

MINUTES OF 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, October 10, 2017.

District officers present were: Commissioners, Thomas J. Farmer, Linda Gott, and Bruce E. Jorgenson. Manager Annette Creekpau, Auditor Sherry Speaks and Treasurer Brian Taylor (Attorney Robert Johnson was not present).

The following PUD 3 personnel were present: Director of Business Services John Bennett; Communications & Community Relations Coordinator Asia Cline; Asst. Public Information & Government Relations Manager Lynn Eaton; Telecommunications & Community Relations Manager Justin Holzgrove; Director of Engineering & Utility Services Dale Knutson; Interim Power Supply Manager Pat McGary; Public Information & Government Relations Manager Joel Myer; Energy Resources Manager Michele Patterson; Customer Service Revenue Protection Supervisor Jennifer Renecker; and Administration Services Manager Mary Taylor (recorded minutes).

Members of the public in attendance were: Gary Huard of Belfair; Randy Lewis of Shelton; Kathy McDowell *Shelton City Commissioner*; 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 Mr. Farmer 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 26, 2017, regular commission meeting.
- b. Voucher Nos. (dated October 3, 2017) 143404 through 143514 \$ 224,626.12
(Includes electronic funds transfer payment Nos. 9142-9157)
- c. Voucher Nos. (dated October 10, 2017) 143515 through 143574 \$ 240,877.25
(Includes electronic funds transfer payment Nos. 9158-9168)
- TOTAL \$ 465,503.37
- d. Write off due to receivership status. \$2,640.67
- e. Void accounts payable checks for the week ending September 29, 2017, in the total amount of \$545.42
- f. Void accounts payable checks for the week ending October 6, 2017, in the total amount of \$12,683.49

* 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

Colleen Walls expressed her opposition to the grid modernization program and the \$50.00 opt out fee.

ACTION ITEMS

Recommendation was made to lower the City of Shelton's street lighting daily rate by 30% from original high-pressure sodium (HPS) rate levels, due to maintenance and capital cost savings to the PUD. This rate would be conditional on the award and payment of the Transportation Improvement Board grant through the Relight Washington program

Ms. Gott moved, Mr. Farmer seconded the motion to lower the City of Shelton's street lighting daily rate by 30% from original high-pressure sodium (HPS) rate levels conditional on the award and payment of the Transportation Improvement Board Grant. THE MOTION PASSED UNANIMOUSLY.

DISCUSSION ITEMS

Mr. Jorgenson asked if Mason PUD 3 is aware of a recent Microsoft announcement regarding the use of abandoned television frequencies for a wireless rural broadband program. Washington State is among six states considered for the project. Mr. Knutson said PUD 3 is aware of the Microsoft program. He said the PUD is already exploring similar wireless technology for local expansion of broadband opportunities in areas that may not be eligible for fiber expansion soon.

STAFF REPORT

Mrs. Creekpauam stated that staff continues to work on the 2018 budget. She noted that on October 1, 2017, Bonneville Power Administration's (BPA) six percent wholesale power rate increase to Mason PUD 3 went into effect. Another concern is some potential future increases from the BPA. Such as a cost recover adjustment clause (CRAC). This is a temporary increase in power rates to help balance the BPA's budget. In addition, the financial impact of Judge Simon's decision to implement the spill injunction which may cost the BPA approximately \$40 million. She asked commissioners to consider the methodology of handling future incremental fees/charges like these from BPA. While these additional costs are only speculative at this time, Ms. Creekpauam is recommending the commission to be proactive and consider whether the District should be adding these types of increases on a separate line item on the bill or melding them into our rates. One of the benefits of simply passing through the cost as a separate line item, is the uncertainty of the precise amount and duration of each of these charges. If melded into our rate, the District could be over, or under predicting the correct amount, which could lead to over, or under collecting for longer than necessary. Another benefit would be the transparency to the customer, much like breaking out taxes and fees on the bill. If the commission decides to manage these incremental costs as a pass-through, the process could be handled through a resolution(s) that would authorize the District to add these types of charges to the customers' bills when and if they come through. If not, it may be something that requires a potential rate increase or at the very least needs to be considered in the budget. She asked that the commissioners think through their preference and further discussion would happen during the budget meetings.

Mrs. Creekpauam said that Mason 3 is in discussion with a large customer who is in close commitment to a new substation. If this progresses, 40 percent of the cost of the substation will be added to the 2018 budget.

Mrs. Creekpauam informed the commission that a new customer bill design will go live on December 1, 2017. The new bills will be handled through the National Information Solutions Cooperative (NISC), the District's current enterprise software provider, instead of a third party provider, which will make for a more seamless bill processing approach. Another benefit is that the new bills will have additional information for customers to view regarding their accounts.

Mrs. Creekpauam reported that Mason 3 had a successful Public Power week. Over 800 elementary school children visited the PUD over the week. Professor Energy (Mr. Holzgrove) and Hydro Girl (Mrs. Hennessey) provided an educational and entertaining presentation on Hydro Power. The children then visited different stations that explained different aspects of power function and safety. The 4th annual Shuck and Share 5K fundraiser was held on October 8. This is a fundraiser for PUD 3's Project Share program which raises money for electric bill assistance for low income families in Mason County. This is accomplished by PUD employees volunteering their time to this cause. The week ended with the electrical safety demonstration being provided to hundreds of visitors over the weekend at the annual Oysterfest event in Mason County.

At Mrs. Creekpauam's request, Mr. Bennett reported on the Member Information Conference (MIC) held by National Information Solutions Cooperative (NISC) he recently attended. Mr. Bennett explained that NISC employees funded the purchase of t-shirts to raise money for the cooperative utilities that were recently affected by hurricanes Harvey and Irma. Mr. Bennett presented the commissioners with t-shirts he purchased for them at the event.

Mrs. Creekpauam provided an update on the grid modernization project. There have been 17,000 meters installed, 180 routers, and 10 collectors.

Mrs. Creekpauam reported that PUD 3 has received 203 new service applications this year compared to 176 at this time last year.

At Mrs. Creekpaum's request, Ms. Patterson reported on a Bonneville Power Administration (BPA) conservation roundtable event. Ms. Patterson stated that PUD 3 will be hosting the roundtable on October 11 and 12. This roundtable brings Western Washington utilities and stakeholders together to discuss conservation programs with the BPA. There are 40 people expected to attend.

At Mrs. Creekpaum's request, Mr. Myer gave a legislative update and reported on a power outage that occurred on State Route 106, the afternoon of October 6. He stated that a large tree fell across lines causing five poles and lines to come down and damage equipment. The crews worked from 2:00 p.m. until repairs were complete at midnight.

COMMISSIONERS' REPORT

Ms. Gott reported that she attended a subcommittee Energy Northwest meeting last week for strategic planning and CEO replacement process. She also attended the retirement celebration for Chief Executive Officer Greg Marney of NoaNet.

Mr. Farmer reported that he attended the Public Power Council (PPC) meeting last week.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission meeting adjourned at 10:32 a.m.

Respectfully submitted,

Mary Taylor
Administration Services Manager

Bruce E. Jorgenson, President

ATTEST:

Thomas J. Farmer, Vice President

Linda R. Gott