

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, September 22, 2015.

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 Robert Johnson.

The following PUD 3 personnel were present: Director of Business Services John Bennett; Customer Service Manager Diane Hennessy; Public Information & Government Relations Manager Joel Myer; Power Supply Manager Matt Samuelson; Risk Manager Bob Smith; Director of Engineering Terry Peterson; Records Coordinator Jennifer Renecker; and Executive Assistant/Records Supervisor Lynn Eaton (recorded minutes).

A member of the public in attendance was Dedrick Allen of *Mason Web TV*.

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 September 8, 2015, public hearing and regular commission meeting.
  - b. Voucher Nos. (dated September 15, 2015) 133761 through 133830 — \$ 1,640,050.05  
(Includes electronic funds transfer payment Nos. 1704-1705.)
  - c. Voucher Nos. (dated September 22, 2015) 133831 through 133907 — \$ 225,837.61  
(Includes electronic funds transfer payment Nos. 1686-1691.)
- TOTAL \$ 1,865,887.66

- d. Void accounts payable check for the week ending September 11, 2015, in the total amount of \$1,263.53.

\* 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.

ACTION ITEMS

Recommendation was made to adopt Resolution No. 1649, which is a resolution “Revising Certain Electric Rate Schedules and Establishing Future Rate Increases.”

The two-year rate increases that would be adopted through this resolution were proposed at the public rate hearing which was held on Tuesday, September 8, 2015. Resolution 1649 establishes a four percent increase in energy rates and a ten-cent increase in the daily system charge for residential schedule 12, small commercial schedule 20, large commercial schedule 21, agriculture/cannabis schedule 24, and large industrial schedule 61. All of which are effective with meter readings on or after October 1, 2015. In addition, the resolution establishes another four percent increase in energy rates and a ten-cent increase in the daily system charge for schedules 12, 20, 21, 24, and 61 effective with meter readings on or after October 1, 2016.

Ms. Gott moved, motion seconded by Mr. Jorgenson, to adopt Resolution No. 1649 “Revising Certain Electric Rate Schedules and Establishing Future Rate Increases.” MOTION PASSED UNANIMOUSLY.

A recommendation was then made to adopt Resolution No. 1650 which is “A Resolution Adopting the Budget for Fiscal Year 2016.” The budget has been presented and discussed with the commissioners, and a public hearing was held on September 8, 2015.

Mrs. Speaks pointed out the budget is balanced and anticipates \$63.8 million in cash receipts and expenditures. It includes a the retail rate increase effective with meter readings on and after October 1, 2015, as well as a \$0.10 per day increase in the daily system charge with the same effective date.

Mrs. Speaks went over some of the information that was discussed at the public hearing in which she highlighted that PUD 3 uses a zero based budget system. Mrs. Speaks explained that the budget assumes a low to no growth which has a negative impact on revenues. The budget also includes the increase in wholesale rates from the

Bonneville Power Administration, and expenditures required to meet The Energy Independence Act (Initiative 937) requirements for renewable energy purchases and conservation programs. Mrs. Speaks explained that the 2016 budget includes a cost of living increase, an apprenticeship position and a temporary engineer position to fill future vacancies due to retirement as well as an increase in retirement and medical benefits.

Mr. Jorgenson moved, motion seconded by Mr. Farmer to adopt Resolution No. 1650 "A Resolution Adopting the Budget for Fiscal Year 2016." The MOTION PASSED UNANIMOUSLY.

#### COMMENTS FROM PUBLIC

No comments from the public.

#### STAFF REPORTS

Mr. Samuelson reviewed the power situation statement for August 2015 with the commissioners. He pointed out that the total purchased power by the PUD for sales to its customers in August was 42,347 MWh which was lower than August of 2014 at 43,643 MWh. The cost to purchase was also slightly lower at a total cost of \$1.73 million compared to \$1.74 million in 2014. He attributed this to the fact that the heating degree days has shown it to be approximately fourteen percent warmer year to date over last year.

In addition he reported that the PUD spent \$71,077 in August 2015 on "Renewable Energy Credits" to meet obligations under the Washington State Energy Independence Act (Initiative 937). Year-to-date, the PUD 3 has spent \$697,205 toward meeting the renewable energy requirements.

Mr. Samuelson then informed the commission that the utility received a letter from the Bonneville Power Administration notifying the PUD that its application for the Low Density Discount has been approved for the fiscal year 2015 at 5 percent.

Mrs. Creekaum reported that the community solar project was heavily oversubscribed. Bringing in over 6,400 registrations for the 2,893 units which required staff to implement the lottery system for selecting the participants. The numbers were drawn on September 17 from a random computerized program and the process was administered by the PUD auditor Sherry Speaks, and witnessed by Brian Taylor, Justin Holzgrove and Renee Porter. The deadline for selected participants to pay for their units is October 1, 2015. Construction is expected to begin mid-October.

Mrs. Creekaum announced that the communication team received several awards again from the Northwest Public Power Administration at the Communications and Energy Efficiency Conference in Lake Tahoe. She reported that Joel Myer was the chair of the conference this year and the team took first place for its annual report, first place for its social media efforts, second place for the newsletter, and second place for the 75<sup>th</sup> anniversary logo.

Mrs. Creekaum informed the commission that the PUD was awarded the Community Economic Revitalization Board (CERB) grant that it applied for in partnership with the Economic Development Council. The grant will be used to conduct a feasibility study for a potential business center in the PUD's administration building downtown Shelton.

Mrs. Creekaum gave an update on the neighborhood fiber build outs at Lake Nahwatzel and Haven/Wooten Lake areas. She explained that the Lake Nahwatzel project is already under construction and the Haven/Wooten Lake areas have been engineered and will go out to bid soon. She clarified that because of the nature of the infrastructure that Wooten Lake will be included with the Haven Lake project.

#### COMMISSION REPORT

Ms. Gott reported her attendance at the NoaNet meeting in Seattle where the group reviewed the preliminary budget for 2016. She also reported her attendance at the Washington Public Utility Association WPUA in Wenatchee last week. Ms. Gott also plans to attend the Energy Northwest E-board meeting tomorrow. In addition Ms. Gott attended the Squaxin Island Fundraiser on Saturday, and the Shelton-Mason County Chamber of Commerce golf tournament last week.

Mr. Farmer reported that he will be attending the North Mason high school dedication tonight.

#### GOOD OF THE ORDER

Following the calendar review and with no further business appearing, the commission meeting adjourned at 10:28.

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Thomas J. Farmer, President

ATTEST:

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Bruce E. Jorgenson, Vice President

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Linda R. Gott, Secretary