

Mason County PUD 1
Board of Commissioners Special Workshop & Regular Meeting
September 9, 2013

Special Meeting- Workshop Protocols for Joint Utility Services in PUD1's Service Territory

The special meeting of the Board of Commissioners of Public Utility District No. 1 of Mason County was called to order at 11:00 a.m.

Present: Karl Denison, Jack Janda, Ron Gold, Steve Taylor, Greg Kester, Darin Hall, Kristin Masteller, Tracy Colard

Visitors: No public was in attendance.

Workshop Discussion:

Steve handed out the Memorandums of Understanding with Mason 3 for telecom and water. Want to determine what the practice is for staff notifying the board if we are aware of expansions in our territory that are above and beyond simple contacts. We will be doing a pole audit. Mason 3 said they found 4,000-5,000 unauthorized pole contacts. We will be budgeting to do the audit next year. Our agreements state that there is a fine per pole for not notifying the District that they intend to attach to a pole. We typically do not get notifications, except for HCC amplifiers.

The board would like to see the two managers and staffs communicating on these issues. Ron suggested that once a year the two commissions have a joint meeting to discuss mutual issues and interests. Ron would like to see us communicating with them on surplus equipment too to see if they have surplus items that we may be able to use. Kristin will contact Lynn and Nancy to see if we can copy each other on surplus list notifications. Steve could bring it up at the next WPUDA manager's meeting to ask about an information exchange on the surplus lists.

The board didn't see any changes or amendments to make to the MOU's and were comfortable after revisiting the topic and reviewing what was on file.

There being no further business to discuss, the meeting was adjourned at 11:30 a.m.

Ron stated that the commission would break for lunch and the regular meeting would begin normally at 1:00 p.m.

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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 1:00 p.m.

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.
Jocelyne Gray – Director of Ops - Water
Tracy Colard- Director of Ops- Electric
Darin Hall- Electric Superintendent
Rob Johnson- District Legal Counsel
Kristin Masteller – Director of Employee & Public Relations

Visitors

Marcus Perry, BPA

CONSENT AGENDA

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

The minutes of the August 27, 2013 regular meeting & August 29, 2013 special meeting for Strategic Planning.

Payroll warrants #106766-106798 in the amount of \$93,920.91; Accounts Payable warrants #106799-106890 \$283.95 and #106799-106890 \$211,247.31; and voided warrants #106808-106819 (\$2,377.00) for a total vouchers amount of \$305,452.17.

Jack made a motion to approve the consent agenda as presented and the minutes of the strategic planning session as presented; Karl seconded the motion. It passed unanimously.

BUSINESS AGENDA

Marcus Perry, Account Rep from Energy Northwest

The rates became final in July and have been inserted into BPA's rate impact model. He handed out a summary sheet from this model that gives an overview of impact to PUD 1's rate for 2014 and 2015. Marcus stated that BPA projects that other energy sources will drive down the price of market based power and the revenue from those secondary sources have caused a reduction in credits. Load shaping costs for the utility have multiplied by 10 times over what was projected, due to peak in the winter and less credits in the summer.

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Claim for Damages- Larry Morris

We accidentally disconnected the wrong service on Country Club Lane and this gentleman's items in his fridge were lost. Greg recommended we approve the claim for \$50.00 since it was our clerical error.

Karl made a motion to approve the claim in the amount of \$50,00; Jack seconded the motion. It passed unanimously.

RPA #108 Sole Source for new Phone System

This is a follow up to sole source a phone system from Olympic Telephone. Hood Canal cannot meet the required needs with our NISC program.

Jack made a motion to approve Resolution 1042 to sole source the phone system through Olympic Telephone; Karl seconded the motion. It passed unanimously.

Change Order No. 3- Hood Canal A&B Intertie

We ended up going 7 feet deep under several utilities. Outside diameter of piping restraints were missed in the original estimate. PVC had to be changed out to fit inside the casing. The well for Hood Canal B ended up with total coliform from the source and the line so we have to treat it with chlorine before the contractor can do the work there. We don't know if it's the source and the line as two separate incidents, or just the well which is contaminating the line. These all resulted in changes to the original project estimate.

Jack made a motion to approve Change Order No. 3 in the amount of \$6,221.76 plus sales tax, and two additional days of work; Karl seconded the motion. It passed unanimously.

Change Order No. 2- Canal Mutual

Due to excavation and boring taking longer, we now need a cultural monitor to be on site longer than we anticipated. Jocelyne is requesting an additional week to complete this project.

Karl made a motion to approve Change Order No. 2 with a net increase of \$4,597.90 and an additional 60 hours; Jack seconded the motion. It passed unanimously.

CORRESPONDENCE:

Ron read a letter of appreciation from a customer who praised the work of the brushing crew and their great customer service.

GENERAL MANAGER'S REPORT- Steve Taylor

Steve gave an update on the easements with the tribes to renew the 50 year easements. There originally were five tracts that we had to purchase a new easement. Then we found out that Tacoma Power gave land back to the tribe, which made us have to resurvey it to encompass all seven easements. Steve is looking at increasing the easement distance on the transmission line

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between t3ba'das and Union, and if that doubles the appraisal value of the easement, what those impacts will be.

Steve has been looking at a Tantilist meter adaption to the Itron meters. It reads the Itron ERT and transmits it back to the office via a hardwire connection. The one meter will take all the reads and then dump that information into our systems. We then could utilize their prepay meters for customers who couldn't afford the large deposits. They can do water or electric reads.

Attended the NWPPA board meeting and a presentation on the northwest coalition with a focus on transmission and oversight from NERC, FERC, etc. NWPPA is evaluating the benefits of joining the coalition.

Mary Dallman was brought in and met with staff to address the personnel environment concerns that were brought to the board. She will be doing one-on-one interviews with all employees and identify themes of concerns and trainings to address those themes.

Decided to schedule the manager's review on November 8th. The October board meeting was moved from the 8th to the 1st.

STAFF REPORTS

Darin Hall:

Darin reported that the crew has mostly been doing service work. We are getting bids for helicopter brushing of the transmission line that feeds Hoodspout and Union. Tracy added that the substation testing will occur for about 10 days to ensure that all the connectivity is working. For the scheduled outage for the Union outage to perform maintenance, BPA is planning an outage for 2-3 hours so we're trying to coordinate ours with that.

Jocelyne Gray:

Jocelyne reported that we're still working on Canal Mutual. Had issues with boring on Hwy 101 fractured rock and they hit sand which caused a cavity, so DOT allowed us to do an open cut. Boring has been troublesome, with finding the unknown sea wall along 101 and other issues. Hood Canal B paving will start this week while crews are waiting for water samples to return. Hopefully next week we will start connecting new services to the water main and get State approval. Identifying lightening storm damage from last week, especially in the Union area- Union Ridge and Vuecrest. WA Waters, LLC sent letters claiming to be a local veteran owned company, even though they're headquartered out of Virginia. They're asking to purchase water companies in Western Washington and hand them over to SMAs. Thurston County PUD received these letters too. John Kounts from WPUDA was going to ask DOH for more information on the letters.

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Greg Kester:

Greg asked to set the public hearing for the water account consolidation to be on November 12th before the regular meeting. Greg will also set a rate hearing for electric eventually after our budgeting session.

Kristin Masteller:

Going to NWPPA communications conference next week where she will accept an award on behalf of the utility. Checking in the office about once a week to catch up on items, otherwise Kristin is still on leave until November.

Rob Johnson:

Rob attending the APPA conference for Mason 3 regarding pole contacts, for which he just upgraded contract for this matter. He will be attending the municipal lawyers conference at the annual meeting in Spokane this year too.

BOARD REPORTS/COMMENTS

Karl: Karl just got back from southern California where they have installed a bunch of solar.

Ron: Ron had no report.

Jack: Jack gave some highlights and shared information from the PPC meeting.

Meeting Adjourned at 2:55 p.m.

Ron Gold, President

Karl Denison, Vice President

Jack Janda, Secretary