

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 conducted a regular business meeting in the PUD 3 auditorium at 307 W. Cota Street in Shelton, Washington on Tuesday, May 18, 2010.

President Linda Gott called the meeting to order at 10:00 a.m. District officers present were Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Manager Wyla Wood; Finance Manager/Auditor Annette Creekpau; Treasurer Sherry Speaks; and Attorney Robert Johnson.

PUD 3 employees in attendance were: Power Supply Analyst Diane Archer; IS Manager John Bennett; Maintenance Engineering Supervisor Nick Earsley; Power Supply & Energy Services Manager Jay Himlie; Facilities Specialist Randy Howard; Customer Service Manager Michele Knauf; CSR-Account Specialist Terri Lanman; E&O Support Supervisor Mary McKay; Acting Human Resources Manager Ilene Olson; Shelton Line Superintendent Scott Peterson; Engineering Manager Terry Peterson; CSR-Dual Headquarters Floater Stephanie Robinson; Assistant Power Supply Manager Matt Samuelson; GIS Technician Brian Schneidmiller; Operations Manager Bob Smith; Service Engineering Supervisor Brad Smotherman; Belfair Line Superintendent Mike Speaks; and Assistant to the Manager Nancy Bolender (recorded minutes).

Members of the public in attendance were Louis Cofoni of Shelton and Richard Byrd of Shelton.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of item 6.b. Resolution No. 1509, Declaring Distribution System Items Surplus.

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 May 11, 2010, regular commission meeting.
- B.* Voucher Nos. 106816 through 106931 — \$ 2,316,449.91
(Includes electronic funds transfer payment No. 336)

* 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

Ms. Gott welcomed those in attendance and stated that comments would be accepted throughout the meeting.

Mr. Cofoni commented on various items including recent news articles including one about the proposed ADAGE biomass generating plant and one encouraging energy conservation.

ACTION ITEMS

A recommendation was made to award bid L1-2010, Johns Prairie Operations Center Site Preparation to the low bidder, Zephyr's, Inc. of Allyn, Washington for a base price of \$234,800 plus taxes. Zephyr's, Inc. is also low bidder at \$8,500 on the alternate "B" for the cutting and stockpiling of some existing concrete walls. The bid also contains provisions for a unit cost for quantities of earth moved or hauled on a per yard basis in addition to or less than quantities identified in plans and specifications, or in the case of unknown subsurface conditions. If quantities exceed 15 percent in either case, an adjustment in contract price will be by change order.

Ms. Gott, who was in attendance at the bid opening last Thursday, noted that the civil engineer's estimate for the work was between \$500,000 and \$600,000. The bids received ranged from \$234,800 to \$468,038. The low bid was more than 45 percent lower than the estimate.

Ms. Gott moved to award bid L1-2010, to low bidder Zephyr's, Inc. for a bid price of \$234,800 plus taxes and alternate B and per unit cost provisions. Mr. Farmer seconded the motion. A brief discussion ensued.

Mr. Farmer pointed out that both the first and second low bidders were local contractors from the North Mason area. He said the prices reflect the extraordinarily good bidding climate.

Following the discussion, the MOTION PASSED with Mr. Jorgenson voting no.

Resolution No. 1509, which is “A Resolution Declaring Distribution System Items Surplus (Non-PCB Contaminated),” was brought before the commissioners. Mrs. Wood explained that the utility received notification that a truck would be in our area this week to pick up this type of equipment and the utility would save money on shipping if we utilized it.

Mr. Jorgenson moved, motion seconded by Mr. Farmer, to adopt Resolution No. 1509, “A Resolution Declaring Distribution System Items Surplus (Non-PCB Contaminated).” MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mr. Himlie reported that he and Mr. Samuelson had attended an open house for the proposed Simpson biomass project on Monday, May 17th. The open house was for members of the business community to learn about the proposal. Simpson officials explained that the project would improve and make more efficient the existing operations on the Shelton waterfront.

Mrs. Wood informed the commissioners of the annual Economic Development Council of Mason County luncheon on June 18th at the Mason General Hospital. Reservations are required for those wishing to attend.

Mrs. Wood told the commissioners that word was received late last night that Grays Harbor County PUD is most likely pulling out of the proposed Radar Ridge Wind Project. (Grays Harbor PUD is a 49 percent owner/participant in the project.) She said that a conference call of the participants’ managers took place last Wednesday, during which information was provided by Energy Northwest that had not been shared previously and additional information was requested by the managers. A discussion ensued. Staff will provide a report to the commissioners once more information has been obtained.

COMMISSIONERS’ REPORT

Mr. Farmer reported on his attendance at the Allyn Community Association’s board meeting on May 17th.

Ms. Gott reported that she had attended the Washington PUD Association’s board meeting on Friday, May 14th. A meeting has been scheduled by the Association for June 10-11 in East Wenatchee to discuss proposed structural changes to the Association.

Ms. Gott noted she will be attended the Northwest Public Power Association’s annual meeting May 24-26. She also noted she will be speaking to the Women’s Democratic group luncheon on May 19th.

DISCUSSION ITEMS

A discussion took place about the draft Business Continuity Plan that was provided to the commissioners three weeks ago. Further review of the document will be done by the board and Mrs. Bolender will prepare a draft resolution to declare a disaster based on criteria within the plan to include in the document’s appendices.

Mr. Bennett provided the commissioners with additional information relating to costs for providing an out-of-area data storage, which includes the archiving of important computer files containing customer and operations information, to utilize in the event of a disaster.

The IS staff is recommending to purchase a fully redundant and fully populated NetApp FAS2040 with 10 terabytes of storage. The FAS2040 would replace the PUD’s current FAS2050, allowing the FAS2050 to be placed in an out-of-area data center. The new FAS2040 would become the PUD’s primary storage platform onsite and give the PUD some new features to better manage the data. It also allows for a faster recovery time in the event of a disaster. The FAS2050 would be moved to the NoaNet Network Operations Center (NOC) in Spokane, requiring a collocation fee for rack space and a monthly bandwidth fee.

Mr. Bennett showed first-year costs (2010) for this option are \$20,249 as it would be September before the work was done. In 2011 and 2012 the costs would be \$44,487. He explained any off-site option will require money to be budgeted every year to maintain adequate data storage space and connectivity. Mr. Bennett noted that a second, redundant AS/400 server, which is used for customer billing, work orders, human resource/payroll, etc., is being set up and tested in order to be placed in the Belfair office to provide additional recovery options.

Mrs. Creekpaum explained that the first-year cost of \$20,249, while not budgeted, would be able to be accommodated in this year’s budget. She said the utility is historically under budget in the IS line items and with the unbudgeted tax refund of \$124,000 from Department of Revenue, the PUD can cover this cost.

Mr. Jorgenson made a motion to proceed with option one for off-site data storage as outlined. Mr. Farmer seconded the motion. MOTION PASSED UNANIMOUSLY.

GOOD OF THE ORDER

Following a calendar review and good of the order, and with no further business appearing, the regular meeting adjourned at 10:50 a.m.

Linda R. Gott, President

ATTEST:

Bruce E. Jorgenson, Vice President

Thomas J. Farmer, Secretary