pacific County case. MOTION PASSED UNANIMOUSLY.

Resolution No. 1654 was brought before the commission for consideration. It is "A Resolution Declaring a State of Emergency and Designating Agents for FEMA Applications." Mrs. Creekpau told commissioners that the Governor has declared a state of emergency with the most recent storms and the utility needs to be prepared with this resolution in the event the president follows that declaration and makes FEMA funds available to recover costs associated with the storm.

Ms. Gott moved, Mr. Jorgenson seconded to Approve Resolution No. 1654 "A Resolution Declaring a State of Emergency and Designating Agents for FEMA Applications." MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Creekpau reported that 1,463 applications for service have been received year to date, compared to 1,123 for the same period in 2014.

Mr. Holzgrove went over the power situation statement with commissioners for October 2015. He explained that it reflects the first billing of the Bonneville Power Administration's new rate period. He pointed out that for October 2015, the cost of purchased power was \$1.8 million which is similar to the cost for the same period in 2014, however the District used 2.6% less power during that same period.

At Mrs. Creekpau's request, Mr. Holzgrove gave the commission an update on the community solar project. He announced that the contractor will be doing the final commissioning and punch list on Monday along with installing the monitoring software. The tentative plan is to have a celebration ribbon-cutting ceremony on December 21, where commissioners, staff, participants and local officials will be invited.

At Mrs. Creekpau's request, Mr. Myer updated the commission on the storm. He explained that there was good warning from the National Weather Service of the storm that produced gusts of wind at approximately 53 mph in Shelton and 51 mph in Belfair. At the height of the outage, the PUD had nearly 8,000 customers without power. Because of the great work of the crews/staff in addition to good communication with customers (via multiple avenues including Facebook) many messages of support and appreciation from customers were received.

Mrs. Creekpau gave the commission an update on the Grid Modernization project. She explained that phase one of the NISC software installation is going well. The company is impressed by PUD staff and employees and is looking at a go-live date of January 25 for phase one and May 2 for phase two. In addition, on December 1st, Landis + Gyr will be on site to do a meet and greet with the project engineer.

Mrs. Creekpau announced that Director of Business Services John Bennett's son Paul will be awarded the Walkley Scholarship at the WPUA Annual Meeting on December 2nd. She also noted that two of PUD's employees Mel Ferrier and Kevin Phillips will be presented the Good Samaritan Award at the same meeting for their work in helping a crash victim until emergency personnel arrived.

COMMISSION REPORT

Ms. Gott reported her attendance at the NoaNet meeting on November 12 and announced that after the December meeting, the NoaNet meetings will be held at the Operations Center (NOC) in Spokane for 2016.

Ms. Gott also announced that she will be absent for the December 8, regular meeting.

GOOD OF THE ORDER

Following the calendar review and with no further business appearing, the commission meeting recessed at 10:26 a.m. for a short break, and reconvened at 10:31 a.m.

The commissioners then adjourned and met in executive session for no more than five minutes to review the performance of a public employee.

At 10:36, the executive session adjourned and the regular meeting reconvened. The commission meeting recessed at 10:36 a.m. again for a short break, and reconvened at 10:41 a.m.

At 10:41, the commission adjourned and met in executive session for no more than five consider the selection of a site or the acquisition of real estate.

At 10:45, the executive session adjourned and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 10:45.

Thomas J. Farmer, President

ATTEST:

Bruce E. Jorgenson, Vice President

Linda R. Gott, Secretary