

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

President 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 (Skookum Room) at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, September 25, 2018.

District officers present were: Commissioners, Thomas J. Farmer; Linda R. Gott (arrived at 10:10 a.m.), and Bruce E. Jorgenson; Manager Annette Creekaum; Risk Manager/Auditor Brian Taylor; Finance Manager/Treasurer Sherry Speaks; and Attorney Robert Johnson

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; 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; Conservation Manager Koral Miller; Public Information & Government Relations Manager Joel Myer; System Analyst Ryan Smith; Administration Services Manager Mary Taylor (recorded minutes)

Members of the public in attendance were: Dedrick Allan of *Mason Web TV*, Randy Lewis 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 Mr. Jorgenson, 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 September 11, 2018 hearing and regular commission meeting. | | |
| b. | Voucher Nos. (September 18, 2018) 147304 through 147389
(Includes electronic funds transfer payment Nos. 13658–13680) | \$ | 2,443,000.11 |
| c. | Voucher Nos. (September 25, 2018) 147390 through 147474
(Includes electronic funds transfer payment Nos. 13681–13849) | \$ | <u>1,077,875.28</u> |
| | TOTAL | \$ | 3,520,875.39 |
| d. | Void accounts payable checks for the week ending September 21, 2018 in the total amount of \$670.33 | | |

*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

No public comment was given

ACTION ITEMS

Recommendation was made to Approve an Interlocal Agreement with North Mason School District.

Mrs. Creekaum explained that this agreement is beneficial for both parties. North Mason High School will receive two (2) twelve-foot deep holes for the installation of a new score board and Mason 3 will receive a

perpetual non-exclusive easement for a proposed primary line extension and communications along North Mason School Road as well as permission to install a Powered by PUD 3 sign near the scoreboard.

Mr. Farmer moved, motion seconded by Mr. Jorgenson to Approve an Interlocal Agreement with North Mason School District. MOTION PASSED UNANIMOUSLY.

STAFF REPORT

Mrs. Creekpau reported that Mason PUD 3 was awarded the rural broadband grant/loan through the Community Economic Revitalization Board (CERB). The approved funding package from CERB proposes a \$408,325 low interest loan (1.5%) and a \$408,326 grant. The local match is \$150,000. Cost recovery for the project comes through a monthly "construction adder fee" paid back over 12 years by those who receive service in these areas. Further commission approval will be necessary as the program moves forward.

Mrs. Creekpau stated that the LED bulb program, in conjunction with the Bonneville Power Administration, has reached a total of 29,832 bulbs distributed to customers in the month of September. Proceeds from this project will be utilized in other conservation programs for customers.

At Mrs. Creekpau's request, Mr. Myer provided an overview of the Initiative No. 1631, which was filed and will be placed on the ballot for voters in November. The initiative concerns reducing pollution and investing in clean air, clean energy, clean water, healthy forests, and healthy communities by imposing a fee on carbon emitters based on their proportion of pollution. Mr. Myer focused his presentation on the key aspects of the proposed legislation that would have a direct impact on electric utilities, most specifically PUDs and Mason PUD 3. He explained that there are components of the initiative that could be beneficial to the utility as well as components that were concerning. The initiative charges \$15 per ton per year beginning in 2020 and increases by \$2 per year plus inflation until 2035 if greenhouse gas emissions goals are met. While the financial impact to Mason PUD 3 is relatively small compared to some other utilities in the region (since PUD 3 is 98 percent carbon free) it could cost the ratepayers approximately \$133,000 in the first year of 2020 and incrementally raise to \$475,000 by 2035, assuming the utility's fuel mix remains stable and assuming a 3 percent rate of inflation. He pointed out that since the measure is a fee and not a tax, the revenue would be dedicated to clean energy related activities, programs, and projects, and wouldn't be spent on general government expenses. He also noted that entities may be able to receive 100 percent of its fees for approved investments in programs under the initiative. He did raise a concern that many of the program's details would have to be worked out in the rule-making process which could potentially make the process of recovering the fees more difficult. Finally, he noted that there is a component of the erosion of local control that many utilities are concerned with through this measure.

Mrs. Creekpau reported that October is the third month of the Judge Simon experimental spill program and has been calculated at \$1.28 per customer. The fourth and final spill charge fee will appear on customers' bills in November.

Mrs. Creekpau announced that PUD 3 recently received three awards at the Northwest Public Power Association (NWPPA) Communicators Conference. First place for internal communications, second place for the newsletter, and third place for a video produced about heat transfer. Joel Myer was selected by his peers to receive the prestigious Lacy Peoples Lifetime Achievement Award. This lifetime achievement award is for accomplishments in marketing and communication; exceptional service to the industry; and the promotion of public power through efforts such as community service and energy efficiency.

Mrs. Creekpau said that the Public Power Council (PPC) voting process is underway and asked if commission is in favor of her running again for the PPC Board. The Commission approved, and Mrs. Creekpau stated that a letter of support from the commission will be prepared for signatures.

COMMISSIONERS' REPORT

Ms. Gott Reported her attendance at the NoaNet meeting and the Washington Public Utility Districts Association (WPUDA) meeting. Ms. Gott also participated on the Energy Northwest Corporate Nuclear Safety Review Board.

Mr. Farmer reported his attendance at the following events: WPUDA meeting in Pasco; NWPPA Communicators Conference; The Shelton Chamber of Commerce State of the County; and Candidate forums in Belfair and Matlock.

GOOD OF THE ORDER

After a calendar review and with no further business appearing, the meeting adjourned 10:50 a.m.

Bruce E. Jorgenson, President

ATTEST:

Thomas J. Farmer, Vice President

Linda R. Gott, Secretary