

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
September 21, 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, Doug Aubertin and Chris Kroupa, Manager John Friederichs, Attorney Steve Graham, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke and Treasurer Jayne Jurgensen.

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

Visitors: None

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

Reports:

The Attorney's report was presented by Attorney Graham:

1. Information was presented regarding the lawsuit between the Department of Natural Resources and Klickitat P.U.D.
2. Information was presented on the case of Meyers/Smith versus the P.U.D.
3. Sponsorship of the Ferry County Fair was discussed with legal advice given regarding the 2015 cancellation of the event due to the forest fires in the area.

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

1. The crew worked with Nespelem Valley Electric Co-op for one week helping rebuild a portion of their system destroyed in the North Star Fire. It was a pleasure and honor to be able to help the Co-op with this work as they helped the Utility repair the damage caused in the 2012 windstorm.
2. Our system, fortunately, had very little damage caused by the fires.
3. The District was visited by an L&I consultant. No citation was issued, however, some small items were identified and have either already been corrected or will be shortly.
4. The crew is moving into the fall maintenance schedule. Infrared scanning of transformers will begin now that the weather has cooled.
5. The system-wide meter audit and inspection will be modified to allow portions of the District to be reviewed more thoroughly each year. Future meter audits will now be completed as part of system-wide inspections.
6. A transformer storage area is being constructed at the shop. This will allow transformers to be stored outside in a designated area rather than inside the equipment storage buildings. The entire project will not be completed this fall but will carry into next spring and summer.
7. The tree trimming crew is very busy and have concentrated on the fire area along Highway 21 South.

Commissioner Aubertin reported on a community meeting he attended to discuss the area fires with Representative Cathy McMorris Rogers. The possibility of using a fire retardant material to paint the lower portion of the wooden poles was briefly discussed.

The meeting recessed at 9:55 a.m. reconvening at 10:10 a.m. Mr. VanSlyke did not return to the meeting.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. An invitation has been received from Nespelem Valley Co-op for their 76th annual meeting. They have also sent a letter thanking the Utility for assisting them rebuild a portion of their system damaged by the North Star Fire.
2. The Utility's sponsorship of the Republic Fly-In has been refunded as the event was cancelled due to the fires.

Meetings:

1. Commissioners Aubertin and Fagerlie will attend the Energy Northwest Member Forum in October.
2. Manager Friederichs will attend the WPUA Manager's meeting in October.
3. Pam Allen will attend a WPUA sponsored customer service workshop and the annual NWPPA Credit and Collections Workshop.
4. Commissioner Kroupa will attend the NRU and PPC meetings in Portland in early November.

General Business:

1. Resolution 15-03 "A Resolution to Declare a State of Emergency Due to Area Wildfires" was adopted by the Board on August 27, 2015 at their special meeting and was briefly discussed.
2. Bonneville Power's August billing was just under 3.5 cents per kWh.
3. Negotiations continue with the Ferry County Public Hospital to provide wellness program

- related testing and reporting.
4. The tree trimming crew agreement has been signed and sent to the Union for completion. The addition of this crew will bring the total employees to 19.5. This number does not include the three Commissioner positions as they are not considered employees. It was questioned whether the number included the attorney or IT contractor. It was explained that any contract personnel are not considered employees.

Attorney Graham exited the meeting at 10:59 a.m. returning at 11:02 a.m.

The Conservation Report was presented by Manager Friederichs:

1. The Conservation program seems to have stalled. Customers have not been following through on projects and the funding is no longer available this fiscal year. A portion of the funding was transferred to another utility before the end of the fiscal year to allow it to be used.

Commissioners:

Commissioner Aubertin:

1. Spoke again about the Saturday meeting with Representative McMorris Rogers. A topic of discussion with the group was whether the firefighting personnel responded better to local individuals this year compared to last year. Representatives from area organizations each expressed their concerns from their standpoint in the disaster.

Commissioner Kroupa:

1. Attended several of the fire update meetings held for the public to learn about the area fires. Concerns were expressed that the changing of crews and leadership took too long and the new personnel took too long to get mobilized and organized. The quality of personnel brought in to deal with the disaster was great. Expressed his thanks to Commissioner Fagerlie for his long hours spent in volunteer status during the fire situation.

Commissioner Fagerlie:

1. Was involved in the fires, both as a P.U.D. Commissioner and through the volunteer fire department.
2. Attended the WPUA meeting held in Wenatchee last week. An overview of the topics of discussion was provided.

A recess was called at 11:37 a.m. with the meeting reconvening at 11:45 a.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Resolution 15-04 "A Resolution to Cancel Unclaimed Warrants" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.

The meeting recessed at 12:08 p.m. for lunch reconvening at 1:00 p.m.

The Treasurer's Report was continued:

2. Operating Funds available as of September 10, 2015 were \$2,733,330.85 with restricted funds of \$2,289,681.61. There were thirty outages in the month of August for a year-to-date total of one hundred fifty-two compared to ninety-five for the same period in 2014. The Large Power Summary, Revolving Loan and Line Extension Loan reports were reviewed.
3. A letter just received in the daily mail from CenturyLink was presented to each Commissioner and Attorney Graham. The letter explained that CenturyLink was disputing the Utility's method of calculating the pole contact billing. Attorney Graham advised that the Utility had billed appropriately and that the Utility should wait, pending final court determination of the process.

Manager Friederichs provided information regarding Bonneville Power's notification that explained that the Utility would be billed an additional sum of money each month because Bonneville made the decision to purchase Tier 2 power on the open market based on potential need, and because the power was not needed, the power was also sold on the open market. Some of the sales were at an amount less than the purchase price and Utilities will be assessed a calculated amount of this loss to reimburse Bonneville. This additional billing will begin with the October 2015 billing.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 12988 through 13078 direct payroll deposits numbers 902965 through 903007, Electronic Fund Transfer numbers 355 through 361 in the total amount of \$780,436.18 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board with questions answered.
3. The 2016 Preliminary Budget was presented and discussed at length.

Attorney Graham exited the meeting at 1:38 p.m. returning at 1:45 p.m.

The Budget discussion continued. The October Board Meeting will include a public budget hearing.

The meeting recessed at 2:41 p.m. reconvening at 2:55 p.m.

The 2016 Budget discussion continued

4. The B&O Tax exemption for public utilities did expire on July 1, 2015. This change means that there is no longer an exemption for payments or credits received from Bonneville Power, including conservation monies. The Washington State Department of Revenue was contacted by Auditor Nush regarding the category to be used to pay the tax on the money. A filing was completed using the information from the State and it was later learned that an incorrect category was used resulting in an overpayment. Auditor Nush and Attorney Graham contacted Dave Warren with the WPUA who provided the correct category to be used when submitting the tax. Upon receipt of written verification of the category to use, a request for refund will be submitted to the Department of Revenue for the overpayment. Commissioner Kroupa added that this has been a topic of conversation at the NRU & PPC meetings and some of the smaller utilities are discussing the possibility of dropping the Bonneville Conservation program.

With nothing further to come before the Board, the meeting adjourned at 3:17 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager