

(AMENDED)  
MINUTES OF REGULAR MEETING OF COMMISSIONERS  
OF PUBLIC UTILITY DISTRICT NO. 3  
OF MASON COUNTY, WASHINGTON

President Farmer 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, at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, November 25, 2014.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; Journeyman Lineman Rob Coleman; Customer Service Manager Diane Hennessy; Conservation Manager Justin Holzgrove; Telecommunications Manager Dale Knutson; Public Information & Government Relations Manager Joel Myer; Records Coordinator Jennifer Renecker; Telecommunications Supervisor Mike Rientjes; Power Supply Manager Matt Samuelson; Director of Engineering Terry Peterson; Risk Manager Bob Smith; Director of Business Operations Michelle Wicks; and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

Members of the public in attendance were Dedrick Allan of *Mason WebTV*; Louis Cofoni of Shelton; Pat and Russ Denney of Shelton; Jerry Eckenrode of *KMAS* Radio; Laurene Ekse of Shelton; Steven Fuhr of Union; Annabelle Gammons of Shelton; Linda Gale Houser of Shelton; Kristi and Judah Holzgrove of Shelton; Natalie Johnson of *The Shelton-Mason County Journal*; .

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 November 10, 2014, public hearings and special commission meeting.
  - b. Voucher Nos. (dated November 18, 2014) 129862 through 129930 — \$ 1,897,220.43  
(Includes electronic funds transfer payment Nos. 1446-1447.)
  - c. Voucher Nos. (dated October 28, 2014) 129931 through 130045 — \$ 851,914.18  
(Includes electronic funds transfer payment Nos. 1148-1453.)
- TOTAL \$ 2,749,134.61
- e. Voided accounts payable checks for the week ending November 14, 2014 in the total amount of \$181.82.

\* 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 PUBLIC

Mr. Farmer welcomed the winners of the first annual art and photography contest that took place during Public Power Week. Mrs. Creekspaum explained that the purpose of the contest was to raise awareness of the benefits of a public power community. She announced that there were twelve winners in total, and the theme of the contest was “75 years of Electricity.” The winners were: Jessica Carey, Jessica Colson, Pat Denney, Laurene Ekse, Annabelle Gammons, Tucker Hill, Judah Holzgrove, Linda Gale Houser, Mackenzie Milligan, Sheila Phillips and Tyanna Mzie Soliz. Several of the winners were in attendance.

Mr. Farmer then asked for public comment and Mr. Fuhr of Union addressed the commission as an owner of a local cannabis business (AgroPack, LLC) as authorized under initiative 502. Mr. Fuhr expressed concerns about the establishment of a separate rate class for cannabis-related services in PUD 3’s territory. He indicated that he felt there was inadequate notification of the rate hearing. Mr. Fuhr provided the commission with written questions and requested a response.

Following Mr. Fuhr’s comments, Mr. Cofoni commented that as resident of Mason County, he supports a separate rate class for cannabis-related services. He noted that he didn’t want the residential customers to subsidize the rates of the marijuana growers due to the large amounts of electricity they would consume.

Mr. Coleman, a Shelton resident and Journeyman Lineman for PUD 3, commented that he appreciated the commission looking closely at this new industry and its potential impact on the PUD 3 ratepayers. He voiced concerns about public money being used to fund the I-502 industry.

#### ACTION ITEMS

A recommendation was made to adopt Resolution No. 1633, which is a resolution “Revising Certain Rate Schedules.”

The rates schedules that would be adopted through this resolution were proposed at the public rate hearing which was held on Monday, November 10, 2014. Resolution 1633 establishes a three percent rate increase energy cost and a ten-cent increase in the daily system charge for residential schedule 12 and small commercial schedule 20. It also includes a ten percent increase in demand charges for large commercial schedule 21. The resolution adopts an eight percent rate increase, a ten cent per day increase in the daily system charge and a twenty percent increase in demand charges for large industrial schedule 61. All of which are effective with meter readings on or after February 1, 2015. In addition the resolution introduces a new rate schedule 24 to accommodate cannabis producers and processors authorized under Washington State law. Metered LED street lights and area lights were also added to schedule 41. Both schedule 24 and schedule 41 are effective with meter readings on or after December 1, 2014.

Ms. Gott moved, motion seconded by Mr. Farmer, to adopt Resolution No. Revising Certain Rate Schedules.”

After the motion, Ms. Gott commented that she is pleased that staff has spent a lot of time and included outside consultants to verify and validate the rate process. She felt that the new rates are fair and serving the new industry will be a learning experience.

Following the discussion, the MOTION PASSED UNANIMOUSLY.

A recommendation was made to adopt Resolution No. 1634, which is a resolution “Revising Telecommunication Rate Schedules.”

Mrs. Creekpaum explained that the proposed telecommunication rates were also presented at the public hearing on November 10. If adopted the new telecommunication rate schedule would go into effect on January 1, 2015. She added that the utility has not raised the port charge since 2005. The new rate schedule would include a reduction in the setup fee from \$50.00 to \$25; an increase in the network access port fee from \$18.50 to \$25.00 per month; an addition of premium level support at \$10.00 per month, which allows for after-hours services; and a reduction in the video port fee from \$2.50 to \$1.50.

Mr. Jorgenson moved, motion seconded by Ms. Gott, to adopt Resolution No. 1634, “Revising Telecommunication Rate Schedules.” MOTION PASSED UNANIMOUSLY.

Recommendation was then made to adopt Resolution No. 1635, “A Resolution Adopting the Budget for the Fiscal Year 2015 as Presented and/or Amended.”

A public hearing was held on November 10, 2014, at which the proposed budget was presented and discussed. The commission received no public comments.

Mr. Farmer moved, motion seconded by Ms. Gott, to adopt Resolution No. 1635, “A Resolution Adopting the Budget for the Fiscal Year 2015 as Presented and/or Amended.” MOTION PASSED UNANIMOUSLY.

#### STAFF REPORTS

Mr. Samuelson went over the Power Situation Statement for October 2014 with commissioners. The total amount of purchased power for the month of October was 48,066 MWh which was 14.2 percent less power purchased from the Bonneville Power Administration (BPA) than October of 2013. He pointed out that October was 17 percent warmer. The cost of purchased power was \$1.8 million which was 24.3 percent less than the same period last year, however he explained that it was due to a load shaping credit of \$242,254. Mr. Samuelson shared that while the amount of year to date purchased power was down by 5.1 percent, the cost of that power year to date was increased by 2.3 percent. He said that this is in line with the BPA rate increases. Finally, the financial impact to the utility for requirements under the Energy Independence Act (1937) was \$833,331 year to date, which amounts to approximately four percent of total purchased power costs.

Mr. Samuelson announced that beginning next week, the Bonneville Power Administration (BPA) will begin its draft rate case. He said that by July or August of 2015, the BPA will release its final numbers.

At Mrs. Creekpaum’s request, Mr. Myer reported on the presentation given to the North Mason Voice. He shared with commissioners that there were many questions about the LED area lights. Mr. Holzgrove added that

the community is enjoying the new lights and the PUD has received good testimony from the Port of Allyn.

COMMISSION REPORT

Ms. Gott reported her testimony given at a legislative workshop for senators regarding the impacts of NoaNet. She shared some stories that were given by several other presenters and said the message the group was trying to convey was that the job is not done until everyone in rural areas has connectivity to high speed internet. She said that limited type of connection often offered by retailers is not fast enough.

Ms. Gott also reported her attendance at the North Mason Voice and mentioned that Mr. Myer did a nice job as the auctioneer for the event.

Mr. Farmer reported his attendance at the Allyn Community Association meeting, the Tahuya Community Association meeting, the NoaNet meeting and the Washington Public Utility Districts Association (WPUDA) meetings.

DISCUSSION

The commission discussed the holiday commission meeting schedule and decided not to change the regular meeting schedule of December 23<sup>rd</sup>.

GOOD OF THE ORDER

After the calendar review, with no further business appearing, the commission meeting adjourned at 10:44.

---

Thomas J. Farmer, President

ATTEST:

---

Bruce E. Jorgenson, Vice President

---

Linda R. Gott, Secretary