

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
September 15, 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 Kroupa and Fagerlie; Manager John Friederichs, Attorney Graham, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, and Treasurer Jayne Jurgensen. Commissioner Aubertin joined the meeting at 9:07 a.m.

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

Visitors: Laura Sheele and Robin Rego of Energy Northwest and Nathan Davis.

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

The meeting was turned to the Energy Northwest visitors. An informative PowerPoint presentation was made detailing highlights of the past year as well as future plans for the Columbia Generating Station. The Member Forum XVII will be held in Kennewick October 23 and 24. A special meeting has been scheduled in conjunction with the November NRU and PPC meetings to provide information on the small modular reactors.

Mr. Davis exited the meeting at 10:02 a.m.

The Energy Northwest presentation continued with questions answered. The Board was thanked for their time and Ms. Sheele and Mr. Rego exited the meeting at 10:08 a.m.

The meeting recessed at 10:08 a.m. reconvening at 10:25 a.m.

Public Comments: None

Reports:

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

1. The crew continues to work on new construction projects.
2. Permanent repairs to the damaged caused by the fire in the Keller area have been completed.
3. The crew is switching to fall maintenance work.
4. Planning is underway for the annual seasonal account and irrigation meter readings
5. Some substation maintenance has been planned as has the dissolve gas testing for all of the substation transformers.
6. Shop improvement work is being scheduled as some of the buildings still need to have siding installed.
7. The crew has returned to a regular five days per week work schedule.

Commissioner Fagerlie questioned whether the proposal for a utility tree maintenance crew had been developed. Mr. VanSlyke reported that additional information is being gathered and the proposal has not been finalized. A discussion followed.

Attorney Graham advised that he had no report to present.

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. An invitation has been received from Nespelam Valley Electric Cooperative for their 75th Annual Member meeting. The date is October 3. No decision was made as to attendance.
2. Mr. Milos Bosanac has been named as the Utility's new B.P.A. Transmission Account Representative.
3. A thank-you has been received from the Andrew York Lineman's Rodeo planning committee. This was the last year for the event. The group has been able to award scholarships to eligible graduating seniors for the past ten years.

Meetings:

1. Commissioner Fagerlie will attend the monthly WPUDA meeting scheduled for September 17 through 19 in Chehalis.
2. Commissioner Aubertin will attend the September TEDD meeting as the Alternate Representative.
3. Commissioner Kroupa will attend the Energy Northwest Member Forum.
4. Pam Allen will attend the annual Credit and Collections Workshop in October.

5. Manager Friederichs will attend a WPUA Manager's Meeting scheduled to be held October 30 in Leavenworth.

General Business:

1. Information was presented regarding a small Washington utility who has been able to reduce their meter reading costs by utilizing a small airplane. They have been able to obtain accurate readings in this manner and have reduced the length of time the work took. The possibility of the Utility moving to the same process was discussed. This would require an upgrade of all of our meters in the outlying areas. Additional information will be gathered and surplus meters will also be researched.
2. B.P.A. Administrator Elliot Mainzer will be at the Okanogan County P.U.D. on November 5 to discuss utility issues. A similar meeting will be held in Spokane on September 23.
3. B.P.A. assessed the Utility an Excess Demand Charge in the amount of \$15,000 on the August billing. We were also assessed such a charge in the amount of \$43,000 on the February billing. This occurs when the Utility's actual usage exceeds what B.P.A. has estimated we would use.
4. The Packwood Participants Annual Report is now available for review. The Utility no longer receives a payment for generation from Packwood as Clallam P.U.D. entered into a Memorandum of Understanding with the Utility to purchase our portion of the output.
5. Information has been received that the State requirement for the use of alternative fuel vehicles does apply to the Utility. A waiver for the Utility will be requested as this requirement will prove impractical and unworkable. There is the possibility that all utilities within the State will be required to install vehicle charging stations.
6. Have been contacted by a NoaNet representative regarding the possibility of the Utility installing fiber from Republic to Curlew. The FCC has contacted NoaNet regarding the need for them to expand their fiber. The representative has been invited to make a presentation at a Board meeting.
7. The new load shaping report from B.P.A. was discussed. At this time, B.P.A. is estimating that there will not be an annual true-up for our Utility.
8. The cost of power, based on the August Bonneville billing was 3.48-cents.
9. A proposal to allow a mid-year step increase for Deputy Treasurer Allen was presented and discussed. A motion was made by Commissioner Kroupa to allow Manager Friederichs to grant a one-half step increase. The motion was seconded by Commissioner Aubertin and unanimously carried.
10. Resolution 14-06 "A Resolution to Re-Direct Management VEBA Contributions" was presented with discussion following. A motion was made by Commissioner Kroupa to adopt said resolution. The motion was seconded by Commissioner Aubertin with Commissioners Kroupa and Aubertin voting in favor and Commissioner Fagerlie voting against. The Resolution was adopted. Commissioner Fagerlie requested that he be allowed to include the word "nay" after his name when signing the resolution. Attorney Graham advised that this would be acceptable.

The meeting recessed at 11:59 a.m. for lunch reconvening at 1:02 p.m.

The Conservation Report was presented by Manager Friederichs:

1. Harding's Hardware has been contacted regarding the possibility of their selling Energy Star rated LED lights which would be an approved program with B.P.A. Unfortunately, Harding's is not able to participate.
2. B.P.A. is promoting a smart power strip/surge protector. These units are being tested by the Utility and if deemed beneficial, will be offered through the rebate program.
3. The Curlew Conservation Center is again interested in having conservation work completed on some of the buildings at the Center.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.
2. Will attend the Energy Northwest Member Forum to be held in October.
3. Will attend the NRU and PPC meetings to be held in November as well as the Energy Northwest meeting following the PPC meeting.

Commissioner Aubertin:

1. Attended no outside meetings.
2. Will attend the upcoming Energy Northwest meeting as the Utility's representative and the Member Forum.

Commissioner Fagerlie:

1. Attended a TEDD meeting with information presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Telephone calls are being received from customers that the Board granted special consideration to due to the fire in the Keller area in August. The Board was in agreement that no additional special consideration should be granted. One commercial account is again subject to disconnect. The Board was in agreement that the normal process for business accounts should be followed and if the owner does not respond, the account can be disconnected.
2. Operating Funds available as of August 31, 2014 were \$2,231,446.49 with restricted funds of \$1,959,641.41. There were eight outages in the month of August for a year-to-date total of ninety-five compared to one hundred sixteen for the same period in 2013. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
3. Resolution 14-07 "A Resolution to Cancel Unclaimed Warrants" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Fagerlie and unanimously carried.

The Auditor's Report was presented by Sue Nush:

1. The Utility now has four local solar customers participating in the State's Incentive Rebate Program.
2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 11804 through 11886, direct payroll deposits numbers 902530 through 902564, Electronic Fund Transfer numbers 301 and 303 through 305 in the total amount of \$546,312.87 including void warrant 11475 in the amount of \$50.00 were approved by a motion made by Commissioner Kroupa and seconded by Commissioner Aubertin and unanimously carried.
3. The Financial and Statistical Report was reviewed by the Board with questions answered.

A recess was called at 2:13 p.m. with the meeting reconvening at 2:25 p.m.

4. The 2015 Preliminary Budget was presented with questions answered. The October Budget Hearing was discussed. A motion was made by Commissioner Fagerlie to hold the 2015 Budget Hearing on Monday, October 20 at 1:00 p.m. The motion was seconded by Commissioner Aubertin and unanimously carried. Treasurer Jurgensen will see to the appropriate public notification.
5. A message has been left on the Utility's main answering machine indicating that a customer had been attempting to report an outage through the weekend and was unable to reach the Sheriff's Office. A new message for the answering machine will be recorded in hopes of helping reduce customer frustration.

The meeting recessed at 3:22 p.m. until 5:00 p.m. for the purpose of a Revolving Loan Meeting.

The Revolving Loan meeting was called to order at 5:00 p.m. with Commissioners Kroupa and Fagerlie, Manager Friederichs and Committee Members Steve Graham and Gail Kuehne present. Commissioner Aubertin joined the meeting telephonically. Committee Member Dan Miller was absent.

Applicants Tim Schooley and Amy Rooker with Tim's Tire Pros met with the Committee to present and discuss their proposal. Additional information was requested of Mr. Schooley and Ms. Rooker and they were given two weeks to assemble the required financial documentation.

The meeting recessed at 5:30 p.m. until Monday, September 29, 2014 at 5:00 p.m.

The meeting reconvened at 5:00 p.m. on September 29, 2014 with Commissioners Kroupa and Aubertin, Manager Friederichs and Committee Members Steve Graham and Gail Kuehne present. Commissioner Fagerlie joined the meeting at 6:00 p.m. Committee Member Dan Miller was absent.

Also present were applicants Tim Schooley and Amy Rooker and Rob Willford, TEDD Loan Officer.

Additional financial information was presented with Mr. Willford's assistance and a lengthy question and answer process followed.

Commissioner Dan Fagerlie joined the meeting telephonically at 6:00 p.m.

Information presented and discussed prior to Mr. Fagerlie's joining the meeting was provided. Discussion continued with questions and answers following.

The meeting recessed at 6:05 p.m. reconvening at 6:20 p.m.

Discussion of the loan structure, interest rate and loan period followed. Several amortization scenarios were presented by Mr. Willford. A five-year repayment period at 5% interest was selected.

A motion was made by Commissioner Kroupa to approve a five-year, 5% loan for \$15,000 for stock purchases, \$29,300.00 for a line of credit retirement and \$700.00 for closing costs for a total loan amount of \$45,000. These funds are to be placed in an escrow account and be disbursed to the applicant as per an agreement to be drawn by Attorney Graham and Mr. Willford. The motion was seconded by Commissioner Aubertin and unanimously carried.

With nothing further to come before the Board, the meeting was adjourned at 6:35 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager