

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, July 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; Asst. Public Information & Government Relations Manager Lynn Eaton; Telecommunications & Community Relations Manager Justin Holzgrove; Director of Engineering & Utility Services Dale Knutson; Telecom System Specialist Ben Mangeng; Public Information & Government Relations Manager Joel Myer; Energy Resources Manager Michele Patterson; Safety Manager Bob Smith; Administration Services Manager Mary Taylor (recorded minutes).

Members of the public in attendance were: Jerry Eckenrode of *iFIBERONE*, Gary Huard of Belfair; Larry Edralin of Harstine Island; Diana Findley of Harstine Island; Steve Hankin of Harstine Island; Randy Lewis of Shelton; Lynn Longan of *Mason County Economic Development Council*; Kathy McDowell *Shelton City Commissioner*; Ed Murphy of Shelton; Ken Rasmussen of Shelton; Maureen Rinabarger of Harstine Island; Dennis Schalls of Shelton; Wayne Snoey of Lake Cushman; Nate Townsend of Shelton; Colleen Walls of Belfair; and Donna Wilson of Shelton.

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:

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|------------------------------------------------------|--------------------------------------------------------------|------|-------------------|--|
| a. Minutes of the June 27, 2017, commission meeting. | | | | |
| b. Voucher Nos. (dated July 3, 2017) | 142225 through 142374 | — \$ | 281,763.74 | |
| | (Includes electronic funds transfer payment Nos. 7760-7792.) | | | |
| c. Voucher Nos. (dated July 11, 2017) | 142375 through 142443 | — \$ | <u>794,852.47</u> | |
| | (Includes electronic funds transfer payment Nos. 7793-7978.) | | | |
| | TOTAL | \$ | 1,076,616.21 | |

* 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

Diana Findley expressed her strong support of the fiber project and asked that the small neighborhoods be considered.

Larry Edralin applauded the effort of the PUD in creating the fiberhood project. Mr. Edralin is happy with the project but would like to see other options for the neighborhoods that may not be able to reach the 75 percent participation requirement and the \$25.00 monthly fee since so many residents in his area are seasonal and rental properties.

Steve Hankins thanked the PUD for considering the fiberhood program. He stated that service in his area is very poor and he appreciates the support of the rural communities.

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.

Gary Huard stated that he opposes the grid modernization program and the \$50.00 opt out fee. He also said that he does not agree with resolution no. 1683 which was adopted on May 2, 2017, "Resolution in Support of the Operation of the Columbia Generating Station, a Carbon-Free Source of Electricity". He stated that he would be supportive of coal generation if it were more cost effective.

Randy Lewis thanked the PUD for its transparency and being so helpful whenever he has questions. He complimented the field personnel, the finance department and communications team on the work they do. Mr. Lewis stated that he recently saw Mr. Myer at a local PUD presentation and was impressed with the presentation and his grasp of the subject being discussed. He also commended Mr. Holzgrove for his ability to communicate complex information in an understandable way.

Wayne Snoey agrees with the fiberhood project but stated that the Lake Cushman area will have a problem reaching the 75 percent participation requirement. Mr. Snoey recommended a hybrid program and stated that residents would be willing to pay upfront if that option was offered.

Mrs. Longan reported that she is encouraged by the fiberhood program. She referenced a study that showed offering the fiber to rural areas will promote the expansion of businesses and help grow our community.

Dennis Schalls stated that there is fiber to Harstine Island and there are fiber hubs in the area. He asked why PUD can't turn it on so more in the area can have fiber. Mr. Schalls agrees with the \$25.00 per month fee. Mr. Holzgrove later stated that although fiber is in the area it still requires construction, similar to a distribution system, to get to the home

CORRESPONDENCE

Ms. Taylor read emails from Margie Benson of Tahuya River Valley Community, Bob Pelletier of Totten Shores of, and Angela Bennink of *NOANET*, all expressing their desire to move forward with the fiberhood project.

ACTION ITEMS

Mrs. Creekpau explained that historically, PUD has passed resolutions which have increased the PUD's self-insured health and welfare benefits reserve fund in order to maintain a 2.5 to 3 months of historic claims experience as adopted by PURMS. Based on the PUD's historic claims, it is now being recommended to add an additional \$60,154.53 to the group self-insured medical and dental reserve fund held by PURMS, bringing the total reserve fund to \$560,012.52.

Recommendation was made to adopt Resolution No. 919-K, "A Resolution Increasing the Reserve Fund for the Group Self-Insured Medical with the Public Utility Risk Management Service".

Ms. Gott moved, Mr. Farmer seconded the motion to adopt Resolution No. 919-K, which is a "A Resolution Increasing the Reserve Fund for the Group Self-Insured Medical with the Public Utility Risk Management Service". THE MOTION PASSED UNANIMOUSLY

Recommendation was made to approve Fiberhood Program and authorize the manager to fund.

At Mrs. Creekpau's request, Mr. Holzgrove provided the commission with video explaining the fiberhood program.

After a discussion and some clarifying questions, Mr. Farmer moved, Mrs. Gott seconded the motion to "Authorize the manager to begin the Fiberhood program with up to a total of \$2.5 million in funding through the best funding method, as determined by the manager, including, but not limited to use of District reserve funds". THE MOTION PASSED UNANIMOUSLY.

It was then recommended by Mrs. Creekpau to adopt Resolution No. 1686, which modifies the Telecom Service Rules & Regulations to update service line extension allowances, makes provisions for the daily pro-ration of monthly recurring charges, updates technical definitions and makes improvements in document organization. It also adds the Fiberhood construction application fee and adder fee, reduces the monthly fee for 1-GIG service and eliminates the 100 Mbps Network Access Port service level.

Mr. Farmer moved, Mrs. Gott seconded the motion to adopt Resolution No. 1686, "Resolution modifying the Telecommunications Service Rules and Regulations and establishing the Fiberhood program". THE MOTION PASSED UNANIMOUSLY.

MANAGERS REPORT

Mrs. Creekpaum reported that Mason PUD 3 will be hosting the National Information Solutions Cooperative (NISC) user group conference on July 18-20, 2017 in the auditorium.

At Mrs. Creekpaum's request, Mr. Myer provide the commission with an update on the legislative session. He stated that the state budget has passed and the capital budget is being worked on.

Mr. Holzgrove explained the details of solar bill 5939 that was passed by the senate on July 1. The new law continues renewable energy incentive payments, but at declining rates through 2021; raises the utility's cap on private and community solar; and adds shared commercial solar projects for large customers.

At Mrs. Creekpaum's request, Ms. Patterson provided the commission with a power supply update. Ms. Patterson reviewed the new layout of the purchase power statement. She stated that in May, kWh's delivered were 46.6 million which was the forecasted amount with a total cost of \$1.5 million at 87% of the forecast. The variance is due partly to lower demand than expected.

At 11:04 a.m., Mr. Jorgenson announced there would be a short break.

The meeting reconvened at 11:11 a.m.

Mrs. Creekpaum introduced Mr. Roger Gray of Northwest Requirements Utilities (NRU). The goal of NRU is to educate and inform members about the Bonneville Power Administration (BPA) and other regional power supply and transmission issues; and supports members' goal of preserving the historical benefits of Bonneville power and transmission services while also helping members understand options for cost-effective and reliable power and transmission services to be flexible and adaptable for a possibly different post-2028 future. Mr. Gray discussed the BPA's Regional Dialogue Contracts and Tier Rate Methodology concepts, factors to consider for serving above high water mark load, the BPA's Tier 1 load following product compared to market rates, the BPA rates and competitiveness, and fundamental changes in power markets.

COMMISSIONERS' REPORT

Ms. Gott reported that she would be attending the NOANET meeting in Spokane on July 12th. The week of July 17th she will be attending the APPA's policy makers council meeting in Virginia.

Mr. Farmer stated that he will be attending the WPUDA conference on July 18-20.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the commission meeting adjourned at 11:51 a.m.

Respectfully submitted,

Mary Taylor
Administration Services Manager

Bruce E. Jorgenson, President

ATTEST:

Thomas J. Farmer, Vice President

Linda R. Gott