

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

President Farmer called the public hearing teleconference to order at 10:00 a.m. The hearing was held to receive comments on the proposed Clean Energy Implementation Program (CEIP).

The public hearing was held virtually using Microsoft Teams in Shelton, Washington, on Tuesday, October 26, 2021.

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

The following PUD 3 personnel were present: IS Manager John Bennett; Benefits Coordinator Sarah Cooper; 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; Purchasing Manager Jennifer Renecker; and Safety and Environmental Programs Coordinator Ali Burgess (recorded minutes).

Presenters in attendance (video conference) were: Ted Light of *Lighthouse Energy Consulting* and Marti Frank of *Efficiency for Everyone*.

Members of the public in attendance (video conference) were: Randy Lewis of Shelton, Jeff McHargue of *Arnold Smith Insurance* (left at 10:40) and (teleconference) Ty Vinson from *The Olympian* (10:26-10:58).

PUBLIC HEARING

Ms. Patterson introduced the Clean Energy Implementation Plan (CEIP) and introduced consultants Ted Light of *Lighthouse Energy Consulting* and Marti Frank of *Efficiency for Everyone*.

Mr. Light and Ms. Frank gave a presentation on the proposed plan which is required by the Clean Energy Transformation Act (RCW 19.405) and must be adopted by the commission by January 1, 2022, and every four years thereafter. The District must adopt the plan and submit it to the Washington State Department of Commerce as well as make it available to the public. As part of the plan, the utility must: 1) Maintain and protect the safe, reliable operation, and balancing of the electrical system; 2) Plan to meet the standards at the lowest reasonable cost, considering risk; 3) Ensure that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency; and 4) Ensure that no customer or class of customers is unreasonably harmed by any resulting increases in the cost of utility-supplied electricity as may be necessary to comply with the standards.

The presentation included the specific actions the PUD is proposing to take over the next interim performance period to demonstrate progress towards meeting the targets of the Clean Energy Transformation Act.

PUBLIC COMMENT

Resident Lewis made a public comment in favor of the CEIP plan and the process, asking clarifying questions, and requesting additional information from staff.

The public hearing was adjourned at 10:40 a.m.

The regular meeting was called to order at 10:40 a.m.

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 October 12, 2021, regular commission meeting. | | |
| b. Voucher Nos. (October 19, 2021) 159077 through 159143
(Includes electronic funds transfer payment Nos. 30292-30331) | \$ 477,202.62 | |
| c. Voucher Nos. (October 26, 2021) 159144 through 159230
(Includes electronic funds transfer payment Nos. 30081-30291) | \$ <u>1,903,645.84</u> | |
| | Total | \$ 2,380,848.46 |
| d. Governance Policy Expense Approval | | |
| e. Void accounts payable checks for the week ending October 22, 2021, in the amount of \$1,300.00. | | |

*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 ITEMS

Recommendation to Approve Renewals to the Benefits Plans.

At Mrs. Creekpaum's request, Mrs. Endicott provided commission with a summary of the renewal plans. She stated that there are no increases to the self-insured plan premiums in 2021. The Kaiser

Permanente plan had a fifteen (15) percent increase based on experience. Over the last five years the average increase to the Kaiser plan was five (5) percent and the average increase to the self-insured plan was four (4) percent. The MetLife Dental plan had no increase to premiums for the second year; Lincoln Financial will be renewing with a two (2) year rate guarantee with no increase to premiums; and Zurich American Insurance Company has not increased premiums for the 2022 plan year.

Ms. Gott moved, seconded by Mr. Jorgenson to Approve Renewals to the Benefits Plan. MOTION PASSED UNANIMOUSLY.

Commissioners then considered a recommendation to approve the Mason PUD 1 and Mason PUD 3 Fiber Optic Service Interlocal Agreement.

Mrs. Creekpaum provided an overview of the agreement. She explained that Mason PUD 1 has secured a Community Economic Revitalization Board (CERB) grant from the Washington State Department of Commerce to construct and operate a 3.7-mile section of fiber along Highway 101 from approximately the location of Mike's Beach Resort on U.S. Hwy 101 in Mason County to Forest Drive in Jefferson County, titled "Hood Canal-101 Broadband Project." Mason PUD 1 and Mason PUD 3 are both engaged in the business of distributing electricity, but at present only PUD 3 operates a wholesale fiber optic system. Since Mason PUD 3 has no current plans to provide wholesale telecommunications services utilizing fiber optics in its service area north of Lilliwaup, both utilities have determined that it is in the best interests of the residents and businesses to facilitate Mason PUD 1's construction, ownership and operation of wholesale telecommunications services for that area. Mrs. Creekpaum explained that this shall be considered a unique one-time situation. She pointed out that the agreement also extends the Agreement Regarding Telecommunications Services between PUD 1 and PUD 3 dated September 26, 2006, by an additional 25-year term following the scheduled expiration date of September 26, 2031, for a new expiration of that agreement on September 26, 2056.

Ms. Gott moved, seconded by Mr. Farmer to Approve the Mason PUD 1 and Mason PUD 3 Fiber Optic Service Interlocal Agreement. MOTION PASSED UNANIMOUSLY.

STAFF REPORT

Mrs. Speaks reviewed the status of the budget as of September 30, 2021, with the commissioners. The month-end receipts for September were \$5.8 million, expenditures were \$5.8 million. Finishing the month of September with a positive year to date budget balance of \$1.9 million.

Mrs. Speaks then provided the treasurer's report of funds through September 2021. The opening cash balance for September was \$3.8 million and was \$4.8 million at month's end. The total of all funds at month-end were \$34 million.

Mrs. Creekpaum reported on the current COVID-19 efforts. As of October 26, 2021, there are 4,710 confirmed COVID-19 cases, and sixty-four (64) COVID related deaths in Mason County. There were 462 new confirmed cases in the last fourteen (14) days and 711 confirmed cases per 100,000 tested. Washington State, as of October 26, 2021, has 632,820 confirmed COVID-19 cases, 8,480 COVID related deaths, and 9.5 million vaccinations given.

She also reported that on October 17, 2021, ten (10) percent of Mason PUD 3 employees were out due to a COVID-19 impact. Of those, five (5) employees were able to work remotely. On October 22, 2021,

there were eight (8) employees still quarantined and seven (7) were able to work from home. Mason PUD 3 has had twenty-nine (29) positive cases throughout the pandemic, with productivity remaining high due to the ability to remote work.

Mrs. Creekpau reported that Mason PUD 3 lobbies are on schedule to open to customers by-appointment only in November, however due to the positive case numbers at the PUD and in Mason County overall, she will continue to monitor the full reopening date of Mason PUD 3 offices to the public, in order to ensure the health and safety of employees.

At Mrs. Creekpau's request, Mr. Holzgrove gave a presentation on the current fiber network projects.

Mrs. Creekpau gave a substation update. The property agreement with the Bonneville Power Administration (BPA) for the property of the future replacement Potlatch substation site should be finalized in the coming weeks. The Belfair/Clifton Ridge substation location is also being finalized. Mrs. Creekpau informed the commission that staff is renaming the future location of the new switching station at the intersection of Dayton Airport Road and Shelton Matlock Road to the "Goldsborough Switching Station."

At Mrs. Creekpau's request, Mr. Holzgrove reported on the recent storm from October 24, 2021, to October 25, 2021. There were nine (9) small outages, well distributed throughout the county and one (1) larger outage involving a tree on a transmission line from the Collins Lake substation.

Mrs. Creekpau reported that Mason PUD 3 received five (5) communication awards at the Northwest Public Power Association (NWPPA) conference and the Smart Energy Provider Award at the American Public Power Association (APPA) conference.

Mrs. Creekpau stated that the November 9, 2021, commission meeting will include three public hearings for: proposed rates, the 2022 budget, and commission districts redistricting. The regular business meeting will follow the hearings. The hearings and regular meeting will be publicly noticed.

COMMISSIONERS' REPORT

Ms. Gott reported that she attended the NoaNet, Energy Northwest Board, and Public Power Forum meetings.

Mr. Farmer reported that he attended NoaNet, Washington Public Agency Group, Public Power Council Litigation, Energy Northwest, and PUD 3 budget and redistricting briefings.

GOOD OF THE ORDER

Following the calendar review, the commission meeting recessed at 11:18 a.m. to meet in executive session for no more than five (5) minutes.

At 11:23 a.m. the executive session adjourned and the regular meeting reconvened.

With no further business appearing, the commission meeting adjourned at 11:25 a.m.



THOMAS J FARMER (Nov 9, 2021 11:21 PST)

Thomas J Farmer, President



Linda R. Gott (Nov 9, 2021 11:29 PST)

Linda R. Gott, Vice President

ATTEST:



Bruce E. Jorgenson (Nov 9, 2021 11:30 PST)

Bruce E. Jorgenson, Secretary