

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

President 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 (Skookum Room) at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, October 23, 2018.

District officers present were: Commissioners, Thomas J. Farmer; Bruce E. Jorgenson; Linda R. Gott; Manager Annette Creekpaum; Risk Manager/Auditor Brian Taylor; Finance Manager/Treasurer Sherry Speaks; Attorney Robert Johnson

The following PUD 3 personnel were present: Director of Business Services John Bennett; HR & Business Operations Assistant Karissa Byrne; Director of Business Operations Michelle Burleson; Communications & Community Relations Coordinator Asia Cline; Benefits Coordinator Sarah Cooper; Asst. Public Information & Government Relations Manager Lynn Eaton; Customer Service Manager Diane Hennessy; Director of Engineering & Utility Services Dale Knutson; Public Information & Government Relations Manager Joel Myer; Power Manager Michele Patterson; Administration Services Manager Mary Taylor (recorded minutes)

Members of the public in attendance were: Dedrick Allan of *Mason Web TV*, Randy Lewis of Shelton, Jeff McHargue of *Arnold & Smith Insurance Agency*.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session would be held as authorized by the Open Public Meetings Act, RCW 42.30.110 (1) (g) to review the performance of a public employee and RCW 42.30.110 (1) (i) to discuss potential litigation. The executive session is estimated to last approximately 15 minutes, with no action to follow.

CONSENT AGENDA

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

- a. Minutes of the October 09, 2018 regular commission meeting.
- b. Voucher Nos. (October 16, 2018) 147677 through 147758 \$ 2,992,024.71
(Includes electronic funds transfer payment Nos. 13895–14079)
- c. Voucher Nos. (October 23, 2018) 147759 through 147810 \$ 342,277.86
(Includes electronic funds transfer payment Nos. 14080–14095)
- TOTAL \$ 3,334,302.57
- d. Void accounts payable check for the week ending October 12, 2018, in the total amount of \$589.90. Void accounts payable check for the week ending October 19, 2018, in the total amount of \$12.00.

*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.

COMMENTS FROM THE PUBLIC

Public comment was given by Resident Lewis.

ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1718, “A Resolution Authorizing Repayment to the CERB for Aid in Financing the cost of Rural Broadband Infrastructure”.

Mrs. Creekpaum stated that the PUD bond attorney has reviewed the contract and added additional covenants. She requested manager authorization to sign the contract.

Ms. Gott moved to adopt Resolution No. 1718, “A Resolution Authorizing Repayment to the CERB for Aid in Financing the cost of Rural Broadband Infrastructure including a caveat for Manager authorization to sign the contract”. Motion seconded by Mr. Farmer. MOTION PASSED UNANIMOUSLY.

Recommendation was made to Adopt Resolution No. 1719, “A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees”.

At Mrs. Creekpaum’s request, Ms. Burleson stated that this is an annual process. An outside consultant, Milliman, performed a market survey and determined the wages are within normal range for the market. This survey is done every two to three years.

Ms. Gott moved, seconded by Mr. Farmer, to adopt Resolution No. 1719, "A Resolution Establishing Positions and Grades for Supervising and Non-Union Employees". MOTION PASSED UNANIMOUSLY.

Recommendation was made to adopt Resolution No. 1720, "A Resolution Establishing the 2019 Non-Union Compensation Plan".

Mrs. Creekpaum said this structure establishes ranges within excepted practices and coincides with the position and grades market survey.

Ms. Gott moved, seconded by Mr. Farmer to adopt Resolution No. 1721, "A Resolution Establishing the 2019 Non-Union Compensation Plan". MOTION PASSED UNANIMOUSLY.

Recommendation was made to Approve Renewals to the Benefits Plan.

Mrs. Creekpaum stated that the Insurance Committee, with the assistance of Mr. McHargue, reviewed current rates and needs of the employee benefits program.

At Mrs. Creekpaum's request, Ms. Burleson reported that based on the needs of the plan, the following changes will be necessary. Kaiser Permanente plan (formerly Group Health), will increase 9.05%. The Self-Insured plan, which has not had an increase in premiums since 2014, will have a 12.0 % increase. Met Life Dental will increase 8.0%. Short-Term Disability premium will increase \$0.04 (from \$0.50 to \$0.54). Ms. Burleson requested the ability for Mrs. Creekpaum to authorize and sign for the forthcoming long-term disability increase.

At Mrs. Creekpaum's request, Mr. McHargue stated that PUD 3 staff should be applauded for only a 12% increase based on his knowledge of much higher increases with other businesses.

Ms. Gott moved to Approve Renewals to the Benefits Plan and authorizing manager approval of the forthcoming long-term disability increase, seconded by Mr. Farmer. MOTION PASSED UNANIMOUSLY.

STAFF REPORT

Mrs. Speaks reviewed the status of the budget as of September 30, 2018, with the commissioners. The month-end receipts for September were \$4.8 million, expenditures were \$5.2 million. Finishing the month of September with a negative budget balance of \$517,000 and a year to date balance of \$2.2 million.

Mrs. Speaks then provided the treasurer's report of funds through September 2018. The opening cash balance for September was \$5.3 million and was \$4.8 million at month's end. The total of all funds at month-end were \$31.8 million.

At Mrs. Creekpaum's request, Ms. Patterson provided a report on the TC-20 settlement (terms and conditions of the Bonneville Power Administration (BPA) open access transmission tariff). BPA and its customers are nearing the end of settlement negotiations for TC-20 and there is a likelihood that it will be accepted. The current term sheet is favorable for network transmission (NT) customers. It is uncertain if the TC-20 settlement will include transmission rates and generation input rates. Currently, BPA is proposing a six (6) percent rate increase in lieu of the eight to ten (8-10) percent that was announced after the integrated program review (IPR) process. The six (6) percent would only be available under settlement. If the parties reach settlement all transmission customers must sign the settlement agreement immediately. The settlement agreement will function as an amendment to the NT transmission agreement. If the parties do not reach settlement, it will revert to BPA's initial draft published in September 2018 and will most likely enter litigation under the TC-20 tariff proceeding as previously scheduled.

Mrs. Creekpaum stated that a signature for approval will be required next week and asked commission for authority to execute approval documents. Commission responded yes to authorization for Mrs. Creekpaum to execute the TC-20 settlement documents.

At Mrs. Creekpaum's request, Ms. Patterson provided the commission with the power supply update. Ms. Patterson reported that total kWh delivered in September came in at over 41 million at a cost of \$1.9 million. The year to date cost of power from BPA is \$22 million and the non-federal resources is \$1.6 million. The total cost of power year to date is \$24 million.

Mrs. Creekpaum reported that November is the fourth and final month of the Judge Simon experimental spill program and has been calculated at \$1.16 per customer.

Mrs. Creekpauum said the 2018 budget includes new software for the SCADA system. A request for pricing (RFP) was issued and commission can expect a contract for Open Systems International (OSI) at a future meeting. The current SCADA system, which is approximately twenty (20) years old, is no longer operational.

Mrs. Creekpauum said the radio project is making progress. Installation will begin October 22 with seven (7) antennas, followed by fiber connections. This will be followed by office and crew installations with a mid-December completion anticipated.

At Mrs. Creekpauum's request, Mr. Myer provided a legislative update. He reported that President Trump had issued an official memorandum ordering the completion of the Columbia River Biological Opinion be completed in 2020 instead of 2021. The order required federal agencies working on the plan to produce a timeline of completion to him within the next two months.

Mr. Myer and Mr. Holzgrove testified October 16 on local telecommunications activity and programs before the Senate Economic Development and International Trade Committee. All agencies that testified said rural broadband is important for broadband success and should be treated like the national rural electrification programs of the 1930's.

Mr. Myer reported that PUD 3 had commented on draft recommendations from the Southern Resident Orca Task Force. The task force has been given the responsibility of developing short-term proposals to assist in the recovery of the southern resident pod of killer whales. Myer stated that many recommendations appear reasonable, however the removal of the four (4) Lower Snake River Dams is not in task force jurisdiction. That issue is already being discussed on a federal level.

At Mrs. Creekpauum's request, Mrs. Eaton provided an update on Public Power Week. Mrs. Eaton said that this was the sixth (6th) year that Mason County 5th grade students attended a fun educational event at PUD 3. This is a great way to reach our future ratepayers and educate them on the functions of the utility. The event, held in the PUD 3 auditorium, had six (6) stations with different educational aspects of the utility. A video highlighting the event was shown to commission. A wide range of PUD employees educated over six hundred (600) local children.

COMMISSIONERS' REPORT

Mr. Farmer reported that he attended the WPUDA budget meeting.

DISCUSSION ITEMS

The 2019 preliminary budget will be discussed at the November 6 meeting.

GOOD OF THE ORDER

Following the calendar review, the commission meeting recessed at 11:07 a.m. For a short break and reconvened at 11:11 a.m. to meet in executive session for no more than 15 minutes.

At 11:26 a.m. commission requested an additional 5 minutes to continue discussions.

At 11:31 a.m., the executive session adjourned and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 11:31 a.m.

Bruce E. Jorgenson, President

ATTEST:

Thomas J. Farmer, Vice President

Linda R. Gott, Secretary