

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
November 20, 2017

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:03 a.m. Present were Commissioners Chris Kroupa and Dan Fagerlie, Manager John Friederichs, Attorney Graham, Engineer/Superintendent Steve VanSlyke, Auditor Sue Nush, Treasurer Pam Allen, and Warehouseman/Mechanic Mike Brown.

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

Visitor: Jim Fitchlee

Mr. Fitchlee met again with the Board about creating a picture book that will tell 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.

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

There were no public comments.

Reports:

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

1. Equipment has been re-installed at the Windsor Substation. In the spring, there will be additional maintenance work done.
2. All of the materials for the Bodie job have been received. Work will continue in the spring when the weather is better.
3. Winter work will focus on equipment maintenance and felling trees.

Commissioner Aubertin joined the meeting at 9:15 a.m.

Commissioner Aubertin confirmed that he has no objection to Mr. Fitchlee's picture book. Mr. Fitchlee exited the meeting at 9:23 a.m.

The Attorney's Report was presented by Steve Graham.

1. 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.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph i at 9:31 a.m. for fifteen minutes for the purpose of discussing pending litigation. The Board returned to regular session at 9:45 a.m. and immediately went back into Executive Session for an additional five minutes.

The Board returned to Regular Session at 9:51 a.m.

A recess was called at 9:51 a.m. for 20 minutes. The meeting reconvened at 10:11 a.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. Correspondence received since the last meeting was briefly discussed.

Meetings:

1. Commissioner Fagerlie, Manager Friederichs and Engineer/Superintendent VanSlyke will attend WPUA's annual conference in Spokane next week.

General Business:

1. 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.

Conservation:

1. 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 "A Resolution to Write-off Uncollectible Accounts" was presented and adopted by a motion made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried.

Resolution 17-08 "A Resolution Declaring Property Surplus and Disposition of the Same" was presented and adopted by a motion made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried.

A draft resolution to appoint Mr. VanSlyke Interim Manager was discussed and will be introduced at next month's regular Board meeting.

The commissioners presented information from meetings they attended since the last Board Meeting.

The Treasurer's Report was presented by Pam Allen:

1. Operating Funds available as of November 10, 2017 were \$2,285,465.00 with restricted funds of \$3,079,094.99. There were 21 outages in the month of October, for a year-to-date total of 139 compared to 123 for the same period in 2016. The Large Power Summary, Revolving Loan and Line Extension Loan reports were reviewed.

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 Board recessed for lunch at 12:01 p.m. and reconvened at 01:00 p.m.

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 costs had been addressed 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 it. Mr. Swank said that some Kinross employees were asked to take a 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 responded that BPA has raised their rates every two years, so the District must at least address rates at that time. With no further questions, Commissioner Aubertin moved to approve the proposed one half of one cent per kilowatt hour increase for all rate classes. Commissioner Fagerlie seconded the motion and it was approved unanimously.

A recess was called at 2:06 p.m. until 2:30 p.m. Mr. Swank exited the meeting at this time. The meeting reconvened at 2:30 p.m. Warehouseman/Mechanic Mike Brown rejoined the meeting at this time.

Resolution 17-10 "A Resolution Establishing Retail Rates" was presented and adopted by a motion made by Commissioner Aubertin, seconded by Commissioner Fagerlie and unanimously carried.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Cost and usage graphs were reviewed.
2. Warrants number 16203 through 16308, Direct Payroll Deposits number 903988 through 904024 and Electronic Fund Transfers number 489 through 495 and CA002, in the total amount of \$662,842.75 were approved by a motion made by Commissioner Aubertin, seconded by Commissioner Fagerlie and unanimously carried. Included were voided warrants 12927, 13065, 13108, 13245, 13298, 13803, and 13812 that were re-issued to the Washington State Department of Revenue as unclaimed property.
3. Review of financial and statistical reports continued.

With no further business to discuss, the meeting adjourned at 2:53 p.m.

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

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager