

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

President Farmer called a regular teleconference meeting of the Mason County PUD No. 3 board of commissioners to order at 10:00 a.m. The meeting was held virtually using Microsoft Teams in Shelton, Washington, on Tuesday, June 29, 2021.

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: John Bennett IS Manager; Communications & Government Relations Manager Lynn Eaton; Director of Business Operations Michelle Endicott; Customer Service Manager Diane Hennessy; Director of Engineering & Utility Services Justin Holzgrove; Network Systems & Cyber Security Administrator Joel Moore; Power Manager Michele Patterson; Administrative Services Manager Mary Taylor-Monger (recorded minutes).

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:

- a. Minutes of the June 8, 2021 regular commission meeting.
- b. Minutes of the June 21, 2021 special commission meeting.
- c. Voucher Nos. (June 15, 2021) 157901 through 157979 \$ 3,022,036.54
(Includes electronic funds transfer payment Nos. 28237-28427)
- d. Voucher Nos. (June 22, 2021) 157980 through 158026 \$ 321,358.25
(Includes electronic funds transfer payment Nos. 28428-28442)
- e. Voucher Nos. (June 29, 2021) 158027 through 158098 \$ 1,736,166.68
(Includes electronic funds transfer payment Nos. 28443-28635)
- Total** \$ 5,079,561.47
- f. Governance Policy Expense Approval
- g. Accounts to write off-deceased customers with no assets and bankruptcies in the amount of \$455.00
- h. Void accounts payable checks for the week ending June 11, 2021 in the amount of \$2,258.63 and week ending June 25, 2021 in the amount of \$249.05
- i. Tacoma Power- Agreement for third party operating reserve services

*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.

PUBLIC COMMENTS

No public comment was given.

ACTION ITEM

Recommendation was made to approve Resolution No. 1771, "Surplus of the Olympic View Generating Station Including All Buildings, Equipment, and Real Property." At Mrs. Creekpaum's request, Ms. Patterson provided a summary of the Resolution. She stated that there was a great amount of contemplation and research deciding if surplus of the OVGP was in the best interest of the district. The following items support the recommendation of moving forward with the surplus.

- Carbon reduction pressures- The Energy Independence Act, Clean Energy Transformation Act, and the Climate Commitment Act requiring renewable and carbon-free energy.
- Bonneville Power Administration contract- Under the Power Sales Agreement we are not allowed to utilize OVGP as a resource unless it is for a force majeure event.
- Natural gas supply- There is not a guaranteed fuel supply which does not match up with the need for a firm commitment to deliver energy if it were a resource under BPA's Power Sales Agreement and the Regional Dialogue contract.
- Operational confidence level low- OVGP was ran for one (1) hour a month for maintenance. One or more engines were down 54 percent of the time during the last 24 months it was ran. Inability to get parts or equipment is a problem as well as difficulty dealing with European company Wartsila.
- WOIS controls system in obsolescence with no replacement- Wartsila is unable to provide qualified United States technicians for the system. Wartsila has stated that modification of the system is problematic at best and that it will take millions of dollars to upgrade.
- Institutional operational knowledge loss- In addition to Wartsila having difficulties being able to send a technician, our one and only employee that intimately knows OVGP is retiring in July 2021.
- Disaster response- Without the upgrades to OVGP, there is no confidence of the system to operate as needed in an emergency.
- Selling plant- We have been unsuccessful in selling the plant to a local entity. It does not meet requirements and cannot be started and ran while off-site. In addition, it would still require operational and maintenance knowledge from us which is not available.
- Conversion to renewable gas possible but challenging and risky.

Mrs. Creekpaum reviewed the history of OVGP stating that the land was purchased from Simpson Timber Company in 2001 at a cost of \$17,100. The district signed a Rate Mitigation Agreement with BPA agreeing to reduce the District's load on BPA by ten (10) percent in response to the emergency energy crisis facing the Pacific Northwest at that time. The commission directed staff to utilize conservation as well as constructing the site. This was a unanimous decision by commission in July of 2001, signing Resolution No. 1198 for purchasing the Wartsila generators. The generator site is not carbon free and not cost beneficial

Following a brief discussion, Mr. Jorgenson moved, seconded by Ms. Gott to approve Resolution No. 1771, "Surplus of the Olympic View Generating Station Including All Buildings, Equipment, and Real Property" MOTION PASSED UNANIMOUSLY.

STAFF REPORT

Mrs. Speaks reviewed the status of the budget as of May 31, 2021, with the commissioners. The month-end receipts for May were \$6 million, expenditures were \$6 million. Finishing the month of May with a positive year to date budget balance of \$1,215,214.

Mrs. Speaks then provided the treasurer's report of funds through May 2021. The opening cash balance for May was \$8.3 million and was \$8.3 million at month's end. The total of all funds at month-end were \$33.1 million.

Mrs. Creekpaum reported on the current COVID-19 efforts. As of June 28, 2021, there are 2,296 confirmed COVID-19 cases, and thirty-four (34) COVID related deaths in Mason County. There were 43 new confirmed cases in the last fourteen (14) days and 66 confirmed cases per 100,000 tested. Fully vaccinated in Mason County is 41.8 percent. Washington State, as of June 28, 2021, has 414,249 confirmed COVID-19 cases, 5,911 COVID related deaths, and 7.7 million vaccinations given. On June 3, 2021, Governor Inslee intends to open the state on June 30, 2021. Currently 68 percent of Washington State is immunized. Mrs. Creekpaum stated that opening the state does not relieve the employer responsibilities.

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

Mrs. Creekpaum provided commission with a telecom statistics report. New construction applications totaled 23 in May 2021 and 225 year to date.

At Mrs. Creekpaum's request, Mr. Holzgrove provided a report on the recent heat wave and effects on the PUD 3 system. He reported that the last three (3) days have provided unprecedented heat, as high as 111 degrees. Due to this heat, HVAC systems failed at two (2) fiber huts and alarms warned at one (1) substation control room of possible overheating. Thankfully, the heat decreased from 111 degrees to 66 degrees in a four-hour period, relieving the stress on the system. The telecom team were prepared with contingency plans for such events. There were a few outages over the weekend, but these were not heat related.

At Mrs. Creekpaum's request, Mrs. Eaton reviewed a presentation regarding the moratorium lift recently provided to Governor Inslee's office. The information provided was well received as she explained PUD 3 response to the pandemic. She shared the many assistance programs provided to customers and the plans to help customers get back on their feet, acknowledging this may take 12 to 24 months. She stated that customer focus is a core value of PUD 3. There has been discussion by the Governor's office to extend the lift of the moratorium from July 31 to September 30, but that has yet to be determined.

COMMISSIONERS' REPORT

Ms. Gott reported that she attended Energy Northwest meetings and the State Auditor Exit meeting. She thanked PUD staff for their efforts on the audit and shared the praise of PUD 3 staff from the SAO.

Mr. Farmer reported that he attended a 2-day Pacific Northwest Power Markets conference and the SAO exit meeting. He shared in Ms. Gott's appreciation of the staff efforts working with the SAO. He thanked Ms. Eaton for an outstanding presentation which demonstrates PUD 3's local commitment to ratepayers.

GOOD OF THE ORDER

With no further business appearing, the commission meeting adjourned at 10:41 a.m.



THOMAS J FARMER (Jul 13, 2021 11:44 PDT)

Thomas J Farmer, President

ATTEST:

Bruce E. Jorgenson

Bruce E. Jorgenson (Jul 13, 2021 11:48 PDT)

Bruce E. Jorgenson, Secretary

Linda R. Gott, Vice President