

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, May 23, 2017.

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

The following PUD 3 personnel were present: Communications & Community Relations Coordinator Asia Cline; Customer Service Manager Diane Hennessy; Telecommunications and Community Relations Manager Justin Holzgrove; Director of Engineering and Utility Services Dale Knutson; Network Systems Supervisor Joel Moore; Public Information & Government Relations Manager Joel Myer; Energy Resources Manager Michele Patterson; Customer Service Revenue Protection Supervisor Jennifer Renecker and Administration and Communications Services Manager Lynn Eaton (recorded minutes).

Members of the public in attendance were: Dedrick Allan of *Mason Web TV*; Jerry Eckenrode of *iFIBER ONE*; Gary Huard of Belfair; Sandra Koch and Scotty Reed both of *Community Action Council*; Randy Lewis 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 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 May 2, 2017, special commission meeting.
- b. Voucher Nos. (dated May 9, 2017) 141664 through 141721 — \$ 257,592.80
(Includes electronic funds transfer payment Nos. 7029-7036.)
- c. Voucher Nos. (dated May 16, 2017) 141722 through 141797 — \$ 867,976.36
(Includes electronic funds transfer payment Nos. 7037-7210.)
- d. Voucher Nos. (dated May 23, 2017) 141798 through 141843 — \$ 2,554,214.61
(Includes electronic funds transfer payment Nos. 7211-7224.)
- TOTAL \$ 3,679,783.77
- e. Void accounts payable checks for the week ending May 5, 2017, in the total amount of \$32.11.
- f. Write off deceased customers with no assets and bankruptcies, dated May 4, 2017 in the total amount of \$137.05. Write off deceased customers with no assets and bankruptcies, dated May 9, 2017 in the total amount of \$5,373.36.

* 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 addressed the commission to express her opposition to the installation of new advanced meters and to the \$50.00 per month opt-out fee for advanced metering. She also made a formal request to the commission to remove the \$50.00 opt-out fee from the fee schedule.

ACTION ITEMS

Recommendation was made to adopt Resolution No. 1684, which is a “Resolution Modifying the Electrical Service Rules and Regulations.”

Mrs. Creekpaum explained that Resolution No. 1684 includes PrePay metering policy language so that customers may begin utilizing this program. It also includes a modification to the low-income disability

discount income eligibility requirement to align with the low-income senior citizen discount income eligibility requirements of \$40,000. A low income senior citizen discount schedule 12S has been added to the service rules & regulations that will include the senior and disability discount. Currently the senior discount is located in a separate policy that was adopted by commission by resolution. By approving this resolution, the commission is abolishing the current policy and superseding the resolution by which it was adopted.

Mr. Farmer moved, Mrs. Gott seconded the motion to adopt Resolution No. 1684, which is a "Resolution Modifying the Electrical Service Rules and Regulations". THE MOTION PASSED UNANIMOUSLY.

STAFF REPORTS

Mrs. Speaks reviewed the status of the budget as of April 30, 2017, with the commissioners. The month-end receipts for April were \$6.2 million, expenditures were \$6.3 million. Finishing the month with a positive budget balance of \$122,090 for the month and \$2.3 million year to date. Mrs. Speaks noted that part of the positive budget balance can be attributed to the cold winter which will smooth out throughout the year and will be watched closely.

In Mr. Taylor's absence, Mrs. Speaks gave the treasurer's report of funds through April 2017. The opening cash balance for April was \$6.6 million and was \$5.7 million at month's end. The total of all funds at month-end were \$342,825,68.81.

Mrs. Creekpau informed the commission that they have received a copy of the report for the two customer surveys conducted regarding the future of District's fiber optic network. She explained that the reports are simply for their review and staff will be presenting its analysis of the survey at the next commission meeting. She also mentioned that the commission may want to schedule a workshop at a later date to discuss in detail staff's proposal for the selection and funding of future telecommunication builds.

Mrs. Creekpau noted that the District is currently in the process of getting bids for two line trucks. She explained that they will be purchased with the funds set aside in the Equipment Vehicle Replacement (EVR) fund. The decision will come to the commission when the bid is ready.

Mrs. Creekpau reported that compared to 107 applications for new service received last year at this time, 2017 has seen 121 applications year to date.

Mrs. Creekpau updated the commission on the Grid Modernization Project progress. So far, 11,800 meters have been installed, 139 routers, and 10 of the 11 collectors. She said the District is working on the last collector at Lake Cushman which has opened an opportunity to work with Tacoma Power in sharing the cost and benefit of extending fiber to their facility. Having a collector at Cushman will also help with the District's reliability, creating redundancy for the Tahuya peninsula.

Mrs. Creekpau informed the commission that the District will be sending a white paper to the Bonneville Power Administration (BPA) expressing its concerns with the Potlatch substation. Staff has forwarded the paper to Mason PUD 1 for its input prior to sending to the BPA.

Mrs. Creekpau informed the commission that the District will be joining a sub-organization tied to the Northwest Requirements Utility (NRU) group, called the Northwest Intergovernmental Energy Supply (NIES) group. The organization represents many Load Following utilities who hold Regional Dialogue and Network Transmission Service Agreements with the BPA. It was formed in response to BPA's changing obligations to serve preference utility's net load requirements and the implementation of its Tiered Rates Methodology. The goal of the organization is to achieve economies of scale and efficiencies in operation in securing non-federal power supply and transmission services while accommodating each member's unique characteristics. One of the many benefits of being a member utility is the opportunity to have power contracts reviewed by the group. Mrs. Creekpau said the membership dues would be prorated for the rest of 2017, and the organization would be listed on the organization approval list for next year.

At Mrs. Creekpau's request, Mr. Myer provided the commission with an update on legislative activities.

COMMISSIONERS' REPORT

Ms. Gott reported her attendance at the Kiwanis meeting, as well as the Public Power Council (PPC), the Northwest Public Power Association (NWPPA), and NoaNet Meetings. She noted that Executive Director of NoaNet, Greg Marney, has officially announced his retirement at the end of July.

Mr. Farmer reported his attendance at the Public Power Council meetings, the Washington Public Utilities Association strategic planning session, and the District's entrance exam with the Washington State Auditor's office.

DISCUSSION ITEM

Scotty Reed and Sandra Koch of the Community Action Council (CAC) gave a presentation to the commission on the energy assistance programs they administer. They discussed the Federal Low Income Home Energy Assistance Program (LIHEAP) as well as Project Share and how the funding is tied to the Federal budget process. They explained the eligibility requirements as well as the process a customer must go through in order to receive the assistance on their PUD bills.

Following the CAC presentation, PUD 3 Customer Service Manager, Diane Hennessy and Telecommunication and Community Relations Manager, Justin Holzgrove, gave a presentation on all of the District's assistance programs and efforts. The programs covered included: LIHEAP, Low Income Senior Citizen Discount, Low Income Disabled Discount, Project Share, Payment Arrangements, Budget Billing, PrePay Program, and various conservation programs. The outreach and education about these programs was also covered in the presentation. Mr. Holzgrove closed the presentation by thanking the commissioners for keeping the rates low for all PUD customers, as that is the best method of assistance.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission meeting adjourned at 11:27.

Bruce E. Jorgenson, President

ATTEST:

Thomas J. Farmer, Vice President

Linda R. Gott, Secretary