

Mason County PUD 1
Board of Commissioners Meeting
September 27, 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 September 27, 2011 at the District Office Board Room in Potlatch.

Present

Ron Gold – President
Karl Denison – Secretary
Jack Janda – Vice President
Rob Johnson – District Counsel
Steven Taylor- General Manager
Greg Kester - Auditor/Dir. of Finance & Customer Service
Jocelyne Gray- Director of Operations-Water
Kristin Masteller- HR/Communications/Exec. Asst.

Visitors

No Visitors.

Excused

Tracy Colard- Director of Ops- Electric

CONSENT AGENDA

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

The minutes of September 13, 2011 regular meeting and the Union System Water Plan Public Hearing.

Payroll warrants #103333 in the amount of \$300.00 and 103335-103342 in the amount of \$75,285.26; Accounts Payable warrants 103331-103332 in the amount of \$183.97, and 103334 in the amount of \$63.00, and 103343-103396 in the amount of \$337,597.45.

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

PUBLIC COMMENTS

Introductions were made. No comments from the public.

BUSINESS AGENDA

Highland Park Water System Plan w/ Revisions

Jocelyne researched the storage issue to see if we could reduce the storage as much as possible. Even reducing a small amount, we will still need storage in six years with our expected growth. If growth is stagnant, we may not need as much. It is an issue we will need to continuously monitor. Growth will determine if we have to build a new reservoir. We did get the system capacity up to 92 ERU, which is equal to 81 connections, which is one more than we're currently approved for. This will enable us to honor all the connections that we've already allocated, with one additional one. Jack made a motion to approve the Water System Plan as presented; Karl seconded the motion. It passed unanimously.

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Union Water System Plan

We held a public hearing on 9/13. We have the capacity for 413 ERU, or 321 connections, and we have a lot of room for growth. Newcomers will need to pay for main line extensions, but this will provide us for new connections for up to 20 years, unless a major commercial entity comes in. Jack made a motion to approve the Union Water System Plan as presented; Karl seconded the motion. It passed unanimously.

Canal Mutual Reconnection Proposal

Jim Gray's property was condemned in 2007 by the county after a landslide. He's been fighting to regain access, and in March he shut off his water and gave up the connection and we physically cut the service line. He has retained an attorney to fight the county to regain access to his house and would like to be able to reconnect his water connection. Since it has only been since March and Mr. Gray continued to pay for the service for three years even though he was not living there, staff recommendation to the board is to reconnect him, which will give us one less connection available for that system. We have 53 total connections now and after we reconnect Jim Gray, we will have 2 more connections available. Jack stated that he strongly recommends supporting the staff's recommendation and Rob stated that the recommended process is legal. Karl agreed.

Karl made a motion to approve Jim Gray's reconnection as recommended by staff; Ron seconded the motion. Jack abstained from voting to avoid any potential conflict of interest. The motion carried.

August 2011 Financials for Water and Electric

Greg presented the financials for Water and Electric for August 2011. Maintenance expense has increased for water as more labor has been allocated to these accounts. Water and Electric reserves are adequate to meet day-to-day operations. Long-term debt for water has decreased this year as we have not borrowed and have paid principle down. Customer Service/Weatherization has decreased in 2011 due to BPA reimbursing the PUD this year for expenses occurring in the past. Net Margins for electric are very good. Net margins for water are adequate. Greg will be borrowing \$3.8 million from RUS to pay off the \$2 million bond from Cashmere. He would like to establish a \$1 million reserve to pay our load shaping charge in the winter under the new Tiered Rate Methodology (TRM) from BPA. He will then reimburse back in non-peak season to the fund. Greg will bring these requests to the board in the future.

Electric Line Extension Policy

A final policy committee draft of the Electric Line Extension Policy was given to the commissioners for review. Follow-up discussion will occur at the next meeting. We will also schedule a future work session to discuss rates before the end of the year.

Commissioner Denison's request to attend APPA Leadership Academy in Colorado Springs

Karl stated that George Caan is recommending that all executive board members for WPUDA attend this training. WPUDA will cover tuition fees if the individual utilities will cover the travel expenses. Ron and Jack agreed that Karl should attend. Kristin will research flights for Karl.

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CORRESPONDENCE:

No correspondence.

STAFF REPORTS

Tracy Colard:

No DO-E report this meeting. Steve answered some questions about recent outages.

Jocelyne Gray:

Two connections were approved by the State for Canal Mutual bringing it to 53 connections. Jocelyne is working with the DOH on the pressure-to-pipe size issues.

Greg Kester:

No additional report.

Kristin Masteller:

Kristin handed out strategic planning agendas for next week's work session.

Rob Johnson:

Rob's report is reserved for executive session.

GENERAL MANAGER'S REPORT- Steve Taylor

Steve requested that his annual review be scheduled for December 16th. The board agreed to this date. Kristin will make arrangements at Alderbrook for 9 a.m.-11 a.m. for the board to meet separately, and then 11 a.m. -2 p.m. with the manager.

Steve will not be present for the next meeting.

Steve attended the manager WPUDA meeting and he gave an overview of some pressing issues discussed at that meeting.

The turnout was good for our Customer Appreciation Day. One of the neighbors across the street asked for our assistance in asking the state to lower the speed limit or put up congested area signs. Jack recommended writing a letter to the DOT asking for a reduced speed limit to 35 mph and better signage for congested area. A copy of this letter will be sent to John Eagers.

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BOARD REPORTS/COMMENTS

Karl: Karl asked Rob if customers have to sign that they received policies when they signed up for service. Rob stated he did not believe so but he'd look into it. Karl noted that revisions were made to the WPUDA strategic plan. Kristin will send the WPUDA strategic plan to Ron and Jack. No rate increase for WPUDA but there may be a special assessment for telecommunications equipment for video conferencing.

Jack: Jack gave an update on the ENW Columbia Generation Station.

Ron: Ron attended the last WRIA meeting and they're still trying to find funding to continue the program. This may be the last year that they're funded by legislature.

At 3:05 the regular session recessed to allow for an executive session to discuss threatened or pending litigation under RCW 42.30.110(i). Ron stated that the regular session would reconvene at 3:20 p.m.

Ron reconvened the regular session at 3:20 p.m. and then adjourned the meeting.

Meeting Adjourned at 3:20 p.m.

Ron Gold – President

Jack Janda - Vice President

Karl Denison –Secretary