

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
October 19, 2015

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

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

Visitors: Bonneville Power Representatives Nancy Schimmels and Oscar Armendariz

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

The Board discussed at length, Bonneville's projected power needs and the resulting financial impact on the Utility. Topics of discussion to be presented to the Bonneville representatives, when they are present, included Bonneville's need to purchase power on the open market, the fact that utilities did not need all of the power purchased, and Bonneville's decision to sell the excess power on the open market at a loss. The resulting additional charge assessed the Utility due to this loss of Bonneville revenue will become a significant impact on the Utility.

Manager Friederichs advised that the Bonneville representatives will join the meeting at 11:00 a.m. rather than 1:00 p.m.

Commissioner Fagerlie questioned whether the crew was still working a 4-10 schedule. Manager Friederichs advised that they would continue to work this schedule as long as they can effectively perform the work.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph i at 9:20 a.m. for twenty minutes for the purpose of discussing a pending and potential litigation. The Board returned to Regular Session at 9:40 a.m.

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

Reports:

The Engineer/Superintendent's Report was not presented due to Mr. VanSlyke's absence.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A letter has been received from Tri-County Economic Development (TEDD) regarding the cost of the Utility's 2016 membership. Commissioner Kroupa made a motion that the Utility would pay the asked \$1,525 for another year. The motion was seconded by Commissioner Aubertin and unanimously carried.
2. An invitation to join the American Public Power Association (APPA) has been received. The Utility will not become a member.
3. A letter has been received from Nespelem Valley Electric Co-op thanking Commissioner Aubertin and Manager Friederichs for their attendance at their Annual Meeting and dinner.
4. An invitation has been received to become a member of the Columbia River Inter-tribal Fish Commission. The Utility will not join.
5. An invitation to participate in the Curlew School's "Trunk or Treat" has been received. The Utility will not participate.

Meetings:

1. Pam Allen will attend a WPUDA sponsored Customer Service workshop as well as the NWPPA Credit and Collection workshop.
2. Manager Friederichs will attend the WPUDA Manager's meeting October 29 and 30.
3. Commissioners Aubertin and Fagerlie will attend the Energy Northwest Member Forum October 29 and 30.
4. Commissioner Kroupa will attend the NRU and PPC meetings in early November.

The meeting was opened at 10:00 a.m. for the Public Budget Hearing. No visitors joined the meeting for the Hearing. A budget review and discussion was lead by Auditor Nush.

Manager Friederichs exited the meeting at 10:05 a.m. returning at 10:08 a.m.

The Preliminary 2016 Budget is at 7.99 million dollars which is an approximate increase of \$500,000 over the 2015 budget. The most difficult portion of developing the budget is incorporating Bonneville Power's Rate Impact Model.

Commissioner Aubertin exited the meeting at 10:13 a.m. returning at 10:15 a.m.

The meeting recessed at 10:15 a.m. reconvening at 10:30 a.m.

The Preliminary 2016 budget hearing continued.

Nancy Schimmels and Oscar Armendariz with Bonneville Power Administration joined the meeting at 10:49 a.m. The meeting was turned to the Bonneville representatives with a lengthy discussion being held.

Attorney Graham exited the meeting at 11:14 a.m., returning at 11:15 a.m.

Commissioner Kroupa exited the meeting at 11:20 a.m., returning at 11:21 a.m.

The meeting recessed as 12:11 p.m. for lunch reconvening at 12:57 p.m.

The Bonneville Power presentation continued. The Utility has the option of changing its current load growth rate contract by October 31, 2016 with an effective date of October 1, 2017. The Utility would be required to purchase dedicated resource power through 2024. At that time the Utility could return to B.P.A. power purchases but not at the current Tier 1 cost rate. The Bonneville representatives were thanked for their time and exited the meeting at 1:26 p.m.

Commissioner Kroupa exited the meeting at 1:26 p.m. returning at 1:27 p.m.

Manager Friederichs continued the Manager's Report:

General Business:

1. A recent situation regarding faxing of medical records on an individual was discussed. The individual was not advised by the medical facility that the fax had been sent. The HIPPA rules were not followed in this instance.
2. Letters of dispute have been received from CenturyLink and Frontier regarding the pole contact billing. Both billings have been paid under protest. Attorney Graham advised that the matter would be readdressed after the Attorney's portion of the December WPUA Annual Meeting.

The Conservation Report was presented by Manager Friederichs:

1. Research is being done into the options available to the Utility and its customers under the rebate program.

General Business:

3. Proposed modifications of the High Energy Cost Loan Program were presented. The modifications will bring the Loan Program into alignment with District policies already in place. A motion was made by Commissioner Kroupa to accept P.U.D. #1 of Ferry County's Line Extension Loan Program as amended. The motion was seconded by Commissioner Aubertin and unanimously carried.

The meeting recessed at 1:57 p.m. reconvening at 2:08 p.m.

Commissioners:

Commissioner Aubertin:

1. Plans to attend the Energy Northwest meeting October 27 and 28 and also the Member Forum which will immediately follow the regular meeting.

Commissioner Kroupa:

1. Will attend the NRU and PPC meetings November 4 in Portland.

Commissioner Fagerlie:

1. Attended no outside meetings.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of October 10, 2015 were \$2,780,257.21 with restricted funds of \$2,117,850.55. There were sixteen outages in the month of September for a year-to-date total of one hundred sixty-eight compared to one-hundred twenty eight for the same period in 2014. The Large Power Summary, Revolving Loan and Line Extension Loan reports were reviewed.

Commissioner Fagerlie brought the balance in the Storm and Vacation Fund before the Board for review and discussion. A motion was made by Commissioner Fagerlie to increase the fund to a total of 2.5 million dollars, this will be an increase of \$800,000. The motion was seconded by Commissioner Aubertin and unanimously carried. Funds are to be invested in the Local Government Investment Pool until the Board has an opportunity to review other options.

Treasurer's Report continued:

2. Work Inventory numbers as follows were presented: 378 \$193,996.74; 379 \$56,237.18; 380 \$55,219.72; 381 \$209,875.42; 382 \$160,498.47; 383 \$154,564.61 and 384 \$60,644.70. A motion to approve was made by Commissioner Kroupa. The motion was seconded by Commissioner Aubertin and unanimously carried.

The Auditor's Report was presented by Sue Nush:

1. The matter of a public rate hearing was brought before the Board for discussion. The Board did accept the proposed 2016 budget as presented with Auditor Nush instructed to develop it for presentation at the rate hearing. The proposed rate increase, if any, will become effective January 1, 2016.

The meeting recessed at 3:00 p.m. reconvening at 3:10 p.m.

The matter of the public rate hearing was again discussed. The hearing will be held on Monday, November 23, 2015 beginning at 6:00 p.m. in the Republic Elementary School Multi-purpose room.

2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 13079 through 13170 direct payroll deposits numbers 903008 through 903048, Electronic Fund Transfer numbers 362 through 366 in the total amount of \$560,991.98 and voided warrants numbers 13105, 11109, 11111, 11162, 11243, 11362 and 11610 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 adjourned at 3:36 p.m.

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

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager