

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
October 15, 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, Chris Kroupa and Nathan Davis, Manager John Friederichs, Attorney Steve Graham, 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: Clementine Brown

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

The meeting was turned to Ms. Brown who was representing the Stonerose Fossil Center. She provided information regarding the upcoming National Fossil Day, explaining planned events and requested a sponsorship from the Utility. Questions were answered and, after a brief discussion, a motion was made by Commissioner Aubertin to provide a \$100 sponsorship. The motion was seconded by Commissioner Davis and unanimously carried. The Board was thanked for their time and Ms. Brown exited the meeting at 9:22 a.m.

Reports:

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

1. Continuing to repair damage resulting from the July 20th windstorm.
2. The NoaNet project has been completed. Some of the Utility's customers felt that the Utility was responsible for the work and have threatened to sue the Utility for its involvement.
3. The crew has completed a few line extension projects.
4. The contract tree trimming crew continues to work primarily to remove trees damaged by the storm. Work must be completed in the area where the crew member was attacked. The contractor has spoken with the landowner and the Sheriff's office has been advised and will provide support if requested.

Commissioner Kroupa advised that he had reviewed the line extension provided to him at the September meeting. He has visited with the Ferry County Commissioners regarding the possibility of their establishing directions for easement for 20-acre developments. The possibility of the Utility requesting that the County Commissioners establish a prescriptive easement policy was discussed. No decision was made.

Mr. VanSlyke continued:

Commissioner Aubertin reported that considerable debris has been left in the State highway right-of-way, under the power lines in those areas where logging has taken place on the Colville Reservation. Mr. VanSlyke will look into the matter and contact the State.

Attorney Graham advised that he was contacted by Ed Forsman regarding the possible release of a blanket easement established by the Utility. The landowner gave the Utility an approximate 2-mile right-of-way easement in the 1940's across his property for the installation of a power line. Mr. Graham explained that the early easements allow the Utility to install one power line in a specific location, not multiple lines, multiple installations or in a different location. It is not possible to build new lines from the old easements.

Commissioner Aubertin opened the meeting at 10:00 a.m. for the purpose of the public hearing of the 2013 budget. No visitors were present and the budget review was deferred to a later time in the meeting.

The easement discussion continued. Mr. VanSlyke advised that the Utility's easements are descriptive and the Utility obtains a new easement for any new construction outside the initial, original installation. No modifications were made to the existing process. Mr. VanSlyke exited the meeting at 10:19 a.m.

A recess was called at 10:19 a.m. with the meeting reconvening at 10:37 a.m.

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

1. A modified Budget Billing Plan was presented to the Board for their consideration. The Board was in agreement that an application should be completed by those customers interested in the program. No decision was made pending further review by those District personnel involved with the program.
2. A draft settlement agreement was presented to the Board for their consideration. Discussion followed with no decision made pending additional information.

The 2013 Preliminary Budget was presented by Auditor Nush with discussion and questions answered. Auditor Nush also provided information regarding the Utility's FEMA application process. The District may see reimbursement for the mutual aid contract work much earlier than reimbursement for the District's own payroll. Commissioner Aubertin questioned whether the District should put into place a directive to be used in the event another such disaster should occur. Auditor Nush advised that this may be possible after all of the meetings with FEMA have occurred and these meeting will allow the Utility to develop procedures for future emergencies. It has been learned that any reimbursement funding received from the State must be

voted on by the Legislature and that typically if FEMA does reimburse the State will follow suit.

Commissioner Kroupa questioned whether a meeting had been held with Kinross officials regarding their contract. Manager Friederichs advised that he is attempting to set a meeting. Auditor Nush added that Bonneville Power has recommended that a contract similar to the one they put in place with the Utility be used for Kinross.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. The annual billing has been received from TEDD. The Utility's assessment has increased to \$1,525 for the 2013 year. A brief discussion was held with a motion to again renew membership made by Commissioner Kroupa. The motion was seconded by Commissioner Aubertin and unanimously carried.
2. Information has been received on B.P.A.'s 75-year celebration.
3. A letter has been received from Florita Gualajara who is Mr. Hahm's companion. The letter specifically asks that Seattle Tree Service not perform any tree maintenance on their property. Manager Friederichs advised that the Utility cannot relinquish its responsibility to maintain the lines as it is our duty to make certain all is safe.

Meetings:

1. The Annual Legislative Luncheon has been scheduled for November 13 in Colville.

The meeting recessed at 12:00 noon for lunch reconvening at 1:13 p.m.

Manager Friederichs continued his report:

General Business:

1. The Utility will again be offering flu shots to personnel and their families. Those interested are to contact Andrea Olson.
2. Manager Friederichs and Auditor Nush attended the FEMA meeting to begin the reimbursement process.
3. Resolution 12-12 "A Resolution to Designate Applicant's Agent and Alternate" was presented. A motion to adopt Resolution 12-12 as written, was made by Commissioner Kroupa. The motion was seconded by Doug and unanimously carried.

Auditor Nush presented a Debarment Certificate to the Board for their signature. The document is a part of the FEMA process.

4. The matter of the storm recovery surcharge was brought before the Board. Manager Friederichs explained that the original calculation had shown \$8.24 per meter based on the assumption that all costs would be the expense of the Utility. Based on the meeting with FEMA, approximately one-million dollars will most likely be reimbursed to the Utility within one year. Two interest payments are due on the loan within the first year. A \$5.50 surcharge assessed on each meter was presented. This amount would be more palatable to the consumers going into the winter months. Within six months it is anticipated that a better understanding of the true financial costs will be known. Commissioner Kroupa stated that he wished to have information regarding the fee explained in the newspapers with the fact that the Board will reevaluate the fee in a 6-month time period. Auditor Nush presented customer billing possibilities. The assessment of the fee on each meter or per customer account was discussed. The Board was in agreement that a per meter assessment was preferred and those customers such as irrigators, multiple meter accounts and seasonal accounts were discussed.

A recess was called at 2:07 p.m. with the meeting reconvening at 2:17 p.m.

Resolution 12-11 "A Resolution Establishing a Temporary Storm Recovery Surcharge" was adopted by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried

Commissioners:

Resolution 12-10 "A Resolution to Change Commissioner District Boundaries" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

Commissioner Kroupa:

1. Attended no outside meetings.
2. Received a telephone call from an individual who had paid for a new line extension and was very unhappy that they had not received power in a timely manner. The individual has been refunded their payment less the \$200 engineering charge. The individual disputes the retention of the engineering charge as they feel the Utility did nothing to warrant the fee. The Policy Handbook details the process to be used and the handbook was followed.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended a TEDD meeting. Information from the meeting was presented.

Manager Friederichs reported that he questioned fellow managers on their Bonneville Rate Impact Models and whether they were accurate.

Commissioner Kroupa questioned whether the new computer system was performing as anticipated and whether accounting discrepancies were still occurring. Auditor Nush advised that the system is performing very well and the accounting system is accurate.

A recess was called at 3:02 p.m. with the meeting reconvening at 3:13 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of October 10, 2012 were \$1,620,185.35 with restricted funds of \$5,596.99. There were twelve outages in the month of September for a year-to-date total of one hundred forty-nine compared to one hundred 2011. The Revolving Loan/Grant Fund repayment report and the Large Power Summary were reviewed.
2. The Utility has received, on October 1, the first draw from the line of credit in the amount of \$1,154,500.00. The Storm Fund has been reimbursed and returned to \$980,000.00 and the Utility has also been reimbursed for expenses paid from the general fund.
3. The new computer systems delinquent account notification process is being utilized. The October report resulted in one hundred eight notices mailed with half paid prior to the 15th.
4. A delinquent business account was presented to the Board for their consideration. Commissioner Kroupa directed Manager Friederichs to contact the owner regarding the matter. Manager Friederichs advised that he preferred that the initial contact be made by an individual in credit and collections before his contact.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 9102 through 9193, direct payroll deposits numbers 901738 through 901769, Electronic Fund Transfer numbers 27, 28 and 29 in the total amount of \$1,366,243.09 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried. Electronic Fund Transfer number 27, 28 and 29 were issued as numbers 880189, 880190 and 880191 which are the numbering services from the old computer system. Warrant number 9187 was issued in error and has been voided.
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 mutual aid invoices received from each of the utilities, with the exception of Nespelem Valley, reflected a public utility tax charge. It has been learned that the Utility is to pay this tax and then take the amount as a credit against the excise tax. Will research this process more with regards to tax paid for fuel.
5. A State Emergency Management representative will begin working at the Utility at 9:00 a.m. on Wednesday, October 17. The process of gathering documentation has begun.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 4:23 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager