

Mason County PUD 1
Board of Commissioners Meeting
July 12, 2011

The regular Board of Commissioners Meeting of Public Utility District No. 1 of Mason County was called to order at 1:00 p.m. on July 12, 2011 at the District Office Board Room in Potlatch.

Present

Ron Gold – President
Jack Janda – Vice-President
Karl Denison – Secretary
Rob Johnson – District Counsel
Tracy Colard – Director of Operations-Electric
Kristin Masteller-Exec. Assistant/HR/Communications
Greg Kester - Auditor/Dir. of Finance & Customer Service

Visitors

No visitors attended.

Excused

Jocelyne Gray- Director of Operations-Water
Steven N. Taylor – General Manager

CONSENT AGENDA

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

The minutes of June 28, 2011 regular meeting;

Payroll vouchers 102943-102950 in the amount of \$86,483.03; Accounts payable vouchers 102928-102942 in the amount of \$33,206.20 and 102951-103009 in the amount of \$131,850.09. Karl made a motion to approve the consent agenda as presented; Jack seconded the motion. It passed unanimously.

PUBLIC COMMENTS

There were no comments from the public.

BUSINESS AGENDA

WPUDA Water Committee contract with Bill Clark:

Greg presented a proposal on behalf of Jocelyne. The proposal asks WPUDA water members to assist in retaining lobbyist Bill Clark by paying a portion of his 2011 salary. WPUDA is facing a potential budget shortfall for 2011 and 2012. Karl stated that this issue will be discussed in WPUDA's upcoming executive committee meeting. Jack agreed that it should be put on hold and tabled following the WPUDA executive committee's recommendation to the WPUDA board. Rob stated that Grays Harbor PUD likely will remain a member of WPUDA as well, which will help alleviate the budget problems that WPUDA is facing. No decision regarding the proposal was made at this meeting.

REP Settlement:

Greg shared attorney Terry Mundorf's opinion on the settlement with BPA. Mundorf stated that based on the size and parameters that PUD 1 is facing, the PUD should sign. The indication is that the non-signing utilities have a low probability of winning the Residential Exchange Settlement in court. Staff's recommendation to the board is to sign the settlement. Jack

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concurred with Mundorf's statements and said that he didn't want to see PUD 1 be pitted against the other 95% of the utilities who have signed the agreement. Rob stated that signing is an easy option but the utility could also opt to do nothing. BPA announced that they would treat non-signers as signers until the court tells them to act otherwise. The consensus was that given the expense of litigation and the size of our utility, it is not prudent to pursue litigation against BPA and the other utilities. This matter has become an issue of principal and a potential monetary risk issue for our customers, although the monetary risk is still unknown. Jack stated that he was not in favor of the settlement but he thought that signing it would be in the best interest of PUD 1 and its customers. Karl stated that he liked the "do-nothing" option to preserve the utility's rights to pursue past claims. Greg stated that the risk to our customers will be in the pending litigation in the courts. If we lose some parts of the pending litigation, it possibly could be harmful financially to our customers when BPA does a rate test. If we win all parts of the pending litigation, then the impact to our customers could be favorable. There are strong opinions that winning all the litigation parts are will be hard. Jack made a motion to sign the settlement; discussion followed. It died on the table for lack of a second. The commissioners opted to revisit it at the next meeting.

Jack then asked staff to find out if BPA would have an issue if the board didn't sign until the next meeting which would fall on the day after the deadline. When asked for his opinion, Rob advised the commission to follow the advice of their attorney (Mundorf). After discussion of individual calendar availability and the date of the next board meeting, Jack restated his motion to agree to sign the settlement; Ron seconded the motion. No further discussion ensued. It went to a vote with Ron and Jack in favor of the motion and Karl opposed. The motion carried two to one.

Jack made a motion to permit the general manager to sign the agreement on behalf of the commissioners; Ron seconded the motion. It passed unanimously.

Amendment to Metering Section of the BPA Contract:

Greg presented the commissioners with a new draft to the metering section of the BPA contract. Jack made a motion to approve the revised amendment; Karl seconded the motion. It passed unanimously.

Western Renewable Generation Information System (WREGIS):

Greg asked the commissioners for permission to enter into the WREGIS agreement that would allow Bonneville to remarket the Renewable Energy Credits for a nominal fee. Karl made a motion to allow the general manager to sign the WREGIS agreement with the BPA; Jack seconded the motion. It passed unanimously.

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WPAG Pending Claims:

The board's decision to sign the REP settlement made this discussion item irrelevant. It was removed from the business agenda.

CORRESPONDENCE:

Letters from the Mason County Fair and Economic Development Council and Mason County Notice of Shoreline Management Permit meeting were presented for the board's review.

STAFF REPORTS

Tracy Colard:

Tracy reported that the triple-singles have been delivered and the crews are doing prep work. We can connect the computer to these and receive information from them electronically. Tracy is still strategizing on how to remove the poles from Alderbrook Golf Course.

Jocelyne Gray:

In Jocelyne's absence, Greg reported on her behalf that Hood Canal A & B water system plans have been approved by the DOH. This will increase Hood Canal A from 25 connects to 58 connects, and Hood Canal B will remain at 118 connects until mains are upsized. Hood Canal B currently has 62 active connections.

Greg Kester:

Greg had no new information to report for Finance/Customer Service.

Kristin Masteller:

Kristin stated that she attended the Northwest Wage and Hour (NWWH) meeting last Friday in Vancouver. She also asked the board if she should inquire about the Letter to the Delegation that Liz Anderson from Grays Harbor PUD drafted opposing the REP settlement to see if PUD 1's names could be removed if it has not been sent out. It was decided that she should contact Liz regarding the letter. Kristin reminded the commissioners that she and Steve will be absent at the next meeting due to the NWPPA Collective Bargaining conference in Oregon. Greg will preside over the meeting in Steve's absence.

Legal Council- Rob Johnson:

Rob reported that he attended the municipal PUD annual conference last week.

GENERAL MANAGER'S REPORT- Steve Taylor

There was no report from the General Manager.

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BOARD REPORTS/COMMENTS

Jack stated this REP decision is the hardest decision he has made since being on the board.

Karl stated that he learned that Washington Water has 23,000 water meters and 54 employees and a \$20 base rate plus usage. Karl and Jack will be attending the Omak WPUDA meeting this week and part of that meeting will be the strategic plan.

Ron stated that they had suspended the WRIA meetings for the summer and there hasn't been a storm water meeting since the last board meeting.

No executive session followed.

Meeting Adjourned at 2:34 p.m.

Ron Gold – President

Jack Janda - Vice President

Karl Denison –Secretary