

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

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:06 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 Fagerlie and Anthony Martinez *with the Law Office of Steve Graham*

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

There were no public comments.

Reports:

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

1. The crew continues to repair damage from the July 20th windstorm.
2. Several spans of the Fish Hatchery line have been relocated to allow for better access.
3. Outages continue to occur as a result of the snows.
4. Kinross Mines has donated a transfer switch to the Utility to be used at the Republic Elementary School. The switch will be used in conjunction with a generator, also to be provided by Kinross, which will allow the school facility to function as an emergency shelter.
5. The Ferry County Memorial Hospital has obtained a 500-kva padmount generator which will provide them with power during any future outages.

Mr. VanSlyke exited the meeting at 9:16 a.m.

The Board went into Executive Session at 9:17 a.m. for thirty minutes to discuss pending litigation as per RCW 42.30.100(1)(I). The Board returned to regular session at 9:47 a.m. to extend the Executive Session for an additional ten minutes. The Board returned to regular session at 9:57 a.m. with a recess declared at this time. The meeting reconvened at 10:20 a.m. with Commissioner Davis not returning at this time.

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

1. Attended the WPUDA Attorney's meeting in Vancouver which was held at the same time as the Annual Meeting. Found the meeting to be very informative.
2. Information regarding parcels of land that are being foreclosed upon by the County was presented and discussed. The Utility has right-of-way access on both parcels.

The Manager's Report was presented by John Friederichs:

Meetings:

1. Attended the Annual WPUDA Meeting. Topics of interest were presented. Learned that other utilities have had similar issues with the Mutual Aid Agreements not meeting FEMA requirements. It has been suggested that FEMA work with the WPUDA to ensure agreements are worded to meet their standards. The whole process may prove to be more lengthy and time-consuming than originally planned.

Mr. Fagerlie exited the meeting at 10:30 a.m. returning at 10:32 a.m.
Commissioner Davis returned to the meeting at 10:32 a.m.

Issues have arisen regarding the photovoltaic bill. Out-of-state contractors are performing work for in-state utility customers and the question now is "who owns the system and gets the incentive?" Quite a number of utilities have chosen to participate in B.P.A.'s pre-payment program. Some have borrowed money to participate. There is the possibility that the Department of Revenue will reclassify tree trimming work to landscaping which will change the work from tax-exempt to taxable.

Mr. Fagerlie exited the meeting at 10:42 a.m. returning at 10:43 a.m.

Some utilities have raised their rates with some even passing along multiple increases in one year. B.P.A. has estimated a 6% power rate increase based on their current rate impact model. It has been learned that B.P.A. is no longer using the same source information to develop the rate impact models. B.P.A. rate change information as developed by Auditor Nush was reviewed and discussed.

Correspondence:

1. Kinross Mines provided a generous donation to be used to assist families with their home heating bills.
2. Several notes have been received from customers who are appreciative of their electric service and stated that they are more than happy to make the monthly Storm Recovery payment. A large number of the Utility's customers understand what the District is dealing with financially.

Meetings:

2. Commissioner Kroupa and Commissioner-elect Fagerlie will attend the January WPUDA meeting in Olympia as well as the first session of the New Commissioner Orientation.
3. Commissioner Aubertin will attend the Energy Northwest meeting.
4. A meeting has been scheduled to discuss the Parks and Recreation proposed annual fees for right-of-way crossings. It may be possible to attend via telephone.

General Business:

1. Beginning in 2013, the Utility will be assessed a self-insured surcharge to help cover the expenses associated with insurance coverage for those individuals who do not have health insurance coverage. All

- members utilities of CWPU will be assessed the surcharge.
- 2. The newly passed Washington State legalization of marijuana has been discussed by the CWPU group. At this time there is no foreseeable change for utilities. Attorney Graham advised that the Utility may need to develop a policy detailing the Utility's stance on the matter.
- 3. The Utility has received the proposed B.P.A. Transmission billing increase. Unfortunately, it has been calculated to be 10.6% however, the exact increase amount will not be known until late in the summer of 2013.

Conservation information was presented by Manager Friederichs:

- 1. The Conservation budget is decreasing.
- 2. The Utility has very little activity planned. There may be some commercial projects in the future. There is the possibility that an insulation program will be implemented in the spring. The community action organization designated to perform work in our service area is Rural Resources with the contractor working out of Colville. In the past, Rural Resources would not perform work this far into Ferry County with the boundary being the Avista area on the west side of Lake Roosevelt.

Resolution 12-14 "A Resolution of Appreciation of Commissioner Davis" was adopted by a motion made by Commissioner Kroupa and seconded by Commissioner Aubertin. Commissioners Kroupa and Aubertin voted in favor of the Resolution with Commissioner Davis abstaining.

Resolution 12-15 "A Resolution to Adopt a Small and Attractive Assets Policy and Procedures " was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

Manager Friederichs reported that Customer Service Representative, Thea Webster, has submitted her notice of resignation. An advertisement to fill the position has been published.

A recess was called at 11:34 a.m. with the meeting reconvening at 11:42 a.m.

Commissioners:

Commissioner Kroupa:

- 1. He and Mr. Fagerlie will attend the WPUDA New Commissioner Training / Orientation and WPUDA meeting in Olympia in January.

Commissioner Aubertin:

- 1. Has attended no outside meetings but will attend the January Energy Northwest meeting.

Commissioner Davis:

- 1. Attended the Annual WPUDA meeting and provided highlights of the meeting.

Manager Friederichs exited the meeting at 11:50 a.m. returning at 11:53 a.m.

The meeting recessed at 12:02 p.m. for lunch reconvening at 1:03 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

- 1. Information regarding the delinquent process and accounts was presented. The number of delinquent notifications mailed each month is steadily increasing. The overall number of accounts in the 60 to 90 days past due is significantly less than in prior years.
- 2. Operating Funds available as of December 10, 2012 were \$1,988,675.65 with restricted funds of \$990,779.41. There were nine outages in the month of November for a year-to-date total of one hundred seventy-one compared to one hundred six for the same period in 2011. Outages for the years 2009 and 2010 which were one hundred thirty-one and one hundred fifty-four respectively, were also reviewed. The Revolving Loan/Grant Fund repayment report was reviewed

The Auditor's Report was presented by Sue Nush:

- 1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 9303 through 94189, direct payroll deposits numbers 901802 through 901833, Electronic Fund Transfer numbers 234, 235 and 236 in the total amount of \$566,278.22 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa was unanimously carried. Auditor Nush explained that the change of electronic fund numbers is a result of the computer program.
- 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. Resolution 12-16 "A Resolution Authorizing the Adoption of the Budget for 2013" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 2:03 p.m.

Note: Wording shown in bold italics are changes made at the January 21, 2013 Board Meeting

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager