The Commissioners of Public Utility District No. 3 of Mason County met in a commission workshop in the PUD 3 auditorium in Shelton, Washington, on Thursday, April 20, 2017.

The workshop began at 6:00 p.m. District officers present were Commissioners Thomas J. Farmer, Linda R. Gott, and Bruce E. Jorgenson; Manager Annette Creekpaum; Auditor Sherry Speaks; and Attorney Robert Johnson.

The following PUD 3 personnel were present: Director of Business Services John Bennett; Journeyman Lineman Rob Coleman; 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; Engineering Manager Hamid Rezaei; Customer Service Revenue Protection Supervisor Mary Taylor; and Administration & Communication Services Manager Lynn Eaton (recorded minutes).

Members of the public in attendance were: Joel Baxter of Olympia Master Builders; Larry Boltz of Shelton; John Lester of Shelton Mason County Chamber of Commerce; Randy Lewis of Shelton; Lynn Longan of Mason County Economic Development Council; Scott MacAlevy of Shelton; Heidi McCutcheon of Shelton Mason County Chamber of Commerce; Kathy McDowell Shelton City Commissioner; Mike Obilzalo of Hood Canal Communications; Barb Parsloe of Shelton; George Sevier of Shelton; Andrew Spear of Shelton; Logan Spear of Shelton; Deborah Soper of Shelton; Patricia Vandehey of Shelton; Steve VanDenover of Grapeview; and Ben Walker of Shelton.

The purpose of the workshop was to discuss the proposed substation system capacity fee.

For the first thirty minutes of the workshop, participants were encouraged to visit the various informational stations to talk one-on-one with PUD 3 staff regarding the substation issue and proposal.

At 6:30 p.m., meeting moderator, Mr. Bennett welcomed guests and asked Mr. Myer to give a brief overview of the substation issue. Mr. Myer explained that due to specific requests for large load requirements from a couple of customers, coupled with a trend of continued growth in applications for new service, the District was forced to look at solutions for funding a possibility of four to five substations in the next ten years. He explained that the utility hired an outside consulting firm (EES Consulting) to conduct a study of the issue, which resulted in the four options that were presented. Mr. Myer noted that staff is recommending the hybrid approach of sharing the cost of a substation by collecting capacity fees from new connections as well as considering 40 percent of the substation would be used for system benefit, therefore paying for that portion through reserves and a potential 0.5 percent rate increase that may be considered at a future date. Mr. Myer concluded by showing a brief video explaining the issue.

Next, Mr. Bennett opened the Q & A portion of the meeting. He began by reading the written questions submitted by participants aloud and asking staff to respond. Approximately thirty questions were submitted and responded to. Topics ranged from funding methodology, to budget, to planning, as well as various attempts to clarify the proposal. Some main points staff tried to convey throughout the workshop included that the District will not build a new substation for large industrial or developer growth without having an application for service and signed agreement with payment first. This methodology protects the District from having a stranded asset. On the other hand, the other capacity fees collected from normal residential applications will be available for the district to use when its residential load growth exceeds its substations’ capacities and require substation upgrades and/or replacements.

Following the Q & A, Mrs. Creekpaum closed with a brief summary of the challenge the commission faces with difficult decisions like this. She pointed out that many times there are special interest groups on both sides of an issue, however the District has a responsibility to ensure that it continues to provide safe and reliable service in the most economical way possible for all of its 34,000 rate payers.

The workshop adjourned at 8:10 p.m.

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Thomas J. Farmer, Vice President

ATTEST:

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Linda R. Gott, Secretary