

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
June 16, 2014

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:01 a.m. Present were Commissioners Kroupa, Aubertin and Fagerlie; Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, Secretary/Treasurer Jayne Jurgensen and Deputy Treasurer Pam Allen. Attorney Steve Graham joined the meeting at 9:06 a.m.

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

Visitors:

The minutes of the May meeting were approved by a motion made by Commissioner Fagerlie and seconded by Commissioner Aubertin.

Public Comments: None

Reports:

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

1. Quite a few outages occurred in the past week due to electric storms with strong winds and rain.
2. A change in the OSHA requirement for fall protection equipment will result in the Utility providing 100% of the required equipment. A sampling of the new equipment will be available at the July Safety Meeting.
3. The B.P.A. outage in July will allow the Utility to complete some necessary substation maintenance at both the Job Corps and Wauconda substations and other miscellaneous repairs throughout the area.
4. The Utility was notified by the US Department of Fish and Wildlife that a bald eagle had been found dead under a power line along Toroda Creek. The Utility was also advised that the power line was the cause of the eagle's death. Additional information has been requested before remediation work is begun. Attorney Graham will research the matter.
5. Approval has been received from the Colville Confederated Tribes for a line relocate south of Manilla Creek.
6. The number of dead and dying pine trees within the Utility's power line rights-of-way in the Keller area has resulted in rescheduling of the Asplundh line maintenance work. This additional work will increase the contract work time by approximately one month for a cost between \$30,000 and \$40,000.

Manager Friederichs exited the meeting at 9:30 a.m. returning at 9:37 a.m.

Dead and dying pines have also been noted at the north end of Curlew Lake. As is Utility policy, if the area to be treated is already manicured, i.e., in town or yards, the Utility will try to keep nice by chipping material removed. Typically trees are left laying for the landowner to dispose of. The current bug infestation in these trees was discussed.

Mr. VanSlyke was thanked for his time and exited the meeting at 9:42 a.m.

An Executive Session for twenty minutes to discuss potential litigation as per RCW RCW 42.30.110 Subsection 1, paragraph I. was called at 9.42 a.m. The Board returned to regular session at 10:02 a.m.

A recess was called at 10:03 a.m. with the meeting reconvening at 10:19 a.m.

The Attorney's Report was presented by Attorney Steve Graham:

1. No additional report was made.

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. Notification has been received from the Department of Natural Resources and Forest Service advising that the additional exploration permitting would not be pursued by Kinross Gold.

Meetings:

1. The July WPUDA meeting will be held in Okanogan with Commissioner Fagerlie attending the 16th through 18th and Manager Friederichs attending the 17th and 18th.
2. The falls WPUDA Manager's meeting will be held in October and has tentatively been scheduled to be held in Leavenworth.
3. Commissioner Kroupa will attend the August PPC and NRU meetings.

General Business:

1. The B.P.A. Transmission representatives met with District personnel last week. Their Integrated Program Review presentation was made. B.P.A. was made aware that the Kinross load would be

decreasing. A discussion of the Utility's High Water Mark followed. At this time, it is not clear what this change will cause to the Utility's High Water Mark calculation.

2. The May B.P.A. power cost was at 2.75-cents per kilowatt hour.
3. B.P.A.'s schedule of work to be completed during the July 20th outage has been received.
4. A potential new ruling, which could affect the Utility, is a proposed change in the surveying of line extensions and easements. It has been suggested that only licensed surveyors be allowed to perform this work including mapping data bases. The Utility has responded during the comment period and the Board was encouraged to comment as well.
5. Some of the Utility's business customers were fraudulently contacted by a third party demanding immediate payment of their bills, via credit card, to prevent disconnect of service. Information was added to the Utility's website letting customers know of the problem and a special notice was placed in the local newspaper. Reporting of the incidents to the proper state and federal entities proved futile.
6. Information has been gathered from utilities regarding their "vacation out" policy. Based on the information received, utilities do not have any one policy in effect. The possibility of developing a policy that would restrict a retiring employee from using any accrued personal leave immediately preceding the actual retirement date was discussed. The Utility is to develop a policy for Board review.
7. The Board was cautioned to keep in mind, when an individual requests written information from them, that such a request would fall under the public records request guidelines.
8. A final copy of the new Union Contract has yet to be received.

The Conservation Report was presented by Manager Friederichs:

1. There is approximately \$170,000 remaining in the combined 2014/2015 budget for conservation work. The primary focus has been window replacement.

Bonneville Power's position regarding the selling of Federal power to marijuana growers is not clear at this time. B.P.A.'s lawyers have not made a determination. Because the Utility receives 100% of its power from Bonneville yet is directed by the Washington State RCW's its position is not clear either.

A proposal in the amount of \$14,000 has been received for the surplus transformers. The bidder will transport the transformers at their expense.

Commissioners:

Commissioner Aubertin:

1. Attended the Annual NWPPA meeting. The presentations were found to be informative and an overview was presented. The 2015 Annual meeting will be held in Alaska.

Commissioner Kroupa:

1. A carry-over from the last NRU and PPC meetings is B.P.A.'s proposal to borrow money from Energy NW with Energy NW extending some of their debt to cover the loan. B.P.A.'s intent of the loan is to pay down some of their Federal debt.

The meeting recessed at 11:59 a.m. for lunch, reconvening at 1:03 p.m.

The Minutes of the May Board Meeting were signed.

Commissioner Fagerlie made his report:

1. Attended a TEDD meeting in May and plans to attend the June meeting.
2. Will participate in a WPUA Government Relations meeting via telephone on June 27.
3. Will attend the July WPUA meeting to be held in Okanogan.
4. A questionnaire was completed by fellow Commissioners in relation to the June 27 WPUA meeting.

The signing of Board Meeting Minutes by Commissioner Aubertin, who was not present at the May meeting, was discussed. Manager Friederichs cited RCW54 "Vacancy in the Board of Commissioners" which occurs if a commissioner is absent from Board meetings for a period of sixty days unless excused by the public utility district commission.

The Reserve Storm and Vacation Fund allocated value was discussed at length. A motion was made by Commissioner Kroupa to increase the fund to 1.5-million dollars. The motion was seconded by Commissioner Aubertin and unanimously carried. Further discussion of the investing of said funds followed. The possibility of investing one-half of the total amount with the Local Government Investment Pool and one-half in long-term investments to allow a better return on the money. The potential impact, of the closure of the Kinross facilities, on the Utility was discussed.

A recess was called at 1:54 p.m. with the meeting reconvening at 2:03 p.m.

The Board continued the discussion of the Storm and Vacation Fund. A motion was made by Commissioner Kroupa to allocate \$500,000 to longer term investments and revisit the issue at the end of the year. The motion died due to the lack of a second. The possibility of rescinding the approved motion to increase the total to be allocated was considered. Commissioner Aubertin asked that the 1.5 be evenly split with \$750,000 to the Government Investment Pool and \$750,000 into long-term investments with an additional \$200,000 to be added as long-term investments in a few months. Commissioner Fagerlie expressed concern that 1.5-million was not adequate based on the actual 2012 storm costs. Commissioner Kroupa rescinded his original motion, making a new motion to increase the Storm and Vacation Fund to 1.7-million dollars with 1-million invested with the Government Investment Pool and \$700,000 dedicated to long-term investments. The motion was seconded by Commissioner Aubertin and, with no further discussion, was unanimously carried.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of May 31, 2014 were \$2,938,437.98 with restricted funds of \$1,243,501.73. There were thirteen outages in the month of May for a year-to-date total of forty-one compared to sixty-one for the same period in 2013. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 11508 through 11601 direct payroll deposits numbers 902425 through 902459, Electronic Fund Transfer numbers 290 through 292 in the total amount of \$772,174.56 were approved by a motion made by Commissioner Kroupa and seconded by Commissioner Fagerlie.
2. The Financial and Statistical Report was reviewed by the Board with questions answered.

With nothing further to come before the Board, the meeting was adjourned at 2:57 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager