

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
November 19, 2012

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:03 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: Dan Stillings, Dan Fagerlie and John Sheehan

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 Mr. Stillings who was representing the Eagle Race Track. Mr. Stillings inquired into the availability of the street lights that were removed from main street several years ago. Manager Friederichs explained that the lights are obsolete and excess to the Utility. Mr. Stillings stated that the Track is County property and any improvements made would become property of the County. Attorney Graham was consulted regarding the possibility of transferring the lights to Ferry County and he advised that this would be acceptable. Mr. Stillings added that, in the event the lights were made available, the Racing Association would install them. A motion was made by Commissioner Kroupa to transfer the obsolete area lighting to Ferry County for the purpose of lighting the race track. The motion was seconded by Commissioner Davis and unanimously carried. The Board was thanked for their time and Mr. Stillings exited the meeting at 9:09 a.m.

Mr. Fagerlie advised that he was attending the meeting to observe.

There were no additional public comments.

Reports:

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

1. The crew continues to repair damage from the July 20<sup>th</sup> windstorm.
2. Met with FEMA personnel and have been identifying additional storm repair projects. An itemized listing was presented and briefly discussed. The Utility has been given sixty days from the initial kick-off meeting to identify all projects. Manager Friederichs added that the County's 1996 Emergency Response Plan may cause all applications for FEMA reimbursement to be denied. He has offered his assistance in updating the Plan but has yet to receive an answer. Mr. VanSlyke addressed problems associated with the Windsor Substation and has estimated \$56,000 to correct the damage. A lengthy discussion of options for this line was held. Outside contractors will be invited to inspect the area and provide a price estimate on both repairing in place or relocating the line.
3. Seattle Tree Service, the contract tree trimming crew, will work until the end of December on storm damaged tree removal. At this time there appears to be adequate storm damage work to carry the crew through next year.
4. The possibility of creating a Utility tree trimming crew was presented. A cost analysis will be presented at the December Board Meeting.
5. One hundred twenty nine pieces of equipment was damaged during the storm. This includes transformers, breakers and reclosers. Testing has been completed and repairable items will be sent for either repair or sale.

Mr. Fagerlie questioned whether FEMA would cover secondary damage, i.e., trees that were damaged and not yet down. Mr. VanSlyke explained that the FEMA criteria for a tree to be removed is that the tree must be leaning at 30 degrees, have 50% of the rootwad showing or have a broken crown.

Mr. VanSlyke exited the meeting at 9:37 a.m.

Attorney Graham advised of the need for an Executive Session for twenty minutes. Mr. Fagerlie exited the meeting at 9:38 a.m.

Attorney Graham advised that a commissioner-elect is a member of the public and has no Board privileges. He emphasized that the Board is not hiding anything from Mr. Fagerlie however, allowing him to participate in an Executive Session would violate the rights of other members of the public who would not be able to participate. A member of the public could be invited to attend an Executive Session if the Utility were being sued and the individual was a member of the litigation.,

The Board went into Executive Session at 9:40 a.m. to discuss pending litigation as per RCW 42.30.100(1)(I). The Board returned to regular session at 10:00 a.m. with a recess declared at this time. The meeting reconvened at 10:05 a.m. Mr. Fagerlie returned to the meeting and Mr. John Sheehan, Controller for Kinross Mines, joined the meeting at this time.

Manager Friederichs explained the Utility's desire to meet with mine officials regarding the contract that is in place for the supply of electric power to the Mill site. The changes in the Bonneville Power

Administration billing process to the Utility were explained with billing documents provided to Mr. Sheehan. Mr. Friederichs stressed the need to update the supply contract in order to more accurately charge for the Mill's consumption which may or may not be an increase in costs to the Mill. Mr. Sheehan will contact Manager Friederichs during the last week of November to set a meeting date.

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

1. The Budget Billing Plan was brought before the Board for discussion. The use of the Utility's average consumer consumption will be used for those individuals who will be receiving service at a newly constructed residence or, in the event there is no historical usage for a location.
2. A letter will be written to Ms. Smith's Attorney advising that the Budget Billing Policy has been modified and that the Utility will offer \$1,000 in settlement. The letter will also advise that Ms. Smith will have ten days to accept or decline the offer.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A letter was received from the Eagle Race Track regarding lighting.
2. A request has been received from the Republic Visitor and Convention Bureau for a sponsorship. The Board was in agreement that the Utility would pay membership only and was not in a position to offer additional sponsorship.
3. The matter of the TEDD membership was again brought before the Board. The Board was in concurrence that their decision made at the October meeting to again renew the membership would stand.
4. A ballot has been received from PPC and was provided to Commissioner Kroupa for his review.

Meetings:

1. Attended the WPUA Manager's meeting and found it very informative. A recap was presented. Several items may affect the Utility and more information will be made available in the future.

General Business:

1. The Utility's travel reimbursement policy may be out of date. Additional information is necessary before a decision can be made. It was recommended that a change be made to a per diem policy rather than actual reimbursement. The question has arisen whether attendance at one-day meetings which allows for one meal will result in the meal and mileage becoming taxable income to the traveler.
2. B.P.A. has advised that there will be an increase in the Transmission rate as they will be changing their method of calculating the rate. Utilities were advised that they could anticipate an increase of 2% to 32% and to expect 20% to 25%. This change will become effective in October of 2013.
3. A High Cost Loan solar customer has disputed the \$5.50 Storm Recovery Fee. The customer has spoken with several Utility personnel both in person and via telephone as well as written a letter. Manager Friederichs explained that these solar installations are insured through the Utility's insurance and any losses / damage to the systems would be covered by the insurance. Auditor Nush added that a special basic charge was not created for these individuals nor was a special kWh charge. The Utility pays all insurance premiums, each solar customer is not assessed for the premium. All Utility customers share in the expense of the premiums. The Board was asked to clarify their decision to assess each meter the \$5.50 fee. A brief discussion followed with the Board agreeing that they had not specifically spoken to the solar customers however, they are a part of the Utility system, the Utility is still responsible for the maintenance of the system and the \$5.50 Storm Recovery Fee should be assessed. Attorney Graham advised that the Utility needed to be consistent and treat all customers the same.
4. A proposed Small and Attractive Assets policy was presented for consideration and adoption at the December Board Meeting.
5. The NoaNet Project west of town has resulted in the Utility being billed \$500 by Forest Capital Partners for an easement we have in place to cross property administered by this company. The Board was in agreement that Forest Capital should be made aware that the Utility is not interested in paying the fee but would be interested in entering into the agreement.

The meeting recessed at 12:00 noon for lunch reconvening at 1:06 p.m. Mr. Fagerlie was present however Attorney Graham was not.

Commissioners:

Commissioner Kroupa:

1. Attended the NRU and PPC meetings in Portland. Both were very informative and information was presented. Topics discussed included the upcoming B.P.A. Transmission billing change, B.P.A.'s financial status as they are reporting and that B.P.A. can no longer discuss any plans regarding the change as they are in ex parte due to the upcoming rate hearing.

Attorney Graham joined the meeting at 1:13 p.m.

Commissioner Aubertin:

1. Attended the Energy Northwest meeting. Highlights from this meeting were presented. A small modular nuclear generator will be developed and located in the Tri-Cities. Steve Wright would like to see the Governor appoint the Board of Directors for Energy Northwest which would result in the existing Board being removed.
2. Attended the Legislative Luncheon in Colville.

Commissioner Davis:

1. Attended a TEDD meeting. A recap was presented.
2. Attended the Legislative Luncheon in Colville. Highlights of the event were presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. The 2013 Utility Calendars have been received and are being offered to customers. The feature picture shows mutual aid crews working on storm damage.
2. The Budget Billing process was presented for discussion. Section 13 of the Customer Service Policy Handbook was presented by Attorney Graham and a brochure, including an application to participate in the Program was presented by Treasurer Jurgensen. A motion was made by Commissioner Kroupa to adopt the changes to the Budget billing Program made on November 19, 2012. The motion was seconded by Commissioner Aubertin and unanimously carried.
3. Operating Funds available as of November 10, 2012 were \$1,683,344.27 with restricted funds of \$1,205,108.75. There were thirteen outages in the month of October for a year-to-date total of one hundred sixty-two compared to one hundred and six 2011. The Revolving Loan/Grant Fund repayment report and the Large Power Summary were reviewed.
4. The Utility has drawn from the line of credit a total of \$1,356,500.00. Additional expenses will be covered on a monthly basis and, as yet, materials have not been covered in these expenses.
5. Resolution 12-13 "A Resolution to Write-off Uncollectible Accounts" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

A recess was called at 2:27 p.m. with the meeting reconvening at 2:38 p.m. Attorney Graham returned to the meeting at 2:41 p.m.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 9194 through 9302, direct payroll deposits numbers 901770 through 901801, Electronic Fund Transfer numbers 30, 31, 32 and 33 and void warrants 9251 and 9252 in the total amount of \$664,439.99 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa was 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. A FEMA Reimbursement Request in the amount of \$1,056,132.98 has been signed and submitted. This amount includes mutual aid crew salaries, vehicles and meals. If this amount is approved it will be set aside by the State and the associated invoices reviewed in depth and the allowable portion paid to the Utility. The reimbursable amount will require approval from Washington, D.C. The Utility could receive 75% of the amount submitted. The State Legislature will determine whether the State will allow reimbursement with a maximum payable of 12%.

Manager Friederichs exited the meeting at 3:00 p.m. returning at 3:07 p.m.

5. The 2013 Preliminary Budget was presented and discussed at length.

Commissioner Kroupa exited the meeting at 3:37 p.m. for the remainder of the day

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at ~~3:34~~ **3:45** p.m. **Per 12/17/12 Board Meeting.**

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

\_\_\_\_\_  
President

ATTEST:

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Vice-President

\_\_\_\_\_  
Secretary

APPROVED:

\_\_\_\_\_  
Manager