

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

President Gott called the public hearing to order at 10:00 a.m. The hearing was held to receive comments on the proposed 2017 operating budget.

The public hearing and regular meeting were held in the PUD 3 auditorium, at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, November 8, 2016.

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

The following PUD 3 personnel were present: Engineering Services & Community Relations Manager Justin Holzgrove; Energy Resource Manager Michele Patterson; Director of Engineering Terry Peterson; Director of Engineering & Utility Services Dale Knutson; and Records Coordinator Jennifer Renecker (recorded minutes).

Members of the public in attendance were Lynn Longan, Executive Director of Mason County Economic Development Council and Shelton resident Randy Lewis.

PUBLIC HEARING

Mrs. Speaks reported that the proposed 2017 budget is at \$67 million, which is an increase over the 2016 budget of five percent. She explained that the utility uses a zero based budgeting approach, meaning staff starts at zero and builds the budgetary amounts on the needs of the utility. No rate increase is proposed at this time; a cost of service analysis will be done next year for review.

Mrs. Speaks explained that new economic growth in the PUD's service area and a \$600,000 increase in renewables is projected. Renewable requirements are increasing from three percent to nine percent. Other factors considered in the budget are energy increases of four percent and transmission increases of one percent and increase in goods and services. Capital projects has an increase for load tap changer for the Collins Lake Substation.

Mrs. Speaks also noted (with today being election day) if Initiative 732 passes, the pass-through tax would be assessed and would be reflected as an additional line item on customer billings.

Mr. Farmer asked for the clarification of no rate increase. Mrs. Creekpau explained that the increased revenue from commercial growth and the departmental budget adjustments have allowed for rates to maintain at this time.

Member of the public Randy Lewis asked if a different version of the preliminary budget would be provided. Mrs. Creekpau responded that the preliminary budget provided will be the document provided and voted on by commission.

Mr. Lewis also expressed concern on the allowable Personal Time Off (PTO) days that are bankable and kept on the books.

With no additional public comments forthcoming, the public hearing was adjourned at 10:12 a.m.

The regular meeting was called to order at 10:12 a.m. by President Gott.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented and it was noted that there would be an executive session under item 14 of the agenda. It will be held to consider the minimum price at which real estate will be offered for sale or lease under

RCW 42.30.110(1)(c). The executive session will last 10 minutes, with no action to follow.

CONSENT AGENDA

Ms. Gott 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:

- a. Minutes of the October 25, 2016, regular commission meeting.
- b. Voucher Nos. (dated November 01, 2016) 139178 through 139250 — \$ 338,794.28  
(Includes electronic funds transfer payment Nos. 4941-4945.)
- c. Voucher Nos. (dated November 08, 2016) 139251 through 139327 — \$ 385,716.25  
(Includes electronic funds transfer payment Nos. 4946-4949.)  
TOTAL \$ 724,510.53.
- d. Void accounts payable checks for the week ending October 27, 2016, in the total amount of \$1,120.66.  
Void accounts payable checks for the week ending November 03, 2016, in the total amount of \$898.42.

\* 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

EDC Executive Director Lynn Longan addressed the commissioners regarding the possibility of occupying the vacant administration building on Cota Street. Mrs. Longan explained that the EDC has helped support the feasibility study for the vacant building and one of the scenarios presented was a business resource center. Longan noted that the EDC board has not approved this plan at this time but she wanted to take the time to express to PUD commission the ideas for the building and working on a collaborative effort.

The vision she sees is a shared (co-work) space for a business development center including such services as; counselors, technical services, and training services. These businesses would be tenants of the EDC which would also occupy the location and PUD 3 would be the landlord to the EDC. Purchasing the building for the EDC is not an option that they are able to finance at this time, so the lease would need to be a long term obligation and commitment to make the project a success.

The commission continued a discussion with Mrs. Longan, clarifying the project and its impacts to the community.

ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1673 which is “A Resolution Modifying the Electrical Service Rules and Regulations – Schedule 41 Establishing a Rate for LED Decorative Lights.”

Mr. Holzgrove explained to the commission that the current High Pressure Sodium (HPS) lights have reached their useful life and staff has researched to find the best lighting fixtures which are Light-Emitting Diode (LED) and energy efficient. These lights only affect the downtown Railroad Avenue area, and staff has been in discussion with the City of Shelton about the changes in the lights and the energy efficiencies. The life span of the new fixtures is approximately ten years compared to the previous fixtures at two years. The rate will be set at \$0.24/day which is the same as existing 70w HPS rate.

Mr. Farmer moved, motion seconded by Mr. Jorgenson to adopt Resolution No. 1673 “A Resolution Modifying the Electrical Service Rules and Regulation – Schedule 41 Establishing a Rate for LED Decorative Lights.” MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Creekpauum thanked Mr. Jorgenson and Mr. Farmer for their years of service to our country and thanked Ms. Gott for her family's services also.

Mrs. Creekpauum updated the commission on the grid modernization project. Currently staff has installed 5,797 meters, 80 routers and 6 collectors. Staff is currently working on the Hillcrest area and will be moving next to the Shelton Valley area.

Mr. Holzgrove gave commissioners a report on an energy efficient education project that will be starting in November. Staff will be providing a demonstration in the post office park of LED Christmas lights. PUD 3 will also be providing LED lightbulbs for the vintage decorations that are placed on the streets in town. This effort is part of the conservation program with Bonneville Power Administration and will be reported for I-937 conservation compliance.

COMMISSIONERS' REPORT

Ms. Gott reviewed her attendance at the Energy Northwest Board of Directors meeting and the Public Power Forum as well as her attendance at the Public Power Council.

GOOD OF THE ORDER

Ms. Gott noted that the December calendar meetings would remain as scheduled.

Following a calendar review and with no further business appearing, the commission meeting recessed at 10:42 a.m., and reconvened at 10:48 a.m.

The commissioners then met in executive session for 10 minutes to consider the minimum price at which real estate will be offered for sale or lease. No action would follow the executive session.

The executive session adjourned at 10:57 and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:57.

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Linda R. Gott, President

ATTEST:

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Bruce E. Jorgenson, Vice President

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Thomas J. Farmer, Secretary