

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, November 7, 2017.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Records Specialist Sarah Cooper; Asst. Public Information & Government Relations Manager Lynn Eaton; Customer Service Manager Diane Hennessy; Telecommunications & Community Relations Manager Justin Holzgrove; Director of Engineering & Utility Services Dale Knutson; 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: Randy Lewis of Shelton; Robert St. Clair of Grapeview; and Gordon Weeks of *the Shelton-Mason County Journal*.

CALL TO ORDER-BUDGET WORKSHOP

Mrs. Creekpaum provided an overview of the 2018 budget stating that the budget proposal does not include a retail rate increase. The ability to avoid a rate increase is made possible in part due to the proposed Resolution No. 1693 which allows for potential Bonneville Power Administration (BPA) temporary surcharges such as the spill charge and financial reserves adjustment (CRAC) to be passed through to customers as a separate line item on their billing statement at the time it is imposed by the BPA.

At Mrs. Creekpaum's request, Mrs. Speaks reviewed the preliminary \$71.5 million 2018 budget, which is an eight percent increase over the 2017 budget. 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.

After a brief discussion, the workshop adjourned and the regular meeting was called to order. The public will have an opportunity to make comment regarding the budget and proposed rate adjustment clause at the public hearing scheduled for November 21, 2017.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented. It was noted that an executive session would be held for the purposes of item 42.30.110(1) (g) to review the performance of a public employee. The executive session is estimated to last approximately 5 minutes, with no action to follow.

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 October 24, 2017, regular commission meeting.   |       |                      |
| b. Voucher Nos. (dated October 31, 2017) 143772 through 143864  |       | \$ 2,471,422.68      |
| (Includes electronic funds transfer payment Nos. 9367-9535  |       |                      |
| c. Voucher Nos. (dated October 24, 2017) 143865 through 143923  |       | \$ <u>116,995.73</u> |
| (Includes electronic funds transfer payment Nos. 9536-9547  |       |                      |
|   | TOTAL | \$ 2,588,418.41      |
| d. Void accounts payable checks for the week ending October 27, 2017, in the total amount of \$6,925.29 |       |                      |

\* 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

Randy Lewis expressed his opposition to the exemption of the Shelton School District from PUD 3's Substation Capacity Fees.

## ACTION ITEMS

Recommendation was made to Adopt Resolution No. 1692, "A Resolution Declaring Electrical System Items Surplus (PCB and Non-PCB Contaminated)".

Mrs. Creekpau explained that this is a standard housekeeping procedure when disposing of transformers.

Mr. Farmer moved, motion seconded by Ms. Gott, to approve the Resolution Declaring Electrical System Items Surplus (PCB and Non-PCB Contaminated)". MOTION PASSED UNANIMOUSLY.

Recommendation was made to lift the moratorium on new Renewable Energy System Cost Recovery Annual Incentive Payment Program Agreements and participate in the new Washington State Renewable Energy Incentive Program.

Mr. Holzgrove explained that on June 30, 2017 a replacement renewable energy system incentive program for customers was signed into law by Governor Inslee. The increase in the cap that limits the amount of incentive that can be claimed based on a percent of the PUD's taxable power sales would allow Mason PUD to lift the moratorium it placed on new incentive applications after June 14, 2016, which was designed to protect its net metering customers who were early adopters from potentially decreased incentives. He noted that the utility continued to serve customers who installed new net metering systems, however those customers weren't able to apply for the Washington State Renewable Energy System Cost Recovery Incentive Payment through PUD 3. If the commission lifts the moratorium, those customers previously denied and new customers wishing to connect will be able to have their systems certified and begin receiving the incentives. He reminded the commission, that there is no investment of funds from PUD 3. The incentives are a pass through from the state. The utility is reimbursed for the incentives through tax credits.

Ms. Gott moved, motion seconded by Mr. Farmer to lift the moratorium on the Renewable Energy System Cost Recovery Annual Incentive Payment Program Agreements. MOTION PASSED UNANIMOUSLY.

## STAFF REPORT

Mrs. Creekpau reported that as of September 30, 2017, engineering had received 1,393 applications and 229 new construction applications. This is 32 more than same period last year.

Mrs. Creekpau stated that the grid modernization project is progressing. There have been 19,900 AMI meters installed, 10 collectors, and 180 routers.

Mrs. Creekpau said that NISC continues to prove its value and stability with 5.3 million smart hub members, 97,000 payments received daily, and 20 million statements printed each month.

Mrs. Creekpau advised the commission that an E3 (Energy, Environmental, and Economics) study on the potential cost of carbon pricing is being released. She noted that the highlight of the study is that the potential cost of carbon policy/legislation (compared to other mandated renewable portfolio standards) is low and likely more effective. Because the Pacific Northwest has a large volume of zero-carbon energy resources already, the emissions intensity is below most other regions in the United States. She explained that the goal is to reduce carbon impacts, and this type of legislation would have greater success with less financial impacts to our ratepayers.

## COMMISSIONERS' REPORT

Ms. Gott reported that she will be attending the NoaNet meeting in Olympia on November 8.

Ms. Gott stated that she, along with Mr. Farmer, attended a telecom meeting with Kitsap PUD in Bremerton to share information about PUD 3's Fiberhood project.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission took a short break at 10:39.

Upon return, the commission went into executive session at 10:44 for the purposes of item 42.30.110(1) (g) to review the performance of a public employee. The executive session is estimated to last approximately 5 minutes, with no action to follow.

At 10:49 the executive session adjourned and the regular meeting reconvened. With no further business appearing, the commission meeting adjourned at 10:50.

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Bruce E. Jorgenson, President

ATTEST:

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Thomas J. Farmer, Vice President

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Linda R. Gott