

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

The Commissioners of Public Utility District No. 3 of Mason County, Washington met in a meeting in the PUD 3 auditorium at 307 W. Cota Street in Shelton, Washington on Tuesday, April 28, 2009.

Vice President Bruce Jorgenson called the meeting to order at 10:00 a.m. District officers present were Commissioners Thomas J. Farmer and Bruce E. Jorgenson; Manager Wyla Wood; Finance Manager/Auditor Annette Creekpaum; Treasurer Sherry Speaks; and Attorney Robert Johnson. Commissioner Linda R. Gott was in Washington, D.C. attending the Northwest Public Power Association legislative meetings.

PUD 3 employees in attendance were: Senior Power Supply Analyst Matt Samuelson; Public Information Officer Joel Myer; Administrative Assistant Lacy McIntosh; Power Supply Manager Jay Himlie (arrived at 10:05 a.m.); Operations Manager Bob Smith (arrived at 10:21 a.m.); and Assistant to the Manager Nancy Bolender (recorded minutes).

Members of the public in attendance were: Carly Ward and April Hudson, Shelton High School Civics students; Jeff Green of *The Shelton-Mason County Journal*; Jutta Riediger of Shelton; Dedrick Allan of KMAS Radio Station; and John Whalen, former PUD 3 commissioner, of Belfair.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of item 6.a., Open Houses for Proposed Johns Prairie Operations Center.

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 April 21, 2009, regular commission meeting.
- B.* Voucher Nos. 101228 through 101332 — \$ 520,774.16

* 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

Mr. Jorgenson welcomed those present and asked for any comments at this time. He noted for the record that comments would be accepted throughout the commission meeting.

Ms. Riediger stated she was present to discuss a billing complaint in which one of her homes was vacant, yet recorded high kilowatt-hour usage in January 2009. While it was noted that both the old meter and the new one which was installed tested accurately, the usage seemed high. The commissioners referred the matter to staff for review and to pursue the dispute process as set out by PUD 3's policies and procedures.

ACTION ITEMS

The commissioners conferred about three open houses that will be scheduled to allow customers to learn more about the proposed Johns Prairie operations center. Mr. Jorgenson stated he had problems with how the open houses were to be set up. He thought the hours of 5:00 p.m. to 8:00 p.m. made it difficult for people to attend a meeting.

It was pointed out that the open houses are not run as public meetings and are being scheduled so as to allow people to drop in when convenient and have the proposals explained and their questions answered. It was not expected that those in attendance would stay the entire time, but rather come and go as their schedules allow.

After extended discussions, commissioners acknowledged the open house dates of May 6 and 28 in the PUD auditorium, and May 12 in Belfair at the Theler Community Center. The hours for the open houses were extended with each lasting from 5:00 p.m. to 9:00 p.m. Since the project is in its earliest stages, future opportunities (past the initial open house sessions) for public input are planned.

Mr. Whalen said he had been receiving telephone calls from people thinking their electric rates would be rising.

Mrs. Wood explained that any proposal for the Johns Prairie operations center would utilize financing so that debt service payments would not increase, thus not causing a rate increase. However, future wholesale power rate increases from the Bonneville Power Administration (BPA), as well as the costs for power and conservation

programs to meet the requirements of I-937, The Energy Independence Act are expected to cause power rates to rise in the future.

STAFF REPORTS

Power Supply Manager Jay Himlie reported that he sent notice to the BPA regarding a discrepancy between PUD 3 load growth forecasts and those conducted by the BPA. Mr. Himlie stated that BPA used figures lower than the actual amount the PUD was billed from 2006 through 2008 as the base, then used a 1.5 percent growth rate. From 1986 through 2009, PUD3's actual average annual growth was 2.85 percent. This is important, because it can affect the amount of lowest cost energy that is allocated to PUD 3 when new BPA wholesale rates go into effect. If load growth estimates are established at a low level, the PUD will have to purchase more expensive electricity to cover the difference between the lower allocations and actual requirements. The price difference could be at least \$250,000 per year in wholesale rates.

Himlie reported that an energy conservation project for the city of Shelton is underway. The project replaces standard incandescent light bulbs in the city's traffic signals with LED lights. This will help PUD 3 in meeting some of its conservation requirements under the state's renewable energy law. It will also provide the city with cost savings through lower electricity consumption at the retrofitted signals.

Mrs. Wood informed the commissioners that a bill had been received from an attorney hired by the PUD to look into water issues. The bill came in \$4000 higher than anticipated; however, the work product was excellent and provided a lot of needed historical information. The commissioners gave approval to pay the additional billing.

Mrs. Wood also noted that the PUD's State Environmental Policy Act (SEPA) policy needs updating to meet current requirements. A draft update will be provided to the commissioners at the May 5th regular commission meeting. She said a public hearing will be held on May 12, 2009, to receive comments on the policy following which a proposal will be presented to the commissioners on May 19th for their consideration.

REPORT OF COMMISSIONERS

Mr. Farmer reported his attendance at the North Mason Chamber meeting on Wednesday, April 22nd. The North Mason School levy and the emergency medical services (EMS) levy were both discussed.

Mr. Jorgenson said ESSB 5840, which would have amended Initiative 937, died on Sunday, April 26th, the last day of the legislative session. However, it was pointed out that news reports indicate it may be considered during a special session planned to be called for later in May by Governor Gregoire.

GOOD OF THE ORDER

Following a calendar review, and with no further business appearing, the regular meeting adjourned at 10:45 a.m.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary