

Mason County PUD 1
Board of Commissioners Special Meeting
August 18, 2015

Present

Karl Denison- President
Jack Janda- Vice President
Ron Gold- Secretary
Steve Taylor- General Manager
Darin Hall- Electric Superintendent
Greg Kester- Dir. of Finance & Customer Service
Jocelyne Gray– Director of Ops - Water
Kristin Masteller– Dir. of Employee & Public Relations
Rob Johnson- District Legal Counsel

Visitors

Marcus Perry & Melanie Jackson, BPA

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 July 28, 2015 workshop and regular meeting;

Vouchers:	Accounts Payable:	110285	\$ 500.00
		110296-110314	\$ 7,138.78
		110324-110390	\$ 118,666.75
	Payroll:	110286-110295	\$ 110,042.62
		110315-110323	\$ 91,080.92
	Void:	110311	(\$ 209.60)
		Total:	\$ 327,219.47

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

Public Comment

No public comment.

BUSINESS AGENDA

Marcus Perry & Melanie Jackson, BPA

Marcus and Melanie gave an update on the 2016 rate case. Marcus discussed the drivers and updates. The average power increase was 7.1% due to lower natural gas rates, which is depressing the power market in the next rate period. Capital investments and the expected increase in the residential exchange settlement are the other two main drivers. BPA cut about \$20 million out of their operating budgets. Karl noted that energy efficiency is not fair to our customers because we get taxed on gross revenues to supplement the energy efficiency program through BPA and then we get taxed again when we use the conservation dollars. The composite charge went up and that's the biggest driver for PUD1. Melanie reported that the average transmission increase is 4.4%. PUD1's came down a bit, but other costs drove

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transmission rates up. Melanie also discussed the authority to recover costs through WECC. BPA has stepped up vegetation management. Steve asked what the status is on the switches between Mason and Jefferson.

June 2015 Financials for Water & Electric

Greg reported that operating revenues for year were still down about \$300,000 compared to last year. Greg looked at last month's revenues and we are up slightly from last year. Some fixed expenses have increased as of June this year compared to last year. Greg showed a breakdown of 2014 and 2015 special funds noting which were restricted and which were reserve funds. We are at about 31% of long term debt to plant, which is a ratio. For the water side, their revenues are up about \$10,000 this year in June.

CORRESPONDENCE

A customer letter regarding the electric monthly base charge was brought to the commission. Kristin will send the board's reply to the customer.

GENERAL MANAGER'S REPORT- Steve Taylor

Steve reported that we are having a town hall meeting in Brinnon on Monday, August 31st at 6:00 p.m. at the Brinnon Booster Club to discuss outages that we've had in the area and upcoming improvements to the Duckabush Substation that will cause future outages. Nighthawk has a collection meter that we are going to investigate to see if we could use them in neighborhoods instead of doing a complete meter change out. Greg and Steve attended a Power Supply Workshop. Steve will take each commissioner out to different water systems.

STAFF REPORTS

Darin Hall:

In-house brush crew is up at Dosewallips now and the contractor will begin on the 31st. The line crew is replacing underground at Pleasant Tides development. Safety programs included pole top rescue and substation safety & inspection. We had one near miss where the studs broke off of the wheel on the mini trailer, came loose and rolled into the canal. Defensive driving class will be September 17th.

Jocelyne Gray:

Jocelyne reported that next week the crew will dig out the clay by Bolander's and fixing the road at Canal Mutual.

Greg Kester:

The PUD 3 pole contact formula came from EES, so Greg will need to go through EES to develop one.

Kristin Masteller:

Kristin has the board's strategic planning workshop ready for Friday at 9:00 a.m. at Alderbrook.

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Rob Johnson:

Rob said mediation has been set for the trespass claim. Working with the Ripplewood community water system paperwork.

BOARD REPORTS/COMMENTS

Karl: No report.

Ron: Ron attended PPC. Lilliwaup Falls will begin work on the intake gate.

Jack: Jack reported that ENW is generating 28 MW now after the outage. It's a large increase in production. Jack gave updates from the PPC meeting.

Meeting Adjourned at 3:45 p.m.

Karl Denison, President

Jack Janda, Vice President

Ron Gold, Secretary