



**Mason County PUD No. 1
Regular Board Meeting
September 27, 2022
1:00 p.m.**

Join Zoom Meeting
<https://us02web.zoom.us/j/85869053743>

Meeting ID: 858 6905 3743
1 (253) 215-8782

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

- 1) 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 5 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.*

2) Consent Agenda

Minutes:

September 13, 2022 Regular Board Meeting

Disbursements:

Accounts Payable Wire	\$ 49,852.96
Check Nos. 122242 - 122243	\$ 1,097.21
 Payroll Wire	 \$ 64,357.80
Grand Total	\$ 115,307.97

3) Business Agenda

- a. Visit from Bob Schuetz, CEO Energy NW
- b. BPA Proposed Settlement for BP-24
- c. Approve Comment Letter to EPA

4) Staff Reports

- a. General Manager
- b. District Treasurer
- c. Water Resource Manager
- d. Legal Counsel

5) Correspondence

6) Board Comments

7) Other Business/Public Comment

8) Executive Session – Evaluate the Performance of a Public Employee RCW (42.30.110)(g)

9) Adjournment

2022 Calendar

September 30	Customer Appreciation	(11:00 – 2:00) Drive Thru/Upper Campus
October 5-6	PPC	Virtual (Executive Committee Meeting)
October 13	WPUDA	TBA (Budget Committee meeting)
October 22	WPAG	9:00 a.m.
November 16-18	WPUDA	TBA (Association Meetings)
November 16	PPC Town Hall	Sheraton Portland Airport
November 17	PPC Annual Mtg.	Sheraton Portland Airport
Nov/Dec	WPAG	Date/Time TBA



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
September 13, 2022, Potlatch, Washington

Present:

Mike Sheetz, President
Jack Janda, Vice President
Ron Gold, Board Secretary
Kristin Masteller, General Manager
Katie Arnold, District Treasurer
Brandy Milroy, Water Resource Manager
Julie Gray, Executive Assistant
Rob Johnson, Legal Counsel

Visitors: None

CALL TO ORDER: Mike Sheetz called the Regular Board of Commissioners meeting to order at 1:00 pm.

PUBLIC COMMENT: None.

APPROVAL OF CONSENT AGENDA:

Minutes: August 22, 2022 Special Meeting
August 23, 2022 Public Hearing
August 23, 2022 Regular Board Meeting

Disbursements:	<u>Accounts Payable Check Register</u>	
	Accounts Payable Wire	\$ 71,061.07
	Check Nos. 122124-122182	\$ 363,588.30
	Check Nos. 122184-122241	\$ 167,696.54
	A/P Sub Total	\$ 602,345.91
	<u>Payroll Expense</u>	
	Payroll Wire	\$ 99,132.82
	Check No. 122183	\$ 1,752.33
	Grand Total	\$ 703,231.06

Jack made a motion to approve the consent agenda as presented, Ron seconded the motion. Motion carried.

BUSINESS AGENDA:

Authorize the GM to proceed with Acquisition of Bo Ginn Water System - Jack made a motion to authorize the General Manager to proceed with the acquisition of Bo Ginn Water System, Ron seconded the motion. Motion carried.



Mason County Public Utility District No. 1
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September 13, 2022, Potlatch, Washington

Approve Letter of Support for Mason County Emergency Management's Wildfire Mitigation Grant Application – Jack made a motion to approve the letter of support for Mason County Emergency Management's Wildfire Mitigation Grant Application, Ron seconded the motion. Motion carried.

Discussion on BPA Settlement – Kristin discussed with the Commissioners the proposed BPA settlement and handling any negative rate increases in the next rate case.

Approval of Resolution No. 2061 – Declaring Surplus Property (2022) Jack made a motion to approve Resolution No. 2061 – Declaring Surplus Property, Ron seconded the motion. Motion carried.

Staff Reports -

General Manager – Kristin reported that she and Mike Oblizalo attended a Broadband Symposium in Pt. Townsend last week. Kristin reported that she had a meeting with Ecology and Aspect regarding the pole yard. It may need additional site excavation. She is waiting for an estimate on the cost for continuing cleanup activities. She reported that she and Katie are working on the vegetation management grant. Kristin reported that the Squaxin Island Tribe has applied to EPA to earn "Treatment as A State (TAS)" authority. She said that while this is a common application for state tribes, there are several parts of their application that cause concern due to scope creep and the likelihood that it will lead to legal challenges down the road between the tribe and our state agencies, the PUD, the city and the county with the tribe trying to assert additional authority beyond what the TAS is intended for. Kristin will bring a comment letter forward to the next meeting for approval.

Director of Business Services – Katie reported that the audit for 2020/2021 will begin in October. The State Auditor's office reached out to her with the initial list of items to send. Most of the audit will be virtual. She also reported that she is headed to Savannah, Georgia for the APPA Business and Finance conference next week.

Water Resource Manager – Brandy reported that the Lake Wood water system customers were sent welcome packets to fill out and return to us. Also, the documentation for that system has been sent to DOH to transfer the water system to the PUD. She reported that Hanson Excavation has completed all five roads for the new mainline. The PUD's water techs will need to tap into the new mainlines and run the new service lines to the existing services. She reported that the WSP Part B Public Hearing for Canal View will be posted in The Journal and on our website starting Thursday, September 14, 2022 for two weeks. The public hearing for the commissioners to approve the WSP is scheduled for the October 11th board meeting. Brandy also reported that she, Mike, Kristin, James and TJ are attending the WPUWA Water Workshop in Spokane.

Correspondence – Letter in The Journal from Jay Hupp and thank you letter from Kurt Miller regarding the LSRD campaign.

Board Reports –

Mike – None.

Jack – None.



Mason County Public Utility District No. 1
Board of Commissioners Regular Board Meeting
September 13, 2022, Potlatch, Washington

Ron – None.

PUBLIC COMMENT – None.

EXECUTIVE SESSION – None.

Adjournment: 2:15 p.m.

Mike Sheetz, President

Jack Janda, Vice President

Ron Gold, Secretary

09/26/2022 8:59:14 AM

Accounts Payable Check Register

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09/12/2022 To 09/26/2022

Bank Account: 4 - COLUMBIA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
721 09/16/2022	WIRE	IRS	WEST COAST BANK	FEDERAL TAX LIABILITY	23,538.44
722 09/16/2022	WIRE	WASH 1	WA DEPT OF RETIREMENT SYS	STATE RETIREMENT - PLAN 2	15,877.19
723 09/16/2022	WIRE	WASH 7	WA STATE TREAS-MS: PO-11	DEFERRED COMPENSATION	7,613.25
724 09/16/2022	WIRE	HRA	HRA VEBA TRUST CONTRIBUTI	VEBA MEDICAL SAVINGS	2,824.08
122242 09/16/2022	CHK	IBEW	IBEW LOCAL UNION #77	UNION DUES	877.21
122243 09/16/2022	CHK	PUDEMP	PUD #1 EMPLOYEE FUND	EMPLOYEE FUND	220.00
Total Payments for Bank Account - 4 :					(6) 50,950.17
Total Voids for Bank Account - 4 :					(0) 0.00
Total for Bank Account - 4 :					(6) 50,950.17
Grand Total for Payments :					(6) 50,950.17
Grand Total for Voids :					(0) 0.00
Grand Total :					(6) 50,950.17

09/26/2022

8:59:14 AM

Accounts Payable Check Register

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PARAMETERS ENTERED:**Check Date:** 09/12/2022 To 09/26/2022**Bank:** All**Vendor:** All**Check:****Journal:** All**Format:** Summary**Extended Reference:** No**Sort By:** Check/Transaction**Voids:** Current**Payment Type:** All**Group By Payment Type:** No**Minimum Amount:** 0.00**Authorization Listing:** No**Credit Card Charges:** No

09/23/2022 8:10:56 AM

GENERAL LEDGER
TRANSACTION DETAIL

Page: 1

SEP 2022 To SEP 2022

Date	Journal Description	Actv BU Project	Mod	Jrnl Reference Code	
Account: 0 131.2 CASH-GENERAL FUND (DISTRICT)					
Department: 0					
09/16/22	69325 Check Print	0	PL	2 PAYROLL	64,357.80

PARAMETERS ENTERED:

Division: All

Accounts: 0 131.2

Department: All

Activity: All

Sort By: Div/Acct

Date Selection: Period

Period: SEP 2022 To SEP 2022

Module: PL

Journal Activity: All

Accounts With No Transactions: Yes

Extended Reference: No

Interface Detail: No

Group by Department: Yes

51217

/pro/rpttemplate/acct/2.52.1/gl/GL_TRANS_DETAIL.xml.rpt

Karnold

Julie Gray

From: Kristin Masteller
Sent: Tuesday, September 27, 2022 7:53 AM
To: Julie Gray
Subject: Add to the packet please

BPA Settlement Offer:

Good Afternoon – BPA just released its proposed settlement agreements for the BP-24 rate case and TC-24 transmission tariff proceeding. Copies of the proposed agreements can be found at the [BP-24 Rate Case](#) and [TC-24 Tariff Proceeding](#) websites. I haven't gone through the proposals in detail yet. However, some initial highlights include the following:

- (1) BPA proposes to allocate the FY 2022 Power Revenue Distribution Clause (RDC) amount (total amount forecasted to be \$500 million) as follows:
 - a. 70% to preference customers in the form of rate relief
 - b. 20% to reduce debt or revenue finance capital projects
 - c. 10% to pay on an accelerated, one-time basis, certain non-recurring maintenance needs of existing fish and wildlife assets
- (2) Zero percent average Tier 1 rate increase from BP-22 rates
- (3) Agreement to set the Short-Term and Load Growth Tier 2 Rates at \$63.83/MWh in 2024 and \$60.25/MWh in 2025
- (4) Transmission rates to be held flat from BP-22 rates

We will discuss the proposed settlements and WPAG's proposed position with regard thereto at next week's virtual WPAG meeting on Thursday, September 29th at 9:00 am. BPA has asked that potential rate case parties let it know if they intend to object to the settlements no later than noon on October 6th.

Best regards,
Ryan

From: Perry, Marcus I (BPA) - PSW-6 <miperry@bpa.gov>
Sent: Monday, September 26, 2022 2:29 PM
To: Kristin Masteller <kristinm@mason-pud1.org>
Subject: RE: Settlement Impacts

Yeah it's a little nuanced for Mason 1. You all lost your Low Density Discount (LDD).

The rate impact value compares Mason 1's BP22 effective rate to Mason 1's proposed BP24 effective rate. In the BP22 case you all had the LDD discount and as we learned in BP24 you no longer have the discount. That's what's causing the big impact.

If you're curious what the impact would have been without the change in LDD status, you all come in around -1%. Which is around the average.

So the loss of the LDD (which was a reduction of around 5% of your annual bill), influenced your impact.

-Marcus

From: Kristin Masteller <kristinm@mason-pud1.org>
Sent: Monday, September 26, 2022 2:19 PM
To: Perry, Marcus I (BPA) - PSW-6 <miperry@bpa.gov>
Subject: [EXTERNAL] RE: Settlement Impacts

Why is ours the highest? 5%?



Kristin Masteller
General Manager

21971 N. Hwy. 101, Shelton, WA 98584
(360) 877-5249, x. 202- Office * (360) 877-9274- Fax

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**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

**Comment by Public Utility District No. 1 of Mason County
on Application by Squaxin Island Tribe dated August 18, 2022
for Treatment in a Similar Manner as a State for Water Quality Standards and
Certification Programs**

September 27, 2022

PUD No. 1 of Mason County ("Mason PUD") offers the following specific comments on Goals 3 and 4 on page 40 of the Tribe's application:

- **Goal 4, Bullet Point No. 2- "Coordinate and conduct environmental review of off reservation project permits and proposals"**

To the extent this goal goes beyond establishing water quality standards under Section 303(c) and issuing certifications under Section 401, this language is overbroad and exceeds the scope of Clean Water Act TAS authority. If the Tribe's application for TAS status is approved, the Tribe would not have blanket regulatory authority over land use, public water supply, or private properties throughout Mason County and any surrounding areas where the Tribe may acquire land. Water quality standards programs and certification authority do not confer broad-based jurisdiction to coordinate or conduct environmental review.

Under Section 518, any land subject to TAS approval for Clean Water Act regulatory purposes must qualify as Indian reservation land as defined in Section 518(h)(1). Tribes cannot obtain TAS under the Clean Water Act for water resources pertaining to any non-reservation land. Clean Water Act TAS status for the Squaxin Island Tribe must be geographically limited to those areas formally recognized as "reservation" lands for the Squaxin Island Tribe, including trust lands validly set aside for the Tribe and treated in prior EPA decisions as "informal reservation" lands for purposes of EPA's programs. *See* 56 FR 64881-82.

These required limits on the geographic and programmatic scope of the Tribe's TAS authority would not affect in any way the Tribe's existing opportunities to comment on public agency planning and permitting activities, through the State Growth Management Act, the Shorelines Management Act, the State Environmental Policy Act (SEPA), and other Washington statutes and regulations.



**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

- **Goal 4, Bullet Point No. 3- “Document aquatic and riparian habitat conditions and track resources through the Tribe’s ceded areas.”**

The Tribe’s “ceded areas” are not pertinent to its TAS application, which is limited to water resources within reservation lands. See previous comment. Mason PUD notes that lands ceded in exchange for treaty rights and protections nearly 170 years ago are now privately and publicly owned lands. Clean Water Act authority over those lands is delegated to the State of Washington. Activities involving documentation or monitoring of conditions or resources must comply with private property rights, rules regarding access to public lands, and laws prohibiting trespassing. This applies equally to all activities on public or private lands. Moreover, such activities are likely beyond the authorized scope of TAS authority with respect to water quality standards and certifications under Section 518 of the Clean Water Act.

- **Goal 3, Bullet point No. 5- “Evaluate the legal issues supporting Tribal hunting rights”**

Most of Goal 3 can be interpreted as a vague overreach into existing state and local jurisdictional authorities. Here as well, the Tribe’s vaguely worded goals do not comport with the actual limits on Clean Water Act TAS authority being sought under Section 518. Potential litigation over hunting rights, water rights, etc. does not pertain to water quality standards or Section 401 certifications.

- **Goal 4, Bullet Point No. 6- “Work cooperatively with State, Federal, County, City and private agencies and individuals to ensure the protection of treaty rights and Tribal resources”.**

The Squaxin Island Tribe has brought litigation against the PUD, Mason County, the Washington State Departments of Health and Ecology, and various private companies and nonprofit agencies for years. The Tribe dissented from the approval of two separate multi-year Water Resource Inventory Area (WRIA) planning processes for WRIA 14b, and also vetoed plans for WRIAs 13 and 15. The Tribe’s history of litigation and non-cooperation undermines confidence in its willingness to maintain constructive relationships with other agencies and partners in the region. EPA’s consideration of TAS approval for the Squaxin Island Tribe must carefully address how to avoid unreasonable consequences that may arise as a result of differing water quality standards that may be set by the State of Washington and the Tribe, as required under Section 518(e).



**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

As a general matter, the PUD does not object to the Tribe being treated as a State with respect to water quality standards and Section 401 certifications, within the statutory and regulatory authority of the Clean Water Act as outlined above. The PUD believes that fisheries and water quality in Mason County could benefit from the experience of the biologists and champions at the Squaxin Island Tribe and we support their efforts to continue their programs on tribal lands. We also hope for a more collaborative and cooperative approach to watershed and land use planning in the future. The PUD requests that the scope of the Tribe's TAS authority be clearly defined for the benefit of Tribal staff, the State of Washington, and other existing agencies in the region.

Thank you for the opportunity to provide comment.

Mike Sheetz, Board President

Jack Janda, Vice President

Ron Gold, Board Secretary



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

INTERGOVERNMENTAL AFFAIRS

September 19, 2022

In reply refer to: AIR-7

Mike Sheetz, Board President
Jack Janda, Vice President
Ron Gold, Board Secretary
Public Utility District No. 1 of Mason County
N. 21971 Hwy 101
Shelton, WA 98584

Dear Mr. Sheetz, Mr. Janda, and Mr. Gold:

I am responding to your July 1, 2022 letter to Secretary of Energy Granholm expressing your concerns about Blue Wolf Capital Partners' (Blue Wolf) request for a power service contract from the Bonneville Power Administration (Bonneville). I understand your concerns about this service request and appreciate the opportunity to provide you a brief update on Bonneville's discussions with Blue Wolf.

Bonneville staff continue to have discussions with Blue Wolf representatives about the potential for a sale of surplus power to supply part of the requirements for the Intalco plant's operations. During those discussions, we have discussed the statutory and regional issues that must be considered. We have also discussed the limits to the amount of power Bonneville may be able to supply to Blue Wolf.

Bonneville has proposed potential terms for a surplus sale that would supply a portion of the power Blue Wolf needs through a Federal Energy Regulatory Commission (FERC) licensed marketing entity. This proposal would not adversely impact Bonneville's current long-term firm power customers. Any final terms of surplus sales to Blue Wolf would be subject to Bonneville's statutory-based public preference notice – which requires Bonneville to provide notice of the terms of the sale to its preference customers.

Bonneville believes its proposal, consistent with statutory requirements, can be part of a portfolio of energy supply with other power providers that may have the amounts of power Blue Wolf seeks to restart the Intalco plant.

I appreciate your concerns and Bonneville will keep you and its other customers informed as discussions continue. If you have additional questions, please contact me or Marcus Perry, Bonneville's Customer Account Executive, at 206-220-6779.

Sincerely,

John Hairston
Administrator and Chief Executive Officer