



Mason County Public Utility District No. 1

Board of Commissioners Public Hearing & Regular Meeting Minutes
January 22, 2019 Potlatch, Washington

Present:

Ron Gold, President
Mike Sheetz, Vice President
Jack Janda, Board Secretary
Kristin Masteller, General Manager
Katie Arnold, Treasurer
Julie Gray, Executive Assistant
Rob Johnson, District Attorney
Mike Wittenberg, District Auditor

Guests:

Marcus Perry, BPA

Excused:

Darin Hall, Director of Operations

The **Public Electric Rate Hearing** was called to order at 1:01 pm. No members of the public were present. Katie Arnold and Mike Wittenberg discussed the proposed 5% rate increase beginning April 1, 2019. This included a 4% increase to support current operations and the increase of power costs from BPA, as well as a 1% increase that is dedicated to support long term debt reduction. The materials discussing the increase were posted on the District's homepage with the meeting announcement. The materials will also be available at the front counter for customers who have questions about the purpose of the increase. The public hearing was adjourned at 1:08 p.m. and the regular business meeting was called to order.

APPROVAL OF CONSENT AGENDA:

Minutes:	January 8, 2019	Regular Meeting	
Disbursements:	Account Payable	116441 - 116493	\$ 525,726.44
		1130202 - 1130212	\$ 54,602.90
	Power Bill Transfers		4,651.79
	Payroll Wire		\$ 99,126.97
	Total		\$ 683,808.10

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

BUSINESS AGENDA:

Resolution No. 2020 – Electric Rate Schedule

Jack made a motion to approve Resolution No. 2020 – Electric Rate Schedule; Mike Sheetz seconded the motion. It passed unanimously.

Marcus Perry - BPA

Marcus attended the meeting to talk about BP-20 Initial Proposal Rates. These rates will go into effect in October of 2019. The increase for Mason 1's power costs will be 2.99%. There will be a separate increase for transmission costs from BPA; that increase has yet to be determined. Noticeable changes in rate structure will be that the REP refund will be going away in 2020 and the spill charge will be included in the rate rather than a separate line item. BPA will have a somewhat flexible schedule regarding the 2019 spill schedule. They are only required to spill for 16 hours a day with the other 8 hours being flexible in



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time. There will also be a reserve funding fee to help BPA achieve its cash on hand targets, similar to what the PUD is doing with their reserve funding and 1% increase to manage long term debt.

4th Quarter and December 2018 Financial Reports

Katie presented the 4th Quarter and December 2018 Financial Reports. The District’s year end revenue was \$10,540,683, which is 10% higher compared to the 2018 budgeted revenue of \$9,684,812. This was in part due to the additional water systems purchased in July of 2018, as well as the seasonal fluctuations in power usage. The total expenditures for 2018 were \$9,345,375, which is 3% higher than compared to the 2018 budgeted expenditures of \$9,081,931. This was mainly due to the 2018 power costs being higher than anticipated. Overall, the District finished the year with a net operating margin of \$1,195,308 – which was used to fund reserves, as well as complete the items on our capital work plan.

Financial Metrics as Compared with Prior Year:	December 2018	December 2017
Total General Cash and Investments	\$845,219	\$984,946
Current Ratio (Current Assets/Current Liabilities)	3.70 to 1	1.96 to 1
Debt Service Coverage (O&M/ Debt Service)	2.55	3.43
Long-Term Debt to Net Plant	47%	32%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	75%	47%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	63%	42%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	3.64	6.49
Cash on Hand (Total Available Cash/Average Daily Costs) *Not including Special Funds	40 Days	50 Days

STAFF REPORTS:

General Manager Report

Kristin, Rob and Darin attended a meeting with DOH to further discuss moving the Union Regional Water System Plan forward for approval. Brandy and Darin are working with BKI on Water System Plan A. Kristin, Katie and Brandy will be working with Fern from Dept. of Health to apply for grants for water projects. Kristin attended the 2nd part of the NWPPA Leadership Training in Vancouver last week. Vince, Darin and Vicky will be meeting with the Electrical Engineer from the Pleasant Harbor project to discuss their needs for load. The PUD’s large load customer has applied to Green Diamond and the Skokomish Tribe for easements at the T3ba’das sub. Kristin will contact an appraiser for a one acre lease appraisal next to the sub for the large load customer, who is also negotiating a purchase of property right next to the Duckabush sub. He was also given the BKI estimates for engineering. On Monday, Jan 28, the contractor who will be cleaning the Shadowood Reservoir will have a site visit and get started. Jennifer Harper from Energy NW will be here next week to talk about a joint grant proposal for an electric vehicle charging site. Kristin and Darin are working with BKI on the facilities site plan.



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The grading permit has been received for the facility project. Vehicle storage will be built up by the pole yard but nothing else is scheduled to occur until 2030.

Treasurer's Report – Katie Arnold

Katie reported that the State Auditor's office had no management letters or findings for the PUD's 2017 audit. She and Kristin reviewed some best practices recommendations that they made. The Auditor stated the District had made significant progress since 2015.

Correspondence:

None.

Board Reports:

Mike Sheetz: Mike attended PPC and the WPUDA Meetings.

Jack Janda: No report.

Ron Gold: Ron attended the WPUDA Commissioner Training.

Adjournment: 3:43 PM

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary