

**PUBLIC UTILITY DISTRICT NO. 1
of Jefferson County
July 21, 2015**

**REGULAR MEETING
MINUTES**

The Regular Meeting of the Public Utility District No.1 of Jefferson County was called to order by the President of the Board of Commissioners at 5:00 p.m. Commissioners and staff present were:

Wayne King, President
Kenneth Collins, Vice-President
Barney Burke, Secretary via telephone
James Parker, District Manager
Bill Graham, District Resource Manager
Kevin Streett, District Electrical Superintendent
Robert Caprye, District Auditor
Malcolm Harris, Legal Counsel, via telephone
Kate Pike, Brisa Services

AGENDA

The Agenda was approved as submitted.

APPROVAL OF MINUTES

MOTION: By Commissioner Burke, Second by Commissioner Collins,, carried unanimously, to approve the Regular Meeting Minutes of July 7, 2015, the Special Workshop Meeting Minutes of July 7, 2015, and the Special Workshop Meeting Minutes of July 14, 2015.

APPROVAL OF VOUCHERS

MOTION: By Commissioner Collins,, Second by Commissioner Burke, carried unanimously, to approve payment of: Warrants No. 108593 through 108773 in the amount of \$ 586,353.12 Warrants
No. 70076 through 70079 in the amount of 7,524.45

Total Warrants \$ 593,877.57

Wire Transfer (to Bonneville Power Administration) \$ 866,024.00

TOTAL \$ 1,459,901.57

District Auditor Robert Caprye again presented a five-month operating statement reflecting total operating revenues of \$15,144,284, operating expenses of \$12,252,436 and an operating income of \$2,891,848. Moss AdamsLLP, certified public accountants, continues assisting with audit process for year 2012. Years 2013 and 2014 are being evaluated, with State Auditor visit confirmed for September. Internal controls, including job descriptions and policies, are crucial and are still being addressed. A new billing system, with new bill prints will soon be enacted, with notifications expected in next billing cycle and on website.

PUBLIC COMMENT (for items not listed on the Agenda)

None

COMMISSIONER REPORTS

Commissioner Collins

July 9: Attended meeting of Friends of Public Power

July 14: Attended BOC workshop regarding its Strategic Plan process

July 15-17: Attended Washington Public Utility District Association meetings

July 23: Expect to attend meeting of Olympic Peninsula Development District

Commissioner Burke

July 14: Attended BOC workshop regarding its Strategic Plan process

July 14: Attended a Drought Forum at Chimacum High School

July 15: Met with Brian Young, Governor Jay Inslee's Sector Lead on clean energy technology

July 16: Attended Washington Public Utility District Association Energy Committee meeting

July 22-23: Expect to attend quarterly meetings of Energy Northwest

Commissioner King

July 13: Attended meeting of JPUD Citizen Advisory Board

July 14: Attended BOC workshop regarding its Strategic Plan process

July 14: Attended a Drought Forum at Chimacum High School

July 15: Attended meeting regarding Jefferson County Fair participation

ACTION ITEMS

Lawsuit - Klickitat PUD vs. DNR

The Manager presented information regarding Washington State Supreme Court of Appeals case decision between PUD No.1 of Klickitat County and Washington State Department of Natural Resources regarding recovery of forest fire suppression costs. There is request that all WPUA members with overhead electrical lines participate in an appeal to the Washington Supreme Court in an amicus (friend of the court) brief. After brief discussion with legal counsel, the Board took the following ACTION: MOTION: By Commissioner Burke, Second by Commissioner Collins, carried unanimously, to agree to participate in an appeal to the Washington Supreme Court in an amicus brief on behalf of PUD No. 1 of Klickitat County.

DISCUSSION ITEMS

a) BPA - Conservation program update

District Resource Manager Bill Graham presented a status report on the Bonneville Power Administration Energy Efficiency Program (EEI). With a total of \$912,396.99 budget commitment for the program, nearly half has been invoiced. City of Port Townsend, U.S.Navy, and Port Townsend Paper Corporation projects are continuing and not invoiced. Residential program is progressing with low-income weatherization continuing to need pre-qualifications; nearly \$250,000 of the \$300,000 earmarked has been spent to date. The energy Smart Grocer program is completing additional projects. Several small commercial lighting and heating, ventilation & air conditioning projects are in the invoice stage. Some next steps include completion of small commercial jobs, mailing regarding low-income weatherization to occur, continued meeting with contractors, map of workflow, refining document and database management, and seeking additional projects for the next rate period.

b) ROII membership

The Manager presented information on the Building Industry Association of Washington's (BIAW) R.O.I.I. (Return on Industrial Insurance) Select retrospective rating group premium program with the Department of Labor & Industries (L&I). program. Program requirements include 1) having a positive loss ratio with Labor & Industry; 2) agreeing to Light-Duty and Kept on Salary(KOS) requirements; 3) being a member in a local home builders association affiliated with BIAW; 4) intention to stay in business for the entire plan year and adjustment cycle; 5) attendance at the R.O.I.I. Select ABC claim class; and 6) completion of an underwriting survey conducted by CASE Management Services. Further discussion by Board and staff is to be at the next Regular Meeting.

c) 2016 Budget - Enterprise Fund - Water and Sewer Discussion

The Manager presented a 2014 Resolution adopting water and sewer systems rate changes, as well as a six-year rate schedule for years 2008 through 2013 and information relating to service installation and late charges. Also presented was a proposed 2016 water and sewer budget identifying customer meter connections, capital improvement schedule, and revenues and expenses. There was brief discussion about maintaining the 2013 rate from the six-year rate schedule and about capital improvement and conditions on the Coyle Peninsula system.

d) Governance of the Jefferson PUD #1 Commission

The Manager presented for review a draft Resolution and Governance Process for the PUD No. 1 of Jefferson County Commission draft policy document outlining the Commission's purpose, roles, codes of conduct, records review, training, committees and Commission-staff policies. There was discussion regarding use of a consent agenda and public records requirements.

At 6:41 p.m. Legal Counsel Malcolm Harris, attending via telephone, departed the meeting.

MANAGER REPORT

The Manager reported that, regarding personnel, advertisement for a utility accountant to assist in the financial department closed on July 15. An appeal has been filed regarding a PERC finding on union actions and further legal action may ensue. The Electrical Department is evaluating personnel requirements for current and long-term needs and contracting for engineering services is being considered. Requests for Proposal for legal counsel are due on July 23. Regarding fees, late charges were used prior to takeover of electrical system and while Clallam PUD has no late charges, Mason PUD No. 1 and Mason PUD No.,2 do. Bonneville Power Administration is expected to address a pilot program for demand response with Port Townsend Paper Corporation. Olympic Water and Sewer, Inc. is reviewing reporting from HDR Engineering, Inc. regarding the District's feasibility for acquisition. The Indian Island survey project is being completed. EES Consulting, Inc. is to provide example of an agreement for new large load use. Pump was installed at the Sparling Well and project is nearing completion. Regarding a Department of Health grant for Quilcene system consolidation, a plan to hire an engineer to coordinate and facilitate has begun. Holding meetings in communities is being considered.

CORRESPONDENCE

1. Letter from Bonneville Power Administration regarding allocated Available Tier 1 Renewable Energy Certificates (RECs)
2. Letter from Leo J. Boyd II, North Olympic Peninsula Data Centers,

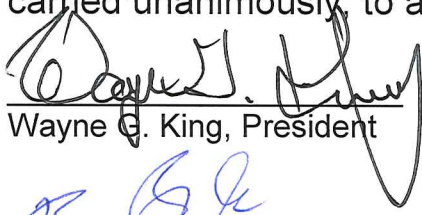
regarding NoaNet pricing

3. Mason County PUD 3 street light policy

4. Flyer concerning Department of Emergency Management All County Picnic

ADJOURNMENT

MOTION: By Commissioner Burke, Second by Commissioner Collins, carried unanimously, to adjourn the Regular Meeting at 6:59 p.m.



Wayne G. King, President



Ken Collins, Vice-President



Barney Burke, Secretary