

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
August 18, 2014

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:00 a.m. Present were Commissioners Chris Kroupa, Doug Aubertin and Dan Fagerlie; Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, Secretary/Treasurer Jayne Jurgensen, Deputy Treasurer Pam Allen, and Attorney Steve Graham.

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

Visitors: Crystal Strong joined the meeting at 9:05 a.m.

The minutes of the meeting were approved by a motion made by Commissioner Aubertin and seconded by Commissioner Fagerlie.

Public Comments: Crystal Strong asked the Board to sponsor the Bass, Blues, BBQ and Brews Festival that will be held September 26 through 28. They are trying to revive the annual blues festival that was held for many years and will be holding a fishing tournament along with it. A motion was made by Commissioner Aubertin to provide \$100 for sponsorship, seconded by Commissioner Fagerlie and unanimously carried. The Board was thanked for their time and Ms Strong exited the meeting at 9:13 a.m.

Commissioner Fagerlie brought a telephone call he received from a customer before the Board for discussion. He received a call from a local customer regarding the policy on security deposits. The consumer thought that requiring both a business deposit and a deposit on a personal account was a hardship, and that the deposit amounts required were too high. Treasurer Jurgensen explained that deposits on personal accounts were applied to a customer's account after 12 months of paying their bill on time, and that deposits were applied to a business account after 24 months of the bill being paid on time. Customers may also, in some instances, use a letter of credit from a prior utility company in lieu of a cash deposit or use guarantees from employers, landlords, or family members. Commissioner Fagerlie believed that the customer would be attending the meeting so further discussion was put on hold.

An Executive Session was called for fifteen minutes to discuss potential litigation as per RCW 42.30.110 Subsection 1, paragraph I at 9:20 a.m. The Board returned to regular session at 9:35 a.m.

Attorney Graham had no additional report to present.

Reports:

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

1. There is still work to be done that was originally scheduled to happen during the planned B.P.A. power outage that was cancelled in July. It will now be completed through the crew's regular maintenance schedule.
2. A crew was sent to Okanogan County P.U.D. to help repair fire-damaged lines. They were there for 13 days, with rotating crew members. Okanogan P.U.D. will reimburse the Utility for the cost of labor and equipment used. They were very complimentary of the crew's hard work.
3. Various fires in Ferry County, primarily in the Keller area, resulted in lost poles and damaged equipment. A firefighting helicopter hit and tore down a span of lines with its bucket while fighting a fire along Kuehne Road. Some temporary repairs were needed to get the power restored and permanent repairs will be needed.

Mr. VanSlyke exited the meeting at 9:40 a.m.

The 2015 Budget Workshop was led by Auditor Nush:

1. Kinross has announced that their operations will continue normally at least through the end of 2015 so it is not anticipated that there will be any significant change in revenue next year.
2. Deputy Treasurer Allen has been assisting the budget process by putting together detailed historical cost data.
3. Preliminary capital requirements for pole and transformer replacements are higher than for 2014. The Utility has been able to purchase some reconditioned transformers at lower cost in the past but it is getting harder to obtain them.
4. Approval is still being sought to build an access trail in the 10 - 13 Mile area. 2015 budget would include dollars to complete the permitting process and to build the trail. This is needed for the steep, rocky slopes that make it difficult to access lines there.
5. A new service truck with a bucket is being requested for 2015. The current truck is older and is getting costly to maintain. It would be retained to use for other occasional work, such as tree trimming.

6. A lengthy discussion was held about doing future tree trimming work internally instead of contracting it out. This would require the purchase of a wood chipper, and the addition of a journeyman tree trimmer. This position would also be able to do regular ground work. Further discussion was tabled until Superintendent/Engineer VanSlyke could rejoin the meeting.
7. Other items in the proposed capital list were amounts to do shop building maintenance, paint the P.U.D. building, repair the mural on the side of the P.U.D. office building, purchase a new computer server and some replacement computers, and upgrade the P.U.D. website. A new server is required for the utility POWERnet (UPN) program used by the Utility.

Superintendent/Engineer VanSlyke rejoined the meeting at 10:09 a.m.

The discussion on tree trimming continued with Mr. VanSlyke. Options to consider are continuing to contract the work out, which will require a larger budget for 2015 than in 2014 due to the amount of work that needs to be done, or have the Utility purchase a wood chipper and hire a journeyman tree trimmer. Two people are required to safely perform the work. Currently, the crew foreman is working with the contract tree trimmers so one additional employee would be required. A journeyman tree trimmer would be able to do other regular work when not tree trimming. The current service truck would be sufficient to use for this work. Mr. VanSlyke is still exploring this idea and will present a cost analysis of the two options to the Board.

Auditor Nush is scheduled to present a preliminary budget to the Board at the regular September meeting so she will have budgets with both scenarios put together for the Board to review. Commissioner Fagerlie requested some analysis with historical costs and trends along with the preliminary budget, which Auditor Nush agreed to provide.

Mr. VanSlyke exited the meeting at 10:32 a.m.

A recess was called at 10:33 a.m. with the meeting reconvening at 10:50 a.m.

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. A request was received for sponsorship of the Bass, Blues, BBQ and Brews Festival. Crystal Strong attended the meeting in person earlier in the day to also make the funding request.
2. The Utility agreed to a \$100 sponsorship of the Wings Over Republic Fly-In, which will be held the weekend of August 22 through 24.
3. Manager Friederichs has sent a letter in support of the proposed Army Corps of Engineers' plan to reduce cormorants on East Sand Island. The cormorants eat endangered populations of juvenile salmon near the mouth of the Columbia River.

Meetings:

1. Commissioner Fagerlie will attend a WPUDA association meeting September 17 through 19 in Chehalis, and Commissioner Fagerlie asked Commissioner Aubertin to attend a TEDD meeting on September 17.
2. Deputy Treasurer Allen will attend an NWPPA credit and collections workshop October 21 through 24 in Portland.
3. Manager Friederichs will attend the WPUDA Manager's meeting to be held in Leavenworth, October 30 and 31.
4. WPUDA will hold its annual conference in Vancouver December 3 through 5. Manager Friederichs will attend.

General Business:

1. A general discussion was held about the Utility's future Tier 1 Cost Allocation with B.P.A. and the possibility of Tier 2 load purchases. Manager Friederichs does not believe that Tier 2 load purchases will be needed. There is no word yet from B.P.A. about future rate increases.
2. An ad will be published in the local newspaper to address the public's questions about the cancelled B.P.A. outage that was scheduled for July. It will address the reasons for the planned maintenance and what impact the cancellation will have on future maintenance and system reliability. The B.P.A. line across Sherman Pass is the only power line to the area. Bringing in a secondary source of power would be extremely costly.
3. Some of the supplies that were purchased for the cancelled B.P.A. power outage picnic are nonperishable and will be stored for use next year. Anderson's Grocery took back most of the food items purchased with no restocking fee to the Utility. The Board will send a note expressing their thanks for Anderson's help.
4. Resolution 14-06 "A Resolution to Re-Direct Management VEBA Contributions" was presented and discussed. Commissioner Kroupa moved to adopt the resolution and Commissioner Aubertin seconded the motion. Commissioner Fagerlie voted against the resolution saying that the wording misrepresented the facts. Commissioner Kroupa rescinded his motion. Commissioner Aubertin asked that the wording of the resolution be corrected and that the resolution be presented again at the September Board meeting.

The Conservation Report was presented by Manager Friederichs:

1. Conservation work continues with window replacement being the primary focus.
2. The Job Corps is investigating energy conservation projects and is checking with B.P.A. for funding.

Commissioners:

Commissioner Kroupa:

1. B.P.A. will need 12 billion dollars over the next five years for capital improvements. At a presentation at the NRU meeting he attended, an economist said that the Pacific Northwest had a 6% pre-recession growth rate. It should be at 3% now going forward for economic recovery but it is not at that rate yet, indicating that recovery will be a lengthy process.

Commissioner Fagerlie:

1. Attended the July TEDD meeting. There was an EWU presentation on strategic sectors. The percentage of adults participating in the labor market in this area has continued to drop since the sixties. A pool of available workers is needed to bring new businesses into the area.

Commissioner Aubertin:

1. Attended Energy Northwest meeting. They have restructured their debt, which will allow B.P.A. to increase their borrowing power.

The meeting recessed for lunch at 11:58 and reconvened at 01:02 p.m.

Treasurer Jurgensen reminded the board that the Ferry County Fair is coming up August 29 through 31 and passed around a sign up sheet for shifts at the PUD's fair booth.

The Treasurer's Report was presented by Jayne Jurgensen:

1. A discussion was held regarding upcoming disconnects for nonpayment in the Keller area. Because of the Devil's Elbow Fire, the Board directed that customers there receive a notice instead, telling them that because of the fire situation they were receiving an additional month to pay their bill. If payment is not received by September 15, they will be subject to disconnect.
2. Operating Funds available as of July 31, 2014 were \$2,235,431.48 with restricted funds of \$2,024,420.51. There were thirty outages in the month of July for a year-to-date total of eighty-seven compared to ninety for the same period in 2013. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrant numbers 11698 through 11803, Direct Payroll Deposit numbers 902495 through 902529, Electronic Fund Transfer numbers 298 through 300 and 302 in the total amount of \$600,431.47 were approved by a motion made by Commissioner Aubertin and seconded by Commissioner Fagerlie.
2. The Financial and Statistical Report was reviewed by the Board with questions answered.

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

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

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager