

MINUTES OF PUBLIC 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, November 20, 2018.

District officers present were: Commissioners, Thomas J. Farmer; Bruce E. Jorgenson; Linda R. Gott (phoned in); Manager Annette Creekaum; 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; Director of Business Operations Michelle Burlson; Asst. Public Information & Govt. Relations Manager Lynn Eaton; Customer Service Manager Diane Hennessy; Telecommunications & Community Relations Manager Justin Holzgrove; Director of Engineering & Utility Services Dale Knutson; Conservation Manager Koral Miller; Public Information & Govt. Relations Manager Joel Myer; Power Manager Michele Patterson; Customer Service Revenue Protection Supervisor Jennifer Renecker; Administration Services Manager Mary Taylor (recorded minutes)

Members of the public in attendance were: Randy Lewis of Shelton

PUBLIC HEARING

At Mrs. Creekaum's request, Mrs. Speaks reviewed the preliminary \$75.5 million budget for 2019, which is a 5.6 percent increase over the 2018 budget. The budget includes a 3.9 percent increase in kWh sales over 2018. Approximately \$2.8 million will be spent to meet renewable energy mandates and approximately \$1 million will be spent for the District's portion of the Totten Substation. Phase I of grid modernization was complete in 2018, moving onto phase II in 2019 with anticipated projects including SCADA, conservation voltage reduction, and distribution management. Mrs. Speaks stated that the budget proposal does not include a retail rate increase.

After a brief discussion, with no public comment, the Public Hearing adjourned at 10:10 a.m.

The regular meeting was called to order at 10:10 a.m. by President Jorgenson.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented and 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. 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 Mr. Jorgenson to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

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|----|---|----|---------------------|
| a. | Minutes of the November 6, 2018 regular commission meeting. | | |
| b. | Voucher Nos. (November 13, 2018) 147965 through 148165
(Includes electronic funds transfer payment Nos. 14285–14468) | \$ | 1,202,797.33 |
| c. | Voucher Nos. (November 20, 2018) 148166 through 148245
(Includes electronic funds transfer payment Nos. 14469–14485) | \$ | <u>2,333,323.13</u> |
| | TOTAL | \$ | 3,536,120.46 |
| d. | Void accounts payable check for the week ending November 9, 2018, in the total amount of | | |

- \$10,118.05.
- e. Void accounts payable check for the week ending November 16, 2018, in the total amount of \$100.00.
 - f. Bonneville Power Administration (BPA) Network Transmission (NT) Planning Dialogue- Contract No. 01TX-10421
 - g. BPA Reimbursable Agreement No. 18TP-11590
 - h. BPA TC-20 Settlement Conclusion-Modified

*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

No public comment was given

ACTION ITEMS

Recommendation was made to Award Bid L5-2018 Powered Equipment & Operator for directional drilling and trenching work to low responsible bidder Hood Canal Telephone Co., Inc.

Mrs. Creekpau explained that the bid is a unit priced contract as allowed by state law. The contract has a sixty (60) day cancel notice required if in the future it is decided to keep such jobs in house.

At Mrs. Creekpau's request, Mr. Johnson explained that the Washington Public Utility District Association (WPUDA) approved legislation allowing utilities to select contractors for 3-year contract. PUD 3 is now in compliance with the new law.

After a brief discussion, Ms. Gott moved, motion seconded by Mr. Farmer to Award Bid L5-2018 Powered Equipment & Operator for directional drilling and trenching work to low responsible bidder Hood Canal Telephone Co., Inc. MOTION PASSED UNANIMOUSLY.

Recommendation was made to Award Bid S1-2018 vehicle surplus to the highest bidders.

Mrs. Creekpau explained that Resolution No. 1716 declaring vehicles & general plant items surplus was approved on September 11, 2018. This bid award is a result of that surplus.

Mr. Farmer moved, motion seconded by Ms. Gott to Award Bid S1-2018 vehicle surplus to the highest bidders. MOTION PASSED UNANIMOUSLY.

Recommendation was made to adopt Resolution No. 1721, A "Resolution Adopting the Budget for the Fiscal year 2019 as Presented and/or Amended".

Mrs. Creekpau said that this is the third consecutive year of no rate increase required in the budget.

Mr. Farmer moved, motion seconded by Ms. Gott to adopt Resolution No. 1721, A "Resolution Adopting the Budget for the Fiscal year 2019 as Presented and/or Amended". MOTION PASSED UNANIMOUSLY.

STAFF REPORT

At Mrs. Creekpaum's request, Mrs. Speaks reviewed the status of the budget as of October 31, 2018, with the commissioners. The month-end receipts for October were \$5.3 million, expenditures were \$6.1 million. Finishing the month of October with a negative budget balance of \$761,034 and a year to date balance of \$1.5 million.

Mrs. Speaks then provided the treasurer's report of funds through October 2018. The opening cash balance for October was \$4.8 million and was \$4.6 million at month's end. The total of all funds at month-end were \$32.4 million.

Mrs. Creekpaum reported that an Award of Excellence for PUD 3 social media, and an Award of Merit for the PUD 3 marketing campaign for our congressional visit last year, was presented to the Communicators at the Communicators Conference with American Public Power Association (APPA).

At Mrs. Creekpaum's request, Ms. Patterson provided the commission with the power supply update. Ms. Patterson reported that total kWh delivered in October came in at over 54 million at a cost of \$2.2 million. The year to date cost of power from BPA is \$23.6 million and the non-federal resources is \$1.7 million. The total cost of power year to date is \$26.5 million.

At Mrs. Creekpaum's request, Mr. Myer provided a legislative update.

Mrs. Creekpaum reported that engineering has seen a twenty-eight (28) percent increase in new service applications and a twelve (12) percent increase for all applications with a total of 1,750 applications in 2018.

At Mrs. Creekpaum's request, Mr. Knutson provided commission with a NoaNet update. Mr. Knutson stated that he attended the recent NoaNet Board meeting. He reported that NoaNet is inquiring about interest in member funding or participation in its upcoming projects. Mrs. Gott said that the NG911 project expenditures have exhausted the existing funding budget, the expected revenues have not started to come in yet. Mr. Farmer stated that he is in favor of cautiously moving forward. He stated that oversight of the project requests and broad participation from members would be necessary. Ms. Gott said that more discussions are taking place and she will keep the commission updated.

Mrs. Creekpaum recognized Veteran's Day and thanked Mr. Jorgenson and Mr. Farmer for their service.

COMMISSIONERS' REPORT

Mr. Farmer reported that he attended the NoaNet meeting and the WPUDA meeting.

GOOD OF THE ORDER

Following the calendar review, the commission meeting recessed at 11:04 a.m. For a short break and reconvened at 11:10 a.m. to meet in executive session for no more than 15 minutes.

At 11:25 a.m. commission requested and additional 10 minutes to continue discussions.

At 11:35 a.m., the executive session adjourned and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 11:35 a.m.

Bruce E. Jorgenson, President

ATTEST:

Thomas J. Farmer, Vice President

Linda R. Gott, Secretary