President Farmer called the public hearing on the proposed electric rate increase to order at 10:00 a.m. The hearings and regular meeting were held in the PUD 3 auditorium (Skookum Room) at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, September 10, 2019.

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

The following PUD 3 personnel were present: Director of Business Operations Michelle Burleson; Asst. Public Information & Gov Relations Manager Lynn Eaton; Telecommunications & Community Relations Manager Justin Holzgrove; Director of Engineering & Utility Services Dale Knutson; Conservation Manager Koral Miller; Public Information & Gov Relations Manager Joel Myer; Customer Service Revenue Protection Supervisor Jennifer Renecker; Administration Services Manager Mary Taylor-Monger (recorded minutes).

Member of the public in attendance was: Randy Lewis of Shelton.

PUBLIC HEARING – PROPOSED RATES

Mr. Farmer stated that the public hearing is to receive comments on the proposed electric rate increase. The increase is part of the overall financial plan for the utility.

Mrs. Creekpaum explained that the proposed rate change is a ten cent per day system charge increase to most rate schedules. This will not affect low-income senior or disability rates. There is also a proposed addition of rate schedule 27 for public electric vehicle (EV) chargers.

At Mrs. Creekpaum’s request, Mr. Holzgrove explained that since June 2015, there has been a two hundred and fifty percent increase in EV registrations. Customers have expressed interest in EV charging stations. Mason County has a tourism-based economy which requires PUD 3 to move forward with the consumer needs. He stated that there are two types of chargers. Level 2, which is 240 volts and will charge a vehicle from 0 to eighty percent in approximately four hours and level 3, which is three phase and will charge a vehicle from 0 to eighty percent in thirty minutes. He stated that EV stations will provide load growth for the utility and benefit the community.

At Mrs. Creekpaum’s request, Ms. Patterson provided the rate schedule principles.

- Cost of service based- Fair and equitable allocation of revenue to various customer classes of service making sure to provide revenue stability to Mason PUD 3.
- Sending the right price signals- Influence customer behavior to use equipment with a longer charging speed to put less demand on the system and mitigate peak demand risk.
- Local control- Provide customers electric service at board approved rates that follow these Rate Principles and conform to generally accepted rate setting techniques.
- Carbon Reduction- Mason PUD 3 supports a clean energy economy and uses ninety eight percent non-emitting generation and renewable resources. EVs running only on electricity have zero tailpipe emissions.
- Barrier to entry- EVs are an emerging technology that is growing fast but at a slower pace in rural areas such as Mason PUD 3. Balancing Mason PUD 3’s vision to maintain cost of service-based rates; future proofing Mason 3’s infrastructure; investing in the growth of our community; helping to create opportunities that enhance the economy, and quality of life; being a leader in energy innovations is paramount.

In conclusion, Mrs. Creekpaum stated that overall Mason PUD 3 is looking at safety and reliability of the PUD system and the ten cent per day increase of the system charge will benefit these areas.

With no public comments forthcoming, commissioners will consider adoption of the proposed rate at the next regular business meeting on September 24, 2019. The public hearing on proposed rates was adjourned at 10:15 a.m., at which time the public hearing for the 2019 proposed budget was called to order by Mr. Farmer.

PUBLIC HEARING – PROPOSED 2019 BUDGET

Mr. Farmer stated that the public hearing is to receive comments on the proposed 2019 operating budget.

Mrs. Creekpaum explained that the 2019 budget planning began with a $2.4 million negative amount but has been reduced to zero with cuts.
At Mrs. Creekpau’s request, Mrs. Speaks outlined the 2020 proposed budget.

Mrs. Speaks reiterated that the PUD uses a zero-based budgeting approach, meaning staff starts at a zero and builds the budgetary amounts on needs of the utility. She reported that the proposed 2020 budget is at $77.6 million, which is a 2.7 percent increase over the 2019 budget. A 6.53 percent increase in wholesale power rates and an 11 percent increase in the cost of energy transmission is projected as well as a 1 percent increase in kWh sales and a leveling of electric revenues. Mrs. Speaks continued explaining items affecting the budget which include: approximately $3.7 million will be spent to meet renewable energy mandates; projection of $468 thousand BPA Finance Reserve Surcharge; the expiration of the payment from BPA for Residential Exchange program at $825,500 over 2019; the completion of the Totten Substation; continuation of the grid modernization program at $750 thousand for 2020 with the implementation of the supervisory control and data acquisition (SCADA) network; a continuation of Fiberhood buildouts for the Community Economic Revitalization Board (CERB) program; includes $200 thousand for pole inspection and treatment costs; an increase in labor costs for the addition of line and boring crews; projects a savings of $360 thousand in bond refinancing.

After some discussion, with Resident Lewis asking for clarification regarding the operating expenses and Fiberhood, Mr. Farmer explained that commissioners will consider adoption of the proposed budget at the next regular business meeting on September 24, 2019. The public hearing was adjourned at 10:34 a.m., at which time the regular meeting was called to order by Mr. Farmer.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

Mr. Farmer reviewed the items listed on the consent agenda Mr. Jorgenson 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 August 27, 2019 commission meeting.

b. Voucher Nos. (September 3, 2019) 151348 through 151403
   (Includes electronic funds transfer payment Nos. 18412-18419) $176,616.33

c. Voucher Nos. (September 10, 2019) 151404 through 151460
   (Includes electronic funds transfer payment Nos. 18420-18441) $456,103.46

   **TOTAL $632,719.79**

d. Void accounts payable checks for the week ending September 6, 2019 in the total amount of $7,647.15.

e. Bonneville Power Administration (#09PB-13068) Revision No. 8 Exhibit D and F.

f. Governance Policy Expense Approval

* 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

Resident Lewis provided public comment.

STAFF REPORT

Mrs. Creekpau reported that Lobbyist Marty Kanner attended the recent Public Power Council (PPC) meeting where he requested that utilities send a letter of thanks to Congressman Kilmer for his work on the appropriations committee.

At Mrs. Creekpau’s request, Mr. Knutson provided an update on the recent scheduled BPA outage. Mr. Knutson reported that the outage went well, and breaker repairs were completed. Due to PUD 3 switching capabilities, only a small number of customers were out of power on Johns Prairie Road.

At Mrs. Creekpau’s request, Mr. Knutson updated the commission on the Totten substation work. He reported that grading is complete, and the oil containment is in place. The next phase will include concrete work which will begin next week.

COMMISSIONERS’ REPORT

Ms. Gott reported that she visited the PUD outage center during the scheduled BPA outage and was very pleased with the organization and procedures in place for it to be a streamlined, successful outage with minimal interruption of service for our customers.
Mr. Farmer attended the PUD 3 retiree luncheon held in the Johns Prairie Room. He complimented on its success and the importance of communicating with retirees.

**DISCUSSION ITEMS**

No items were discussed

**GOOD OF THE ORDER**

Mr. Farmer requested that any public comments or questions regarding the rates and budget hearings be forwarded to him.

With no further business appearing, the commission meeting adjourned at 10:49 a.m.

Thomas J Farmer, President

Linda R. Gott, Vice President

Bruce E. Jorgenson, Secretary