

Mason County PUD 1
Board of Commissioners Regular Meeting
November 22, 2016

Present

Karl Denison- President
Jack Janda- Vice President
Ron Gold- Secretary
Steven Taylor- General Manager
Darin Hall- Director of Operations- Electric
Rob Johnson- Legal Counsel
Kristin Masteller- Director of Business Services

The 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

Minutes: November 8, 2016 Regular Meeting

Vouchers:	Accounts Payable:	112689-112693	\$ 3,646.07
		112696	\$ 1,500.00
		112701-112750	\$ 290,248.49
	Payroll:	112694-112695	\$ 2,435.50
		112697-112700	\$ 110,995.09
	Voids:	112598	(\$ 459.90)
Total:			\$ 408,825.15

Jack made a motion to approve the consent agenda; Ron seconded the motion. It passed unanimously.

BUSINESS AGENDA

Erik Birk- Vuecrest Drive Customer

Mr. Birk reported that his family purchased their property in the Vuecrest system in 1996 thinking they'd get water. His father put in an expensive septic system on the lot. The HOA sent a letter out to property owners asking if they want water. Mr. Birk stated his parents never received the letter and they have very meticulous property records. They tried for years to get water to the lot and taxes continue to increase on the basis it was buildable, when it's not due to lack of water. They've paid taxes and HOA fees for 20 years and still unable to build. The children of the owners are trying to settle their estate and the appraiser said that there is a possibility of water access there because of the way the deed was written. The property is worthless without water. Mr. Birk read the water system plan and expansion plans. He's asking the board to consider the lot as a water connection. Steve Taylor stated that staff recommends that the board allow the connection with the intent to meet the DOH requirements to \$250,000 to increase the storage capacity and improve the lines. The

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SDF was paid when the property was originally purchased. Mr. Birk would need to pay the meter installation fee. Rob Johnson outlined the potential risks of liability for not complying with the standards dictated by the DOH regarding available connections. Karl Denison felt that this was a reasonable risk to push back against the regulations and that we have to do the improvements anyway. Jack Jana stated that he sympathizes with Mr. Birk and his situation but he can't vote to take action that may put the utility at risk. Mr. Birk asked for their property to be grandfathered in. Ron Gold asked how soon the repairs were going to be scheduled. Steve replied that the water system plan needs to be approved, engineered and financed. If we were closer to having those done, Jack and Ron stated they would be more apt to vote yes. Ron would like to fast track the water system plan to get the engineering done.

Karl made a motion to authorize a connection to Mr. Birk's lot on the Vuecrest system immediately. The motion died for lack of a second. No action was taken.

Approval of Write-Offs

NISC reports were not previously capturing all delinquent accounts. It is now working appropriately and the list presented includes some 2015 accounts and then the rest of the list since February of 2016.

Jack made a motion to authorize the list of write offs to be sent to the debt collection agency in the amount of \$13,437.01; Ron seconded the motion. It passed unanimously.

Approval of Letter to Army Corps of Engineers re: EIS Comments

A letter was presented to send to the Army Corps of Engineers regarding comments for the EIS consideration.

Jack made a motion to send the letter, as written, to the Army Corps of Engineers; Ron seconded the motion. It passed unanimously.

Approval of PCI Compliance Policies

Kristin presented the revised PCI Compliance Policies. These are required to be reviewed annually and she and Hood Canal Communications did that and made the needed revisions.

Jack made a motion to approve the updated PCI Compliance policies as presented; Ron seconded the motion. It passed unanimously.

Revision to Budget Pay Policy

The Budget Pay Policy was revised to include a new payment schedule. Customers that signed up in the cold months October-March would pay the monthly budget payment, plus 20%, to avoid having their accounts start out so far in the negative. In April, the accounts would be reconciled and the April through September months would not include the 20% addition since a credit is usually built during the warmer months.

Jack made a motion to approve the changes to the budget pay policy as presented; Ron seconded the motion. It passed unanimously.

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Resolution No. 1081- Declaration of December 15th Mason County Hydro Day

PUD 3 has drafted a resolution declaring December 15, 2016 as Hydropower Appreciation Day in Mason County to support hydro and the federal dam systems. The resolution was tailored to PUD 1 and presented for approval.

Jack made a motion to adopt Resolution No. 1082 as presented with the hydro amount of “85 percent”; Ron seconded the motion. It passed unanimously.

Resolution No. 1082- Nonstandard Discretionary Compensation & Benefits

A resolution was presented that outlined the circumstances when it was appropriate for the general manager, at his discretion, to allow for paid leave of District employees or additional PTO benefits, as already outlined by District policy. This resolution just formalizes the board’s authorization of the manager to make those decisions on a case-by-case basis.

Jack made a motion to adopt Resolution No. 1082 as presented; Ron seconded the motion. It passed unanimously.

BPA Initial Proposal Rates

Steve shared information from BPA in reply to a question the commissioners had earlier about the historic impact of BPA’s rate increases to PUD1.

Authorize Agreement with Piper Jaffray

Steve stated that he would prefer not to use Key Bank as a financial advisor if we are using them for financing to avoid a conflict of interest. He asked the board for authorization to enter into the agreement with Piper Jaffray for limited advisory services as we prepare for debt bonding.

Ron made a motion to authorize the manager to enter into an agreement with Piper Jaffray for financial consulting services; Jack seconded the motion. It passed unanimously.

Authorize the Manager to Execute Agreement with Gray & Osborne for Reservoir Rehabilitation

This proposal was to rehab the tanks instead of replacing them with concrete tanks. It included engineering and filing, bidding process, and final inspection. This item was tabled for a future meeting.

CORRESPONDENCE

None.

GENERAL MANAGER’S REPORT- Steve Taylor

Steve reported back to Karl about his questions on demand response from BPA. Steve shared the status of the budget process with the board. Working with Mike Wittenberg, he’s trying to break categories out better between operating expenses and capital expenses and how the impact the income statement and balance sheet. Then Steve will tie revenue requirements in to the budgeted dollar amounts for the board to see.

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WPUDA asked each utility to allow the managers committee to continue work on the Clean Energy Action Plan with the comments and revisions vetted through WPUDA committees. Ron made a motion to approve the Clean Energy WPUDA Action Plan regarding amendments to the Energy Independence Act; Jack seconded the motion. It passed unanimously. Steve asked the board for authorization to take this back to the manager's committee with a recommendation to proceed. He was given authorization.

STAFF REPORTS

Darin Hall: Kemp West is working on tree trimming right now. They're on highway 101 this week in Potlatch/Skokomish Reservation. Line crew has been working on service work and finishing the Union Ridge cut over for the year. Water crew has been doing maintenance work and meter replacements. Accident awareness and incidents training last week for the safety committee. No accidents or near misses to report.

Kristin Masteller: No report.

Rob Johnson: There was a decision on Pacific County's pole contact rate battle. A judge decided that the rate and methodology complied with the statute and ordered the telecoms to sign the contracts and pay the fee or remove them from the PUD's poles.

BOARD REPORTS/COMMENTS

Karl: Karl reported on the WPUDA budget, which has a small decrease and our District dues had a very minor increase.

Karl made a motion for Ron Gold to serve in his seat on the Energy Northwest's participant review board for the remainder of his term; Jack seconded. Ron abstained. Motion carried.

Ron: Ron said that the WPUDA meeting was informative and commented on the pole attachment discussion.

Jack: Jack gave an update from the WPUDA board meeting. January 12th is the legislative reception.

Meeting adjourned: 3:40 p.m.

Karl Denison, President

Jack Janda, Vice President

Ron Gold, Secretary