

**Mason County PUD 1
Board of Commissioners Public Hearing & Regular Meeting
July 23, 2013**

Present

Ron Gold- President
Karl Denison- Vice President
Jack Janda- Board Secretary
Steve Taylor- General Manager
Greg Kester- District Auditor & Dir. of Finance/Customer Svc.
Tracy Colard- Director of Ops- Electric
Kristin Masteller- Dir. of Employee & Public Relations
Jocelyne Gray- Director of Ops-Water
Rob Johnson- District Legal Counsel

Visitors

Tom Swartz, Jerry Eckinrode, Mary Lynn Carr- Canal Mutual Customers; Marcus Perry, Richard Genece, Melissa Podeszwa, David Moody- BPA.

Canal Mutual Public Hearing

The Public Hearing for the Canal Mutual Water System Improvement Project began at 1:00 p.m. on July 23, 2013 at the District Office Board Room in Potlatch.

Jocelyne reported that the project has been awarded to Ferguson Waterworks for materials that have been purchased and delivered. The labor contract was awarded to Kamin Excavation and they will start construction this week at Canal Mutual on the County right-of-way by sawing the pavement. There are two bores that have to be done across the highway and then one under the creek. Westward Way will be closed for about three days during the boring. Rebecca Lane traffic will be rerouted around The Tides restaurant. We are decommissioning the two old wells and demolishing the well houses.

Everyone who wants a service will be able to connect after the project is done and we submit the report to the State stating that we have capacity. 86 ERUs, or 72 connections, will cover every lot in the development. There are some lots that we have not heard from to see if they want connections. Setters will be placed at those lots and meters can be dropped in at a later date if they decide they want to connect. The meter cost is included in this grant and will not be an additional cost to the customers.

We have the materials to replace the last water main but we do not have the funds for labor. Our in-house crews will be able to replace it as they have time and availability, but it does not fit in the budget for this construction.

Customers should install their own shut-off valves on their sides of the meter. Customers are not allowed to touch the service meters. There are fines associated with meter tampering and replacing any damaged meters. It's a very simple valve that customers can use for their own use. We will have Kamin coordinate with the private plumber for installation of the shut-off valves. Those along the water side will also have pressure reducing valves installed after the meter. We will install them as part of this project but the customers will be responsible for maintaining them afterwards.

Fire hydrants are not included in this project. Chlorination will also continue for this system and we will evaluate ways to improve this in the future after all the construction projects are finished. We plan to submit the final report to the State in September and we should get a response from them in 6-9 months approving the additional connections.

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Regular Meeting

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Mason County was called to order at 1:30 p.m.

CONSENT AGENDA

By adopting the consent agenda, the following items were approved:

The minutes of the July 9, 2013 special meeting.

Payroll warrants #106527-106536 in the amount of \$86,410.88; Accounts Payable warrants #106521-106526 \$593,982.13 and #106537-106586 \$209,673.98 for a total vouchers amount of \$890,066.99.

Jack made a motion to approve the consent agenda as presented; Karl seconded the motion. It passed unanimously.

BUSINESS AGENDA

Approval of RUS 219's

Jack made a motion to approve the RUS 219's in the amount of \$173,210.43; Karl seconded the motion. It passed unanimously.

May 2013 Financials for Water & Electric

Greg presented the May financials. Operating revenue is down a bit from budget, but it should right itself later on. Under the maintenance category, we still have tree trimming, which is part of why it is lower thus far. We still have larger net margins than we did a year ago. Greg showed the board a chart showing 13 months of sales vs. power purchased. Water still has decent net margins compared to what we had last year.

RPA No. 107- Wood Chipper

Tracy stated that our existing wood chipper is unsafe because it is not self-feeding, as is now required. It is 40 years old and we have to constantly maintain it. Greg stated that even though this is unbudgeted, it can come out of the electric transportation fund. It is from the State contract, which is a \$2,200 discount and it comes with a three year warranty.

Jack made a motion to approve RPA No. 107 in the amount of \$33,145.43 including tax; Karl seconded the motion. It passed unanimously.

Potelco Change Order No. 4

This was tabled until the next meeting.

Visit from Richard Genece- BPA's VP of Energy Efficiency

Richard is new to the PNW and spoke regarding the region's model of delivering energy efficiency savings in our area and how it is envied by other regions. Richard asked the group for information on areas that BPA can assist Mason 1 and its customers. He also offered BPA assistance if needed to help support Mason 1's conservation program.

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CORRESPONDENCE:

No correspondence.

GENERAL MANAGER'S REPORT- Steve Taylor

Steve reported that the summer tree trimming project is going really well. We are still going to bring in a contractor to do more trimming later in the year. Policy Committee met and went over the Large Load policy again. We are having Terry Mundorf and Rob do another review of it.

STAFF REPORTS

Tracy Colard:

Tracy reported that the construction crew is working on pole change outs (20-30 total). Substation is going well. In about two weeks, everything will be in the air and we will begin attaching everything and testing it. The control building will be here earlier than scheduled. Change orders have been low so far. Tracy anticipates an impending reduction change order of approximately \$50,000 due to a reduction of wells from four to two.

Jocelyne Gray:

Jocelyne reported that the Hood Canal Intertie water main is functional and all services have been installed. Tomorrow is the preconstruction meeting for the Dalby Road construction portion of the project.

Greg Kester:

Greg reported that the bond resolution is almost ready. He's bringing Nancy, our bond counsel, out to the next meeting to explain the resolution.

Kristin Masteller:

No report.

Rob Johnson:

Rob had no report. He will not be in the office next week.

BOARD REPORTS/COMMENTS

Karl: Larry Willey from ENW did a good presentation at WPUDA. Met with Linda Gott regarding the Hood Canal Communications issue and she suggested a joint board meeting to make sure that everyone is talking and working together.

Ron: No report.

Jack: Had a great WPUDA meeting. EES consulting representative, Anne Falcon, gave a great presentation. Jack asked Steve to speak with her regarding the melding of rates for Large Loads.

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At 3:25 p.m. Ron called an executive session in accordance with RCW 42.30-110(g) to evaluate the qualifications of an applicant for public employment. He stated the session would last 10 minutes.

At 3:35 p.m. Ron resumed the regular session and there being no further business, he adjourned the meeting.

Ron Gold, President

Karl Denison, Vice President

Jack Janda, Secretary