

P.U.D. #1 of Ferry County Board Meeting Summary

The 11/20/17 Board Meeting was called to order with Commissioners Kroupa, Fagerlie and Aubertin, Manager Friederichs, Attorney Graham, Engineer/Superintendent VanSlyke, Auditor Nush, Treasurer Allen, and Warehouseman/Mechanic Mike Brown present.

- ▶ The Minutes of the October meeting were approved as amended.
- ▶ Visitor Jim Fitchlee met again with the Board about creating a picture book that tells the story of the Utility. After some discussion, it was agreed that Mr. Fitchlee would sign a liability waiver and he can proceed with the book.
- ▶ Engineer/Superintendent VanSlyke provided an overview of operations for the last month. Equipment has been re-installed at the Windsor Substation. In the spring, there will be additional maintenance work done. All of the materials for the Bodie job have been received. Work will continue in the spring when the weather is better. Winter work will focus on equipment maintenance and felling trees.
- ▶ Attorney Graham discussed a business customer who has still not paid his final bill. The Board directed Attorney Graham to proceed with a letter threatening to sue for payment.
- ▶ Attorney Graham called for an executive session to discuss potential litigation.
- ▶ Correspondence received since the last Board meeting was discussed.
- ▶ Commissioner Fagerlie, Manager Friederichs and Engineer/Superintendent VanSlyke will attend WPUDA's annual conference in Spokane next week.
- ▶ Now that production has ceased at the Kinross Cook Mountain millsite, their usage and demand falls under the Large Power rate class instead of Industrial.
- ▶ If the school district chooses to remodel, now that the levy has failed, there may be conservation funds available to assist them.
- ▶ Resolution 17-07 was approved to write off bad debts. Resolution 17-08 was approved to dispose of surplus equipment. A draft resolution to appoint Mr. VanSlyke Interim Manager was discussed and will be introduced at next month's Board meeting.
- ▶ The commissioners presented information from meetings they attended since the last Board meeting.
- ▶ The Treasurer's monthly report was presented.
- ▶ Auditor Nush informed the Board that new legislation dictates how the District may charge for the cost of providing public records. Attorney Graham will review the options and report back to the Board.
- ▶ The Public Rate Hearing was held with Tommy Swank the sole visitor. Auditor Nush stated the three main objectives of the Utility are system reliability, quality customer service, and financial integrity. The Bonneville Power Administration, the District's sole source of power, raised rates as of October 1st. The closure of local Kinross operations has also impacted the District, and other costs are going up. An increase of one half of one cent per kilowatt hour for all rate classes was proposed to cover these additional costs. After questions from Mr. Swank, Auditor Nush explained that per the Utility's contract with BPA, it must pay for usage that was forecast, regardless of whether it was used or not, and also must pay for usage that exceeds the forecast at a higher rate. It is a difficult balancing act, particularly with the uncertain timing on Kinross' closure for the last few years. Mr. Swank asked if we addressed costs internally. Manager Friederichs answered that the District has always tried to keep spending low, such as by buying rebuilt transformers, so there is not a lot to cut. Commissioner Aubertin added that customers do not want to give up things like after-hours and weekend outage coverage. Mr. Swank inquired if the District has considered annexing the 395 corridor. Commissioner Kroupa explained that those Avista customers would have to vote to bring in Ferry County PUD, and then the District would have to purchase their infrastructure for millions of dollars and then spend millions more to improve a system that has been poorly maintained. Mr. Swank stated that Commissioner Kroupa had said that he would never vote for a rate increase. Commissioner Kroupa replied that he has never said that as the District has no choice but to pay what BPA charges us. Mr. Swank said some Kinross employees were asked to take a 20% pay cut. Auditor Nush replied that since most of the Utility's employees are union, wages could not just be cut. The union contract would have to be re-negotiated. If the District does not offer wages comparable to other utilities, it will have trouble keeping qualified staff. Mr. Swank asked how often the District looks at rate increases. Commissioner Kroupa replied that BPA has raised their rates every two years, so the District must at least address rates at that time. With no further questions, the Board unanimously approved an increase of one half of one cent per kilowatt hour for all rate classes.
- ▶ The Financial and Statistical reports were presented by Auditor Nush and the warrants processed during the month were approved.

- ▶ For additional information visit our website at www.fcpud.com or contact our Commissioners:

Chris Kroupa - 779-4695 - district1@fcpud.com

Dan Fagerlie - 775-3087 - district2@fcpud.com

Doug Aubertin - 634-4509 - district3@fcpud.com

or Manager John Friederichs at the District office at 775-3325.