

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
November 16, 2015

The regular meeting of the Board of Commissioners was called to order by President Dan Fagerlie at 9:00 a.m. Present were Commissioners Fagerlie and Chris Kroupa, Manager John Friederichs, Attorney Steve Graham, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, Treasurer Jayne Jurgensen and Deputy Treasurer Pam Allen. Commissioner Doug Aubertin joined the meeting at 9:03 a.m.

All stood for the Flag Salute which was led by Commissioner Kroupa.

Visitors: Jim Gaston, Vicki Watilo and Mark Reddemann with Energy Northwest.

The minutes of the October meeting were approved by a motion made by Commissioner Kroupa seconded by Commissioner Fagerlie and unanimously carried.

Reports:

The Engineer/Superintendent's Report was presented by Steve VanSlyke:

1. A short primary line extension is being completed at the Columbia River Carbonates site
2. A High Cost Energy line extension may yet be completed this fall. This is in an area that may result in other line extension installations due to the number of individuals that own property in the area. A lengthy discussion of the possibility of the Utility installing backbone power for the remainder of the parcels to encourage new customers was held.

Manager Friederichs exited the meeting at 9:15 a.m. returning at 9:17 a.m.

Additional information on the matter will be presented at a later date for further Board consideration.

3. The crew will transition into maintenance work which will include the replacement of poles identified during the summer and, this year will begin the servicing of substation regulators. When the regulator maintenance is completed a comprehensive circuit inspection program will begin.
4. The new tree trimming program has proven very productive. The crew has been able to respond to danger trees in a very timely manner and has been more flexible to critical areas or events such as the fires. This year began a new circuit trimming cycle that will enable the Utility to proactively maintain the system with the goal of a twenty year trimming cycle. One of the current crewmembers has accepted one of the open positions. This coming year, with two full-time Journeyman Tree Trimmers and possibly a seasonal ground person, the program is on track to increase the annual trimming footage by 250 percent over the previous two contract crews. This change will allow the majority of the crew time to be spent on preventive circuit trimming.
5. Repair price quotations have been received for the rebuild of the 1,250 kVA substation transformer at the Kuehne Substation. Prices ranged from \$25,000 to \$90,000. A selection will be made with repairs to be completed in the first quarter of 2016.
6. The annual Dissolved Gas Analysis testing showed multiple regulators that need various types of corrective maintenance. This winter's project will be the servicing of all substation regulators with the plan to begin on the feeder regulators next winter.

Mr. VanSlyke was thanked for this time and he exited the meeting at 9:38 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph i at 9:38 a.m. for thirty minutes for the purpose of discussing pending litigation. The Board returned to Regular Session at 10:08 a.m. returning to Executive Session at this time for an additional ten minutes. The Board returned to regular session at 10:15 a.m.

A recess was called at 10:15 a.m. with the meeting reconvening at 10:32 a.m.

Attorney Graham advised that he had no additional report to present.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A thank you has been received from Grace Christian Academy for the used lockers. The old, donated school-type lockers were never used by the crew.
2. A letter has been received from the Washington State Department of Natural Resources advising that the Roy Road Fire is under investigation and the Utility may be billed for suppression costs. Auditor Nush provided information regarding her record collection process for such events. The State's stance on fires on public lands with regard to State investigations when there is the possibility that the State would benefit financially if the party is found responsible by the State investigation, the magnitude of fire suppression costs and the impact on entities found guilty, and the Klickitat County P.U.D. fire case, that is now in the State Supreme Court, were discussed at length.
3. A letter has been received from the Curlew Public Schools requesting sponsorship of the basketball team. A lengthy discussion followed with Commissioner Aubertin making a motion to sponsor in the amount of \$50, any local sports team that make a request. Commissioner Kroupa requested that the motion be amended to state that the Utility would do what is always done. Commissioner Kroupa then made a motion to sponsor in the amount of \$50 for a business card sized advertisement in the game programs. The motion was seconded by Commissioner Aubertin with Commissioner Aubertin withdrawing his initial motion. The motion was unanimously carried.

Meetings:

1. Commissioner Fagerlie will attend the WPUDA meeting later in the week as well as the Annual WPUDA meeting.

2. Commissioner Kroupa and Manager Friederichs will attend the WPUA Legislative meeting in January. Commissioner Fagerlie will also attend this meeting.
3. Commissioner Aubertin reported that the next Energy Northwest meeting will be held on Olympia. He is undecided at this time whether he will attend.

After a very lengthy discussion, Commissioner Kroupa urged fellow commissioners and Manager Friederichs to present the DNR's fire reimbursement process at the upcoming Legislative meeting.

General Business:

1. A letter has been received from the Washington State Auditor's Office advising that they will begin the financial and accountability audit on November 23. They have requested that a Letter of Understanding / Engagement Letter regarding the audit be signed by the Board President and Utility Manager. The letter was signed at this time.
2. Bonneville power cost 3.6 center per kilowatt, based on the November billing for the October usage.
3. The matter of a tenant requesting that a landlord's GenerLink be removed was brought before the Board for discussion. The GenerLink was installed when the property owner, now landlord, was living in the residence. The property is now rented and the tenant no longer wants to pay for the GenerLink. The possibility of developing rental contracts for the units with connect and disconnect fees for those expenses was discussed. The units are different from security lights that can be disconnected as the GenerLinks must be physically removed. No decision was made at this time.

Attorney Graham exited the meeting at 11:41 a.m. returning at 11:44 a.m.

There were a number of GenerLinks installed during the past fire situation and then removed after the threat eased.

The Conservation Report was presented by Manager Friederichs:

1. The possibility of working with Energy Northwest and utilizing the conservation monies to improve the system, i.e., develop voltage reduction and system improvements to make the system more functional will be explored.

Commissioner Kroupa added that there have been discussions as to how small utilities could pool their funds for a benefit.

Commissioners:

Commissioner Kroupa:

1. Attended the NRU and PPC meetings in Portland. A summary of topics discussed was presented.

The Energy Northwest visitors joined the meeting at 11:56 a.m. Introductions were made and the meeting recessed at 11:59 a.m. for lunch reconvening at 12:57 p.m. Attorney Graham joined the meeting at 1:01 p.m.

The meeting was turned to the Energy Northwest guests. Information was presented on the excellence model developed and how beneficial it has proven for the facility. Visits to member utilities have begun to determine what those utilities may need from Energy Northwest and program possibilities. System analysis, voltage regulation and how consumption could be kept within the load plan were discussed as possible benefits to utilities.

Commissioner Aubertin exited the meeting at 1:52 p.m. returning at 1:55 p.m.

The Energy Northwest presentation continued. A new advisory board made up of utility General Manager's is being created. The first meeting is being planned for the first quarter of 2016 with the meetings to be held at the same time as either the PPC meetings or WPUA Manager's Meetings. Manager Friederichs expressed his interest in participation.

Commissioner Fagerlie discussed the community solar program and possible analysis by Energy NW as they did with Mason #1 P.U.D.

Commissioner Kroupa expressed his appreciation to Energy Northwest for improving their relationship with Bonneville Power Administration. B.P.A. is now praising Energy Northwest and saving money.

The Board was thanked for their time and the Energy Northwest visitors exited the meeting at 2:14 p.m.

A recess was called at 2:14 p.m. with the meeting reconvening at 2:26 p.m.

The Commissioner Reports were continued:

Commissioner Aubertin:

1. Expressed his desire to learn the cost of a storage battery as well as one's life expectancy.
2. Attended the recent Energy Northwest meeting and Member Forum.

Commissioner Fagerlie:

1. Attended the Energy Northwest Member Forum. Interested in the community solar program.
2. Attended the TEDD meeting. Jeff Koffel has been selected to serve as the Director.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of November 10, 2015 were \$1,932,839.26 with restricted funds of \$2,946,286.31. There were five outages in the month of October for a year-to-date total of one hundred seventy-three compared to one-hundred thirty seven for the same period in 2014. The Large Power Summary, Revolving Loan and Line Extension Loan reports were reviewed.
2. A long-term investment summary was presented. The Board was in concurrence that the additional \$800,000 Storm and Vacation monies could be invested long-term but not to exceed three years.
3. The landlord rental agreement, which allows a landlord to put in place directions as to how they

wish to have their rental utility accounts handled when their tenants move, was presented with issues from several landlords presented for Board consideration. Attorney Graham advised that he would review the matter and respond at the December Board Meeting.

4. Resolution 15-05 "A Resolution to Write-off Uncollectible Accounts" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.
5. The matter of a filed probate Creditor's Claim was referred to Attorney Graham for assistance. Information to be presented at the December Board Meeting.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 13171 through 13259 direct payroll deposits numbers 903049 through 903089, Electronic Fund Transfer numbers 367 through 369 and 371 in the total amount of \$532,077.89 and voided warrants numbers 13208 and 13209 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.
3. The Financial and Statistical Report was reviewed by the Board with questions answered.

With nothing further to come before the Board, the meeting recessed at 3:47 p.m. to reconvene on Monday, November 23, 2015 at 6:00 p.m. at the Republic Elementary School cafeteria for the purpose of a public rate hearing.

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
SPECIAL MEETING OF COMMISSIONERS
November 23, 2015

The meeting was reconvened at 6:01 p.m. by Board President Dan Fagerlie for the purpose of holding a special meeting to discuss a proposed rate increase. Present were Commissioners Fagerlie, Doug Aubertin and Chris Kroupa, Manager John Friederichs, Auditor Sue Nush, Treasurer Jayne Jurgensen and Deputy Treasurer Pam Allen.

Other Utility personnel in attendance were: Joyce Dunn, Justin Koepke, Steve VanSlyke and Nikki Taber.

Visitors were: Bobbi and Gene Weller, Joe Koepke, and Tony and Suede Taber.

All stood for the Flag Salute which was led by Commissioner Aubertin.

Commissioner Fagerlie welcomed the visitors and dispensed with introductions as all present knew one another. The purpose of the meeting was explained as a public rate hearing with a management proposal for balancing the budget.

Auditor Sue Nush presented a PowerPoint presentation to help explain the Utility's need to increase rates. Overall costs of Utility operations continues to increase along with the increased cost of Bonneville power and transmission expenses.

The proposed rate increases were presented as follows: Increase monthly basic charge by \$3 with the exception of the Low Income Senior Citizens who will retain their current monthly basic charge of \$3. A 6% increase will be applied to all kilowatt hour charges. The monthly 100-watt security light cost will decrease from \$12 to \$9 and the 250 and 400 watt lights will both increase by \$2 for \$12 and \$16 respectively. The new rates will become effective January 1, 2016. Questions and answers followed. The Utility has already begun paying increased rates to Bonneville Power as their rate increase to the Utility was effective October 1, 2015.

With no further comments or questions Commissioner Aubertin made a motion to increase rates as presented. The motion was seconded by Commissioner Kroupa and with no further discussion, the motion was unanimously carried.

Commissioner Fagerlie thanked those attending for traveling in the snowy weather.

With nothing further to come before the Board, the meeting adjourned at 7:05 p.m.

Coffee and cookies followed the meeting adjournment.

BOARD OF COMMISSIONERS
Public Utility District Number One
Ferry County, Washington

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager