

Mason County PUD 1  
Board of Commissioners Regular Meeting  
January 14, 2014

**Present**

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

**Visitors**

Barbara Moore-Lewis, Customer

**Excused**

Darin Hall- Electric Superintendent

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.

**CONSENT AGENDA**

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

The minutes of the December 10, 2013 regular meeting.

Accounts Payable warrants #107371 \$621.02, #107374-107438 \$576,309.71, #107446-107521 \$100,255.66; Payroll warrants #107372-107373 \$4,547.85, #107439-107445 \$92,169.09; Voided warrants #107138 (\$65,579.21), #107466 (\$131.31), #107487 (\$360.00) for a total vouchers amount of \$773,903.33.

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

**Visitors**

Barbara Moore-Lewis was welcomed to the meeting and introductions were made. Barbara is a customer in Brinnon and had good things to say about her service from PUD 1. She is part of a group that is monitoring the proposed development progress at Black Point.

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**BUSINESS AGENDA**

**WPUDA & Other Industry Appointments**

The following appointments were made to the industry association committees:

| <b>WPUDA COMMITTEES</b> | <b>PRIMARY</b>    | <b>ALTERNATE</b> | <b>2ND ALTERNATE (optional)</b> |
|-------------------------|-------------------|------------------|---------------------------------|
| Board of Directors      | Jack Janda        | Karl Denison     | Ron Gold                        |
| Managers                | Steve Taylor      | Greg Kester      |                                 |
| Government Relations    | Karl Dension      | Jack Janda       | Ron Gold                        |
| Communications          | Kristin Masteller | Steve Taylor     |                                 |
| Energy                  | Jack Janda        | Karl Denison     | Ron Gold                        |
| Telecom                 | n/a               |                  |                                 |
| Water                   | Jocelyne Gray     | Steve Taylor     | Ron Gold                        |
| <b>WPAG</b>             |                   |                  |                                 |
| Greg Kester             | Steve Taylor      |                  |                                 |
| <b>PPC</b>              |                   |                  |                                 |
| Steve Taylor            | Greg Kester       |                  |                                 |
| <b>APPA</b>             |                   |                  |                                 |
| Ron Gold                | Karl Denison      |                  |                                 |
| <b>ENW</b>              |                   |                  |                                 |
| Jack Janda              | Karl Dension-PRB  |                  |                                 |
| <b>NWPPA</b>            |                   |                  |                                 |
| Karl Denison            | Gov't Relations   |                  |                                 |
| Steve Taylor            | Board Member      |                  |                                 |

**Resolution No. 1048- Authorizing Sole Source for Reclosers**

Steve stated that this sole source was necessary to keep the same size and brand in the substation breakers so we don't have to modify the new substation.

Karl made a motion to approve Resolution No. 1048; Jack seconded the motion. It passed unanimously.

**RPA No. 112- Reclosers/Breakers for t3bad'as Substation**

Karl made a motion to approve RPA No. 112 in the amount of \$56,532.84 including tax; Jack seconded the motion. It passed unanimously.

**Claim for Damages- Brosa**

Rob stated that there is no showing of negligence by the PUD because one of our trucks may have simply kicked up a rock off of the road. PUD employees were not hauling rock nor working

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in an area with gravel where it could have been possible for us to not have cleaned off the truck properly. Mr. Brosa was unable to identify which truck may have caused the damage and did not speak to any District employee after the incident. Rob recommended that the District deny claim.

Jack made a motion to deny Mr. Brosa's claim due to the absence of negligence on the part of the PUD; Karl seconded the motion. It passed unanimously.

**Claim for Damages- Glen Ayr**

Steve received a letter from Glen Ayr manager Brian Cook regarding consequential loss of revenue from a water leak. The water crew responded to the leak very quickly and were able to restore water service by early the next morning. Rob stated that consequential damages are different than property damages, and are not covered by our claim process. He also stated that the PUD was not negligent, that this was simply a failure of equipment and recommended that the board deny the claim based on that lack of negligence.

Karl made a motion to deny Glen Ayr's claim due to the absence of negligence on the part of the PUD; Jack seconded the motion. Rob abstained from voting. Motion carried.

**RUS Refunding of Debt & Future Bond Rating**

Greg presented both rated and non-rated bond scenarios to the commission outlining the terms to refund the District's RUS debt for the next 20 years. He showed the difference in both costs and savings between the two different options. Greg asked the commission to decide if we wanted to go for the bond rating, which could take 6-8 weeks and would be subject to the market rates at that time, in addition to the rating, or move forward on the non-rated proposal. He recommended the non-rated proposal.

Karl made a motion to authorize the Director of Finance to move forward with the non-rated bond proposal to refund the District's RUS debt; Jack seconded the motion. It passed unanimously.

**October 2013 Financials**

Greg presented the October financial statements for both water and electric. He stated there was nothing exceptional to report for the month. The District was at a 2.22 tier. Margins were down and costs were up. It was very similar to last year's status for costs.

**CORRESPONDENCE:**

No correspondence.

**GENERAL MANAGER'S REPORT- Steve Taylor**

Greg and Steve attended the BPA meeting last week and reported that it was very well attended but nothing new really came out of the meeting. The BPA preliminary reports showed a 10% increase in power costs but the agency stated that those figures were outdated. Several utilities provided

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feedback to BPA. Steve also attended PPC where Elliot Mainzer spoke on the Energy Imbalance Market. Steve will be out on PTO the rest of the week. Jack added that BPA is trying to find ways to finance their capital improvements.

**STAFF REPORTS**

**Darin Hall:**

Steve reported that Darin, Tim Brown and Lou were inspecting our new digger derrick vehicle before it goes to be painted to make sure that it has been customized correctly. We had a few outages over the windy weekend, mainly in Skokomish Valley, with a short outage in Union and some smaller ones up north. They all were brought back on by the next morning. Ron commented on how responsive the crews were and stated that they did a great job restoring the power.

**Jocelyne Gray:**

Jocelyne reported that she is closing out both construction projects from last summer. Both systems are functioning fine and we should be approved soon for additional connections for both systems. The report for Canal Mutual has been submitted and she is hoping to have approval for connections in June. Jocelyne and Kristin attended the joint Port/City/County meeting last week which was also attended by state and federal legislative office representatives. An overview of upcoming projects and funding issues was presented from all three Mason County entities.

**Greg Kester:**

Greg had no further report.

**Kristin Masteller:**

Kristin reported that Barney Bruff successfully bid into the open line apprenticeship and that the vacancy he left in the water department has been filled. Garret Ogg accepted the water/wastewater technician position and will begin work on February 3<sup>rd</sup>, pending his pre-employment drug screen and driving record checks. 14 people applied for the opening and six people were interviewed. We got a great pool of very qualified applicants.

The WPUDA legislative reception is Thursday. Jack stated that Kathy Haigh confirmed that it was on her calendar, Ron had called to remind Tim Sheldon and Karl got a confirmation from Drew MacEwen. Kristin is going to attend the commissioners' legislative training that was opened to the communicators on Wednesday and then be at WPUDA on Thursday.

The Mason County EDC selected a new executive director. She is local to Shelton and has a wealth of experience and passion for Mason County. Kristin said the selection committee chose a good candidate that should help increase the exposure and outreach for the EDC.

**Rob Johnson:**

Rob's report was reserved for executive session.

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**BOARD REPORTS/COMMENTS**

**Karl:** No report.

**Ron:** No report.

**Jack:** No report.

At 2:58 p.m. Ron stated that the commission would go into an executive session pursuant to RCW 42.30.110(i) "threatened or pending litigation". Ron stated the executive session will last 10 minutes.

At 3:08 Ron stated that the executive session would continue for an additional 10 minutes.

At 3:18 Ron closed the executive session and the regular session resumed.

Kristin asked for clarification on a customer's request to begin the budget payment plan for the SDF on her water system. The policy had been approved last summer but the contract has not been developed yet. Rob stated he would draft a contract outlining the terms of the payment plan and work with Greg to have it ready for the customer. Karl stated he would follow up with the customer as well to update her.

**Meeting Adjourned at 3:24 p.m.**

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Ron Gold, President

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Karl Denison, Vice President

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Jack Janda, Secretary