

Mason County PUD 1
Board of Commissioners Rate Hearing & Regular Meeting
November 26th, 2013

Present

Ron Gold- President
Karl Denison- Vice President
Jack Janda- Board Secretary
Steve Taylor- General Manager
Greg Kester- Director of Finance & Customer Service
Jocelyne Gray- Director of Operations- Water
Kristin Masteller- Director of Employee & Public Relations
Darin Hall- Electric Superintendent
Rob Johnson- District Legal Counsel

Visitors

Eric Schallon, Green Diamond

Special Meeting Electric Rate Hearing-

Public Comment-

There was no public comment.

Greg presented a final budget that reflected the discussion at the last board meeting including a \$5.00 increase in the monthly base service charge and a 4% increase in the consumption charge. This increase is needed to maintain our tiers in light of the recent increases from Bonneville Power Administration.

As there was no public comment and no further discussion needed, the public hearing closed at 1:07 p.m.

Regular Business Meeting-

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Mason County was called to order at 1:07 p.m.

Public Comment-

Eric Schallon from Green Diamond Resource Company gave an update on the status of the projects in which they're looking for Mason PUD 1 to serve water to future developments. Green Diamond has been working with the Squaxin Tribe on the projects that will require water from Mason PUD 1. They now have an MOU with Squaxin to work on everything except the Mill Creek and Kennedy Creek projects, which are still in discussion.

CONSENT AGENDA

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

The minutes of the November 12, 2013 public hearing and regular meeting;

Accounts Payable warrants #107221-107224- \$13,724.59 and #107235-107290- \$464,417.62; Payroll warrants #107225-107234- \$86,489.89; and Voided warrants #107154 (\$448.51) and #107232 (\$0.00) for a total vouchers amount of \$564,632.10.

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

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A) Approval of 2014 Budget

Jack made a motion to adopt the 2014 Budget as presented which calls for electrical revenues of \$7,581,000 and cost of electric service of \$7,267,161 and water revenues of \$1,218,000 and cost of water service of \$1,022,000; Karl seconded the motion. It passed unanimously.

B) Resolution No. 1044- New Water Rate & Account Consolidation

Greg presented a resolution for the new water rates to take effect on December 1, 2013 and to consolidate all the individual water accounts into one general fund.

Jack made a motion to adopt Resolution 1044 as presented; Karl seconded the motion. It passed unanimously.

C) Resolution No. 1045- New Electric Cost of Service Rate Schedule

Greg presented a resolution for the new electric rate schedule to take effect on December 1, 2013.

Karl made a motion to adopt Resolution 1045 as presented; Jack seconded the motion. It passed unanimously.

D) Change Order No. 4- Hood Canal A&B Intertie

Jocelyne stated that the Hood Canal A&B Intertie contract with Pape was changed and the net decrease was \$33,120.10. Pape was able to save some money in materials that resulted in a large cost savings for the District. We will not have to borrow these funds in the project loan.

Jack made a motion to approve Hood Canal Intertie Change Order No. 4 in the decreased amount of \$33,120.10 not including tax; Karl seconded the motion. It passed unanimously.

E) Change Order No. 3- Canal Mutual System Improvement Project

Jocelyne explained an increase in materials that Kamin had to use on the project. Although this change order increases the project dollars, we are able to return other unused parts to Ferguson that are stored in the woman's club that will offset the cost of this change order. Ferguson will come next week to inspect the parts and then we can return them for a credit of approximately \$9,700.00.

Jack made a motion to approve Canal Mutual Change Order No. 3 in the amount of \$10,051.14 before applicable sales tax; Karl seconded the motion. It passed unanimously.

Correspondence-

Several thank you notes to employees from customers were shared with the board. The board asked staff to relay a "good job" to the employees.

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Staff Reports-

Steve Taylor:

Steve reported back to the board in regard to their question about the Murray, Smith & Associates (MSA) bills for the county coordinated water system plan. In 2012, MSA wanted to conduct a coordination plan with Mason County. We were not interested in that project at the time. Since then, Jocelyne has fielded several questions on water systems that are in that first phase of the project database that was developed. Since Jocelyne is becoming the county wide resource for water questions, she gave up the modeling software in her budget to purchase the first phase of the database that she needed. Steve also reported that Will Lutgen is retiring from NWPPA in March 2014.

Steve asked for authorization from the board for him to participate in the Energy Northwest Distributed Storage Project Offering. Jack stated that this project was grant funded and that we should participate in it and perhaps see if they would like to use us as a test site. Steve shared a message from Steve Anderson of EES Consulting, who was happy regarding the increase in basic charge rather than just a kilowatt hour charge. He also received an email from Brandon Inman who is working on the Pleasant Harbor project and Steve has been helping him by answering questions and he also had a new figure for a connected load of 19.3 MW.

Ron Gold is new policy committee rep for the board and he will also be the board president for 2014.

Karl made a motion to authorize Jack to vote in favor of WPUDA's intent to retain an attorney in the Amicus Brief issue in an amount equal to our WPUDA proshare ratio; Jack seconded the motion. It passed unanimously.

Darin Hall:

Darin handed out some RUS outage report information for the last 10 years to show what the actual causes of the outages have been. Steve and Darin are looking at breaking out the "other" category to see if the outages are transmission, trees, which end of the system are out, and actual outage hours instead of manhours. Kemp West completed trimming on Hwy 101 from Lilliwaup to Colony Surf. They did a great job and we had no complaints from any customers. PUD crews are doing ground trimming right now. The helicopter trimming will be from December 9-14, weather-contingent.

Jocelyne Gray:

Jocelyne reported that she is wrapping up both construction projects. We have enough capacity at Canal Mutual to serve all customers who want a connection. We are still waiting for approval for those connections from DOH and then Jocelyne will evaluate offering any extra connections to neighboring systems that may want to come onboard. Will start reservoir cleaning next week.

Greg Kester:

Greg went to weatherization workshop for BPA. The biggest concern the utilities have is that they have no roll-over clause in their two year fiscal program. If you have a big project or smaller

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projects, we can't roll it over to the next budget year so we lose those funds. Greg stated at the workshop that BPA needs to come up with other programs for smaller, rural utilities. Other similarly sized utilities express the same concern.

Kristin Masteller:

Kristin shared a health care excise tax worksheet on 2018 health care premium projections. It was just an example of what PUD 1's excise tax could look like.

Rob Johnson:

After a contentious commission campaign, the manager from Skamania was fired and he filed a wrongful termination lawsuit. At-will employees still can't be fired based on discrimination, whistleblowing, being in a protected class, etc. The manager alleged different classification protections but still lost because there was no evidence of misconduct on behalf of the utility or the commissioners.

Board Reports-

Karl: Karl gave an update on the recent WPAG meeting including the energy imbalance market.

Ron: No report.

Jack: Stated that the Columbia River Treaty issue needs to be resolved very soon. He commented on other issues discussed at WPAG.

At 3:05 p.m. Ron called an executive session under Review the Performance of a Public Employee, 42.30.110(g). He stated that the session would last 15 minutes. At 3:20 p.m. the executive session closed and the regular session resumed. There was no further business for the regular session.

Meeting Adjourned at 3:20 p.m.

Ron Gold, President

Karl Denison, Vice President

Jack Janda, Secretary