

**MINUTES OF THE REGULAR MEETING OF MARCH 22, 2011
OF
PUBLIC UTILITY DISTRICT NO. 1
OF
THURSTON COUNTY, WASHINGTON**

The second regular meeting for March 2011 of the Commissioners of Public Utility District No. 1 was called to order on Tuesday March 22, 2011, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 5:00 p.m. Commissioners Alan Corwin, Paul Pickett and Chris Stearns were present. Also present were John Weidenfeller the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the District's Operation Manager and Cathy Skiles, Clerk to the Board

Commissioner Stearns called the general meeting to order at 5:05 p.m.

Approval of agenda:

GM Weidenfeller noted there were a few changes in the minutes, they were fairly minor. The first was the report of the Committee to correct a grammatical error. The second was to correct the spelling of the business name KVAR. Commissioner Pickett announces there would be an executive session to discuss potential litigation. Commissioner Stearns announce that Tom McDonald would arrive late. **Commissioner Corwin moved the approval of the agenda, Commissioner Stearns seconded, all in favor.**

Consent Calendar:

Approval of Minutes: March 8, 2011

Prequalification of Contractors – Small Works Roster

SMA Contracts

Res. 11-05 Contract for Management of Nisqually Commercial Park (SG 2)

Res. 11-09 Contract for Management of Back Trails Water System (SG 2)

Correspondence:

Travel Approvals:

Other –

Voucher Approval

Accounts Payable 3/9/11, 3/16/11

Payroll 3/21/11

Approval for \$6,817.45 - Prairie Ridge Pump Upgrade (SG 7)

Approval for \$9,870.45 - Nisqually Highlands Media Replacement (SG N/A)

Resolutions:

Res. 11-06 Stillwell Street Change Orders (SG 1)

Res. 11-07 Amendment of Financial Policies (SG 1)

Commissioner Corwin moved the approval of the Consent Calendar, Commissioner Pickett seconded, all in favor.

Public Comment: None present

Staff Presentations:

General Manager's Report: John Weidenfeller, General Manager

GM Weidenfeller provided a report in writing. He made one correction to his written report line item 9 was the date to 3/16. He has not heard back from Puget Sound Energy yet. Regarding the TRPC Consortium

MOU on the Regional Plan for Sustainable Development, he noted that, although the PUD is an "MOU signatory", the PUD is not listed as a "core partner"; we are on the Water Committee. Commissioner Pickett noted that he had participated in a discussion at the TRPC meeting of the governance structure for the grant. Core Partners sit directly on the "Task Force" (steering committee for the grant). The PUD would be represented indirectly through the "Water Infrastructure Panel" whose Chair sits on the Task Force. TRPC would like the MOU approved by mid May. GM Weidenfeller will put the MOU on the next agenda; he will send a copy to all the Commissioners electronically. Commissioner Stearns will attend the April 1st TRPC meeting; he can take questions and concerns regarding the MOU to that meeting.

GM Weidenfeller told the Commissioners that John Kounts said there would not be a WPUDA position on the WWUC proposed amicus brief to the Supreme Court City of Tacoma hydrant case. The GM was asked to provide a paper with a recommendation for possible adoption as the PUD's position based on each of the three options discussed.

The Field Technician III position interviews have been completed. At the end of the interviews it was decided not to offer the position to any candidate. GM Weidenfeller will report back to the Commissioners in the future on next steps. Our Operations Manager has met with her staff and is waiting to receive their feedback on how to best ensure the work that needs to be done gets done.

GM Weidenfeller provided an update on the status of the Wendy's restaurant going in at the WinCo store site. The restaurant was noted in the initial WinCo plans and is within the parameters of the connections committed to the WinCo project. The new restaurant will pay for the meter and meter installation. The City of Lacey is already providing fire flow to the WinCo site.

GM Weidenfeller told the Commissioners that Allen Daschen will come to one of the meetings in April. Commissioner Stearns asked for more information regarding the results of the selection of the Bond Underwriter. Commissioner Corwin explained they spent approximately forty minutes with each of the three candidates. At the end of those interviews, it was narrowed down to two finalists. The firm which was selected had done the most research on the PUD and had a good feel for our needs.

Operations Manager's Report: Kim Gubbe, Operations Manager
OM Gubbe provided a report in writing, there were no questions.

Chief Financial Officer's Report: Financial Variance Report (every 4th week's meeting)

CFO Parker provided Variance Reports. Commissioner Pickett stated he likes the new format. He asked if there was a certain amount of allocations that are made later. CFO Parker said initially things are allocated as they are paid; sometimes changes need to be made.

Commissioner Corwin asked CFO Parker what funds paid for the temporary employee that was brought in to help when the Field Tech II was on light duty due to an injury. She explained he was paid out of General Funds under salary and wages because we budget annually for a temporary laborer and his pay came out of that budget.

Commissioner Corwin said after Legislative Session the WPUDA meetings will go out on the road. He asked about budgeting for those expenses, and CFO Parker described how they are accounted for in the budget..

Information Discussion of Operations/Policy Issues:

Res. 11-08 Multiyear Water Rates (SG 1)

Commissioner Stearns described what he learned in the Education Committee meetings he attended, and the Board discussed some of those ideas.

The Board asked for a brief overview of what staff are proposing and the rationale for the rates. GM Weidenfeller explained there are several things that our Financial Advisor, Alan Dashen, suggested for the PUD to do that would improve the marketability of a bond. He said two things they really like to see are more than 30 days in reserves, so they brought forward the change in financial policy to update the reserve policy to 60 days of reserves. The other thing they like to see is a six year plan for rates, so CFO Parker took a look at the next six years. Staff provided other details of how they developed the proposal.

The Board discussed the timeline and process for adopting the staff's proposal. The GM/CFO will follow-up with Alan Dashen for his recommendations on process. The Board also discussed how rates could be reviewed annually and revised if necessary, and how to communicate.

Commissioner Pickett said he would like the resolution to include a "Resolved" clause acknowledging that each year they will review the Budget and rates. He is also concerned about how to explain to our customers that multiyear rates are intended as a strategic or projected plan. The GM or CFO will also talk to Alan Dashen about these additional issues.

Commissioner Corwin asked when we could implement the low income assistance program if it the proposed legislation is signed into Law. Staff noted that the program could begin in January 2012. He thought it would be helpful to discuss new assistance available along with increases rates. We could take the opportunity to tell our customers that Thurston PUD took a lead role in getting this through Legislature.

Legal Report:

Tom McDonald, Chief Legal Counsel, provided a brief update on the "Pole Attachment" case recently decided in Pacific PUD's favor, the Jefferson PUD case, the issue of PDC rules for communicating with Congress, the Big Bird/Tony's situation, the Tacoma hydrant case, and on the stipulation and on the Draft Stipulation and Order for PCHB No. 11-026.

Executive Session:

At 7:00 p.m., Commissioner Pickett moved to adjourn the General Meeting and go into Executive Session from 7:00 to 7:15 to discuss potential litigation.

Executive Session broke at 7:15 to announce that the Executive Session would continue for another 15 minutes until 7:30.

The Executive Session was completed at 7:23 p.m and the regular meeting resumed.

Commissioner Reports: Chris/Alan//Paul

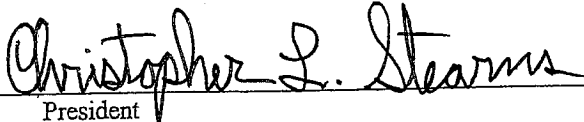
Commissioner Stearns provided an update of his attendance at the WPUDA meetings. He will provide a written report. Commissioner Corwin provided a brief update on the WPUDA Board, Telecommunications and Government Relations Committee meetings. He also attended the WRIA 11 Planning Unit meeting. Commissioner Pickett did not have any items to discuss.

Summary of Assignments:

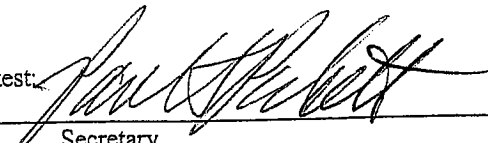
1. The GM will provide a copy of the TRPC Consortium MOU on the Regional Plan for Sustainable Development to the Commissioners electronically. Comments can be provided Commissioner Stearns who will discuss them at the next meeting.
2. The GM will place the TRPC Consortium MOU on the April 12 Commission Agenda.
3. The GM was asked to provide a recommendation on the options the PUD could support on the amicus brief to the Supreme Court City of Tacoma hydrant case.
4. Commissioner Stearns will provide a written report on important items from the WPUA Commissioner meetings.
5. The GM/CFO will discuss with Alan Dashan the timing of policy and rate updates to determine if a special meeting of the Commission will need to be scheduled, and whether calling multiyear rates a "plan" would be appropriate.

Adjournment:

Commissioner Pickett moved to adjourn the General meeting at 7:37. Commissioner Corwin seconded, all approved.



President

Attest: 

Secretary