



PUBLIC UTILITY DISTRICT NO. 1  
of Jefferson County

August 16, 2016

**Regular Board Meeting**

*Approved Minutes*

The regular Board of Commissioners (Board) meeting of Public Utility District No.1 of Jefferson County (PUD) was called to order by the President of the Board at 5:00 p.m.  
Attending:

Commissioner Kenneth Collins, President  
Commissioner Barney Burke, Vice President  
Commissioner Wayne King, Secretary  
James Parker, District Manager  
Kevin Streett, District Assistant Manager  
Bill Graham, District Resource Manager  
Tammy Lehman, District Interim Financial Director and Auditor  
Pat Lemay, District Interim Human Resources Manager  
Kim Younger, District Controller  
Richard Hughes, District General Counsel  
Don McDaniel, District Consultant  
Pamela Browning, District Minute Taker  
*PUD Citizen Advisory Board Members:*  
Doug Huber      Stan Nealey      Roger Risley  
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Jeff Randall, Citizen

Agenda:

MOTION: By Commissioner Burke, seconded by Commissioner King, and unanimously carried: to approve the agenda as submitted.

Minutes Approval:

MOTION: By Commissioner King, seconded by Commissioner Burke, and unanimously carried: to approve the minutes of the July 25 2016 Special Board meeting, the minutes of the August 2 2016 Regular Board meeting, and the August 9 2016 Special Board meeting as submitted.

Financial Director Report:

Tammy Lehman reviewed the Narrative to Accompany Monthly Financial Statements for July 31 2016. She will continue to provide the narrative on the most significant financial items and highlights.

The Board and staff discussed whether it would be advisable to create a new PUD division for telecom activities. Tammy will talk with Moss Adams and then make a recommendation to the Board at its next regular meeting.

Vouchers Review and Approval: The Board reviewed PUD payments registers.

MOTION: By Commissioner Burke; seconded by Commissioner King; and carried unanimously: to approve August 16 2016 warrants:

Accounts Payable: #111582 through 111588	in the amount of	\$	96,966.54
Accounts Payable: #111589 through 111688	in the amount of	\$	463,599.74
Payroll Checks: # 70203 through 70208	in the amount of	\$	8,348.56

Payroll Direct Deposit	in the amount of	\$ 74,135.65
<u>Total Bills to be Paid:</u>		\$ <u>643,050.49</u>
Voided Checks:	None	
Wire Transfers:	Bonneville Power Administration (BPA)	\$ 993,104.00
<u>For a Grand Total of</u>		<u>\$ 1,636,154.49</u>

Items from the Floor, not listed on the Agenda: None.

Commissioner Reports:

The Commissioners reported on meetings and events they attended, and those they plan to attend, on behalf of the PUD.

Action Items:

- Department of Health (DOH) Reimbursement: Jim Parker asked the Board to authorize him to sign DOH Grant Form A19 - to get reimbursed for Quilcene and Shine Plat work. MOTION: By Commissioner Burke, seconded by Commissioner King, and unanimously carried: to authorize the District Manager to sign the grant documents described.
- Resolution 2016-006 - Financial Policy: The Board, staff, Rick Hughes and Jeff Randall discussed the proposed Financial Policy, rate-setting issues, applicable RCWs (Revised Code of Washington), and Jeff Randall's letter regarding the policy.

Highlights:

- Do the RCWs restrict the PUD from designating specific rate cases, *e.g.* for public schools? Rick responded the PUD cannot give an entity a special rate solely because it is a public school, but if the school falls within a class that is "necessary and beneficial to the utility" it would be allowed.
- If the PUD moves a group of ratepayers to a different category which results in rate increases, is the PUD restricted from "phasing in" those increases? Rick said the PUD would not be restricted from phasing in increases, *per* Title 54 requirements.
- Do Utilities and Transportation Commission (UTC) requirements affect the PUD? Rick said Title 54 says public utility districts are not subject to UTC governance, but some issues can be "guided" by UTC policy, (non-binding).
- The PUD is not allowed to discriminate between ratepayers, *i.e.* ratepayers in similar circumstances need to be treated the same.
- Using rate-setting to encourage conservation.
- "Interruptible" rates.
- One ratepayer class cannot subsidize another class.
- There must be a relationship between ratepayer classes and utility functions, *e.g.* power requirements, (except for low income ratepayers).

MOTION: By Commissioner Burke, seconded by Commissioner King, and unanimously carried: to approve Resolution No. 2016-006 regarding financial policy as presented in the Board meeting packet.

- Public Hearing: Surplus Property Resolution 2016-008:  
Commissioner Collins reviewed Exhibit A of the proposed resolution. At 5:49 p.m., in accordance with State law, Commissioner Collins opened the public hearing and public comment period regarding surplus PUD property. There was no public comment. The hearing was closed at 5:50 p.m.  
MOTION: By Commissioner King, seconded by Commissioner Burke, and unanimously carried: to approve Resolution No. 2016-008 regarding surplus PUD property.
- Board Approval of PUD's 2016 Washington State Utility Resource Plan: Jim Parker reviewed the Plan, which shows how much Tier power has been used and estimates demand through 2025.

MOTION: By Commissioner King, seconded by Commissioner Burke, and unanimously carried: to approve the PUD's 2016 Washington State Utility Resource Plan as presented.

Discussion Items:

- Port Ludlow Resort: Jim Parker reviewed the service provision billing issue for Master Planned Resorts raised by Roger Risley at the last regular Board meeting. Rick Hughes has investigated the issue and reported his legal interpretation of the applicable Growth Management Act directives.

Roger disagreed with his conclusions and suggested further discussion was needed. Commissioner Collins said the Board needs to rely on legal counsel's opinion and ended the discussion.

Commissioner King said the PUD should not get involved in land use decisions. Commissioner Burke expressed satisfaction with Rick's answer. Rick offered to continue the discussion concerning his opinion after the Board meeting.

- Data Privacy Resolution: State law now requires that public utilities adopt data privacy guidelines. Jim referred to the draft resolution and guidelines included in the Board meeting packet. He asked the Commissioners to review the materials for future discussion and action.

- Public Record Requests: Jim reviewed the PUD staff hours spent on 2016 public records requests. The report does not include Rick Hughes' time.

- Electric and Water Service Shut-offs: Jim reviewed the report of current and historic shut-offs. "DQ1" = notices to customers regarding pending service shut-off. MVR = phone messages regarding shut-offs.

Commissioner Collins would like to have a monthly update of this report including, if possible, differentiation between water and electric service shut-offs.

Commissioner Burke would like the report posted on-line.

- Noxious Weed Control Agreement: The Board and staff reviewed and discussed a sample weed control agreement and associated cost estimate. The agreement would be signed by the PUD and the Jefferson County Noxious Weed Control Board (JCNWCB). Kevin Street will forward Board feedback to Joost Besijn, Weed Control Board Coordinator, and ask him to prepare an updated proposal.

- Alternative Power Generation: The Board, Jim Parker and Rick Hughes reviewed:

- PUD letter sent to "Renewable Energy" customers, not all of whom have yet submitted their payment applications;
- Applicable RCWs,
- Incentive payment application completion numbers

They discussed the historic and current payment application deadlines. Jim would like to extend the deadline to September 15 2016 and send notices to qualifying customers who have not yet responded. Jim reviewed extension options with the Department of Revenue (DOR) and then received a confirming email indicating applications must be submitted by December 15 2016. Since the statute says August 1 2016 is the submission deadline, Rick recommended the PUD forward the DOR email to the State Auditor to create a record of DOR's acceptance of the submission deadline extension. Jim will do that.

- State Audit Results: Jim Parker reviewed the results of the State Auditor's Exit Briefing for 2013 and 2014. Jim expects to send a letter to the Rural Utility System regarding the results within a few days.
- Citizen Advisory Board (CAB): The Board, staff and Rick Hughes discussed documents related to the CAB's creation, its role and responsibilities, its relationship to the Board, and whether a resolution or motion extending its "life" has been adopted. Jim Parker will provide the Board with applicable documentation for discussion and action.
- 2017 General Fund Budget: Jim Parker reviewed the proposed budget. The Board agreed to use this initial budget for planning purposes.

District Manager Report: Jim Parker briefed the Board.

- Issues reviewed:
  - Personnel: Chief Financial Officer (CFO) position: Jim will make arrangements for the Board to participate in the CFO selection meetings.
  - Meetings:
    - Two Commissioners, Jim, Bill Graham and Marc Horton will attend the August 25 Shine Plat community meeting.
    - Per Commissioner King's request, Jennifer from Moss Adams will review the PUD's online materials, write a feedback statement and meet with staff to provide training in work order preparation. She will also provide input on State retirement plan rules and help set up reporting using their boilerplate method.
  - Electrical
  - Water and sewer

Commissioner Calendar Review: The Board reviewed upcoming events, including:

- August 17 Quilcene School Board meeting
- August 21 County Picnic
- August 24 Special Board meeting:  
Cost of Service Study and Rate Schedule, (9:30 a.m. - 2:00 p.m.)
- August 25 Shine Plat Community Meeting
- Sept. 6 PUD Regular Board Meeting
- Sept. 12 CAB meeting - Commissioner Burke to attend
- Sept. 20 PUD Regular Board Meeting
- Sept. 14-15 Training opportunity regarding data supporting financial statement ratios; Tammy Lehman will investigate when areas appropriate for the Commissioners will be addressed and inform them.
- Sept. 21-23 Washington Public Utilities Districts Association Water Workshop
- October 3 Public Hearing on Budget and PUD Regular Board Meeting

Correspondence: The Board reviewed :

- BPA flier regarding projected 2018 rate increase. (This is in addition to the planned October 2017 increase of 4.8%.)
- BPA letter regarding the PUD's need to make a selection for any above-high-water-mark costs. Jim Parker will revisit this issue with the Board.
- Jefferson County Auditor letter regarding 2017 District Budgets.
- NoaNet email regarding Quilcene service.

Follow-up Items:

- Re: creating new telecom division: Tammy Lehman will talk with Moss Adams and then make a recommendation to the Board at its next regular meeting.
- Monthly update of shut-off report including, if possible, differentiation between water and electric service shut-offs.
- Shut-off report posted on-line.
- Kevin Street will forward Board feedback regarding the proposed Noxious Weed Control Agreement to Joost Besijn and ask him to prepare an updated proposal.
- Forward the DOR email regarding renewable energy payment application deadline extension to the State Auditor.
- Send a letter to the Rural Utility System regarding the State Auditors' exit conference results.
- Forward the PUD's 2016 Washington State Utility Resource Plan as needed.
- Provide the Board with applicable documentation for discussion and action on CAB term and responsibilities.
- Make arrangements for the Board to participate in the CFO selection meetings.
- Ensure that Annette Johnson registered Commissioners Collins and King for the WPUWA Water Workshop.
- Sept. 14-15 Training opportunity regarding data supporting financial statement ratios; Tammy Lehman will investigate when areas appropriate for the Commissioners will be addressed and inform the Board.

- Future agenda items:
  - Shut-off report
  - Telecom Division creation.
  - Updated Noxious Weed Control Agreement.
  - Changes to wording on PUD bills to address citizen concerns.
  - Selection for any above-high-water-mark costs.
  - CAB term and responsibilities.

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Executive Session:

The President of the Board announced the purpose of the executive session was to discuss District Manager evaluation and potential litigation.

The session was expected to last approximately thirty minutes.

The Board's Regular Meeting was adjourned to enter executive session at 7:05 p.m. At 7:35 p.m. Rick Hughes announced the executive session would last another ten minutes.

The regular meeting was reconvened at 7:48 p.m.

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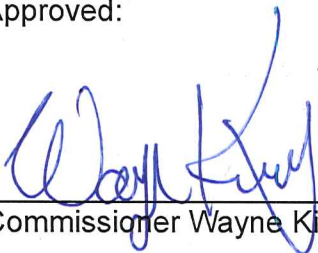
Adjournment:

MOTION: By Commissioner King; seconded by Commissioner Burke; and carried unanimously: to adjourn the August 16 2016 Regular Board Meeting at 7:49 p.m.

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Minutes prepared by Pamela Browning, Minute Taker

Approved:



Commissioner Wayne King, Secretary

9-20-16

Date

*Please note PUD Board of Commissioner meetings are audio recorded and posted to the PUD website at [www.jeffpud.org](http://www.jeffpud.org), usually within 1-2 business days of each meeting. If you experience any difficulty accessing a particular recording, you may call 360.385.5800 for assistance. Jefferson PUD provides reasonable accommodations to persons with disabilities. We invite any person with special needs to contact our staff at 360.385.8351 at least 24 hours before the meeting to discuss any special accommodations.*