

**SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT  
BOARD OF COMMISSIONERS SPECIAL MEETING  
Everett Headquarters Building, 2320 California Street**

**\*\*Special Meeting\*\*  
March 26, 2024**

**CONVENE SPECIAL MEETING – 9:00 a.m. – Training Center Room 1**

**1. Commission Business**

- A. [Review Board Governance Policies including Executive Limitations and redlines from June 6, 2023](#)
- B. Discuss Board/General Counsel Relationship
- C. Discuss Board Policy Principles

**ADJOURNMENT**

Agendas can be found in their entirety on the Snohomish County Public Utility District No. 1 web page at [www.snopud.com](http://www.snopud.com). The public is invited to attend. Parking and meeting rooms are accessible for person with disabilities. Contact the Commission Office at (425) 783.8611 for special accommodations or additional information.



# Governance Policies

Approved by PUD Board of Commissioners

**AMENDED:**

DATE

Resolution #



# COMMISSION ~~GOVERNANCE~~ GOVERNANCE POLICIES

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## SECTION II EXECUTIVE LIMITATIONS

### **GLOBAL EXECUTIVE CONSTRAINT**

**EL-1.** The CEO/General Manager shall not cause or allow any practice, activity, decision, or organizational circumstance, which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics.

### **TREATMENT OF CUSTOMERS**

**EL-2.** With respect to interactions with customers or those applying to be customers, the CEO/General Manager shall not cause or allow conditions, procedures, or decisions which are unsafe, undignified, discriminatory, or unnecessarily intrusive.

Accordingly, she or he shall not:

1. Elicit information by any method for which there is no clear necessity.
2. Use methods of collecting, reviewing, transmitting, or storing client information that fail-fails to protect against improper access to the material elicited.
3. Fail to provide appropriate accessibility and privacy in facilities.
4. Fail to provide customers with clear information of what may be expected and what may not be expected from the service offered.
5. Arbitrarily or capriciously administer customer service or credit.
6. Fail to provide a way for persons to be heard who believe they have not been accorded a reasonable interpretation of their protections under this policy.

### **TREATMENT OF EMPLOYEES**

**EL-3.** With respect to the treatment of employees, the CEO/General Manager may not cause or allow conditions, which are unfair, undignified, discriminatory, disorganized, unsafe, or unclear.

Accordingly, he or she shall not:

1. Operate without written personnel policies, which clarify personnel rules for employees, provide for effective handling of grievances, discipline, and terminations, and protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons.

2. Discriminate against any employee ~~for expressing an ethical dissent.~~
3. Fail to make information available to employees regarding the CEO/General Manager's interpretation of their protections under this policy.

## **FINANCIAL PLANNING AND BUDGETING**

**EL-4.** The District's multi-year financial plan shall not deviate materially from the Board's Ends priorities or risk fiscal jeopardy. The District's annual budget shall ~~not fail to~~ be derived from a multi-year plan of at least five years.

Accordingly, the CEO/General Manager shall not allow financial planning/budgeting which:

1. Fails to include credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
- ~~2. Allows operating reserves to fall below the required 120 days of Revenue Funds at the end of any fiscal year.~~
- ~~2. Allows operating cash to drop below a safety reserve of less than \$20 million at the end of any fiscal year.~~
3. Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.
4. Allows Electric System year-end debt service coverage to fall below 1.75.
- ~~5. Finances greater than forty percent (40%) of non-generating or energy storage Electric System capital assets within a fifteen-year period including the plan year.~~
- ~~5. Finances greater than forty percent (40%) of non-generation Electric System capital improvements within a fifteen-year period including the plan year.~~
6. Plans for general Electric System rate increases in excess of three percent (3%) in any year, or compound increases in excess of ~~nine-ten~~ percent (~~109~~%) over any consecutive five-year period. The District may plan for non-general rate increases that are forecasted by Bonneville Power Administration (BPA) for electricity and the City of Everett for water purchases.

~~Fails to maintain compliance with local, state and federal laws including, but not limited to, the Energy Independence Act, the Clean Energy Transformation Act, etc. Fails to maintain annual spending on public purposes of three percent (3%) of Electric System revenue beginning in 2001. (Public purposes spending is defined as those expenditures related to conservation, weatherization, and renewable resources.)~~

6.

**FINANCIAL CONDITION AND ACTIVITIES**

EL-5. With respect to the actual, ongoing financial condition and activities, the CEO/General Manager shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in Ends policies.

Accordingly, he or she shall not:

1. Use any rate stabilization fund reserves without Board authorization.
2. Pay any uninsured judgement judgment or settle any claim with funds from the District's self-insurance fund in excess of \$100,000, unless authorized by the Board.
3. Fail to present to the Board, on at least a quarterly basis, a report regarding all significant lawsuits filed against the District and any other legal issues that could result in significant financial exposure for the District.
4. Fail to settle payroll and debts in a timely manner.
5. Allow tax payments or other government authority-ordered government authority-ordered payments or filings to be overdue or inaccurately filed.
6. Fail to aggressively pursue receivables after a reasonable grace period to the extent it is cost effective cost-effective to do so.
7. Without prior approval of the Board, compromise or settle:
  - A. An uninsured employee claim, when the settlement is greater than \$25,000, including attorney fees or other expenses, but not including the value of any outplacement or educational assistance, increased length of notice of termination or other non-cash benefits.
  - B. Any other uninsured demand or claim by or against the District for a monetary amount greater than \$100,000.
8. Without prior approval from the Board, eExecute modifications to the existing collective bargaining agreements between the District and the International Brotherhood of Electrical Workers (IBEW), between contracts, which exceed \$100,000 of additional expense to the District in the current or next fiscal year.

## **EMERGENCY CEO/GENERAL MANAGER SUCCESSION**

**EL-6.** To protect the Board from the sudden loss of CEO/General Manager services, the CEO/General Manager shall have ~~no fewer than~~ **at least** two other executives familiar with Board and CEO/General Manager issues and processes.

## **ASSET PROTECTION**

**EL-7.** The CEO/General Manager shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, he or she shall not:

1. Fail to maintain:
  - A. Excess liability insurance, including minimum coverage ~~-per~~ occurrence of \$50 million; and
  - B. Property insurance (for non-transmission and distribution system assets) for replacement value; and
  - C. Vehicle insurance; and
  - D. Crime and fidelity insurance for personnel with access to material amounts of funds; and
  - E. Insurance covering cybersecurity risks.
2. Subject plant and equipment to improper wear and tear or insufficient maintenance.
3. Fail to protect intellectual property, information, and files from loss or significant damage.
4. Receive, process, or disburse funds under controls that are materially insufficient to meet the auditor's expectations.
5. Invest or hold ~~operating~~-capital in accounts or investments other than those permitted investments for the State of Washington.
6. Endanger the organization's public image or credibility, particularly in ways that would hinder the its-accomplishment of its mission.
7. Manage the District's power supply for purposes other than meeting customer loads.



## **COMPENSATION AND BENEFITS**

**EL-8.** With respect to employment, compensation, and benefits to employees, the CEO/General Manager shall not cause or allow jeopardy to fiscal integrity or deviate materially from the established compensation and benefit program as approved by the Board annually.

Additionally, he or she shall not:

1. Change his or her own compensation and benefits.
2. Promise or imply permanent or guaranteed employment.

## **COMMUNICATION AND SUPPORT TO THE BOARD**

**EL-9.** The CEO/General Manager shall not permit the Board to be uninformed or unsupported in its work.

Accordingly, he or she shall not:

1. Neglect to submit monitoring data required by the Board (see policy on monitoring CEO/General Manager performance) in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored.
2. Let the Board be unaware of substantial exposure, anticipated adverse media coverage, material external and internal changes, and particularly changes in the assumptions upon which any Board policy has previously been established.
3. Fail to advise the Board if, in the CEO/General Manager's opinion, the Board does not comply with its own policies on governance process and Board-CEO/General Manager linkage, particularly in the case of Board behavior that is detrimental to the working relationship between the Board and the CEO/General Manager.
4. Fail to marshal for the Board as many employees and external points of view, issues, and options is as reasonably necessary as needed for fully informed Board choicesdecisions.
5. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation and incidental.
6. Fail to provide a mechanism for official Board communications.

7. Fail to deal with the Board as a whole when fulfilling individual requests for information.
8. Fail to report in a timely manner an actual or material noncompliance with any policy of the Board.
9. Fail to ensure that information provided to board members for policy decisions is provided to all board members.
10. Fail to ensure that items placed on the Board's agenda (except Consent Agenda items) fully reference all associated Board policies.

## SECTION III GOVERNANCE PROCESS

### GLOBAL GOVERNANCE COMMITMENT

**GP-1.** On behalf of the customer-owners of Snohomish County and Camano Island, the Board of Commissioners for Public Utility District No. 1 of Snohomish will govern to ensure the utility achieves desired results for customers-owners in accordance with strategic goals and objectives.

### GOVERNING STYLE

**GP-2.** The Board will govern with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and management roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board, not the employees, will be responsible for setting the direction of the organization, excellence in governing. The Board will be the initiator of policy, not merely a reactor to employee initiatives. The Board may call on the experience of individual members to enhance the ability of the Board as a body, rather than to substitute the individual judgments for the Board's values.
2. The Board will direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
3. The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, codes of conduct, and ensuring the continuance of governance capability.
4. Continual Board development will include orientation of new Board members in-to the Board's governance process and periodic Board discussion of process improvement.
5. Board members will elevate and reinforce the District and the Board's presence in the community through involvement in community events, associations, and meetings.

6. The Board will allow no individual Board member to hinder or be an excuse for not fulfilling its commitments.
7. The Board will monitor and discuss the Board's process and performance. Self-monitoring will include a comparison of Board activity and **discipline adherence** to policies in the governance process and Board-CEO/General Manager linkage categories.

### **BOARD JOB DESCRIPTION**

**GP-3.** Specific job outputs of the Board, as an informed agent of the people of Snohomish County and Camano Island, are those that ensure appropriate organizational performance.

Accordingly:

1. The Board will establish the link between the Public Utility and the people of Snohomish County and Camano Island.
2. The Board will establish and maintain written governing policies, which, at the broadest levels, address each of the following:
  - A. **Ends:** Organizational products, impacts, benefits, outcomes, and their relative worth for recipients.
  - B. **Executive Limitations:** Constraints on executive authority, which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - C. **Governance Process:** Specification of how the Board conceives, carries out and monitors its own task.
  - D. **Board-CEO/General Manager Linkage:** How power is delegated, and its proper use monitored; the CEO/General Manager role, authority, and accountability.

3. The Board will ensure the CEO/General Manager's performance (against policies in GP-3.2.A **Ends** and GP-3.2.B **Executive Limitations**).
4. To the extent required by law, as advised by the District's General Counsel from time to time, the Board will perform the following non-delegable, statutorily assigned duties (which is not an inclusive list):
  - A. Personnel
    1. Fix compensation of employees by establishing a scale of salaries for specific classes of work.
  - B. Finance
    1. Adopt the District's yearly budget.
    2. Approve vouchers for all warrants issued.
    3. Authorize certain banks as depositories of District funds and surety bonds therefor.
    4. Create certain special funds and authorize the issuance of revenue bonds.
    5. Authorize the purchase of liability insurance for District officers and employees.
  - C. Rates/Fees
    1. Establish and maintain rates and charges for electric energy and water and various other services, facilities, and commodities sold, furnished, or supplied by the District.
  - D. Local Utility Districts
    1. Form and establish the method of procedure in all matters relating to local utility districts.
  - E. Contracts
    1. Rule as to whether bids are "responsive" to call for bids and whether bidders are "responsible" under the conditions of bid.
    2. Authorize certain wholesale contracts for the sale of energy or water.

## F. Property

1. Authorize acquisition by condemnation and the disposition of certain properties and payment therefor.

## G. Environmental

1. Adopt SEPA rules and procedures.

## H. Other

1. Revise Commissioners' district boundaries.

### **Executive Session Materials and Information**

The Board may convene an executive session as permitted by law. It is -a violation of Washington State law and this Policy to disclose publicly what is discussed and reviewed in executive session. All comments made and all written materials reviewed during an executive session are confidential by law and shall not be publicly disclosed or removed from the premises of an executive session by any Board member or attendee of the executive session absent an affirmative vote of majority of the Board ~~majority~~ on the record in a public meeting. This restriction applies to all -executive session discussions and materials regardless of whether the District's counsel is present or not.

### **Attorney-Client Privilege and Work Product**

The District, and not any individual Board member, is the holder of any attorney-client privilege with the District's counsel or outside counsel and any attorney work product protection. No individual Board member shall make any disclosure or release any information, which would result in the waiver of the attorney-client privilege or work product protection absent an affirmative vote of majority of the Board ~~majority~~ on the record in a public meeting.

### **AGENDA PLANNING**

~~GP-4. To accomplish its job products with a governance style consistent with Board policies, t~~The Board will follow an annual agenda, which (a) completes a -re-exploration of Ends policies annually and (b) continually improves Board performance through Board education and enriched input and deliberation.

1. The cycle will conclude each year on the last day of September so that administrative planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long-term

Ends.

2. The cycle will start with the Board's development of its agenda for the next year.
  - A. Consultations with selected groups ~~in the ownership, or other methods of gaining ownership input,~~ will be determined, and arranged in the first quarter, ~~to be and~~ held ~~during throughout~~ the balance of the year.
  - B. Governance education and education related to ends determination, (e.g., presentations by futurists, demographers, advocacy groups, employees, etc.) will be arranged in the first quarter, ~~to be and~~ held ~~during throughout~~ the balance of the year.
3. Throughout the year, the Board will ~~attend to address~~ consent agenda items as expeditiously as possible.
4. CEO/General Manager monitoring will be included on the agenda if monitoring reports show policy violations or if policy criteria are to be debated.
5. Any Board member may place an item on the agenda during a board meeting.
6. No item shall be placed on the Board's agenda without full reference to all associated Board policies.
7. During the month of February, ~~the~~ CEO/General ~~Manager-Manager's~~ remuneration will be decided after a review of his/her performance.
8. At the first regular Commission meeting in December of each year, the Commission shall elect officers of the Board to serve for terms of one-year or until such time as a successor has been selected for each such officer position. These terms will commence at the time of the first regular meeting in January of the year following ~~the~~ election.
  - A. Board Officers serve at the pleasure of the Board. Officers may be removed from their position by ~~an affirmative the~~ vote of two Board members. Any Board member may decline serving as an officer. In the event of such removal or declination of service, the vacated officer position shall be elected by the Board at the next regularly scheduled meeting.
  - B. The Board President shall assume any responsibility of the Board that is not specifically assigned to another Board member.

## **RULES OF PROCEDURES**

**GP-5. Regular Meetings.** Regular meetings of the Commission generally shall be held on the first and third Tuesdays of each month at the office of the District, 23420 California Street, in Everett, Washington, with a phone or other electronic option available except as adjusted by the Board from time to time. such schedule may be adjusted by the Board from time to time. If by reason of fire, flood, earthquake, or other emergency it shall be unsafe to meet in the place designated, the meetings may be held for the duration of the emergency at such place as is designated by the President of the Commission or via the Zoom Platform.

**Emergencies.** If, by reason of fire, flood, earthquake, or other declared emergency, there is a need for expedited action by the Commission to meet the emergency, the President of the Commission may designate a meeting location other than the regular meeting location, for a remote meeting without a physical location, or for a meeting at which the physical attendance by some of all members of the public is limited due to a declared emergency. If the meeting is held remotely or the public attendance is limited or prohibited, a cost-free phone or other electronic option will be provided.

**Special Meetings.** A special meeting of the Commission may be called at any time by the President of the Commission or by a majority of the members of the Commission as set forth in RCW 42.30.080 with notice being given at least 24 hours prior to the meeting. Every effort shall be made to ensure that all Board members can attend.

**Attendance/Appearance by Electronic Means.** One or more Commissioners may attend or appear at a public meeting by phone or other electronic means with no declared emergency. The Open Public Meeting Act is silent as to whether Board members may attend meetings by telephone or other electronic means. The Commission of the District determines that it is appropriate and in the best interests of the District to authorize Board members to attend or appear at a public meeting via electronic means the Zoom Platform if unable to attend in person for \*\*\*\* if such appearance can be accommodated given the place of the meeting. The Board member requesting to appear by electronic means is responsible for will make the all necessary arrangements with the Clerk of the Board in advance of the meeting. To achieve excellence in government, the Board prefers all Commissioners attend in person. Due to the confidential nature of Executive Session topics, remote attendance will not be allowed for those sessions.

**Attendance at Community Events and Conferences.** Commissioners may attend community events and conferences if they are related to the District's business. Commissioners will annually budget for the attendance of Commissioners at community events and conferences. Any community events and conferences outside the approved budget will be brought to the Board for approval.

Board members are expected to coordinate with or notify the Clerk of the Board of their planned schedule of attendance for the upcoming several months of attendance at activities and events. Individual board members may be offered specific opportunities to



~~represent the District on official business. When visiting local Elected Officials, the board member whose election district the visit occurs will be offered the opportunity first.~~

To facilitate discussion and action while assuring consideration and decorum for all, the Board will abide by the following adopted Standing Rules of Order:

## 1. Introduction of Business

All business shall be brought before the Board by a motion. All motions, including those made by the Chair, are automatically seconded. At any time prior to a vote on the main motion, the maker of the motion can modify it or withdraw it entirely. It is not necessary for the Chair to relinquish the gavel when making a motion.

## 2. Motions and Their Order of Precedence

### A. Privileged Motions

1. *To Adjourn*. It takes precedence over all other motions. It is not debatable; it cannot be amended; nor can a vote on it be reconsidered.

### B. Incidental Motions

1. *Questions of Order or Appeal of a Ruling by the Chair*. It cannot be amended; it cannot be debated when it relates to indecorum; and it yields to Privileged Motions.

### C. Secondary Motions

1. *To Table*. This motion takes precedence over all other Secondary Motions and yields to any Privileged or Incidental Motion. It is not debatable and cannot be amended or have any other motion applied to it. It removes the subject from consideration until the Board votes to take it from the table, either at the same or some future meeting.
2. *The Previous Question*. This motion takes precedence of every debatable question, yields to Privileged, and Incidental Questions, and to the motion to Table. It is not debatable and cannot be amended. Its effect is to instantly close debate and bring the Board to vote upon the pending question.
3. *To Postpone to a Date Certain*. This motion takes precedence of a motion to amend or indefinitely Postpone, yields to any Privileged or Incidental Motion and to the motion to Table or a call for The Previous Question. Altering the time can amend it. It allows ~~very~~-limited debate, and it must not go into the merits of the item any further than is necessary to judge the reasonableness of postponement.
4. *To Amend*. This motion takes precedence over nothing but the question,

which it is proposed to amend, and yields to any Privileged, Incidental, or Secondary Motion, except to Indefinitely Postpone. It can be amended itself, but the amendment of an amendment cannot be amended. An amendment may be made either: (1) by adding; or (2) by striking out words or paragraphs; or (3) by striking out certain words and inserting others; or (4) by substituting a different motion on the same subject; or (5) by dividing the question into two or more questions as specified by the mover, so as to get a separate vote on any particular point or points.

5. *To Postpone Indefinitely.* This motion takes precedence over nothing except the principal motion, and yields to any Privileged, Incidental, or Secondary Motion except to Amend. It cannot be amended; it opens to debate the entire question it is proposed to postpone.

#### D. Miscellaneous Motions

1. *To Rescind.* This motion has no privilege but stands on a footing with a new resolution. Any action of the Board can be rescinded regardless of the time that has elapsed.
2. *To Reconsider.* When the assembly has once acted upon any Principal Question or Amendment, it cannot be taken up again at the same session or any subsequent session, except by motion to Reconsider. A motion to Reconsider must be made by a member who voted with the prevailing side.

### 3. Debate and Decorum

#### A. Debate

Discussions should be confined to issues immediately before the Board. The Chair should entertain a motion at the earliest opportunity and discussions should focus on the motion. Repetitive comments should be minimized and can be declared out of order by the Chair. The following questions shall be decided without debate: to Adjourn, To Table, The Previous Question, To Reconsider, Withdrawing a Motion, and Closing Debate.

#### B. Decorum in Debate

Members should confine remarks to the question and avoid personalities. Members should try to limit their remarks to ten minutes or less. Members should respect one another and conduct themselves in a professional manner. The use of profanity is prohibited.

#### C. Closing Debate

The following motions, which are not debatable, can close debate: To Table or call for The Previous Question.

### 4. Vote

- A. When a Vote is taken, the Chair should always announce the results.

### 5. Additional Comments

- A. Roberts Rules of Order will ~~act as~~ function as a guide on those issues not

addressed by the above standing rules.

## 6. Resolutions

- A. In order to be valid, the original copy of a resolution must be signed by at least two Commissioners and will then be entered in a designated book and become public record.

## 7. Documentation of Decisions

- A. Board decisions shall be documented in the Board's resolutions policy manual, as relevant, as well as in the Board's minutes.
- B. Board minutes will ~~document regarding contain the discussion and rationale leading to~~ Board decisions. (action items only)
- C. Audio recordings that may contain discussion and rationale may be available on the District's website and/or the Washington State Digital Archives website.

## BOARD OFFICER ROLES

### GP-6.

- 1. **President's Role**. The President assures the integrity of the Board's process.

- A. The ~~job result of the~~ President is that responsible for ensuring that the Board behaves consistently with its own rules and those ~~legitimately~~ imposed upon it from outside the organization.

- 1. Meeting discussion content will be only those issues, which according to Board policy, clearly belong to the Board to decide, not the CEO/General Manager.

Deliberation will be fair, open, and thorough, but also timely, orderly, and ~~kept to the point.~~ in conformance with the meeting's approved agenda.

2—

- B. The authority of the President ~~consists in making is limited to~~ decisions that fall within topics covered by Board policies on governance process and Board-CEO/General Manager linkage, with the exception of (a) employment or termination of a CEO/General Manager and (b) where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.

- 1. The President is empowered to chair Board meetings with all the commonly accepted power of that position, e.g., ruling, recognizing.

2. The President has no authority to make decisions about policies created by the Board within ends and executive limitations policy areas. Therefore, the President has no authority to supervise or direct the CEO/General Manager.
  3. The President may represent the Board to outside parties ~~in stating by relaying chair~~Board decisions and approved policy statements. ~~interpretations within the area delegated to her or him.~~
  4. The President may delegate this authority but remains accountable for its use.
- C. During the absence of the President, the Vice President will preside.
  - D. The President will generally represent the District when a Commissioner's presence is requested or needed by the CEO/General Manager. ~~Individual Board members may be offered specific opportunities to represent the District on official business. When visiting local Elected Officials, the Board member whose election district the visit occurs will be offered the opportunity first.~~

2. **Vice President's Role.** The Vice President of the Board shall:

- A. Perform such duties as are assigned by the President.
- B. Have all power and duties of the President in the absence or inability of the President to act.
- C. Have all powers and duties of the Secretary in the absence or inability of the Secretary to act, when not otherwise acting as President.

3. **Secretary's Role.** The Secretary shall:

- A. Perform all duties incident to the office of Secretary as may be required by law or assigned to such office by motion, rule, or resolution of the Board.
- B. When appropriate, attest to instruments and documents duly authorized by the Board.
- C. Have all the powers and duties of the President in the absence or inability of both the President and Vice President to act.

## **BOARD MEMBERS' CODE OF CONDUCT**

**GP-7.** The Board stands in a fiduciary relationship to the District. In a broad overview, the Board's duty of care requires the Board to be attentive to the District's business, including being adequately informed as to decisions facing the Board, and to have a rational basis for decisions. Board members exercise utmost good faith in furthering the interests of the District and its customer owners. Board members will avoid even the appearance of impropriety to ensure and maintain public confidence in the District and the Board as a

whole.

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum, at all times, when acting as Board members.

Accordingly:

1. In their capacity as a Board member, Board members represent the interests of District customer owners. This supersedes any conflicting interest such as that to advocacy or interest groups and membership in other organizations. It also supersedes the personal interest of any Board member.
2. In accordance with applicable law, members conduct themselves in accordance with all laws, including but not limited to, the Open Public Meeting Act, Chapter 42.30 RCW, and the Code of Ethics for Municipal Officers, Chapter 42.34 RCW, and must avoid conflict of interest with respect to their fiduciary responsibility. To avoid inadvertent violations of the Open Public Meeting Act, Board members may not “reply all” to any e-mail or other electronic communication received by all members of the Board.
  - A. The confidentiality of proprietary business information must be respected at all times. Board members are prohibited from disclosing such information, or in any way using such information for personal gain or advancement, or to the detriment of the District, or to individually conduct negotiations or make contacts or inquiries on behalf of the District unless officially designated by the Board to do so.
  - B. Board members are prohibited from acquiring or having a financial interest in any property that the District acquires, or a direct or indirect financial interest in a supplier, contractor, consultant, or other entity with which the District does business. This does not prohibit the ownership of securities in any publicly owned company, except where such ownership places the Board member in a position to materially influence or affect the business relationship between the District and such publicly owned company.
3. Board members will abide by applicable District policies and procedures, including policies regarding travel, use of credit cards, use of District vehicles, violence in the workplace, workplace harassment, health information privacy rights, and the use of District Resources, computers, internet, and electronic mail.
4. Board members recognize the following organizational protocols within the District. Board members may not attempt to exercise individual authority over

the organization except as explicitly set forth in Board policies.

- A. Members' interaction with the CEO/General Manager or with ~~other~~ employees must recognize the lack of authority vested in individuals, except when explicitly Board authorized.
  - B. Except for participation in Board deliberation about whether a reasonable interpretation of Board policy has been achieved by the CEO/General Manager, members will not make express individual judgments of either CEO/General Manager or other employees' performance.
  - C. It is not unusual for a customer owner or a staff member to ask questions of or express concerns directly to a Board member. It is the responsibility of the Board member to appropriately refer operational and personnel issues and concerns to the CEO/General Manager. If there are concerns expressed by customer owners or staff members that the Board member believes require a different course of action, or the concern involves the CEO/General Manager, the Board member has the responsibility to appropriately inform or discuss the matter with the entire Board.
5. Board members recognize that, until formal action is taken by the Board as a whole, individual members do not speak for the Board. Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions. Board members may not act in a manner, with respect to District business or policy that is contrary to the consensus or majority of the Board. Members of the Board may represent their own points of view. A vote of the Board majority shall be binding on all members of the Board ~~insofar as as far as~~ official acts are concerned.
- A. The Board acknowledges the right of each Board member to formulate and publicly express individual opinions regarding issues germane to their duties as District Commissioners. The Board further recognizes ~~that~~ Board members may articulate individual opinions on other matters of civic affairs or public interest not ~~directly~~ related to their duties as Board members.
  - B. When a Board member engages in communication of any type, he or she must recognize at all times that, in the eyes of the public, Board members are likely to be perceived as speaking as a District Commissioner, and as such, their communication will reflect on and impact the other Board members and District staff.
  - C. When communicating on matters on which the Board has taken a formal position, it is acknowledged that any written correspondence

be done under the signature of the Board President or entire Board, or by the CEO/General Manager on behalf of the Board.

- D. In the event the majority of the Board has not taken a position on an issue, or has taken a position different from an individual's position, the Board member holding a minority position, or any opinion a matter not yet before the Board for a decision, should, in any communication or correspondence on that matter clearly state that his or her opinion is their own, and is not the position of the Board or District as a whole. District letterhead shall not be used for such written communication.
  - E. In the event an individual Board member fails to make the above-referenced disclosure, the Board may itself, or through the CEO/General Manager, issue a communication stating the District's position on the matter, which may include information explanatory and supportive of the District's officially adopted position. If no position has yet been taken by the Board on the topic, the communication should disclose that fact.
  - F. Public Board meetings, as required by law, are intended to provide information from the staff and public to the Board members prior to decisions being made. Thus, Board members should refrain from taking or communicating positions on issues on which a public hearing is expected to be held prior to the holding of such hearings.
  - G. Board members shall not publicly state or imply that the CEO/General Manager is out of compliance with any policies or decisions of the Board or District absent a determination of non-compliance by the Board.
  - H. Board members shall not engage in nor encourage actions by others in any retaliatory conduct against any District employee, or any other Board member. This includes any action against District employees taken as a result of that employee reporting incidents of misconduct or violations of District policies by any Board member or other District employee.
6. Members will respect the confidentiality appropriate to issues of a sensitive nature. Unless required by law, there shall be no release of written materials, notes, or other privileged information distributed in Executive Session, unless each Commissioner agrees to such release, and any such release will be limited to a confidential basis to Commissioners and the CEO/General Manager.
  7. Members will be properly prepared for Board meetings and Board deliberation.
  8. Board members will obey parliamentary orders of the President and shall confine their remarks to the subject under consideration.



9. Board members will always conduct themselves with the highest levels of decorum, and with civility, and respect ~~at all times with for~~ one another, ~~with staff and with members of the public, and at times of when representing the District.~~
10. Board members will endeavor to express their individual opinions in a responsible and professional manner.
11. Board members will share the information and rationale on which they are making significant Board policy decisions.
12. Board members understand that all letters, memoranda and electronic communications or information, including email, which relate to conduct of the District, or the performance of any District function are public records that may be subject to disclosure under the Washington Public Records Act, unless otherwise exempt by law. In the event the District receives a request for such records, the Board member shall provide the records to the Public Records Officer of the District.

### **COST OF GOVERNANCE**

**GP-8.** Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
  - A. Training and retraining will be used liberally to orient new members, as well as to maintain and increase existing member skills and understandings.
  - ~~B. External Outside monitoring independent outreach assistance may be requested will be arranged~~ as deemed necessary by the Board. The CEO/General Manager shall provide for such outreach to ensure the Board's ability to understand and respond to owner viewpoints and values. ~~arrange external monitoring assistance necessary for the Board to exercise confident control over organizational performance.~~
  - ~~C. The CEO/General Manager shall provide external/independent outreach as needed to ensure the Board's ability to listen and respond to owner viewpoints and values.~~
  - ~~D. The CEO/General Manager shall provide internal resources and staffing in~~ to support the Board's work.

2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.

## **BOARD COMPENSATION AND EXPENSES**

**GP-9.** Board members shall receive a monthly salary, and in addition, per diem compensation for appearances or participation in events primarily aimed at making District decisions, receiving information related to decision making, or speaking or directly participating in an activity representing the District in compliance with RCW 54.12.080. By submitting reimbursement for time spent, a Board member certifies that the request for reimbursement is made in compliance with the statute. Further compensation for expense reimbursement shall be in accordance with the District's travel policies and RCW 54.12.080, and Board members shall be afforded PERS, 401k, 457 plan and healthcare benefits consistent with other employees as appropriate, and as authorized by law and administered by staff.

## **VIOLATIONS OF GOVERNANCE POLICIES**

**GP-10.** The Board will conduct a biennial review of the Board's Governance Policies, update as warranted, adopt, and publish.

These governance policies are adopted with the intent that they are fully enforceable and that violations of the provisions of these policies will result in action against Board members as provided herein.

Accordingly:

1. A claim by a Board member of a violation of these Policies by a Board member shall be delivered to the Clerk of the Board for delivery to the entire Board. Any claim of violation must identify the conduct that is alleged to have constituted a violation and sufficient information to support the claim of violation.
2. If it is determined by a majority of the Board that the complaint is meritorious and the alleged conduct of the Board member constitutes a violation of these Policies, the board member may be subject to one or more of the following actions by a majority vote of the Board:
  - A. **Admonition.** An admonition shall be a verbal statement approved by a majority of the Board made in open session and recorded in the minutes.
  - B. **Reprimand.** A reprimand shall be administered to the Board member by letter. The letter shall be prepared by the Board and signed by a majority of the Board after action in open session to approve the letter. The letter shall be part of the minutes of the meeting at which it was approved.
  - C. **Censure.** A censure shall be a written statement administered to the

Board member in public during a regular Board meeting. The statement shall be prepared by the Board and signed by a majority of the Board. The Board member may appear and may make any statement in opposition to or for mitigation of the censure. A censure shall be deemed administered at the time it is scheduled whether or not the Board member appears. The statement shall be included in the minutes of the meeting at which it is administered.

3. In the event a Board member does not cease conduct that has been deemed in violation of these Policies or of Washington law, the District may pursue legal action to remedy the violations. In the event a Board member intentionally violates provisions of these Policies, which cause harm or damages to the District, the Board may by affirmative votes, seek to recover those damages on behalf of the District.

### **FILLING COMMISSION VACANCIES**

**GP-11. If a vacancy occurs in the office of Commission, the Board of Commissioners will follow the procedures outlined in RCW 42.12.070. In order to fill the vacancy with the most qualified person available until an election is held, the Clerk of the Board and/or Commission & Executive Services Director will facilitate the process.**

## **SECTION IV BOARD-CEO/GENERAL MANAGER LINKAGE**

### **GLOBAL GOVERNANCE-MANAGEMENT CONNECTION**

**BL-1.** The Board's sole official connection to the operational organization, its achievements, and conduct will be through ~~a the~~ Chief Executive Officer (CEO)/General Manager. ~~whose title shall be titled CEO/General Manager.~~

### **UNITY OF CONTROL**

**BL-2.** Only officially passed motions and resolutions of the Board are binding on the CEO/General Manager.

Accordingly:

1. Decisions or instructions of individual Board members are not binding on the CEO/General Manager except in rare instances when the Board has specifically authorized such exercise of authority.
2. In the case of Board members requesting information or assistance without Board authorization, the CEO/General Manager can refuse such requests that require, in the CEO/General Manager's opinion, a material amount of employee time or funds or is disruptive.

### **ACCOUNTABILITY OF THE CEO/GENERAL MANAGER**

**BL-3.** The CEO/General Manager is the Board's only link to operational achievement and conduct, so that all authority and accountability of employees, as far as the Board is concerned, is considered the authority and accountability of the CEO/General Manager.

Accordingly:

1. The Board/individual Commissioner will never give instructions to persons who report directly or indirectly to the CEO/General Manager except as

provided in BL-6.

2. The Board/individual Commissioner will refrain from evaluating, either formally or informally, any employee other than the CEO/General Manager.
3. The Board will view CEO/General Manager performance as identical to organizational performance, so that organizational accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed as successful CEO/General Manager performance.

## DELEGATION TO THE CEO/GENERAL MANAGER

**BL-4.** The Board will instruct the CEO/General Manager through written policies, which prescribe the organizational ends to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO/General Manager to use ***any reasonable interpretation*** of these policies. The Board will produce and maintain written policies that ensure a high quality of governance and clear roles in decision-making between the Board and the CEO/General Manager.

Accordingly:

1. The Board will develop policies instructing the CEO/General Manager to achieve certain results for certain recipients at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called ends policies.
2. The Board will develop policies, which limit the latitude the CEO/General Manager may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called “executive limitations policies.”
3. As long as the CEO/General Manager uses ***any reasonable interpretation*** of the Board’s ends and executive— limitations ~~policies, —the policies, the~~ CEO/General Manager is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.
4. The Board may change its ends and executive limitations policies, thereby shifting the boundary between Board and CEO/General Manager domains. By doing so, the Board changes the latitude of choice given to the CEO/General Manager. However, as long as any particular delegation is in place, the Board will respect and support the CEO/General Manager’s choices.

## MONITORING **CEO/GENERAL MANAGER PERFORMANCE**

**BL-5.** Systematic and rigorous monitoring of CEO/General Manager job performance will be objective, and solely against exclusively limited to the following expected CEO/General Manager job outputs: (1) organizational accomplishment of Board policies on ends and (2) organizational operation within the boundaries established in Board policies on executive limitations.

Accordingly:

1. Monitoring is simply to determine the degree to which Board policies are being met. Data which does not do this will not be considered to be monitoring data.
2. The Board will acquire monitoring data by one or more of three methods: (a)

by internal report, in which the General Manager discloses compliance information to the Board, (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies, and (c) by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.

3. In every case, the standard for compliance shall be **any reasonable interpretation by the CEO/General Manager** of the Board policy being monitored.
4. All policies which instruct the General Manager will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at ~~any time~~any time by any method but will ordinarily depend on a routine schedule.

<b><u>Policy</u></b>	<b><u>Method</u></b>	<b><u>Frequency</u></b>
<del>Ends Policies</del>	<del>Internal</del>	<del>Annually [Suspend 11/18/03]</del>
<del>Treatment of Customers</del>	<del>Internal</del>	<del>Annually [Suspend 11/18/03]</del>
<del>Treatment of Employees</del>	<del>Internal</del>	<del>Annually [Suspend 11/18/03]</del>
Financial Planning and Budgeting	Internal	Annually
Financial Condition and Activities	Internal & External	Quarterly
<del>Asset Protection</del>	<del>External Internal</del>	<del>Annually Annually [07/09/02]</del>
<del>Emergency General Manager Succession</del>	<del>Internal</del>	<del>Annually [Suspend 11/18/03]</del>
<del>Compensation and Benefits</del>	<del>Internal</del>	<del>Annually [Suspend 11/18/03]</del>
<del>Communication and Support</del>	<del>Internal Direct Inspection</del>	<del>Quarterly [Suspend 11/18/03] Annually [Suspend 11/18/03]</del>

## **BOARD-CLERK OF THE BOARD RELATIONSHIP**

**BL-6.** The Clerk of the Board assists the Commission & Executive Services Director (Director) and the Board in fulfilling the proper functions of the Board. These may include, but are not limited to, communicating board members' requests to District management and staff related to constituent affairs, coordinating with District management and staff in responding to Board member requests related to constituent affairs, keeping, and maintaining Board minutes and resolutions, and establishing and publishing proper legal notices related to the Board's meetings and activities.

The Clerk is responsible for coordinating all activities of the board members.

The Clerk of the Board serves under the direction and control of the Commission & Executive Services Director~~CEO/General Manager~~. The Director ~~CEO/General Manager~~ may establish the duties of the Clerk of the Board in consultation with the Board. ~~CEO/General Manager will involve the Board on the hiring of the Clerk.~~

The Director ~~CEO/General Manager~~ is responsible for evaluating the performance of the Clerk of the Board after consultation with and input from the Board.

## **SUSPENSION AND AMENDMENTS**

**BL-7.** Any provision of these rules may be temporarily suspended by a vote of the majority of the Commission.

These rules may be amended, or new rules adopted by Resolution of a majority of all members of the Commission, provided that the proposed amendments or new rules shall have been introduced into the record at a prior Commission meeting.

These Rules should be periodically reviewed every two years in January or February of even numbered years, or at such other times as the Commission deems appropriate.



## **SECTION V**

### **BOARD & OWNER LINKAGE BOARD**

### **ENGAGEMENT PLAN**

The CEO/General Manager shall not fail to include the Board in activities that brings added value to the organization.

~~The Board is seeking to continue to strengthen the relationship and linkage between the elected representatives of the PUD, the owners of the PUD, and the policy-making process.~~

~~The inherent challenge is to connect with Snohomish PUD owners in ways that are most meaningful to them, in order to develop policies and set direction that meet and exceed their expectations. We want owners to understand the utility, its challenges, and the fact that they own it. We also want them to be proud of the utility they own.~~

~~People are very busy these days. Old community involvement models no longer offer the average citizen an appealing way to stay connected and participate. Few individuals take the time to attend Commission meetings. At the same time, however, people say they want to know what is going on.~~

~~This plan outlines an involvement model, based on Carver, which offers a variety of ways for owners to learn about PUD policy issues, convey input, get to know their Commissioners, and participate in the process.~~

#### **Primary Objectives**

- ~~▶ Clarify values~~
- ~~▶ Keep owners informed~~
- ~~▶ Build stronger relationships~~

#### **Audience**

~~Owners of the PUD as defined by the Board as people in Snohomish County/Camano Island who are eligible to vote.~~

#### **Key Messages**

~~The three primary areas that messages will focus on:~~

- ~~▶ Keep owners informed on what a PUD is; who their Commissioners are; how they can participate in the PUD process. *Your PUD is Owned by You or You are the PUD.*~~
- ~~▶ Keep owners informed on the many unique benefits of public power: *Local Control, Not-for-profit Rates, Responsiveness to Community Needs.*~~
- ~~▶ Keep owners informed on current issues affecting the future of the utility. *Issues like resource planning, deregulation, rates, and environmental topics.*~~

#### **Strategies**

##### ~~□ CLARIFY VALUES~~

- ~~— Receive information from our owners.~~

~~— Identify key issues, values, and preferences important to PUD owners and communicate those to the PUD Board.~~

## **Implementation**

~~Using an outside research firm, conduct owner research in first half of 2000 to identify owners' priorities, preferences, wants and needs regarding the utility. Use both quantitative and qualitative methodologies.~~

~~Board to review results and incorporate in ends/policy statements. Topic areas would include:~~

- ~~▶ Rate sensitivities~~
- ~~▶ Reliability needs and concerns~~
- ~~▶ Environmental issues~~
- ~~▶ Green power~~
- ~~▶ Owner values~~
- ~~▶ Owner levels of risk tolerance~~
- ~~▶ New products/service possibilities: in what business do our owners want us to be?~~
- ~~▶ How do customer/owners like to get information about the utility?  
Do they want more information on things like fuel cells from their utility?~~
- ~~▶ Public purpose issues~~

~~Conduct periodic surveying to check for changes in priorities by owners and/or get updated information on new topics under consideration by the Board. Also check for measuring comprehension of the messages being communicated by the Board/PUD.~~

~~Invite owner input through surveying, public meetings, hearings, web site, and comment cards.~~

~~*For research findings about our owners received to date, please see page 5.*~~

## **KEEP OWNERS INFORMED**

- ~~— Communicate information to our owners.~~
- ~~— Keep PUD owners informed about policy issues facing the PUD and the policy-making process.~~

## **Implementation**

~~Use wide variety of methods to make a connection with owners, including invitations to meetings, public forums, newspaper ads, bill stuffers, and *Current*.~~

~~Through *Highlights* and *SnoWeb*, communicate to employees the key messages from the Board. Keep employees up to date on Board policies and direction.~~

~~Include topic on the Board's role, Governance, etc., in Guest Speakers Bureau. Have topic presented by Board member(s).~~

~~Develop, and actively distribute, a brochure about the Board, the Board's role, Governance, and the Commission meeting schedule.~~

~~Develop background materials, Q&A's and key talking points on the primary messages and issues the Board wishes to communicate, so that Commissioners all have a common base.~~

~~Pursue new ways to communicate with customers, such as developing Q&A columns for local community newspapers, getting on radio talk shows, and participating in community forums.~~

### ~~□ BUILD STRONGER RELATIONSHIPS~~

~~—— Strengthen our two-way communications with our owners.~~

~~—— Increase owner involvement in the policy-making process.~~

### ~~Implementation~~

~~Look for additional ways to “personalize” the Board with owners. Increase the Board's visibility by including their photos in more publications and public access areas. Currently, the Board is featured in the lobby areas of outer offices and the Electric Building, in PUD publications, on the PUD web site, and on the meeting agenda in the Herald.~~

~~Elevate the Board's presence in the community through increased involvement in community events, associations, and meetings.~~

~~Sponsor important community-wide events that provide opportunities for increasing PUD connections. Sponsorships would include chambers, school events, trade shows, and community events.~~

~~Identify key opinion leaders in the community and develop communications especially for them.~~

~~Identify any organizations, associations, or at-risk groups that we need to increase our commitment to through greater participation. Look for new ways to meet their special needs.~~

~~Work with an outside consultant on additional ways to seek input, educate owners and build relationships.~~

~~Reinforce and build productive relationships with other elected and appointed officials of municipal, governmental, utility, and community-based organizations.~~

### ~~Timing~~

~~Immediate, upon approval by the Board. Some tactics have been implemented in the past six months. The plan will be reviewed and updated on an annual basis.~~

### ~~Research Findings on Owners To Date~~

~~(As part of the “Clarify Values” objective)~~

- ~~▶ Our owners are happy with their utility.~~
- ~~▶ They are price sensitive and want their power costs to be predictable and competitive.~~
- ~~▶ They want their reliability to stay high but don't feel it needs to be increased.~~
  
- ~~▶ They are wary of the changes that deregulation might bring to rates and reliability.~~
  
- ~~▶ They are supportive of public-purpose programs and environmental commitments.~~
  
- ~~▶ Most do not want a choice of providers and would not switch from the utility if given a choice.~~
  
- ~~▶ Most want to know what is happening at the PUD. They get most of their information about the utility through our bill stuffer.~~
  
- ~~▶ Most do not want big changes from the PUD. They like steadiness and predictability.~~
  
- ~~▶ Most know they are customers and owners of the utility.~~
  
- ~~▶ And, happily, the vast majority view the PUD as being trustworthy and responsive to their needs.~~

## SECTION VI ENDS POLICY

~~The purpose of~~ Public Utility District No. 1 of Snohomish County is ~~that owned and controlled by~~ the people of Snohomish County and Camano Island ~~own and control utilities that valued; and they expect the following to be the guiding principles of their utilities:~~

As dependable, safe, and responsible, and

At the lowest possible cost consistent with sound business principles.

1. Utilities are valued.
  - 1.1. Customers are satisfied.
2. Utilities are dependable.
  - 2.1. Utilities are of high quality.
  - 2.2. Utilities are in adequate supply with reasonable reserves.
  - 2.3. Reliability is high.
    - 2.3.1. Utilities and related products and services are supplied timely to all customers who meet District requirements.
3. Utilities are safe.
  - 3.1.1. Customers and the community are safeguarded from undue danger from physical and health risks.
4. Utilities are responsible.
  - 4.1. Adverse environmental impacts are mitigated.
    - 4.1.1. Reasonable utility related opportunities to protect or enhance the environment are taken.
    - 4.1.2. The environment is enhanced by the use of renewable resources.
  - 4.2. Low-income customers receive assistance.
  - 4.3. Efficient use of utilities is enhanced with conservation programs.
  - 4.6. The public is educated about safe and efficient use of utilities.
5. Utilities are provided at the lowest possible cost consistent with sound business principles
  - 5.1. Financial health is reasonably assured.
  - 5.2. Costs are low compared to other utilities.

- 5.3. Costs are reasonably predictable year to year.
- 5.4. Sound business principles means taking account of
  - 5.4.1. Costs
  - 5.4.2. Products offered
  - 5.4.3. Value
  - 5.4.4. Dependability
  - 5.4.5. Safety
  - 5.4.6. Responsibility
  - 5.4.7. Risk Management
- 6. Utilities and related products and services are supplied inside or outside of traditional service areas when benefits are returned to the people of Snohomish County and Camano Island.