



Mason County PUD No. 1
Regular Board Meeting
June 23, 2020
1:00 p.m.

Call-in Number for Public due to
COVID-19 facility closure:

Toll Free: 1 (888) 585-9008

Conference Room #504-309-172

1:00 p.m. Call to Order & Flag Salute

1) **Consent Agenda**

Minutes: June 9, 2020 Regular Board Meeting

Disbursements:

Accounts Payable Check Register

Accounts Payable Wire	\$ 310,973.92
Check Nos. 118606-118634	\$ 99,290.74
118636-118666	\$ 60,651.62

A/P Sub-Total \$ 470,916.28

Payroll Expense

Payroll Wire	\$ 57,569.50
Payroll Check #118635	\$ 1,362.87

Grand Total \$ 529,848.65

2) **Public Comment-** *Members of the public wishing to comment may request permission to do so during the Public Comment portion of the agenda. Comments shall be limited to no more than 3 minutes per speaker. There will be no action or discussion of public comment items, although the board may defer to PUD management for any necessary response.*

3) **Business Agenda**

- a. Approve Employee Handbook Policy No. 385 "Retired Employee Medical"
- b. Authorize the General Manager to sign the Purchase & Sale Agreement for Hood Canal Terrace Water System
- c. Designate the Treasurer to Sign the FEMA-4539-DR-WA Submission
- d. May Financials
- e. Discussion on Delaying Rate Increase

4) **Staff Reports**

- a. General Manager
- b. Director of Operations
- c. Treasurer
- d. Legal Counsel

5) **Correspondence**

6) **Board Comments**

7) **Other Business/Public Comment**

8) **Executive Session-** may be held as authorized by the Open Public Meetings Act (RCW 42.30.110)

9) Adjournment

2020 Calendar

June 25	WPUDA – Water Committee meeting, Olympia
July 8	PPC Sheraton Portland Airport
July 10	Employee Appreciation Picnic, Potlatch State Park
July 15-17	WPUDA - TBA
July 28	Community Solar II Ribbon Cutting, 10:00 a.m. PUD 1 warehouse
July 30	WPAG– LaQuinta Tacoma
August 5	PPC Sheraton Portland Airport
August 27	WPAG– LaQuinta Tacoma
September 2	PPC Sheraton Portland Airport
September 16-18	WPUDA Meeting - TBA
September 23	WPAG– LaQuinta Tacoma
September 30	PPC Sheraton Portland Airport
September 30 -October 2	– WPUDA Water Workshop, TBA
October 9	Customer Appreciation Event – PUD 1 Warehouse
October 15	WPUDA Budget Committee Meeting - Olympia
October 29	WPAG– LaQuinta Tacoma
November 4	PPC Town Hall with Marty Kanner 4-5:30
November 18-20	WPUDA - Olympia
November	WPAG-TBA
December 2-4	WPUDA Annual Conference, Davenport Grand, Spokane
December	WPAG- TBA



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
June 9, 2020 Potlatch, Washington

Present:

Ron Gold, President (Online)
Mike Sheetz, Vice President (Online)
Jack Janda, Board Secretary (Online)
Kristin Masteller, General Manager
Darin Hall, Director of Operations
Katie Arnold, District Treasurer
Rob Johnson, Legal Counsel (Online)

Visitors:

No visitors on phone.

Excused:

Julie Gray, Executive Assistant

APPROVAL OF CONSENT AGENDA:

Minutes: May 26, 2020 Regular Board Meeting

Disbursements:	<u>Accounts Payable Check Register</u>	
	Accounts Payable Wire	\$ 150,112.73
	Check Nos. 118565-118605	\$ 399,631.41
	A/P Sub-Total	\$ 549,744.14
	<u>Payroll Expense</u>	
	Payroll Wire	\$ 61,710.07
	Grand Total	\$ 611,454.21

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

PUBLIC COMMENT: No public on phone.

BUSINESS AGENDA:

April 2020 Financials – Katie gave an update on the April’s financial work in progress and reviewed the financial highlights for the month. We were within 5% of our budgeted revenues and expenses for the four months of 2020, although Katie reported that we’ve experienced a \$45,000 decrease in cash flow due to aging customer accounts as a result of the payment plans we’ve set up to assist customers. She also reported that Shiane said the delinquent accounts list is shorter this month than last month. In response to Mike’s question about when to use reserves to compensate, Katie reminded him that we did a budget amendment to reflect the change in budgeted revenue and we also cut items in the budget to meet the new projections.



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
June 9, 2020 Potlatch, Washington

Financial Metrics as Compared with Prior Year:	April 2020	April 2019
Total General Cash and Investments	\$908,036	\$762,605
Current Ratio (Current Assets/Current Liabilities)	4.12 to 1	3.45 to 1
Debt Service Coverage (O&M/ Debt Service)	3.36	2.89
Long-Term Debt to Net Plant	42%	46%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	58%	63%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	53%	57%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	5.96	4.84
Cash on Hand (Total Available Cash/Average Daily Costs)	37 Days (General) 160 Days (All Funds)	30 Days (General) 99 Days (All Funds)

Letter to Governor Inslee re: Impacts of Continued Proclamations- Kristin presented a letter to the commission for approval regarding the financial impacts that Governor Inslee’s extended proclamations are having on the utility, as well as the dangers if they are extended into the fall or winter. Kristin reported that the PUD has been able to propose budget cuts to make up for the current revenue shortfall, but if the moratorium on disconnects continues into the cold months, the PUD will have to make some hard decisions about expenses and staffing because the reserves will diminish quickly and part of the requirements for borrowing money is the ability to collect rates. She said it’s important for Inslee and our legislators to hear the reality facing this utility. Mike made a motion to approve sending the letter to the Governor and the legislators; Jack seconded the motion. It passed unanimously.

Award Contract for Cleaning Services – Superior Maintenance Solutions was the lowest responsible bidder for the next cleaning services contract cycle. Mike made a motion to award the contract to Superior Maintenance Solutions for up to 36 months; Jack seconded the motion. It passed unanimously.

Staff Reports -

General Manager – Kristin reported that BPA has agreed to pause the financial reserve surcharge to help utilities. It is a very small amount compared to our monthly bill, but at least it is something. Kristin asked the board for some options for strategic planning dates and she will ask Julie to try to schedule something on August 31 or September 1.

Director of Operations – Darin reported that the crews are all back and work on split shifts to keep isolated. One crew is brushing, the other is working on underground lines. The water department is getting all the automatic chlorinators up and going, which accomplishes a long-term goal of the PUD to stop having to do daily chlorine checks on these systems. They will save the PUD a lot of money in labor and truck miles. BPA is having a maintenance outage this Saturday night/Sunday morning. During the outage PUD crews will replace a pole and cut over some underground cable that we would have had to



Mason County Public Utility District No. 1
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take an outage to do otherwise. We will have our first safety meeting this week after several months of hiatus. Jack commended Darin and the employees for the focus on the safety program.

Treasurer – Katie gave an update on the work that staff is doing to prepare for grant deadlines for water projects. She also gave an update on the reimbursements coming from FEMA for the last declared event. It should be a return of about \$50,000 to the PUD to offset overtime and materials expenses. We are still working through the hazard mitigation funding process for the boring of the line that is in the slide area.

Legal Counsel – Rob reported that he forwarded an Interlocal Agreement from PUD 3 for the intertie project at Manzanita. Ron asked for an update on Union Regional and the MOU with the tribe and Kristin reported that the attorneys are still negotiating the terms and that Alderbrook Well 3's permit extension was granted by Dept. of Ecology with appropriate conditions, despite initial resistance by interested parties and initial proposed conditions that were not acceptable to the District. That has been resolved. Union Regional plan is slated to be approved on July 10th.

Correspondence:

Kristin shared an email exchange with a customer who was unhappy with the water rates and asked for her comments to be shared with the commission. Kristin also shared the joint press release with PUD 3 regarding the BPA outage.

Board Reports:

Mike Sheetz: Mike reported that he attended the PPC and WPAG remote meetings.

Jack Janda: Jack reported that he had an Energy Northwest conference call regarding grant funding.

Ron Gold: Ron reported that he called into PPC and WPAG last week and that this week he has a WRIA 14 and SWAT call. Kristin asked Ron to also try to meet up with water staff to review the WRIA adaptive management proposal to determine which aspects of it we support and which we would like to change or omit.

PUBLIC COMMENT – No public comment.

EXECUTIVE SESSION – No executive session.

Adjournment: 1:50 p.m.

Ron Gold, President

Mike Sheetz, Vice President

Jack Janda, Secretary

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Accounts Payable Check Register

06/08/2020 To 06/18/2020

Bank Account: 4 - COLUMBIA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
293 06/10/2020	WIRE	PUD#1	PUD #1 ELECTRIC PAYMENTS	MO.POWER USAGE FOR VARIOUS WATER SYSTEMS	5,183.19
295 06/16/2020	WIRE	IRS	WEST COAST BANK	FEDERAL TAX LIABILITY	23,067.41
296 06/16/2020	WIRE	WASH 1	WA DEPT OF RETIREMENT SYS	STATE RETIREMENT - PLAN 2	19,973.84
297 06/16/2020	WIRE	WASH 7	WA STATE TREAS-MS: PO-11	DEFERRED COMPENSATION	7,428.75
298 06/16/2020	WIRE	HRA	HRA VEBA TRUST CONTRIBUTI	VEBA MEDICAL SAVINGS	2,746.44
299 06/17/2020	WIRE	WASH 3	WA DEPT OF REVENUE	MONTHLY EXCISE TAX	30,903.09
300 06/17/2020	WIRE	BPA	COLUMBIA BANK	MONTHLY POWER BILL	221,649.00
301 06/17/2020	WIRE	17	JACK HENRY & ASSOCIATES INC	ENTERPRISE PAYMENTS- (E-CHECKS FEES)	22.20
118606 06/08/2020	CHK	CITI CARDS	CITI CARDS	ACCT# ENDING 4326	6,988.25
118607 06/11/2020	CHK	ALTEC	ALTEC INDUSTRIES INC	TRUCK #60-PROXIMITY SENSOR & INCLINOMETE	181.19
118608 06/11/2020	CHK	BRIGHT KNIGHT	BRIGHT KNIGHTS LLC	WOODLAND MANOR-CHECK RELAY PUMPHOUSE	246.57
118609 06/11/2020	CHK	COASTAL BUS	COASTAL BUSINESS SERVICES GROUP,	JANITORIAL CONTRACT SERVICES	1,297.71
118610 06/11/2020	CHK	COLONI	COLONIAL LIFE INSURANCE	SUPPLEMENTAL INSURANCE	789.97
118611 06/11/2020	CHK	CRC	COOPERATIVE RESPONSE CENTER, INC	AFTER HOURS ANSWERING SERVICE	1,329.29
118612 06/11/2020	CHK	DON SMALL & S	DON SMALL & SONS OIL DIST	GAS & DIESEL	1,516.72
118613 06/11/2020	CHK	GRAY	GRAY & OSBORNE, INC	TWANOH REGIONAL WATER SYSTEM PLAN	2,406.21
118614 06/11/2020	CHK	HOODCA	HOOD CANAL COMMUNICATIONS	INTERNET, IT SERVICES, & ALARM DIALER	5,280.80
118615 06/11/2020	CHK	MASON CO GAR	MASON COUNTY GARBAGE	MONTHLY GARBAGE CHARGES	542.91
118616 06/11/2020	CHK	MOSAIC MARKE	MOSAIC MARKETING STUDIO, LLC	MONTHLY WEBSITE MAINTENANCE & HOSTING	110.00
118617 06/11/2020	CHK	NATIONAL MET	NATIONAL METERING & TECHNICAL S	METER AUDITS ON CT'D SERVICES	10,647.00
118618 06/11/2020	CHK	NESCO, LLC	NESCO, LLC	TEST HOT STICK	236.53
118619 06/11/2020	CHK	NISC	NISC	MAY 2020 RECURRING INVOICE	9,775.02
118620 06/11/2020	CHK	PACIF1	PACIFIC UNDERWRITERS CORP	SUPPLEMENTAL INSURANCE	26.24
118621 06/11/2020	CHK	PARSON	PARSONS DIESEL & STEAM	SERVICE VARIOUS VEHICLES	5,294.80
118622 06/11/2020	CHK	PURCH	PURCHASE POWER	REFILL POSTAGE METER	1,976.00
118623 06/11/2020	CHK	RICOH USA	RICOH USA, INC.	MONTHLY RENT & IMAGE CHARGES (2)MACHINES	873.46
118624 06/11/2020	CHK	JOHN 3	ROBERT W. JOHNSON	MAY RETAINER FEE	3,392.91
118625 06/11/2020	CHK	SHELL	SHELL	DIESEL	247.27
118626 06/11/2020	CHK	SPECTRA LAB	SPECTRA LABORATORIES-KITSAP, LLC	VARIOUS WATER TESTING	1,010.00
118627 06/11/2020	CHK	TERMINIX	TERMINIX PROCESSING CENTER	MONTHLY PEST CONTROL SERVICES	133.83

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Accounts Payable Check Register

06/08/2020 To 06/18/2020

Bank Account: 4 - COLUMBIA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
118628 06/11/2020	CHK	UTILI1	UTILITIES UNDERGROUND LOCATION	MONTHLY UNDERGROUND LOCATES	152.46
118629 06/11/2020	CHK	VERIZO	VERIZON WIRELESS	MONTHLY TABLET & (2)CELLULAR CHARGES	305.22
118630 06/11/2020	CHK	WASH 8	WASHINGTON STATE	MAY 2020- HEALTH & LTD INS	42,012.08
118631 06/11/2020	CHK	NAPA AUTO PA	WESTBAY NAPA AUTO PARTS	TRUCK #61-CORE DEPOSIT & THE LEGEND	1,396.68
118632 06/11/2020	CHK	WITTENBERG C	WITTENBERG CPA, PS	CONSULT-MANAGEMENT	900.00
118633 06/15/2020	CHK	CROSS	CROSSAN, MARTIN	CLOTHING ALLOWANCE	200.00
118634 06/16/2020	CHK	2	KAMERON DRAPER	INACTIVE REFUND	21.62
118636 06/16/2020	CHK	IBEW	IBEW LOCAL UNION #77	UNION DUES	951.11
118637 06/16/2020	CHK	PUDEMP	PUD #1 EMPLOYEE FUND	EMPLOYEE FUND	230.00
118638 06/16/2020	CHK	US TREASURY	US TREASURY	LEVY PROCEEDS #91-1197062	100.00
118639 06/17/2020	CHK	AFLAC	AFLAC	SUPPLEMENTAL INSURANCE	187.84
118640 06/17/2020	CHK	ALTEC	ALTEC INDUSTRIES INC	TRUCK #63-BALL LOCK	505.30
118641 06/17/2020	CHK	ANIXTER	ANIXTER INC	NON-INVENTORY SUPPLIES	403.65
118642 06/17/2020	CHK	ATWORK!	ATWORK! COMMERCIAL ENTERPRISES	LANDSCAPE MAINTENANCE-	13,633.68
118643 06/17/2020	CHK	BROWNR	BROWN & KYSAR, INC.	PHASE 2-VEHICLE COVERED STORAGE	14,943.04
118644 06/17/2020	CHK	BUILDERS	BUILDERS FIRSTSOURCE, INC	HAMA RIDGE WATER-HOA SWITCH	66.58
118645 06/17/2020	CHK	CENTUR	CENTURYLINK	TELEPHONE CHARGES-ACCT#206-Z05-0016 020B	1,021.25
118646 06/17/2020	CHK	CENTURYLINK	CENTURYLINK	LONG DISTANCE & OUTBOAND CHARGES(19)LINE	435.88
118647 06/17/2020	CHK	CCAP	COMPACTION CONTRACTING	ASPHALT PATCH-UNION,ALDERBROOK,&TWANA HE	3,472.00
118648 06/17/2020	CHK	ENGINEERING U	ENGINEERING UNLIMITED, INC	TRANSFORMER LOCKS	652.71
118649 06/17/2020	CHK	GDS ASSOCIATE	GDS ASSOCIATES, INC	MONTHLY WPAG EXPENSES	318.93
118650 06/17/2020	CHK	GENPAC	GENERAL PACIFIC INC	SOLAR METERS	632.38
118651 06/17/2020	CHK	HACH	HACH COMPANY	BE AIRE COVE-CHLORINATOR MODEM KIT & ADA	9,696.16
118652 06/17/2020	CHK	ITRON	ITRON, INC.	QTRLY HARDWARE & SOFTWARE MAINT CHARGES	1,937.64
118653 06/17/2020	CHK	L.G.	L. G. ISAACSON CO. INC.	SHOP SUPPLIES	363.38
118655 06/17/2020	CHK	MARSH	MARSH MUNDORF PRATT & SUL	MONTHLY WPAG SERVICES	257.79
118656 06/17/2020	CHK	SHEL 2	MASON COUNTY JOURNAL	AD FOR JANITORIAL SERVICES	240.00
118657 06/17/2020	CHK	NISC	NISC	POSTAGE - BILLS & PACKAGES	31.92
118658 06/17/2020	CHK	PUDCAS	PUD # 1 PETTY CASH	REIMBURSE PETTY CASH FUND	154.51
118659 06/17/2020	CHK	PURCH	PURCHASE POWER	BAL.OWING ON INV. PD CK#118622 1,976.00	20.99

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Accounts Payable Check Register

06/08/2020 To 06/18/2020

Bank Account: 4 - COLUMBIA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
118660 06/17/2020	CHK	SKIPWO	SKIPWORTH SAW & MOWER	CUT OFF WHEELS & GUARDS	126.18
118661 06/17/2020	CHK	THE BROOKFIEL	THE BROOKFIELD GROUP	ADD 2IPHONES & POWER BRICKS-JLOH & SPARE	1,030.75
118663 06/17/2020	CHK	WPUDA	WASHINGTON PUD ASSOC.	MONTHLY DUES	1,685.00
118664 06/17/2020	CHK	2	WOODS ELECTRIC	NEW SHOP LIGHTING	4,731.35
118665 06/17/2020	CHK	ROCKY	ROCKY BROOK	POWER USAGE FOR may 2020	1,093.00
118666 06/17/2020	CHK	WRIGHT	WRIGHT EXPRESS FINANCIAL	ACCT#5569 6200 0003 6811	1,728.60
Total for Bank Account - 4 :					(66) 470,916.28
Grand Total :					(66) 470,916.28

Accounts Payable Check Register

PARAMETERS ENTERED:

Check Date: 06/08/2020 To 06/18/2020
Bank: All
Vendor: All
Check:
Journal: All
Format: Summary
Extended Reference: No
Sort By: Check/Transaction
Voids: None
Payment Type: All
Group By Payment Type: No
Minimum Amount: 0.00
Authorization Listing: No
Authorization Comments: No
Credit Card Charges: No

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**GENERAL LEDGER
TRANSACTION DETAIL**

JUN 2020 To JUN 2020

Date	Journal Description	Actv BU Project	Mod	Jrnl Reference Code	
Account: 0 131.2 CASH-GENERAL FUND (DISTRICT)			Department: 0		
06/16/20	51543 Check Print	0	PL	2 PAYROLL	57,569.50

PARAMETERS ENTERED:

Division: All
Accounts: 0 131.2
Department: All
Activity: All
Sort By: Div/Acct
Date Selection: Period
Period: JUN 2020 To JUN 2020
Module: PL
Journal Activity: All
Accounts With No Transactions: Yes
Extended Reference: No
Interface Detail: No
Group by Department: Yes

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Payroll/Labor

Check Register

Pay Date: 06/16/2020 To 06/16/2020

<u>Empl Name</u>	<u>Pay Date</u>	<u>Dir Dep/Check</u>	<u>Net Pay</u>	<u>Type</u>
135 TIMOTHY BROWN	06/16/2020	118635	1,362.87	CHK

Grand Total:

PARAMETERS ENTERED:

Pay Date: 06/16/2020 To 06/16/2020
Check/Direct Deposit: All
Employee: 135
Journal: 0

Division: All
Format: Summary By Check
Sort By: Check/Direct Deposit

Karnold

385 Retired Employee Medical

Effective Date: 3/1/2005

Revision Date: 03/10/2020

RETIRED EMPLOYEES MEDICAL INSURANCE POLICY

1. **Eligibility to Remain Insured:** All employees and commissioners who are vested in the Public Employees Retirement System (PERS), (five years under PERS 1 and 2, or 10 years under PERS 3), and who leave the employ of PUD 1 by retiring and immediately receiving benefits under PERS are eligible to remain a part of the PUD 1 group medical and dental insurance plans available to retirees through the Public Employees Benefits Board. Employees retiring with less than 15 years of service are not eligible for premium payment reimbursement credits from the PUD. Employees with less than 15 years' service shall be responsible for payment of all premiums through the Department of Retirement Systems.

Any PERS employee or commissioner who retires from the District and does not immediately begin receiving benefits under PERS will not be eligible for insurance plans available to retirees through the Public Employees Benefits Board. Said retirees and commissioners shall be eligible for continuing coverage under federal COBRA law.

2. **Eligibility to Participate in Premium Payment Reimbursement Credits (also commonly referred to in the CBA as "Retiree Medical Stipends"):** All employees who are vested in the Public Employees Retirement System (PERS), and have worked for PUD 1 a minimum of fifteen (15) consecutive years and less than thirty consecutive years at the time of retirement, and who voluntarily retire from the PUD and begin receiving PERS retirement benefits shall also be eligible for premium payment reimbursement from the PUD.

Premium payment reimbursement will be based on a credit of 3% per year of service for a period of ten (10) years after retirement. The reimbursement shall only be eligible for the percentage the District pays for the retired employee on the date he/she leaves employment with the District, provided however that no payment on behalf of the retired employee shall exceed the premium amount paid on behalf of the active employees for insurance.

Said retired employee shall cease to receive the premium contributions if they become employed and have access to another group medical insurance plan and in which they have not waived the right to participate. Any premium payment reimbursements made while the retired employee was covered under another group medical insurance plan through their new place of employment shall be repaid to the PUD.

3. The maximum number of payments for each person is 120, regardless if an individual is reelected to the board or returns to work in a benefit-eligible position and retires again later.

4. The District will provide for ~~retirees~~ employees leaving the District who have 30 consecutive years of ~~creditable service~~ employment with the District, 100% of the District's share of monthly medical and dental premium for a period of ten (10) years after leaving employment~~retirement~~, provided however that no payment on behalf of ~~such the retired~~ employee shall exceed the premium amount paid on behalf of the active employees for insurance. This benefit is extended to the ~~retiree's~~ employee's dependents that are covered on the employee's health care plan at the time of leaving employment~~retirement~~.

Exclusions:

3. Any union-represented employee whose employment with the District is terminated due to fraud, theft or embezzlement, shall forfeit all claim to the retiree medical stipend.
4. Any non-represented employee that is terminated for cause or who resigns in leu of termination for cause shall forfeit all claim to the ~~retiree~~-medical stipend.

Surviving dependents:

The surviving spouse or dependent children (as defined by the PUD 1 employee health care plan) of a retiree who were covered at the time of the retiree's death may continue his/her coverage with the same premium payment credits as the deceased retiree for the remainder of the ten-year period following retirement. A new spouse to a surviving spouse is not eligible for premium credits.

AGREEMENT

THIS AGREEMENT for the sale and purchase of water system property (“Agreement”), made this ____ day of _____ 2020 (Effective Date) by Thomas Longshore, a single person, Michael Buss and Charito Buss, husband and wife, Shane Miller, a single person, Steven Eastlund and Beverly Estlund, husband and wife, Anthony Gray, a single person, Nicole Neff, a single person, Charles Pong and Cynthia Pong, husband and wife, Robert Pong and Cynthia Nakamura, husband and wife (“Sellers”), and MASON COUNTY PUD No. 1, a Washington municipal corporation, 21971 N. Highway 101, Shelton, Washington 98584 (“Purchaser”) (individually a “Party” and collectively the “Parties”).

WHEREAS, Sellers each own real property within the “Plat of Hood Canal Terrace” (“Plat”) recorded under Auditor’s file No. 347887, records of Mason County Washington. (See *Exhibit “A”* which is attached hereto and incorporated by this reference.

WHEREAS, by virtue of a Water Agreement recorded November 20, 1992 under Auditor’s File No. 555429, each Seller owns a fractional interest in a domestic water system commonly known as the Hood Canal Terrace Water System (the “Water System”), (DOH ID # AB714P) , which is located on, under and in the vicinity of Plat.

WHEREAS, the Water System consists of two wells, pumps, pumphouse, holding tank and other personal property and intangible property used in connection with the Water System. The Water System also includes certain easements in real property within the Plat and through the Agreement.

WHEREAS, Purchaser is desirous of acquiring and the Sellers’ are desirous of selling the Water System on the terms set forth herein.

WHEREAS, the Parties are desirous of entering into an agreement as set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is mutually agreed:

1. **SALE OF WATER SYSTEM.** Sellers agree to sell and Purchaser agrees to purchase the Water System in accordance with the terms provided below, including but not limited to all tangible and intangible assets, water rights, wells, water mainlines, tanks, well house, pumps and all other assets and property owned by Sellers which constitute the assets of the Water System or in which Sellers have any right, title, or interest in, inchoate or otherwise, of every kind and description, wherever located which may pertain to the Water System or be used there at, including but not limited to all property, tangible or intangible including, accounts receivables, goodwill, processes, leasehold interest, contract rights, equipment warranties, customer lists and telephone numbers and related water system apparatus all known or used in the Water System. The sale does not include cash or any bank accounts.

2. **SALE PRICE/CONSIDERATION:** The sale price of the Water System and real property is One and 00/100 Dollars (\$1.00).
3. **SALE FREE OF ENCUMBRANCES:** Sellers warrant and agrees that this sale is intended to be a sale of the Water System and real property free of encumbrances and that Sellers will satisfy all outstanding obligations accrued through Closing.
4. **REPRESENTATIONS AND WARRANTIES:** Sellers's Representations and Warranties.

4.1 Sellers is legally authorized to enter into this transaction and the execution, delivery and performance of this Agreement and any and all agreements contemplated herein has been duly authorized, and no further action is necessary on the part of Sellers to make this Agreement fully and completely binding upon Sellers in accordance with its terms. The person executing the Agreement on Sellers's behalf warrants his or her authority to do so and to bind the Sellers.

4.2 **Delivery of Information.** Sellers will deliver to Purchaser within 10 days following the Effective Date full and complete copies of (1) any proposed building plans and specifications for the Water System, including civil plans, underground utilities, mechanical, electrical, well reports, water rights and any other engineering plans; and (2) any environmental reports, soil reports and compaction studies, inspections, surveys and other related studies in Sellers's possession.

4.3 **Other Agreements.** There are no other contracts or agreements in force or effect for sale of all or any portion of the Water System that would survive Closing and Sellers shall not, without the prior written consent of Purchaser enter into any such contracts or agreements between the date hereof and the earlier of Closing or termination of this Agreement. As of Closing, Sellers shall terminate or cause to be terminated any and all agreements affecting the Water System including, but not limited to, leases, maintenance, management, security, service, supply and other similar contracts and agreements and shall terminate all personnel employed in connection with the Water System.

4.4 **Litigation.** Other than as disclosed to Purchaser in writing, Sellers are unaware of any action, suit, investigation or proceeding (administrative or otherwise) pending or threatened against or affecting the Water System or any portion of it, the transactions contemplated hereby, or which might affect the right of Purchaser to own, operate, develop or possess or which might have material effect on the Water System or result in any liability of Purchaser with respect thereto.

4.5 **Condemnation.** Sellers have no knowledge of any pending or threatened governmental proceeding or any other fact or condition which would limit or result in the termination of any current easement, permit or access to the Water System or in the reduction in the size or capacity of the Water System.

4.6 Compliance with Laws. To the best of its knowledge, except as has been disclosed in writing to Purchaser, Sellers have kept and maintained the Water System in compliance with and has not caused or permitted the Water System, or any improvements located thereon to be in violation of any environmental law, building law, or zoning regulation, and Sellers is unaware of any material defect in the premises or improvements thereon.

4.7 Utilities. All utilities and water lines required for the operation of the Water System are located on public streets or rights-of-way with authorization of the governmental authorities, or if they pass through private land, do so in accordance with valid public easements or private easements which will inure to the benefit of Purchaser. All of said public utilities are installed and charges have been paid in full, and the right to the return of any deposit or contribution in connection therewith shall inure to Sellers.

4.8 Hazardous Materials. Sellers represent and warrant to Purchaser that except as otherwise disclosed by Sellers to Purchaser in writing within 10 days of the Effective Date, (1) neither the Water System nor any real estate in the vicinity of the Water System is in violation of any federal, state, local or administrative agency ordinance, law, rule, regulation, order or requirement relating to environmental conditions or Hazardous Material ("Environmental Laws"); (2) neither Sellers nor any third party have used, manufactured, generated, treated, stored, disposed of, or released any Hazardous Material on, under or about the Water System or real estate in the vicinity of the Water System or transported any Hazardous Material over the Property in the vicinity of the Water System, (3) neither Sellers nor any third party have installed, used or removed any Hazardous Materials storage tank on, from or in connection with the Property in the vicinity of the Water System, and there are no storage tanks or wells other than those currently serving the Water System (whether existing or abandoned) located on, under, or about the Property in the vicinity of the Water System and (4) the Water System does not consist of any building materials that contain Hazardous Material. For the purposes hereof, "Hazardous Materials" shall mean any substance, chemical, waste or other material which is listed, defined or otherwise identified as "hazardous" or toxic under any federal, state, local or administrative agency ordinance or law, as well as any formaldehyde, urea, polychlorinated biphenyls, petroleum, petroleum product or by-product, crude oil, natural gas, synthetic gas, radon, lead and asbestos. If Sellers and/or Purchaser discovers or determines the existence or any Hazardous Materials or other condition that exists, including the presence of asbestos, as of and/or prior to Closing, the result of which may require remedial action pursuant to any Federal, state or local law for the completion of Purchaser's intended redevelopment of the Water System (including demolition of any improvements), the party shall promptly notify the other of such Hazardous Materials or environmental condition and Sellers shall take any and all appropriate action in response thereto at its cost ("Sellers's Obligation").

4.9 Flood Zone. To the best of Sellers's knowledge, the Water System is not located within a flood zone.

4.10 Change in Circumstances. Upon notification of any fact that would change any of

the representations or warranties contained herein, Purchaser shall have the option of (a) waiving the breach of warranty that would be caused by such change, (b) agreeing with Sellers to adjust the terms hereof to compensate Purchaser for such change, or (c) terminating the Agreement. If such fact is different because of a misrepresentation of Sellers, then the options stated in the previous sentence shall be in addition to any other remedy available to Purchaser at law or in equity. As used in the Agreement, Sellers' knowledge includes the knowledge of any agent, officer, member, manger or general partner of Sellers and any agent thereof.

4.11 Condition of Equipment: Sellers represents that: 1) The Water System is in good operating condition except as disclosed in writing to Purchaser; 2) Sellers are in title to the Water System and there are no encumbrances or liens against any assets that will survive Closing; 3) Sellers shall maintain the Water System in its current condition until Closing.

5. REPRESENTATIONS AND WARRANTIES: Purchaser's Representations and Warranties.

5.1 Organization and Authority. Purchaser is a Washington municipal corporation in good standing and has the right, power and authority to enter into this Agreement, to execute all documents and instruments contemplated by this Agreement, to consummate this transaction and to perform all other obligations to be performed by Purchaser under the terms of this Agreement. The execution, delivery and performance of this Agreement and all agreements, documents and instruments contemplated hereby have been duly authorized by all necessary action on the part of Purchaser.

5.2 No Violation. Neither the execution and delivery of this Agreement; the consummation of the transaction contemplated hereby; nor the performance by Purchaser of, and compliance by Purchaser with, any of the provisions of this Agreement will violate any provision of Purchaser's organizational documents.

6. RECORDS AND COOPERATION. Sellers shall provide Purchaser with all relevant records pertaining to the Water System. Sellers's representative shall cooperate and attempt to provide Purchaser with information necessary for an easy transition of operation of the Water System to Purchaser at no further expense to Purchaser. Purchaser shall place its own keys on the well house and water reservoir at the date of Closing.

7. ASSIGNMENT OF EASEMENTS AND RIGHTS. The Water System has certain water rights and easement rights that are of record, on file with the State of Washington Department of Ecology or described in documents of record. There are easements where other water system facilities are located. Sellers will execute an "Assignment of Easements and Water Rights" in recordable form at Closing. This Assignment of recorded rights will be with warranty and Sellers agree to list, to the best of Sellers's knowledge, areas where Sellers have easements, rights or claims of easements and rights. Sellers agree to cooperate and sign any necessary documents in order to secure

the assignment of any and all water rights utilized by the Water System. The form of Assignment is attached hereto as *Exhibit "B"* and incorporated herein by this reference.

8. **CONVEYANCE OF PERSONAL PROPERTY:** Title to all personal property, tangible and intangible, shall be conveyed with warranty of free and unencumbered title by Bill of Sale. The form of the Bill of Sale is attached hereto as *Exhibit "C"* and incorporated herein by this reference.
9. **CAPACITY OF SYSTEM:** Purchaser shall not connect customers to the Water System unless such additional service is approved by the Washington State Department of Health, the Washington State Department of Ecology and any other applicable regulatory agency. Purchaser assumes no obligation or liability of Sellers by entering this agreement for the provision of service to any property unless such connection is within the capacity of the Water System and approved by applicable regulatory agency. Purchaser agrees to work towards making improvements to the Water System to increase additional capacity only as a discretionary governmental function when, in the sole discretionary judgment of the governing board, resources and sound business judgment justify such improvement or expansion.
10. **HOLD HARMLESS:** Sellers shall indemnify and hold harmless Purchaser, its successors, and assigns from any and all claims of whatsoever nature arising out of, or in any way connected to the Water System for any acts or omissions occurring before the sale of the assets herein and in addition, against any and all damages, resulting from any breach of any representation, warranty, or agreement set forth in this Agreement, or the untruth or inaccuracy thereof. This indemnification and hold harmless provision includes actual attorneys' fees and legal costs, and includes but is not limited to expert witness fees and costs.

Purchaser shall indemnify and hold harmless Sellers from any and all claims of whatsoever nature arising out of, or in any way connected to the Water System for any acts or omissions occurring after the sale of the assets herein and, in addition, against any and all damages resulting from any breach of any representation, warranty or agreement set forth in this Agreement, or the untruth or inaccuracy thereof. This indemnification and hold harmless includes actual attorneys' fees and legal costs, and includes but is not limited to expert witness fees and costs.

11. **TITLE INSURANCE:** Within three days of the execution of this Agreement Sellers authorizes closing agent to order from Mason County Title Insurance Company a preliminary commitment for title insurance. Purchaser shall have 7 days from receipt of the preliminary commitment to accept or reject the condition of the title in its sole discretion. If written notice is given within such period by Purchaser to Sellers of such unacceptability and Sellers cannot satisfy the Purchaser's concerns within 30 days of such notice being sent, then this Agreement shall terminate and become null and void as if it had never been entered into.

12. PURCHASER'S OPTIONAL INSPECTIONS: Purchaser may, in Purchaser's sole discretion, conduct inspections of the Water System within 30 days of the mutual acceptance of this Agreement. The evaluation may include, but not be limited to engineering evaluation, site inspections, surveys, well tests, water tests, pressure test, electrical, soils and/or topographical studies. Purchaser, its agents and assigns, shall be permitted full access to the Property and Water System during the site evaluation process upon reasonable advanced notice to Sellers. Purchaser shall be responsible for the costs of any optional inspection. In the event, in Purchaser's opinion, the report(s) show(s) the necessity for substantial repairs unacceptable to Purchaser, Purchaser may give notice of intent to terminate this Agreement by delivering to Sellers a written notice, together with copy(ies) of said report(s).
13. CLOSING COSTS: Sellers shall pay their own attorney's fees, if any, and Purchaser shall pay all other closing costs. All taxes, utilities and other accounts shall be prorated as of Closing.
14. LEGAL RIGHTS: This Agreement affects the legal rights and obligations of the parties. Each party has employed the services of attorneys to review and draft this Agreement. All parties participated in the drafting of this Agreement and therefore the rule of construction interpreting this document against its drafter shall not apply.
15. ASSIGNMENT: Purchaser's rights under this Agreement may be assigned by Purchaser.
16. NOTICES: Any and all notices required or permitted to be given under this Agreement must be given in writing by certified mail, return receipt requested to the following addresses:

Purchaser:
To:

Kristin Masteller
PUD No. 1 of Mason County
N 21971 Hwy. 101
Shelton WA 98584

And to:

Robert W. Johnson, P.L.L.C.
P.O. Box 1400
Shelton, WA 98584

Sellers:
To:

Any Party to this Agreement may change the address of that Party to which notices may be sent hereunder by addressing notice of such change in the manner above.

17. **COMPUTATION OF TIME:** Unless otherwise specified, any notice or other period of time in this Agreement shall commence on the day following receipt of the notice, and shall expire at 9 p.m. of the last day, unless the last day is Saturday, Sunday, or State legal holiday, in which event the time shall expire at 9 p.m. on the next business day.
18. **FACSIMILE TRANSMISSION:** The transmission of any signed original document, and transmission or retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either Party, or the closing agent, the Parties will confirm facsimile transmitted signatures by signing an original document.
19. **CLOSING:** This transaction shall be closed on _____. Closing may be sooner by mutual agreement. "Closed" and/or "Closing" means the date the sale proceeds are available to Sellers. Purchaser and Sellers will, on demand of either, deposit with closing agent all documents and monies requested to complete the transaction. It is understood that there are no verbal or other agreements that modify or affect this Agreement. If, prior to Closing, any portion of the Water System shall be destroyed or materially damaged by fire or other casualty, this agreement, at option of Purchaser, shall become null and void. Closing agent shall be Mason County Title Insurance Company.
20. **POSSESSION:** Purchaser shall be entitled to possession on Closing.
21. **DEFAULT AND ATTORNEY'S FEES:** In the event of default by either Party, the non-defaulting Party shall have the election to either: Collect actual damages or obtain specific performance together with any incidental damages. If any Party institutes suit under this Agreement, the prevailing Party is entitled to court costs and a reasonable attorney's fee. In the event of trial, the court shall fix the attorney's fee. The venue of any suit shall be Mason County, Washington.
22. **MODIFICATION:** This Agreement and the rights and duties hereunder may not be modified, revised or terminated except by a writing signed by all Parties hereto or their duly authorized representative.
23. **COUNTERPARTS:** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement of the Parties.
24. **GOVERNING LAW:** This Agreement shall be construed in accordance with the laws of the State of Washington.

25. SURVIVAL OF TERMS: The warranties, representations and provisions of this Agreement shall survive Closing and shall not merge into the final documents.

26. SEVERABILITY: If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Thomas Longshore

Michael Buss

Shane Miller

Charito Buss

Anthony Gray

Steven Estlund

Nicole Neff

Beverly Estlund

Charles Pong

Robert Pong

Cynthia Pong

Cynthia Nakamura

By:

PUBLIC UTILITY DISTRICT NO. 1 OF MASON COUNTY

By: Kristin Masteller
Its: Manager

EXHIBIT "A"

Parcel Number: 422265100001

Legal Description:

HOOD CANAL TERRACE LOT: 1 & 1/5 INT LOT: 6 (RD R/W)

Size in Acres: 1.23

Owner:

LONGSHORE, THOMAS A

PO BOX 154

HOODSPORT WA 985480154

Parcel Number: 422265100002

Legal Description:

HOOD CANAL TERRACE LOT: 2 & 1/5 INT LOT: 6 (RD R/W) PCL 2 OF BLA #95-08 AF#602584

Size in Acres: 1.37

Owner:

BUSS, MICHAEL P & CHARITO

51 N HARVEY TERRACE DR

SKOKOMISH NATION WA 98584-9766

Parcel Number: 422265100003

Legal Description:

HOOD CANAL TERRACE LOT: 3 & 1/5 INT LOT: 6 (RD R/W) PCL 1 OF BLA #95-08 #602584

Size in Acres: 0.65

Owner:

MILLER, SHANE

81 N HARVEY TERRACE DRIVE

SHELTON WA 98584

Parcel Number: 422265100004

Legal Description:

HOOD CANAL TERRACE LOT: 4 & 1/5 INT LOT: 6 (RD R/W)

Size in Acres: 0.65

Owner:

ESTLUND, STEVEN & BEVERLY

12819 SE 307TH PLACE

AUBURN WA 98092

Parcel Number: 422265100005

Legal Description:

HOOD CANAL TERRACE LOT: 5 & 1/5 INT LOT: 6 (RD R/W)

Size in Acres: 0.46

Owner:

GRAY ET AL, ANTHONY

NICOLE NEFF

230 N HARVEY TERRACE DR

SKOKOMISH NATION WA 98584

Parcel Number: 422263290012

Legal Description:

TR 2 OF TR 1A OF IND LOT 3 EX 1A1 TR 2 OF SP #2304

Size in Acres: 1.35

Owner:

PONG, CHARLES & CYNTHIA

174 W BACHELOR ROCK DR
PORT ANGELES WA 98363-8532

Parcel Number: 422263290013
Legal Description:
TR 3 OF TR 1A OF IND LOT 3 EX 1A1 TR 3 OF SP #2304
Size in Acres: 1.92

Owner:
PONG, CHARLES & CYNTHIA
174 W BACHELOR ROCK DR
PORT ANGELES WA 98363-8532

Parcel Number: 422263290011
Legal Description:
TR 1 OF TR 1A OF IND LOT 3 EX 1A1 TR 1 OF SP #2304
Size in Acres: 1.80

Owner:
PONG ET UX, ROBERT
CYNTHIA NAKAMURA
10229 NE 112TH ST
KIRKLAND WA 980334448

EXHIBIT "B"

AFTER RECORDING RETURN TO
ROBERT W. JOHNSON, P.L.L.C.
P.O. BOX 1400
SHELTON, WA 98584

DEED OF EASEMENTS AND RIGHTS

THE UNDERSIGNED, Thomas Longshore, a single person, Michael Buss and Charito Buss, husband and wife, Shane Miller, a single person, Steven and Beverly Estlund, husband and wife, Anthony Gray, a single person, Nicole Neff, a single person, Charles Pong and Cynthia Pong, husband and wife, Robert Pong and Cynthia Nakamura, husband and wife Sellers ("Assignor), hereby warrants, conveys and assigns to Mason County PUD No. 1 ("Assignee"), all of its right, title and interest, if any, in the easements, water rights and other rights, real or personal, associated with the Hood Canal Terrace Water System.

The Assignors operates a water system known as Hood Canal Terrace Water System (the "Water System") in Mason County, Washington. The Assignor has certain improvements located within the easements and rights of way as shown on the Plat of Hood Canal Terrace as recorded under Auditors File No. 347877 and that certain Water Agreement recorded under Auditor's File No. 555429, records of Mason County, Washington, and the Assignor assigns such rights.

The Assignors claims by prescriptive easement rights where record rights do not exist for any improvements related to the Water System together with the right to access associated improvements.

The Assignors warrant any easements or rights described herein and has claimed the rights during the ownership of the Water System.

There is no independent monetary consideration as part of this Assignment.

Thomas Longshore

Michael Buss

Shane Miller

Charito Buss

Anthony Gray

Steven Estlund

Nicole Neff

Beverly Estlund

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the State of
Washington, residing at _____
My Commission expires:

EXHIBIT "C"

BILL OF SALE

THE UNDERSIGNED, owner of the personal property described herein ("Seller") in and for the consideration of \$1.00 and other valuable consideration, does hereby transfer, assign, convey, warrant and sell unto Mason County PUD No. 1 ("Purchaser") all interest and title in the below-described property free and clear of any encumbrances:

Description: All of the Water System known as the Terrace Canal Terrace Water System located in the Plat of Hood Canal Terrace ("Plat") recorded under Auditor's file No. 347887, records of Mason County Washington (DOH ID # AB714P) which is located on, under and in the vicinity of Plat, located in Mason County, Washington (the "Water System"), including, but not limited to the water lines, pumps, tanks, well, meters, and related equipment consisting of all of the Water System; together with Seller's interest in the easement in the rights of way where the water lines are located at the well site and in the service area which is located on, under and in the vicinity of the Plat of Hood Canal Terrace.

The undersigned warrants that the property subject to this Bill of Sale is free of encumbrances or will be at Closing except as provided in the Agreement. The undersigned will warrant and defend the sale of said property hereby made unto Purchaser against all and every person whomever so claiming.

DATED this ___ day of _____, 2020.

Thomas Longshore

Michael Buss

Shane Miller

Charito Buss

Anthony Gray

Steven Estlund

Nicole Neff

Beverly Estlund

Charles Pong

Robert Pong

Cynthia Pong

Cynthia Nakamura



PUD1 – Executive Summary – May 2020

This report summarizes information on the current financial status of Mason County PUD No. 1 for the month of May 2020.

- **Work in Progress:**
 - FEMA Funding – January 2020 Storm & COVID-19
 - Budget / Cash Flow Monitoring from COVID-19 Effects

- **Completed Projects:**
 - 2019 Privilege Tax Return – Due February 25, 2020
 - 2019 Form 7 – Due March 31, 2020
 - 2019 Annual Electric Power Industry Report – Due April 30, 2020
 - 2019 Annual Report – due May 30, 2020

- **Planned Key Milestones, Activities and / or Events:**
 - Develop benchmark financial ratios, to compare PUD No. 1’s ratios to other like-size districts.
 - Long range financial and budgetary planning – ongoing.

Financial Highlights:

- Revenue – Gross Revenue was \$905,589 for the month of May 2020.
- Expenditures –Gross expenditures were \$809,992 for the month of May 2020.
- COVID Metrics – Cash on Hand is down \$35,000 due to delayed account payments, late fees etc. and \$26,877 from delaying the rate increase. In May, we transferred \$55,000 to the general fund when we applied customer deposits against account balances, which helped offset decrease of cash.

Financial Metrics as Compared with Prior Year:	May 2020	May 2019
Total General Cash and Investments	\$1,054,820	\$928,301
Current Ratio (Current Assets/Current Liabilities)	4.58 to 1	4.75 to 1
Debt Service Coverage (O&M/ Debt Service)	3.36	3.19
Long-Term Debt to Net Plant	42%	42%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	57%	57%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	53%	53%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	5.96	6.90
Cash on Hand (Total Available Cash/Average Daily Costs)	42 Days (General) 135 Days (All Funds)	48 Days (General) 100 Days (All Funds)



Mason County PUD No 1

Budget Summary by Division For the Month Ended May 31, 2020

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Total Revenue	\$ 723,757.76	\$ 181,049.81	\$ 781.53	\$ 905,589.10
Budgeted	\$ 716,190.00	\$ 175,132.60	\$ 765.02	\$ 892,087.62
Difference (-/+)	\$ 7,567.76	\$ 5,917.21	\$ 16.51	\$ 13,501.48
% of Budget	101%	103%	102%	102%
Total Expenditures	\$ 641,456.66	\$ 167,633.64	\$ 901.46	\$ 809,991.76
Budgeted	\$ 641,450.70	\$ 154,984.45	\$ 821.93	\$ 797,257.08
Difference (-/+)	\$ 5.96	\$ 12,649.19	\$ 79.53	\$ 12,734.68
% of Budget	100%	108%	110%	102%
Net Operating Margins	\$ 82,301.10	\$ 13,416.17	\$ (119.93)	\$ 95,597.34
Budgeted	\$ 74,739.30	\$ 20,148.15	\$ (56.91)	\$ 94,830.54
Difference (-/+)	\$ 7,561.80	\$ (6,731.98)	\$ (63.02)	\$ 766.80
% of Budget	110%	67%	211%	101%



Mason County PUD No 1

Budget Summary by Division for the Five Months Ended May 31, 2020

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Total Revenue	\$ 4,468,226.51	\$ 880,289.59	\$ 3,956.87	\$ 5,352,472.97
2020 Budget	\$ 9,179,095.19	\$ 2,211,051.00	\$ 9,180.00	\$ 11,399,326.19
Difference (-/+)	\$ (4,710,868.68)	\$ (1,330,761.41)	\$ (5,223.13)	\$ (6,046,853.22)
% of Budget	49%	40%	43%	47%
Total Expenditures	\$ 3,676,665.63	\$ 801,082.72	\$ 1,363.46	\$ 4,479,111.81
2020 Budget	\$ 8,613,997.00	\$ 1,963,444.92	\$ 7,182.24	\$ 10,584,624.16
Difference (-/+)	\$ (4,937,331.37)	\$ (1,162,362.20)	\$ (5,818.78)	\$ (6,105,512.35)
% of Budget	43%	41%	19%	42%
Net Operating Margins	\$ 791,560.88	\$ 79,206.87	\$ 2,593.41	\$ 873,361.16
2019 Budget	\$ 565,098.19	\$ 247,606.08	\$ 1,997.76	\$ 814,702.03
Difference (-/+)	\$ 226,462.69	\$ (168,399.21)	\$ 595.65	\$ 58,659.13
% of Budget	140%	32%	130%	107%
Cash Flow				
Beginning Cash (General Fund)	246,030.00	88,106.00	4,195.20	338,331.20
Net Operating Margin (Excluding Depreciation)	1,331,121.35	239,084.00	3,419.41	1,573,624.76
Cash Transferred to / from Special Funds	6,271.38	(7,603.69)	(149.96)	(1,482.27)
Change in Accounts Receivable	246,635.16	(76,460.70)	(3,386.55)	166,787.91
Change in Accounts Payable	(284,883.09)	(1,690.03)	171.35	(286,401.77)
Cash Expended on Utility Plant	(209,511.71)	(78,880.87)	0.00	(288,392.58)
Change in CWIP	(1,009,552.17)	(60,351.72)	(54.25)	(1,069,958.14)
Ending Cash (General Fund)	326,110.92	102,202.99	4,195.20	432,509.11



Mason County PUD No. 1

Cash & Investment Balances

As of May 31, 2020

Cash Balances

Cash - General Funds

\$ 432,509.11

Cash - Restricted

\$ 30,990.39

Total Cash

\$ 463,499.50

Investment Balances (LGIP)

Investments - Electric

\$ 334,374.12

Investments - Sewer

\$ 30,476.20

Investments - Water

\$ 226,470.57

Total Investments

\$ 591,320.89

Total Cash & Investments

\$ 1,054,820.39

***Does Not Include Designated Funds*



**PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY**

N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

**OPTION 1 – OCTOBER 1, 2020
RESOLUTION NO. 2036**

**A RESOLUTION AMENDING THE IMPLEMENTATION DATE FOR
THE NEW ELECTRIC RETAIL RATE SCHEDULES FOR THE DISTRICT**

WHEREAS, Bonneville Power Administration (BPA), under their 2020-2021 rate case, plans to impose a 2.58% power rate increase, effective October 1, 2020, thus making it necessary to increase the electric retail rates charged to Mason County PUD No. 1 customers in order to maintain the financial integrity of the District as required by law; and

WHEREAS, BPA's charges comprise approximately 50% of the District's total operational costs; and

WHEREAS, the District underwent a Cost of Service Analysis in 2018, which established appropriate customer classes and assigned proportionate responsibilities of expenses to each class of customer over a period of seven years to bring them into total cost of service; and

WHEREAS, a public rate hearing was held on November 12, 2019; and

WHEREAS, following the public hearing, the commission decided to impose a multi-year rate increase effective April 1st of each year for years 2020, 2021, and 2022 as follows: Residential Customer Class 8.11% for the Basic Service fee and 2.48% for the kWh Usage in 2020, with a subsequent 5.92% rate increase for the Base Service fee and 4.16% increase for the kWh Usage in 2021 and 5.59% increase for the Base Service fee and 3.65% for the kWh Usage for 2022. Low-Use Residential is a new rate class, created as a result of the Electric Cost of Service Analysis and will see a 10.47% increase for the Basic Service fee and a 2.48% increase for the kWh Usage in 2020, with a subsequent 7.52% increase for Basic Service fee and 4.16% for the kWh Usage in 2021 and a 7.71% increase for the Basic Service fee and a 3.65% increase in the kWh Usage in 2022. General Service 1P will increase 2.84% for the kWh Usage in 2020, with a subsequent .88% increase in the Basic Service fee and 3.27% for the kWh Usage in 2021 and 2.04\$ increase for the Basic Service fee and 2.64% for the kWh Usage in 2022. General Service 3P Customer Class will increase 9.9% for the Basic Service fee and 1.4% for kWh Usage in 2020, with a subsequent 10% increase in the Basic Service fee and 2.5% for kWh Usage in 2021 and 1.6% increase in the kWh Usage fee in 2022. Security Lighting will increase 3.94% in 2020, with a subsequent 4.5% increase in 2021 and 4.00% increase in 2022;

WHEREAS, the District may potentially incur additional surcharges from BPA under BPA's Financial Reserves Adjustment and Cost Recovery Act Clauses; and

WHEREAS, the District shall pass such surcharges directly through as a separate fee on the monthly billing statements; and

WHEREAS, the recent global pandemic related to COVID-19 outbreak has caused widespread unemployment and financial devastation for the economy and ratepayers of Mason County PUD No. 1 and the District wishes to further delay the implementation of the scheduled electric rate schedule from July 2020 to October 2020.



**PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY**

N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

NOW, THEREFORE, BE IT RESOLVED THAT the new rate schedules as outlined below shall take effect on the October 2020 billing statements:

Residential	Previous	2020	2021	2022
Base Service	\$35.15	\$38.00	\$40.25	\$42.50
kWh Usage (Per kWh)	\$.081	\$.08301	\$.08646	\$.08962
State Public Utility Tax	3.873%	3.873%	3.873%	3.873%
State Property Tax	2.14%	2.14%	2.14%	2.14%

Residential Low-Use	NEW CLASS	2020	2021	2022
Base Service		\$38.83	\$41.75	\$44.97
KWH Usage (Per kWh)		\$.08301	\$.08646	\$.08962
State Public Utility Tax		3.873%	3.873%	3.873%
State Property Tax		2.14%	2.14%	2.14%

General Service Single Phase	Previous	2020	2021	2022
Base Service	\$48.57	\$48.57	\$49.00	\$50.00
KWH Usage	\$.087	\$.08947	\$.09240	\$.09484
State Public Utility Tax	3.873%	3.873%	3.873%	3.873%
State Property Tax	2.14%	2.14%	2.14%	2.14%

General Service Three Phase	Previous	2020	2021	2022
Base Service	\$54.56	\$60.00	\$66.00	\$66.00
KWH Usage	.087 Per KWH	.08822	\$.09041	\$.09187
State Public Utility Tax	3.873%	3.873%	3.873%	3.873%
State Property Tax	2.14%	2.14%	2.14%	2.14%

Street Light Charge (\$ per month): \$11.66 \$12.12 \$12.67 \$12.67

Pole Charge (\$ per month): \$2.89 \$2.89 \$2.89 \$2.89

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Mason County, Washington at a special meeting on June 23, 2020, the following commissioners being present and voting:

Jack Janda, Secretary

Ron Gold, President

Mike Sheetz, Vice President



**PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY**

N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

**OPTION 2 – APRIL 1, 2021
RESOLUTION NO. 2036**

**A RESOLUTION AMENDING THE IMPLEMENTATION DATE FOR
THE NEW ELECTRIC RETAIL RATE SCHEDULES FOR THE DISTRICT**

WHEREAS, Bonneville Power Administration (BPA), under their 2020-2021 rate case, plans to impose a 2.58% power rate increase, effective October 1, 2020, thus making it necessary to increase the electric retail rates charged to Mason County PUD No. 1 customers in order to maintain the financial integrity of the District as required by law; and

WHEREAS, BPA's charges comprise approximately 50% of the District's total operational costs; and

WHEREAS, the District underwent a Cost of Service Analysis in 2018, which established appropriate customer classes and assigned proportionate responsibilities of expenses to each class of customer over a period of seven years to bring them into total cost of service; and

WHEREAS, a public rate hearing was held on November 12, 2019; and

WHEREAS, following the public hearing, the commission decided to impose a multi-year rate increase effective April 1st of each year for years 2020, 2021, and 2022 as follows: Residential Customer Class 8.11% for the Basic Service fee and 2.48% for the kWh Usage in 2020, with a subsequent 5.92% rate increase for the Base Service fee and 4.16% increase for the kWh Usage in 2021 and 5.59% increase for the Base Service fee and 3.65% for the kWh Usage for 2022. Low-Use Residential is a new rate class, created as a result of the Electric Cost of Service Analysis and will see a 10.47% increase for the Basic Service fee and a 2.48% increase for the kWh Usage in 2020, with a subsequent 7.52% increase for Basic Service fee and 4.16% for the kWh Usage in 2021 and a 7.71% increase for the Basic Service fee and a 3.65% increase in the kWh Usage in 2022. General Service 1P will increase 2.84% for the kWh Usage in 2020, with a subsequent .88% increase in the Basic Service fee and 3.27% for the kWh Usage in 2021 and 2.04\$ increase for the Basic Service fee and 2.64% for the kWh Usage in 2022. General Service 3P Customer Class will increase 9.9% for the Basic Service fee and 1.4% for kWh Usage in 2020, with a subsequent 10% increase in the Basic Service fee and 2.5% for kWh Usage in 2021 and 1.6% increase in the kWh Usage fee in 2022. Security Lighting will increase 3.94% in 2020, with a subsequent 4.5% increase in 2021 and 4.00% increase in 2022;

WHEREAS, the District may potentially incur additional surcharges from BPA under BPA's Financial Reserves Adjustment and Cost Recovery Act Clauses; and

WHEREAS, the District shall pass such surcharges directly through as a separate fee on the monthly billing statements; and

WHEREAS, the recent global pandemic related to COVID-19 outbreak has caused widespread unemployment and financial devastation for the economy and ratepayers of Mason County PUD No. 1 and the District wishes to further delay the implementation of the scheduled electric rate schedule from July 2020 to April 2021.



**PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY**

N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

NOW, THEREFORE, BE IT RESOLVED THAT the new rate schedules as outlined below shall take effect on the April 2021 billing statements:

Residential	Previous	2021	2022	2023
Base Service	\$35.15	\$38.00	\$40.25	\$42.50
kWh Usage (Per kWh)	\$.081	\$.08301	\$.08646	\$.08962
State Public Utility Tax	3.873%	3.873%	3.873%	3.873%
State Property Tax	2.14%	2.14%	2.14%	2.14%

Residential Low-Use	NEW CLASS	2021	2022	2023
Base Service		\$38.83	\$41.75	\$44.97
KWH Usage (Per kWh)		\$.08301	\$.08646	\$.08962
State Public Utility Tax		3.873%	3.873%	3.873%
State Property Tax		2.14%	2.14%	2.14%

General Service Single Phase	Previous	2021	2022	2023
Base Service	\$48.57	\$48.57	\$49.00	\$50.00
KWH Usage	\$.087	\$.08947	\$.09240	\$.09484
State Public Utility Tax	3.873%	3.873%	3.873%	3.873%
State Property Tax	2.14%	2.14%	2.14%	2.14%

General Service Three Phase	Previous	2021	2022	2023
Base Service	\$54.56	\$60.00	\$66.00	\$66.00
KWH Usage	.087 Per KWH	.08822	\$.09041	\$.09187
State Public Utility Tax	3.873%	3.873%	3.873%	3.873%
State Property Tax	2.14%	2.14%	2.14%	2.14%

Street Light Charge (\$ per month): \$11.66 \$12.12 \$12.67 \$12.67

Pole Charge (\$ per month): \$2.89 \$2.89 \$2.89 \$2.89

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Mason County, Washington at a special meeting on June 23, 2020, the following commissioners being present and voting:

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