

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

President Farmer called to order a teleconference WORKSHOP on the proposed Rate Increase for certain electric rate schedules and the 2021 Budget. The meeting was held virtually using Microsoft Teams in Shelton, Washington, at 10:00 a.m. on Tuesday, November 10, 2020.

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

The following PUD 3 personnel were present: IS Manager John Bennett; Environmental & Admin Specialist Ali Burgess; Communications & Government Relations Manager Lynn Eaton; Director of Business Operations Michelle Endicott; Director of Engineering & Utility Services Justin Holzgrove; Conservation Manager Koral Miller; Network Systems & Cyber Security Administrator Joel Moore; Power Manager Michele Patterson; Administrative Services Manager Mary Taylor-Monger (recorded minutes).

Member of the public in attendance (teleconference) was Randy Lewis of Shelton.

WORKSHOP OVERVIEW

Mrs. Creekpaum stated that the pandemic has led to many things in 2020. The material and inventory costs have risen and there has been a huge demand for broadband which corresponds with electrical maintenance. Several items listed on the budget were factors but magnified during this time. Previously we had overestimated growth and underestimated our power costs, so this budget trues this up. In 2016 was the last kilowatt rate increase. In 2019 there was a \$0.10 daily system increase.

At Mrs. Creekpaum's request, Mrs. Speaks presented the preliminary budget for 2021. She stated the following:

- Proposed budget is \$81.5 million.
- Includes a \$0.15 increase in the daily system charge which equates to an increase of approximately \$4.50 per month.
- Includes a general energy rate increase of three (3) percent or an approximate increase of \$4.40 per month.
- As with previous years, the District used a zero-based budget approach for 2021.
- The proposed budget is five (5) percent higher than 2020. We expect 0.3 percent growth in kilowatt sales and a three (3) percent increase in electric revenues.
- The District anticipates \$3.7 million to meet the requirements of the Energy Independence Act. This includes power purchases and conservations programs.
- The proposed budget reflects wholesale purchase power rate impact from rate period 2020-2021 and the anticipated purchase power rate impacts for the BP 2022 rate case for the last few months of 2021.
- The capital budget includes the cost to prepare and design substations and transmission lines in multiple locations.
- Connectivity of the District's infrastructure and SCADA implementation.
- Proposed rate increase to the pole attachment fee from \$22.00 to \$27.00. This rate would go into effect with the July 2021 billings.

- Pole inspection and treatment program.
- The COVID-19 Pandemic has intensified the need for faster deployment of high-speed broadband to our community. Much of 2020 was spent juggling priorities to meet the increased demands for broadband, and the focus of 2021 is projected to be the same. In recently constructed areas, last mile service drops are a top priority to get customers connect to broadband. Significant progress has been made on CERB and qualifying Fiberhood projects with multiple projects anticipated to be completed throughout 2021. Additionally, Telecom will be performing system maintenance by upgrading capacity, installing distribution huts, and creating access points while working in areas with legacy fiber plant to allow customers to connect to the existing network more easily. Telecom is working closely with Engineering and Operations to ensure the fiber optic network is expanded and ready for service at the selected SCADA Cabinets and line devices to meet the goals of the District's Grid Mod strategic initiative. Also, Telecom will also begin its multi-year fiber-tagging and relocation initiative through a qualified contractor to meet the requirements of the Pole Attachment License Agreement.
- With the COVID pandemic, there have been added costs to the utility for telecommuting including equipment and software needs. Some of these costs will continue into the unforeseeable future.
- Other items throughout the budget are natural fluctuations in the cost of goods and services.

Mrs. Speaks continued by reviewing the neighboring utility's residential kWh rates. PUD 3, with the proposed rate increase, is in the middle with four (4) utilities lower and five (5) utilities higher. She then reviewed the five-year financial plan stating that years 2022 through 2024 are estimated with three (3) percent rate increase and a \$0.10 increase in the daily service charge.

Mrs. Gott commended staff on presenting a realistic budget in these times and recognized the need of possible future rate increases. Noting that a multiyear rate increase could be modified if not needed. She explained that historically multiyear increases have been approved and modified if needed.

Mr. Farmer stated that he does not find it advisable to have multiyear increases during these uncertain times. He recommended to have an increase in 2021 and re-evaluate with the 2022 budget.

With no further business appearing, the workshop adjourned at 10:33 a.m.



[Thomas J Farmer \(Nov 29, 2020 11:46 PST\)](#)

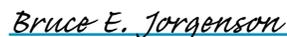
Thomas J Farmer, President



[Linda R. Gott \(Nov 29, 2020 12:30 PST\)](#)

Linda R. Gott, Vice President

ATTEST:



[Bruce E. Jorgenson \(Nov 29, 2020 20:43 PST\)](#)

Bruce E. Jorgenson, Secretary