

Mason County PUD 1
Board of Commissioners Regular Meeting
March 11, 2014

Present

Ron Gold- President
Jack Janda- Board Secretary
Steve Taylor- General Manager
Jocelyne Gray – Director of Ops - Water
Darin Hall- Electric Superintendent
Greg Kester- Dir. of Finance & Cust. Service
Kristin Masteller – Dir. of Employee & Public Relations

Visitors

John Swanson
Greg Texeira
John Rodius
Mike Sheetz

Excused

Rob Johnson- District Legal Counsel
Karl Denison- Vice President

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 February 25, 2014 regular meeting;

Accounts Payable warrants #107745-107751 \$326,520.11, #107759-107844 \$434,752.42;
Payroll warrants #107752-107758 \$90,100.82 for a total vouchers amount of \$851,373.35.

Jack made a motion to approve the consent agenda as presented; Ron seconded the motion. Karl was absent from voting. Motion carried.

Visitors

All visitors were in attendance for the first agenda item- the discussion on the Union Heights section of the Union Water System.

BUSINESS AGENDA

Discussion on Union Water System (Union Heights area)

The Union Heights customers are upset that when the power goes out they lose water at the top end of the water system that is close to the tank, due to a lack of pressure and gravity flow. Mr. Rodius expressed his concern about adequate fire flow during an outage as well. The customers down below at the bottom of the hill have water during outages due to gravity flow and from Well 2.

Jocelyne stated that the District's hands have been tied legally regarding fire hydrant installation and maintenance and we're still working with Mason County to determine the regulations for fire code and fire flow. There is no longer a county fire marshal. Mike Sheetz stated that he spoke with the Union Fire Department and their fire chief stated that in the event of a fire, they would request a tender from a neighboring district and a pumper truck so water availability is not an issue in their professional opinion.

In March of 2013, Jocelyne met with community members at the Union Heights road meeting to discuss water flow issues and she was told to communicate with Jack Hagedorn moving

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forward. She was not aware that the March 27, 2013 letter had not been forwarded on to the other residents and had not heard from anyone since that discussion.

After a brief discussion on the details of the letter that provided some scenarios for water pressure remedies. It was decided that Jocelyne will send out the letter to all the customers in Union Heights and then set up a meeting with those residents to visit the options at 6 p.m. at the Union Fire Hall and put the meeting details in the letter. Jocelyne also let the visitors know that she will investigate the cost and regulations involved in installing a fire hydrant at the bottom of the tank.

Jocelyne will call Mr. Rodius to follow up on the number of available connections for that water system and the cost to connect for each lot that he has just purchased.

Authorize the Manager to Sign the Contract for Website Services

Kristin stated that The Williams Group who currently hosts and maintains the District's website, is discontinuing its web support services. Andrew DeSumma built the site and currently maintains it for the District. He has left The Williams Group and formed his own company, Diventare, and has submitted the same contract under his company to continue managing the website for the District.

Jack made a motion to authorize the manager to sign the contract with Diventare for website services; Ron seconded the motion. Karl was absent from voting. Motion carried.

2013 Year End Financials for Water & Electric

Greg gave a summary of the financials for 2013. The net margins are still good for water but cash flow remains the only real issue. The water balance sheet shows an increase in debt due to the Hood Canal Intertie project but the debt is still relatively low each year. For electric, the tier was down slightly due to lower revenue but Greg stated that the rates are where they should be. He showed the difference in kilowatt hours purchased and sold from 2012 to 2013. The difference shown is weather-driven and amounts to about \$250,000. He also noted that there is \$1 million in substation inventory that is still listed in work orders and will be moved into plant and reflect differently on the balance sheet.

Resolution No. 1051- RUS Bond Refinancing

Greg has brought back the refinancing terms that the board has asked him to gather to refinance the RUS debt through bonds. The interest rates have gone down but are not guaranteed. Greg has submitted the bond resolution for approval today and then it will be sent to the underwriters, who will then execute it within a month and a half.

Jack made a motion to approve Resolution No. 1051 as presented; Ron seconded the motion. Karl was absent from voting. Motion carried.

Approval of PCI Compliance Policies Nos. 1-5

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The District has moved to a new payment processing system that is more secure. No customer financial information is stored on site. As part of our requirement to be in compliance, the District must adopt these policies to ensure that we have the proper controls in place and that the proper individuals have been appointed and authorized to act as agents of the District regarding the payment system.

Jack made a motion to approve PCI Compliance Policies Nos. 2014-01, 2014-02, 2014-03, 2014-04, and 2014-05; Ron seconded the motion. Karl was absent from voting. Motion carried.

CORRESPONDENCE:

Steve shared a note from a customer who asked the board if they could “bank” their water allocation and use it during the summer months. Steve will reply to the customer to explain why the billing system is set up the way it is and thank the customer for the letter.

GENERAL MANAGER’S REPORT- Steve Taylor

Steve asked Vicky to investigate the District’s requirements regarding the installation of conduit on secondary distribution. We currently require customers to do this whenever it is buried under concrete or asphalt surfaces. Steve plans to develop policy that will require all new secondary to be put into conduit and customers will be responsible for the trench and the cost of the conduit. Karl asked Steve about the City of Port Angeles’ problems with their AMI meters. They’re using a new brand of AMIs that hasn’t been tested or used with any PUDs in the state. The vendor was the lowest bid so the City accepted it. Steve was looking at a pilot project with Tantalus Itron System to try out AMI on a small portion of our system to gauge its effectiveness, but it was not budgeted in 2014. Steve attended PPC with Jack & Karl. Greg and Steve attended the NWPPA’s Pathways to Leadership program and it was a good training.

STAFF REPORTS

Darin Hall:

Darin reported that the crew will start the Hwy 106 rebuild on the 17th and it will continue intermittently through mid-June. He is working with Kristin to notify customers through the newspapers, online media, listserv and KMAS. Customers will receive hand-delivered notices prior to their power being turned off for 2-4 hours while crews reset poles and line in sections along the roadway. Darin also attended his first east/west superintendents’ meeting and brought back some valuable information on what is going on around the state in regard to safety and utility issues.

Jocelyne Gray:

Jocelyne stated that she followed up with a customer at Jack’s request. Canal Mutual will convert to a metered rate after the first round of new connections are installed. She is hoping to get approval for the new connections by June.

Greg Kester:

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Greg followed up on Karl's question about repeat check read requests from customers. He stated that most of the check reads are for water and they are usually in response to a leak. In these cases, the check reads are advantageous to us. For electric reads, customer service is able to explain the AMR capability to customers and they change their minds about wanting the additional reads. Greg doesn't feel that it's worth charging a fee to the customer to do the additional reads because it's not being abused. The exception to this is when we bring the meters back here to test them upon customer request. Customers are charged for this service.

Kristin Masteller:

No report.

Rob Johnson:

No report.

BOARD REPORTS/COMMENTS

Karl: Karl was excused from the meeting since he is attending the APPA Legislative Rally in Washington, D.C. with WPUDA this week.

Ron: Hood Canal Marina called Ron regarding a meter multiplier error that the District made them aware of and they are paying the back usage bill over the next 36 months. Brian McGuinness asked Ron to thank the PUD for working with them on the payments. Ron will be out of town on vacation for just over a week and be back on the 21st.

Jack: From the PPC meetings Jack reported that there have been record runs of fish this year. An environmental group has been pushing for a 10 year test on reducing flow on hydro system which would cost customers millions of dollars and move forward to shut down dams. The Bi-Op already has spills addressed in it so additional testing is not needed. ENW had to power down from 100% to 35-40% to fix a valve, which was repaired in 24 hrs and was back up to 100%. Jack asked that Karl sit in on energy committee this month for him at WPUDA.

Meeting Adjourned at 2:45 p.m.

Ron Gold, President

Karl Denison, Vice President

Jack Janda, Secretary