

MINUTES OF SPECIAL MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

President Gott called a special 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, March 29, 2016.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Customer Service Manager Diane Hennessy; Engineering and Community Relations Manager, Justin Holzgrove; Interim Power Supply Manager Patrick McGary; Power Supply Manager Michele Patterson; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; Safety and Environmental Compliance Manager Bob Smith; and Administration and Communication Services Manager 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

Ms. Gott reviewed the items listed on the consent agenda. Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

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| a. Minutes of the March 15, 2016 special commission meeting. | |
| b. Voucher Nos. (dated March 22, 2016) 135902 through 135927
(Includes electronic funds transfer payment Nos. 2462- 2463.) | — \$ 159,045.29 |
| c. Voucher Nos. (dated March 29, 2016) 136213 through 136378
(Includes electronic funds transfer payment Nos. 2464-2614.) | — <u>\$ 1,232,485.07</u> |
| | TOTAL \$ 1,391,530.36 |
| d. Void accounts payable check for the week ending March 25, 2016, in the total amount of \$2,377.15. | |

* 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 comments from the public.

ACTION ITEMS

Recommendation was made to award Bid No. E1-2016, for Tower Installations to the low responsible bidder, Cascade Networks Inc., for a bid price of \$330,000 plus tax. The tower installations are necessary to install collectors for the Grid Modernization project as well as provide for necessary radio communication and two-way dispatch services. The location of the three towers will be in the Belfair, Matlock, and Cloquallum areas.

Mr. Farmer move, motion seconded by Mr. Jorgenson to to award Bid No. E1-2016, for Tower Installations to the low responsible bidder, Cascade Networks Inc., for a bid price of \$330,000 plus tax. MOTION PASSED unanimously.

Recommendation was then made to approve Resolution No. 1659, which is “A Resolution Opposing 732, the Carbon Pollution Tax Act.” The commission discussed the concerns over increased taxes on electricity customers, unclear impacts on the Washington State budget, and concerns over measuring emissions from power generation. It was pointed out that Mason PUD 3’s electricity is already 97 percent carbon free. Based on studies from the Washington PUD Association, the tax on the three percent of the utility’s electricity that comes from natural gas and coal could increase costs to our customers between \$567,000 and nearly \$1.9 million in the first year. (Depending on high or low water years for hydroelectric generation.) In addition, the initiative suggest the use of the Washington State Fuel Mix report for monthly tax calculations, however the report comes out once a year. The basis of some of its computations are not clear. Supporters of the initiative say it provides cleaner energy solutions by taxing carbon, while offsetting increased costs with tax breaks. The basic elements of the initiative include:

- A \$25 per ton tax on fossil fuels.
- A reduction of the state sales tax.
- Funding a “Working Families Tax Rebate.”
- A reduction of the Washington State Business & Occupation tax on manufacturing.

The tax would be listed as a separate item on a customers’ bill.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to approve Resolution No. 1659, “A Resolution Opposing 732, the Carbon Pollution Tax Act.” MOTION PASSED unanimously.

Resolution No. 1660, which is “A Resolution Reaffirming the Treasurer and Appointing a Deputy Treasurer” was brought before the commission for consideration. Mrs. Creekpaum explained that this resolution supersedes Resolution No. 1595 which appointed Jennifer Renecker as Deputy Treasurer and a shift in job duties has prompted the need to appoint Jennifer Goos as the new Deputy Treasurer. Brian Taylor will remain the Treasurer for the District.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to approve Resolution No. 1660, “A Resolution Reaffirming the Treasurer and Appointing a Deputy Treasurer.” MOTION PASSED unanimously.

Next, Resolution No. 1661, which is “A Resolution Reaffirming the Auditor and Appointing a Deputy Auditor,” was recommended for approval. This resolution supersedes Resolution No. 1596, which appointed Jenifer Sliva as Deputy Auditor. With the resignation of Mrs. Sliva, Resolution No. 1661 appoints Dawn Thompson as the new Deputy Auditor. Sherry Speaks will remain the Auditor for the District.

Mr. Jorgenson moved, Mr. Farmer seconded to adopt Resolution No. 1661, “A Resolution Reaffirming the Auditor and Appointing a Deputy Auditor.” MOTION PASSED unanimously.

It was then recommended to approve Resolution No. 1662, which is “A Resolution Declaring Vehicles Surplus.” Various vehicles and equipment were listed for surplus under the resolution and will be disposed of according to District policy.

Ms. Gott moved, motion seconded by Mr. Farmer to adopt Resolution No. 1662, “A Resolution Declaring Vehicles Surplus.” MOTION PASSED unanimously.

Recommendation was then made to approve Resolution No. 1663, which is “A Resolution Modifying the Electrical Service Rules and Regulations.” This modification is due to a change in how the District processes automatic payments with the new enterprise software system (NISC). Where previously two separate policies outlined the procedures for handling of automatic payments by credit cards (ACC) and automatic payments by checking account (ACH), staff has combined the policies, updated the procedures, and placed the new language into the Electric Service Rules and Regulations for customer convenience and transparency. Both policies (ACC & ACH) will be rescinded as part of this resolution.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to adopt Resolution No. 1663, “A Resolution Modifying the Electrical Service Rules and Regulations.” MOTION PASSED unanimously.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of February 29, 2016, with the commissioners. Month-end receipts were \$6.6 million which is approximately 19 percent of the total budget, while expenditures were \$6 million approximately 18 percent of budget, leaving a positive budget balance of \$884,086.

Mrs. Speaks also gave the treasurer’s report of funds through February 2016. The opening cash balance was \$3.8 million and was \$4.6 million at month’s end. The utility’s investments totaled at \$11.5 million. The total of all funds at month-end were \$34,659,809.33 which was an increase of \$969,583.66 over the previous month. Mrs. Speaks pointed out that there was minor investment activity during the month of February.

Mrs. Creekpaum gave a brief legislative report on the budget deal that will be voted on today.

At Mrs. Creekpaum’s request, Ms. Patterson went over February’s power situation statement with commissioners. The total amount of purchased power for the month of February was 60,837 MWh which was 6.97 percent more power purchased from the Bonneville Power Administration (BPA) than February of 2015. The cost of purchased power was \$2.6 million which was 9.02 percent more than the same period last year. The commission was informed that the cost to comply with the Energy Independence Act (I-937) year to date in 2016 was \$145,352 which is approximately 2 percent of the total purchased power costs for the year.

COMMISSIONERS REPORT

Ms. Gott reported representing Energy Northwest (ENW) at the Bonneville Power Administration's Annual Award Ceremony.

Ms. Gott also reported her attendance the ENW Participants Review Board meeting and Executive Board meeting last week.

GOOD OF THE ORDER

Following the calendar review and with no further business appearing, the commission meeting adjourned at 10:28.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary