



PUBLIC UTILITY DISTRICT NO. 1
of Jefferson County

October 3 2016

Public Hearing: 2017 Draft Budget

Approved Minutes

The Public Utility District No.1 of Jefferson County (PUD) Public Hearing was called to order by the President of the PUD Board of Commissioners (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 & Conservation Manager
Debbie Lund, District Human Resources & Communications Manager
Kim Younger, District Controller
Don McDaniel, District Consultant
Pamela Browning, District Minute Taker
Roger Risley, Customer Generator
Tom Thiersch, Jefferson County Resident

Introduction:

Commissioner Collins stated the hearing's purpose was to take comment on the PUD's published 2017 Draft Budget, which was posted on the PUD website in September 2016. Jim Parker noted the 2017 Final Budget will reflect any rate changes adopted by the Board.

The floor was opened to questions and public comment:

- Tom Thiersch: For the overall budget, I think that adopting a budget that shows more than a four million loss is somewhat irresponsible, when you haven't really identified how you are going to fund the operations for the future. I know there are all kinds of rate discussions going on, but there have been rate discussions going on for a long time and you haven't really gotten all that close to adopting any rate changes that are going to pay for this, or make any other changes that are going to pay for this huge deficit. So that's a big concern, and I don't think it's particularly responsible to operate a public utility district that way.

The other thing I've noticed in all these rate discussions is that even though the water side of the utility business is only a couple million dollars, it's still a substantial sized agency, a couple of million bucks, and there has been zero discussion about changing water rates, that I can recall. One of the reasons the rates go up is that the cost of doing business goes up. The cost of operating the water utility certainly must be going up; the salaries are going up for the people that take care of that side of the business. Some of the general costs of the utility are being passed over to that side of the business, maybe on a percentage allocation basis; it's hard to say. Some of that money should certainly be allocated to that. I'd like to see at least some discussion and consideration be given to the water side of the business. You certainly know how to operate that business, having done so for decades, and you should know how to properly allocate and account for the costs necessary to run that part of the business.

Commissioner Collins, in response to Tom Thiersch's comments: It is not irresponsible to first determine the budget and understand how much money the PUD needs for 2017, and by projection succeeding years. Then based on that, as close as we can come to actual figures, determine what sort of rate increase is appropriate and how to go about it.

- Roger Risley: I noticed we were doing some undergrounding at four locations in the Capital Improvements Budget. I was wondering what those locations were. Jim Parker said the budget item is for anticipated improvements - historically used to replace equipment in the Coyle area. Kevin Streett said they include the hospital/Safeway intertie in Port Townsend, the Port Ludlow Bywater Way intertie, and the Eaglemount intertie - primarily interties providing looping capability for outages or substation loss.

Board Discussion:

Commissioner Burke wants to ensure the PUD has sufficient equipment to deal with a major emergency, and that any needed purchases be included in the 2017 budget. Jim Parker is working with staff to develop a list of needed equipment.

Commissioner Burke, Commissioner King and Jim Parker discussed the Coyle water system, including: improvement options, community feedback on funding improvements, and PUD efforts to identify the community's interests.

Follow-up:

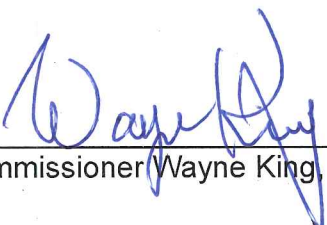
Jim Parker will continue working with staff to develop a list of emergency equipment purchases, if any, to be included in the 2017 budget.

Adjournment:

Commissioner Collins declared the Public Hearing concluded at 5:15 p.m., to be adjourned until October 18 2016, when it will be resumed.

Minutes prepared by Pamela Browning, Minute Taker

Approved:



Commissioner Wayne King, Secretary

11-1-16
Date

Attest:



Commissioner Kenneth Collins, President

11-1-16
Date



Commissioner Barney Burke, Vice President

11-1-16
Date

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