

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

President Farmer called a regular meeting of the Mason County PUD No. 3 board of commissioners to order at 10:00a.m. The meeting was held in the PUD 3 auditorium (Skookum Room) at 2621 E Johns Prairie Road in Shelton, Washington, on Tuesday, August 27, 2019.

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

The following PUD 3 personnel were present: Director of Business Services John Bennett; Director of Business Operations Michelle Burleson; Asst. Public Information & Gov Relations Manager Lynn Eaton; Telecommunications & Community Relations Manager Justin Holzgrove; Director of Engineering & Utility Services Dale Knutson; Conservation Manager Koral Miller; Customer Service Revenue Protection Supervisor Jennifer Renecker; Administration Services Manager Mary Taylor-Monger (recorded minutes).

Members of the public in attendance were: Bill Gains of Shelton, Randy Lewis of Shelton, and Cheryl Williams of Shelton.

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT AGENDA

Mr. Farmer reviewed the items listed on the consent agenda Mr. Jorgenson 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 August 13, 2019 commission meeting. | | |
| b. | Voucher Nos. (August 20, 2019) 150998 through 151265
(Includes electronic funds transfer payment Nos. 18205-18217) | \$ | 588,894.59 |
| c. | Voucher Nos. (August 27, 2019) 151266 through 151347
(Includes electronic funds transfer payment Nos. 18218-18411) | \$ | <u>1,517,387.14</u> |
| | TOTAL | \$ | 2,106,281.73 |
- d. Void accounts payable checks for the week ending August 16, 2019 in the total amount of \$65,935.29. Void accounts payable checks for the week ending August 23, 2019 in the total amount of \$20,558.30.

*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

Resident Williams provided public comment.

STAFF REPORT

At Mrs. Creekpaum's request, Mrs. Speaks reviewed the status of the budget as of July 31, 2019, with the commission. The month-end receipts for July were \$5.5 million, expenditures were \$6 million. Finishing the month of July with a negative budget balance of \$504,313. Mrs. Speaks explained the negative balance is due to a timing issue and it being contracting season.

Mrs. Speaks then provided the treasurer's report of funds through July 2019. The opening cash balance for July was \$3.7 million and was \$3.3 million at month's end. The total of all funds at month-end were \$31 million.

Mrs. Creekpaum introduced the "PUD 3 promise" video that will go live on social media today.

Mrs. Creekpaum reported that the September 10, 2019 regularly scheduled commission meeting will include a rate hearing and a budget hearing. She noted that a ten cent (\$0.10) per day increase in the Daily System Charge will be proposed at the rate hearing. She also informed the commission that as with previous budget years, the District used a zero-based budget approach for the 2020 budget with every function analyzed for its costs and needs. During the process she explained that the budget began with a significant deficit, however cuts were made to ensure a balanced budget of approximately \$77.6 million, which will be proposed at the budget hearing. The most significant drivers of the proposed rate increase include a wholesale power and transmission rate increase from the Bonneville Power Administration (BPA) as well as the expiration of a Lookback Credit from the BPA

of approximately \$900,000 per year. The credit is part of a settlement regarding the implementation of the Residential Exchange Program with the BPA and expires in September of 2019. The District has been receiving this average annual credit since 2008. Other budget impacts include the new pole inspection and treatment program costs as well as increase in labor due to the addition of new line, boring, and dirt crews.

At Mrs. Creekpaum's request, Ms. Patterson provided commission with a power situation statement.

Mrs. Creekpaum advised commission that PUD 3 has been notified that it will be receiving the Smart Energy Provider designation from the American Public Power Association (APPA) at the Customer Connection Conference being held on October 29th. The Communications team will be at the event to receive the award.

Mrs. Creekpaum reported that service applications through July totaled 429. This is a fifteen percent increase over 2018.

At Mrs. Creekpaum's request, Mr. Holzgrove gave an update on the on-going Fiberhood and CERB projects. He stated that the District has approximately 1,500 current fiber connections, which is double the amount from just a few years ago. He also provided an update on the construction projects to meet the goals of the CERB Round 1 and Round 2 projects and showed a large timeline that staff is using to help coordinate all the different areas in the utility that these projects impact.

COMMISSIONERS' REPORT

Ms. Gott attended the NoaNet meeting where Energy Northwest provided a presentation on a possible merger/acquisition with NoaNet. She also attended the Energy Northwest Board Workshop.

Mr. Farmer attended the NoaNet meeting via video conferencing. He also attended a 2020 budget discussion meeting with Mrs. Creekpaum.

DISCUSSION ITEMS

No items were discussed

GOOD OF THE ORDER

With no further business appearing, the commission meeting adjourned at 10:35 a.m.


Thomas J Farmer, President


Linda R. Gott, Vice President

ATTEST:


Bruce E. Jorgenson, Secretary