

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
September 17, 2012

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:05 a.m. Present were Commissioners Aubertin and Chris Kroupa with Commissioner Davis joining the meeting at 9:09 a.m.; Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: None

The minutes of the previous meeting were approved by a motion which was made by Commissioner Kroupa seconded by Commissioner Davis and unanimously carried.

Reports:

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

1. Continuing to repair damage and repair outages resulting from the July 20th windstorm.
2. An outage, which occurred Saturday September 15, was the result of a tree falling through the Bonneville line coming over Sherman Pass.
3. The NoaNet project has become a priority and poles are now being upgraded on the line West of Town.
4. The crew has completed a few line extension projects.
5. The contract tree crew is working primarily to remove trees damaged by the storm.
6. Information was presented regarding an incident involving a member of the tree removal contractor's crew and a private property owner. The crew member was attacked and savagely beaten. The injuries to the crew member required that he stay in the hospital for a few days. The Board discussed the matter at length with Attorney Graham providing information.
7. Serviceman, Cory Tuttle, is improving and is able to be on crutches.
8. Pole testing work has been completed and Mr. Odegard is now patrolling lines in order to identify poles damaged by the July 20th storm.
9. Contract clean-up work is being completed on the Reservation.
10. The mapping work is progressing nicely with the pole contact data being entered into a usable format.
11. Information has been gathered from other utilities regarding their line extension programs. The information was given to Commissioner Kroupa

Mr. VanSlyke exited the meeting at 9:55 a.m.

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

1. Has again been in contact with the attorney in Bellevue regarding a High Cost customer whose property has gone into receivership.
2. Has reviewed the contractual documents pertinent to the Utility's pending line of credit/loan.

The Board went into Executive Session to discuss potential litigation as per RCW 42.30.110 Subsection 1, paragraph I, at 10:15 a.m. for thirty minutes. The Board returned to regular session at 10:45 a.m. to return to Executive Session for an additional fifteen minutes. The Board returned to regular session at 11:00 a.m., returning to Executive Session for an additional fifteen minutes. The Board returned to regular session at 11:15.

A recess was declared at 11:15 a.m. with the meeting reconvened at 11:24

Attorney Graham will correspond with the Attorney and develop settlement documents for the Board's consideration at the October Board meeting.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request has been received for the Utility's assistance in relocation of the Republic School's baseball scoreboard. After a lengthy discussion, the Board was in concurrence that the Utility could not legally perform the requested work. Manager Friederichs will notify the individual who made the request.
2. Research has been completed on the possibility of dissolving the Revolving Loan Grant program. The Board was in concurrence that the program should continue based on the State requirements. So long as payments continue to be made on the existing loans the fund will continue. There is a provision which allows the Board to forgive all outstanding loans. Based on the dollar value of the loans in place this is not a consideration at this time.
3. A customer has generously donated funding towards a storm recover fund. As the Utility has no such fund, the donation was applied to a customer's account that had suffered severe property damage from the storm and still rebuilding.

Meetings:

1. The quarterly Energy Northwest meeting will be held in October. Commissioner Aubertin advised that he will attend the meeting and the Member Forum which will follow. Commissioner Aubertin reported that he will not attend the Annual WPUDA meeting as a means of financial conservation.

2. Manager Friederichs will participate in the September WPUA meeting via telephone. Commissioner Davis will attend in person.
3. Commissioner Kroupa will attend the October NRU and PPC meetings in Portland.

Commissioner Davis questioned whether letters had been written and sent to all utilities who helped during the July 20th outage. Manager Friederichs reported that this will be completed.

The meeting recessed at 12:00 p.m. for lunch reconvening at 1:07 p.m.

Manager Friederichs continued his report:

General Business:

1. The Bonneville billing was discussed. On an average, the kWh charges increased by 17% rather than the 9.2% that B.P.A. had estimated. The Utility's usage is also higher than B.P.A. had used in their model.
2. The contract in place with Kinross Mines was discussed. Manager Friederichs and Auditor Nush will meet with Kinross personnel to discuss their contract and possible changes.
3. The possibility of assessing each customer a \$10 Storm Recovery monthly fee was presented to the Board with a discussion following. It was determined that a flat monthly fee which would be eliminated once the loan debt was paid in full was more desirable to raising the kWh charge. The Utility will most likely be faced with another B.P.A. rate increase in 2013 which will affect the kWh charges.
4. Transformer oil spills and associated clean-up on the Reservation has taken place in coordination with the Tribe. PCB testing has taken place with nothing out of the ordinary identified in the samples.
5. An agreement letter of understanding has been received for work with the Upper Columbia Resources Conservation and Development District. The agreement will allow for conservation work with irrigation customers. The group has been advised that, in the event B.P.A. has money for conservation measures, the Utility will participate.
6. Information pertinent to the closure of the Revolving Loan Grant Fund was again discussed. Attorney Graham will be further consulted regarding the possibility.
7. The Utility has heard nothing further regarding the FEMA application.
8. Information regarding changing Commissioner District boundaries was presented. It will be necessary to discuss the changes at a public hearing which could be incorporated into the October Board meeting.

A public rate hearing was discussed at length. The Board was in concurrence that a Public Meeting be scheduled for the week of October 8 through October 12 for the purpose of presenting a Storm Recovery rate increase and also the matter of changing Commissioner District boundaries. The date to be established based on the availability of the school.

9. The Board was asked to consider the total amount of money they would like to see in the Storm Fund. The current \$980,000 may no longer be adequate in light of the expense incurred as a result of the July 20th storm.

Resolution 12-07 "A Resolution of the Commission of Public Utility District No. 1 of Ferry County establishing a non-revolving line of credit and authorizing the issuance and sale of an electric system revenue note in the principal amount of not to exceed \$3,000,000 to evidence the line of credit for the purpose of paying the costs of financing wind storm repairs, and fixing the form, terms and covenants of the note."

The Board executed various documents associated with the line of credit/loan.

Mr. VanSlyke joined the meeting at 2:20 p.m. to serve as a Notary Public. Mr. VanSlyke exited the meeting at 2:30 p.m.

A recess was called at 2:30 p.m. with the meeting reconvening at 2:45 p.m.

Resolution Number 12-09 "A Resolution Authorizing Reserve Fund Replenishment" was adopted by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended no outside meetings.
2. As a candidate for District 1 P.U.D. Commissioner had the opportunity to speak at several events.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of September 10, 2012 were \$1,744,089.94 with restricted funds of \$816,555.72. There were sixteen outages in the month of August for a year-to-date total of one hundred thirty-seven compared to eighty-six for the same period in 2011. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

2. Resolution 12-08 "A Resolution to Cancel Unclaimed Warrants" was unanimously adopted per a motion made by Commissioner Kroupa and seconded by Commissioner Davis.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 8987 through 9101, direct payroll deposits numbers 901706 through 901737, Electronic Fund Transfer numbers 24, 25 and 26 in the total amount of \$648,772.04 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
2. A summary of the expenditures associated with the storm was presented and discussed.
3. The Financial and Statistical Report was reviewed by the Board with questions answered.
4. The 2013 Budget was discussed with information presented. The public hearing on the Budget will be held during the October Board meeting.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 4:03 p.m.

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
SPECIAL MEETING OF COMMISSIONERS
REPUBLIC ELEMENTARY SCHOOL CAFETERIA
October 8, 2012

A Special meeting of the Board of Commissioners was called to order by President Doug Aubertin at 6:38 p.m. at the Republic School Elementary School Cafeteria. Present were Commissioners Aubertin and Chris Kroupa; Manager John Friederichs, Auditor Sue Nush, and Secretary/Treasurer Jayne Jurgensen.

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

The purpose of the was to provide information on the proposed Commissioner District Boundary changes and a proposed rate increase necessary as a result of the July 20 Storm expenses.

Commissioner Aubertin introduced Utility personnel in attendance.

Commissioner Aubertin presented information pertinent to the proposed Commissioner District Boundary changes. The Board proposed that they accept the same Commissioner Boundaries established by the Ferry County Commissioners and as based on the recent census. Questions were answered.

Manager Friederichs and Auditor Nush presented information on the proposed rate increase. It has become necessary for the Utility to assess a separate "temporary storm recovery surcharge" to allow repayment of the 3-million dollar line of credit and subsequent loan. At this time, a proposed \$8.25 per meter surcharge has been calculated to allow repayment of interest and principal. The amount of any FEMA payments is not known at this time as the Utility has not met with the FEMA officials since the storm was declared a disaster. Currently, \$1,441,000 has been withdrawn from the line of credit to cover expenditures to date. A discussion followed with questions answered.

Also discussed was the 2013 anticipated B.P.A. rate increase and the increased power billings the Utility has seen since the October 1, 2011 B.P.A. increase.

No decisions were made by the Board as to acceptance of District Boundaries nor the storm recovery charge.

With nothing further to be discussed, the meeting was adjourned at 7:50 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager