

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

President Bruce 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, at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, April 11, 2017.

District officers present were: Commissioners, Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson. Manager Annette Creekpaum; 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; Director of Business Operations Michelle Burleson; Communications & Community Relations Coordinator Asia Cline; Customer Service Manager Diane Hennessy; Engineering Services and Community Relations Manager Justin Holzgrove; Director of Engineering and Utility Services Dale Knutson; Interim Power Supply Manager Pat McGary; Public Information & Government Relations Manager Joel Myer; Energy Resources Manager Michele Patterson; Records Coordinator Jennifer Renecker; Engineering Manager Hamid Rezaei; and Customer Service Revenue Protection Supervisor Mary Taylor (recorded minutes).

Members of the public in attendance were: Joel Baxter of *Olympia Master Builders*; Marty Crow of *Habitat for Humanity of Mason County*; Jerry Eckenrode of *iFIBER ONE*; Gary Huard of Belfair; John Lester of *Shelton Mason County Chamber of Commerce*; Randy Lewis of Shelton; Lynn Longan of *Mason County Economic Development Council*; Brianna Loper of *Shelton-Mason County Journal*; Heidi McCutcheon of *Shelton Mason County Chamber of Commerce*; Kathy McDowell *Shelton City Commissioner*; Barb Parsloe of Shelton; Marilyn Vogler of Shelton; and Colleen Walls of Belfair.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

Mr. Jorgenson reviewed the items listed on the consent agenda Ms. Gott moved, motion seconded by Mr. Farmer, to adopt the consent agenda. MOTION PASSED UNANIMOUSLY. By adopting the consent agenda, the following items were approved:

- a. Minutes of the March 28, 2017, regular commission meeting.
- b. Voucher Nos. (dated April 4, 2017) 141247 through 141360 — \$ 718,755.38
(Includes electronic funds transfer payment Nos. 6653-6657.)
- c. Voucher Nos. (dated April 11, 2017) 141361 through 141443 — \$ 1,004,186.04
(Includes electronic funds transfer payment Nos. 6658-6837.)
- TOTAL \$ 1,722,942.02
- d. Void accounts payable check for the week ending March 31, 2017, in the total amount of \$542.10
- e. Write off deceased customer with no assets and bankruptcies in the total amount of \$318.04.

* 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

Heidi McCutcheon and John Lester of the Shelton Mason County Chamber provided and read a letter to the commission in regards to Resolution No. 1682. The letter stated that the chamber was unaware of the resolution until just before the commission meeting held on March 28, 2017. They have submitted a public records request to the PUD and are aware that it will not be available to them until April 14, 2017. At the time of the meeting the chamber was not taking a position on the resolution, however stated that they would like more time to review the information so the chamber and public can better understand the proposal. They requested that the commissioners delay the vote to provide ample time for public review and comment.

Ms. Walls distributed information on radio waves. She is opposing the \$50.00 opt out fee for AMI meters and questioned the \$1.10 per day service fee and indicated she could not locate it in the fee schedule. Ms. Walls stated that she believes that the \$1.10 daily system charge includes the cost of reading meters. She would like to see this fee removed and asked if customers that have AMI meters will be reimbursed \$50.00 since PUD is not reading the meter.

Marilyn Vogler stated that she does not object to the fee associated with Resolution No. 1682 but is requesting a delay and considerations in exception for low-income affordable housing. There are several projects in Mason County now, and the new fee could potentially hamper these programs. She stated that jurisdictions are encouraged to be creative with affordable housing programs and asked how PUD 3 can assist affordable housing incentives.

Marty Crow of Habitat for Humanity stated that currently construction cost of low-income housing is \$62,000 and the fee proposed in Resolution No. 1682 would increase this by 2.5 percent.

Joel Baxter of the Olympia Master Builders requested that the vote on Resolution No. 1682 be postponed until the public records request by the chamber has been completed and the stakeholders have time to review.

City Commissioner McDowell asked that the decision on Resolution No. 1682 be postponed for a few weeks. She stated that the city lowered building fees to bring in affordable housing and they have seen an increase in permits. Although the city took a financial hit in lowering fees, it hopes that growth in business will offset its loss.

DISCUSSION ITEMS

At Mrs. Creekpau's request, Mr. Myer explained that the PUD has seen a steady increase in service requests. This trend plus community growth requires the PUD to grow.

Mr. Myer provided an informative video explaining the four options defined for addressing future substation needs.

1. Raise all customer rates.
2. Charge new customers the full cost of substation.
3. When substations reach capacity, no more connections.
4. System capacity fee (proposed).

Mr. Farmer inquired about the upgrades to the Collins Lake substation. Mr. Holzgrove explained that the cost upgrades to the substation is covered under capital maintenance. The substation was built in 1985 and is scheduled now for normal capital maintenance. The Union River and Benson substations will handle the load while the Collins Lake substation is under maintenance. There are no anticipated outages associated with this substation maintenance.

Ms. Gott stated that after the last commission meeting she met with concerned customers. Ms. Gott understands the request to delay on a vote and recommended a workshop meeting within the next two weeks to discuss the proposed change with any community members that are interested. She also requested concrete examples of line extension costs for various scenarios.

Mr. Farmer said substation growth is an example of progress and he is looking forward to public growth. Mr. Farmer stated that he became a commissioner during hard economic times and now there is a new problem of growth in the community. He agreed with Ms. Gott's idea of sharing information and providing a workshop. Mr. Farmer did note, in his view, option four that is presented in Resolution No. 1682 is the fairest way to share the costs but understands the need for low-income awareness.

Mr. Jorgenson stated that the PUD understands the builders concerns. Mr. Jorgenson discussed building and living costs between Shelton and Olympia and stated that the electricity cost is not the problem. Mr. Jorgenson stated that the composite choice, system capacity fee, is the best choice.

Mr. Farmer also interjected that the growth in Belfair is continuing, driven by lower, affordable housing but this does not work if we burden all customers with rate increases. He agrees that the system capacity fee is a good plan. This plan provides assurance for future growth.

ACTION ITEMS

No motion was made to adopt Resolution No. 1682, "A Resolution Modifying the Electrical Service Rules and Regulations and Fee Schedule A," specifically the line extension policy to allow for the addition of system capacity fees.

STAFF REPORTS

Mrs. Creekpaum reported that a predicted windstorm over the weekend did not occur in Mason County. Jefferson County was affected and requested the assistance of PUD 3 to restore power to 3,000 customers. PUD 3 was able to provide mutual aid, paid for by Jefferson County, and get the power restored.

At Mrs. Creekpaum's request, Joel Myer updated on the recent Grapeview Loop Rd outage that affected 600 customers on April 10, 2017. Substation capabilities were able to quickly re-energize 500 customers.

Mrs. Creekpaum advised that the scheduled May 9, 2017 meeting needs to be cancelled due to lack of quorum.

Mr. Farmer moved, Mr. Jorgensen seconded the motion to cancel the May 9, 2017 meeting and hold a special meeting on May 2, 2017. MOTION PASSED UNANIMOUSLY

COMMISSIONERS' REPORT

No reports.

GOOD OF THE ORDER

Mr. Farmer requested to schedule an evening workshop for the public to discuss Resolution No.1682. Mrs. Creekpaum will coordinate calendars and schedule a workshop. Ms. Gott requested the week of April 17, 2017.

After a calendar review and with no further business appearing, the commission meeting adjourned at 11:05.

Bruce E. Jorgenson, President

ATTEST:

Thomas J. Farmer, Vice President

Linda R. Gott, Secretary