

Mason County PUD 1  
Board of Commissioners Meeting  
February 28, 2012

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 February 28, 2012 at the District Office Board Room in Potlatch.

**Present**

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

**Visitors**

Terry Carr

**CONSENT AGENDA**

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

The minutes of the February 14, 2012 regular meeting.

Payroll warrants #104052-104058 in the amount of \$78,428.31; Accounts Payable warrants #104051 in the amount of \$113.00 and #104059-104107 in the amount of \$484,107.49 for a total vouchers amount of \$562,648.80.

Ron made a motion to approve the consent agenda as presented; Karl seconded the motion. Motion carried.

**PUBLIC COMMENTS**

Terry Carr was welcomed to the meeting and had no comment.

**BUSINESS AGENDA**

**Claim for Damages- Nora Boles**

Claim for Damages- Nora Boles. Printer was damaged (\$79.85) with power outage due to an act of nature. Staff's recommendation was to deny the claim.

Ron made a motion to deny the claim based on the fact that it was due to an act of nature and not due to negligence by the District; Karl seconded the motion. It passed unanimously.

**Board Approval of the CBA Proposal- Letter of Agreement**

The 2012-2015 wage package agreement was presented for approval by the board.

Karl made a motion to approve the Collective Bargaining Agreement Proposal as presented; Ron seconded the motion. It passed unanimously.

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**Discussion on CREBs Legislation for NWPPA Survey**

Steve asked for the board's recommendation regarding CREBs prior to him attending the NWPPA board meeting and the ensuing discussion on the subject. Jack stated that his opinion is that the ratepayers do not benefit from borrowing this money; Karl concurred that we should not borrow money from China to incentivize wind power and that wind power should be profitable on its own; Ron concurred with their assessment and stated that we are not always able to use the power we have so we should not spend money on incentivizing it. If the CREBs were for hydro and storage, Ron stated that he would be more willing to support it.

**2011 Year End Financial Report**

Greg gave an overview of the year-end financials for electric in 2011 and explained some of the discrepancies on the way iVUE reports on the line items and answered questions from the board. Greg will prepare some debt service projections for the next meeting. Water financials for 2011 were also presented. A lot was paid out of water due to the fleet management and inventory being taken out of that area. The Water debt is dropping; the PWTF helps reduce our debt because more is paid to principle than interest. Revenues are not growing but the financial position is still decent.

Greg will work on a definition page for board book to explain line items, per the commissioners' request.

**Power Supply Quarterly Report**

Greg presented a chart that showed the melded versus the Tiered Rate Methodology (TRM) rate. October is the first month that we have purchased power under TRM. Bonneville had load shaping projections for our cost of power but our consumption and cost have varied. Jack asked if Greg can build a chart after a year of TRM so that we can see how it increased and decreased.

Greg will develop a chart after there is some history to show pattern.

**CORRESPONDENCE:**

A copy of email to legislators regarding the jobs bill was shared along with a second thank-you note from the Mason County Democrats to our crews. Jocelyne stated that the jobs bill made it through but the watershed planning bill was killed and the WRIA will not be funded this year.

**GENERAL MANAGER'S REPORT- Steve Taylor**

Steve updated the board that the appraisal came in at \$40,000 for the five acre parcel for the new substation property.

Steve is working with Garth Mann from Pleasant Harbor. Caterpillar convinced him that he will not get a permit for his cogens. We suggested to him that we help him solve that by purchasing green

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power credits. He is considering letting PUD 1 provide the entire source, and a back-up on the wastewater with BPA green power.

**STAFF REPORTS**

**Tracy Colard:**

Tree trimmers are back and working up north and making great progress. They are getting a lot of the overhang as well as taking down snags and danger trees. Staying busy rebuilding the Sunnyside road. Vicky completed her NWPPA staking engineer certification and did very well. Department is working on a few facility things, like rain gutters.

**Jocelyne Gray:**

WSP-Part A is finished and published. Jocelyne stated that it is the most comprehensive plan we've ever had and she is very happy with it. The public hearing is March 13th. A Google Docs account has been set up for people to go online and view it.

DOE has their interpretation of the municipal water law, which will apply just to community and group A systems, but exclude all other systems owned by municipalities. Karl and Bob Hunter will be on a conference call with the attorney who settled this decision. Rob will likely participate on that call too. Jocelyne and Ron have been speaking with Tim Sheldon about ceasing instream flows with the cease of WRIA funding since there is no local voice in the matter.

**Greg Kester:**

Greg was excused for a prior appointment.

**Kristin Masteller:**

Kristin asked for newsletter articles and concepts by the next board meeting. It was suggested that Ron write about the WRIA issues. Karl asked if the social media plan was finished; Kristin stated that the first draft is finished and ready for policy committee.

**Rob Johnson:**

Rob gave an overview of the legality surrounding taxable compensation for commissioners voting to give themselves health insurance and insurance for the contracted attorney.

**BOARD REPORTS/COMMENTS**

**No board reports were given.**

Jack called an Executive Session in accordance with RCW 42.30.110(i) at 3:25 p.m. to discuss potential or threatened litigation. He stated that the executive session will end and the regular session will resume at 3:35 p.m.

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Regular session reconvened at 3:35 p.m. Ron made a motion to authorize legal counsel to contest the citation received by a District employee; Karl seconded the motion. It passed unanimously.

**Meeting Adjourned at 3:38 p.m.**

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Jack Janda – President

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Karl Denison - Vice President

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Ron Gold –Secretary