

MINUTES OF PUBLIC HEARING & REGULAR MEETING OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO. 3
OF MASON COUNTY, WASHINGTON

President Gott called the public hearing to order at 10:00 a.m. The hearing was held to receive comments on the proposed update to the state mandated Resource Plan as required under RCW 19.280.

The public hearing and regular meeting were held in the PUD 3 auditorium (Skookum Room) at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, August 23, 2016.

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; Director of Business Operations Manager Michelle Burleson; Telecommunications Manager & Director Dale Knutson; Interim Power Supply Manager Pat McGary; Energy Resource Manager Michele Patterson; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; and Administration & Communication Services Manager Lynn Eaton (recorded minutes).

Members of the public in attendance were Dedrick Allen of *Mason Web TV* and Randy Lewis of Shelton.

PUBLIC HEARING

Ms. Patterson explained that in accordance with RCW 19.280, the PUD is holding this hearing to receive comments on the PUD's proposed update to its state mandated Resource Plan. She explained that utilities are required to update their resource plans every two years and report the update to the Department of Commerce in five year increments. As a Bonneville Power Administration (BPA) load following customer, PUD 3 is using the BPA load forecast as related to the Tier 2 selection. The average megawatt (aMW) forecast is as follows:

- 2020 – 82.67 aMW
- 2025 – 83.78 aMW

Ms. Patterson reported that in compliance with the Washington State Energy Independence Act (I-937), PUD 3 chose to use the Utility Potential Analysis option (WAC 194-37-070 (6)) to determine its share of the region's cost-effective and achievable conservation potential. She noted that the Conservation Potential Assessments were developed in partnership with EES Consulting. Under the mandate utilities have three options to determine conservation targets; using the standard calculator under the plan, using a modified calculator, or determining a utility potential assessment. The PUD's projected conservation is as follows:

- 2018 – .21 aMW
- 2023 – .21 aMW

As part of the plan, Ms. Patterson highlighted other specified resources the utility is purchasing such as hydro from the Packwood Hydroelectric project, wind from the Nine-Canyon Wind project, wind from the White Creek Wind project. Currently the utility is bringing to load its share of these projects. In addition, PUD is purchasing additional renewable energy credits (RECs) from the White Creek Wind Electric Generation Facility through agreements with the Emerald People's Utility District and Klickitat Public Utility District No. 1, in order to meet requirements under the Energy Independence Act (I-937).

PUBLIC COMMENT

Mr. Lewis noted that the five and ten year estimates included an increase in load growth and asked what the drivers of that load growth were.

Ms. Patterson noted that load growth projections are done in coordination with the BPA, however she pointed to a few key industries that are expanding or developing. Another factor considered is weather.

With no additional public comments forthcoming, the public hearing was adjourned at 10:08 a.m.

The regular meeting was called to order at 10:08 a.m. by President Gott.

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) (g) to review the performance of a public employee. The executive session is estimated to last approximately 5 minutes, with no action to follow.

CONSENT AGENDA

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

- a. Minutes of the August 9, 2016 regular commission meeting.
 - b. Voucher Nos. (dated August 16, 2016) 137936 through 138049 — \$ 2,803,280.85
(Includes electronic funds transfer payment Nos. 3936- 4105.)
 - c. Voucher Nos. (dated August 23, 2016) 138050 through 138295 — \$ 362,739.25
(Includes electronic funds transfer payment No. 4106.)
- TOTAL \$ 3,166,020.10
- d. Void accounts payable checks for the week ending August 12, 2016 in the total amount of \$70.71. Void accounts payable check for the week ending August 19, 2016 in the total amount of \$800.00.

* 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

Ms. Gott welcomed those in attendance.

ACTION ITEMS

Recommendation was made to Adopt the Updated Resource Plan under RCW 19.280.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to Adopt the Updated Resource Plan. MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reported to the commissioners on the status of the budget as of July 31, 2016. Month-end receipts were \$4,418,707, while expenditures were \$4,632,457. Expenditures year to date were \$36.7 million, or 57 percent of the adopted 2016 budget. Receipts year to date were \$38.1 million, or 59 percent of the adopted 2016 budget. She noted that annual payments went out this month to net metering customers and participants of the community solar project.

Mr. Taylor gave the treasure's report of funds through July 2016. The total of all funds at month-end were \$34,404,846.23. Outstanding warrants for the month of July were \$174,811.05.

At Mrs. Creekpaum's request, Mrs. Speaks informed the commission that the 2008 Bond Refunding is moving along and scheduled to close on August 31.

At Mrs. Creekpaum's request, Ms. Patterson provided the commission with the power situation statement for July 2016. She indicated that it looked typical for this time of year and that the weather was milder than 2015. She noted that less energy was used year-to-date at a higher price. The approximate 4 percent overall increase can be attributed to higher power rates from the BPA. She noted that this was anticipated so we are still on target with the budget.

Mrs. Creekpaum gave an update on the engineering applications for new services. She noted that 188 applications were received year to date as of July 2016 compared to 116 during the same period in 2015, resulting in a 62 percent increase.

Mrs. Creekpaum also updated the commissioners on the grid modernization project. She said that 2,936 meters, 5 collectors, and 64 routers have been installed to date. The towers are scheduled to be constructed by the end of September.

Mrs. Creekpaum gave an update on the implementation of the enterprise software solution from NISC. She noted that last Friday was the first regular work day that the payments received through the Integrated Voice Response (IVR) system outperformed the payments received by customer service representatives. This is a milestone, indicating that customers appreciate the self service options the new software allows. She also noted that John Bennett and Sherry Speaks would be attending the user's conference at NISC and speaking on a panel regarding the PUD's implementation.

Mrs. Creekpaum updated the commission on the progress of developing a telecommunication's program. She said that staff is currently querying other utilities regarding customer surveys.

COMMISSIONERS REPORT

Mr. Farmer reported that he attended the Shelton Mason County Chamber of Commerce function last week.

FUTURE AGENDA ITEMS

The commission requested the downtown administration building to be placed on a future agenda for discussion.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission took a short break at 10:25.

Upon return, the commission went into executive session at 10:28 for the purposes of item 42.30.110(1) (g) to review the performance of a public employee. The executive session is estimated to last approximately 5 minutes, with no action to follow.

At 10:33 the executive session adjourned and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:33.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary