

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

President Bruce Jorgenson 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, December 5, 2017.

District officers present were: Commissioners, Thomas J. Farmer and Bruce E. Jorgenson; Manager Annette Creekspaum; Treasurer Brian Taylor; and Attorney Robert Johnson. (Commissioner Linda R. Gott was at a Northwest Public Power Association event and Finance Manager/Auditor Sherry Speaks was absent)

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Operations Assistant Karissa Byrne; Communications and Community Relations Coordinator; Records Coordinator Sarah Cooper; Customer Service Manager Diane Hennessy; Engineering Services and Community Relations Manager Justin Holzgrove; Director of Engineering and Utility Services Dale Knutson; Public Information & Government Relations Manager Joel Myer; Energy Resources Manager Michele Patterson; Revenue Protection Supervisor Jennifer Renecker; and Assistant Public Information & Government Relations Manager Lynn Eaton (recorded minutes).

Members of the public in attendance were: Gary Huard and Colleen Walls of Belfair.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

Mr. Jorgenson 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:

- a. Minutes of the November 21, 2017, public hearing and regular commission meeting.
- b. Voucher Nos. (dated November 28, 2017) 144093 through 144173 \$ 1,537,770.89  
(Includes electronic funds transfer payment Nos. 9751-9925)
- c. Voucher Nos. (dated December 5, 2017) 144174 through 144239 \$ 142,879.17  
(Includes electronic funds transfer payment Nos. 9926-9936)
- TOTAL \$ 1,680,650.06
- d. Void accounts payable checks for the week ending November 28, 2017, in the total amount of \$12,189.49.
- e. Void accounts payable checks for the week ending December 1, 2017, in the total amount of \$4,257.74.

\* 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

Colleen Walls expressed her opposition to the advanced meters and opt-out fees.

Gary Huard expressed his opposition to the advanced meters and opt-out fees.

ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1695, "A Resolution Establishing the Positions and Grades for Supervising and Non-Union Employees."

Mrs. Creekspaum explained that this is the annual process for establishing the positions and grades for non-union employees.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to approve Resolution No. 1695, “A Resolution Establishing the Positions and Grades for Supervising and Non-Union Employees.” After a brief discussion, MOTION PASSED UNANIMOUSLY.

Recommendation was then made to Adopt Resolution No. 1696, “A Resolution Establishing the 2018 Non-Union Compensation Plan.”

Mrs. Creekpauam commented that this again is the annual process for establishing the compensation for non-union employees. She noted that these wages have been accounted for in the 2018 budget.

Mr. Farmer moved, motion seconded by Mr. Jorgenson, to approve Resolution No. 1696, “A Resolution Establishing the 2018 Non-Union Compensation Plan.” After a brief discussion, MOTION PASSED UNANIMOUSLY.

Recommendation was then made to Adopt Resolution No. 1697, “A Resolution Authorizing the Execution of Joint Resource Planning and Acquisition Agreement – NIES/NEMS.”

Mrs. Creekpauam explained that the resolution is to authorize a joint resource planning agreement (JRPAA) between Mason PUD 3 and the Northwest Intergovernmental Energy Supply (NIES) and the Northwest Energy Management Services (NEMS). Both of these entities are a part of the Northwest Requirements Utilities (NRU) and provide for all types of power resource acquisitions (market and brick-and-mortar).

Ms. Patterson further noted that the goal of the agreement is to diversify our portfolio and provide another option for finding the lowest possible price in power purchases to serve above High Water Mark load.

By signing the agreement, the District can achieve economies of scale and efficiencies in operation in securing non-federal power supply and transmission services in order to serve a utility’s High Water Mark loads. Due to the demanding execution requirements necessary to engage and confirm market purchases and the understanding that the inability to transact timely may cause injury to Mason PUD 3 and other participating utilities, it is imperative to have overlying terms and conditions, and authorities expressed in advance. For these reasons, NEMS and NIES require a resolution authorizing the execution of the JRPAA.

No purchases are being made with the execution of this agreement, and the appropriate discussions and approvals would be made before the District would consider participating in any market purchase. This agreement just sets the overlying terms and conditions and specific pricing would be set at the time a purchase was made.

Mr. Farmer moved, motion seconded by Mr. Jorgenson to Adopt Resolution No. 1697, “A Resolution Authorizing the Execution of Joint Resource Planning and Acquisition Agreement – NIES/NEMS.” After a brief discussion, MOTION PASSED UNANIMOUSLY.

Recommendation was then made to approve the two-year and ten-year Washington State Energy Independence Act (I937) Conservation Targets.

Ms. Patterson explained that the District worked with EES Consulting to identify these targets. She noted that in order to comply with the Washington State Energy Independence Act (I-937), these targets are required to be set every two years.

	Cost Effective Potential – Base Case (MWh)			
	2-year*	6-year	10-year	20-year
Residential	3,721	13,372	25,081	49,035
Commercial	983	4,267	8,392	17,851
Industrial	260	718	1,180	1,389
Distribution Efficiency	86	510	1,175	3,209
Total	5,050	18,866	35,828	71,484

\*2018 and 2019

Mr. Farmer moved, motion was seconded by Mr. Jorgenson to approve the two-year conservation target at 5,050 (MWh) and the ten-year conservation target at 35,828 (MWh). THE MOTION PASSED UNANIMOUSLY.

#### STAFF REPORT

Mrs. Creekpaum reported that approximately 22,000 meters have been installed as part of the grid modernization project, as well as 184 routers and 10 collectors.

Mrs. Creekpaum shared that the engineering applications continue to increase. She reported that year-to-date in 2017, the District has received 254 applications compared to 223 for the same period last year.

Mrs. Creekpaum announced that the District's system reliability report indicates that Mason PUD 3 is 99.978% reliable. She said that this plays into the utility's RP3 designation with the American Public Power Association.

Mrs. Creekpaum informed the commission that the District has signed an agreement with the Squaxin Island Tribe and will be moving forward on building Totten substation. The District's portion of the substation build has been accounted for in the 2018 budget.

Mrs. Creekpaum informed the commission that the E3 organization will be coming to Mason PUD 3 on January 9, 2018 to give a presentation to commission on the carbon pricing study.

Mrs. Creekpaum shared with the commission that she has been asked to sit on a panel at Energy Northwest regarding the future of the energy industry.

Mrs. Creekpaum provided the commission with a map of Washington from the Department of Retirement Services that she received from her seat on the Select Pension Committee. She made note that Mason County receives \$50 million per year in retirement income. She also pointed out that for every dollar spent in the county, it comes back as \$1.62 in economic development.

At Mrs. Creekpaum's request, Mr. Myer provided a legislative update. He gave an overview of the topics he believes will be prevalent in the short sixty-day session. He also informed the commission on the federal issues that may be impacting the District.

#### COMMISSIONERS' REPORT

Mr. Farmer reported his attendance at the WPUDA annual meeting and noted that he will be attending the PPC meetings this week.

#### GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission meeting adjourned at 10:30.

---

Bruce E. Jorgenson, President

ATTEST:

---

Thomas J. Farmer, Vice President

---

Linda R. Gott, Secretary