



Mason County Public Utility District No. 1
Board of Commissioners- Regular Meeting Minutes
March 28, 2017 Potlatch, Washington

Present:

Jack Janda, President
Ron Gold, Vice President
Mike Sheetz, Board Secretary
Steven Taylor, General Manager
Kristin Masteller, Director of Business Services
Rob Johnson, District Legal Counsel
Katie Arnold, District Accountant
Teresa Hummer, Conservation/Customer Service

Excused:

Darin Hall, Director of Operations- Electric
Michael Wittenberg, District Auditor

Visitors:

None in attendance.

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. followed by the Flag Salute.

APPROVAL OF CONSENT AGENDA:

Minutes: March 14, 2017 Regular Meeting

Warrants:	Accounts Payable	113265-113335	\$ 469,467.02
	Payroll	113258-113264	\$ 86,676.83
	Voids	113228	(\$ 3,847.25)
		113232	(\$ 1,845.10)
		113332	(\$ 99.00)
		113333	(\$ 99.00)
		113324	(\$ 138.75)
	Total:		\$ 550,114.75

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

PUBLIC COMMENT:

No public in attendance.

BUSINESS AGENDA:

February 2016 Financial Report- Katie Arnold

Katie reviewed the financial executive summary with the board. The 2016 year end review is underway to prepare for the annual report, due with the State Auditor's Office by May 31, 2017, with an expected completion date by the end of April. Katie is working on the review of prior year Privilege Tax Returns, for



potential amendment. The privilege tax report for 2015 was overstated resulting in about a \$6,000 overpayment. Katie is going to try to go back three years to make sure they were done correctly and if not amend them. The revenue was supposed to just be generated on energy usage, not the income statement that shows rental activity. Katie stated that she and Mike plan to provide assistance to the District to create an Accounting Policies & Procedures manual, to be implemented by the end of 2017. They also are working to develop benchmark financial ratios, to compare PUD No. 1's ratios to other like-size districts.

Gross Revenue was \$964,868 for the month of February 2017, as compared with forecasted gross revenue of \$868,513.88. Gross expenditures were \$770,668, as compared with forecasted total expenditures of \$619,453.21. Both Revenues and Expenditures are greater during the winter months, on average and the percentage over budget for both are about equal for the month.

Conservation Report- Teresa Hummer

Teresa presented the commission with a year to date report on our conservation program including the rebates we've provided, the performance payments we've received from BPA and how much money is left to spend before the end of the rate period, which is September 30, 2017. She and Kristin are working on a conservation menu for customers to facilitate some new rebate opportunities, per the strategic plan. A portion of the conservation budget is also going to LED streetlight replacements. The strategic plan goal for 2017 is to replace 200 streetlights. Teresa will be back in the fall to report on the end of the period and the projects that were done during the rate period.

STAFF REPORTS:

General Manager Report-

Steve reported that he is still working with Mason 3 and BPA on the Potlatch substation maintenance. They have no long term plans for that sub except minimum maintenance. It serves both Hoodspoint and Union delivery for us so it is a large concern and risk. Darin and Steve are meeting with Mason PUD 3 about options for sharing the costs of a new substation or additional feeds off the PUD 3 substations from Twanoh and McReavy in the case of emergencies. Steve is also working on an RFP for a cost of service study for water and electric. Northwest River Partners shared that the judge ruled for spill on the biological opinion case so we will likely be hit with a CRAC payment this year due to the spill. We are moving forward on AMI meters for the Brinnon area as part of our test phase. Steve checked with Federated on earthquake insurance and is not recommending it due to the cost and the low value of the buildings. Steve gave an update on the 5G rule and pole attachment. Kristin will send thank you cards to the senators in support of the 5G bill. The Skokomish Tribe is putting a large solar panel system on their new community center. Steve shared some graphs of kWh usage over the last five years. We had a really cold 2016 with a jump in sales but no customer growth. We sent Dustin from HCC to cyber security class and he is going to do some focused cyber security tests and trainings for our system.

Operations Report- Darin Hall:

Kristin reported that the water crew has installed meters on the new Enchantment Heights & Enchantment Ridge systems and we are flat rate billing them for the next month to establish a base read and perform test billing before we switch them to metered rate. All the quit claim deeds were filed for those systems. Darin has been in talks with Treasure Island Water System regarding satellite management



and ownership options. We are waiting for them to invite us to an HOA meeting to present to their membership. An RFP for reservoir tank inspection and cleaning is going out this week to be performed by the end of June. The line crew has still been working on the Duckabush rebuild.

Business Services Report- Kristin Masteller:

Kristin is soliciting a new phone system service quote from Hood Canal to streamline our telecom services and hopefully save the District some money by consolidating to one provider. We already are saving about \$500 a year on our Verizon Wireless bill by revisiting that plan. Darin and Kristin held an interdepartmental meeting again focusing on work orders this time. We are eliminating almost \$1 million in overhead expenses that have been assigned to work orders that have been closed for quite some time. As part of our succession planning, we bid the purchaser/utility person position internally and Rich Crump was awarded position. He begins April 1st. We will hire an additional FTE to backfill after the current purchaser retires. Kristin spoke at length with NISC's regional rep about developing a regional training program that was more accessible, affordable, and comprehensive. Kristin stated it was too expensive to send employees to NISC's headquarters training sessions in North Dakota and the PUD wouldn't get the value out of the time and expense.

Legal Report- Rob Johnson:

Rob gave a status on the embezzlement case and provided the history behind the PUD privilege tax, which was created in lieu of property tax, which funds schools and the County.

Correspondence:

No correspondence.

Board Reports:

Mike Sheetz: Mike attended WPAG and WPUDA meetings and plans to attend the water workshop.

Jack Janda: Jack attended the Energy Northwest meeting where they discussed strategic planning.

Ron Gold: Ron attended his first Participant's Review Board meeting at Energy Northwest.

Adjournment: 3:34 p.m.

Jack Janda, President

Ron Gold, Vice President

Mike Sheetz, Secretary