

**MINUTES OF THE BOARD OF COMMISSIONER MEETING
OF KITTITAS COUNTY PUD #1
JULY 28, 2014**

The meeting of the Board of Commissioners of Public Utility District #1 of Kittitas County was called to order by President Paul Rogers at 1:00 P.M.

Roll Call:

Paul Rogers, President
Rogers Sparks, Vice-President
Shan Rowbotham, Secretary

Staff Present:

Matt Boast, General Manager (GM)
Brian Vosburgh, Assistant General Manager (AGM)
Genine Pratt, Finance Manager (FM)
Kelly Carlson, Administrative Assistant

Guests Present:

Corina Stretch – PSE
Ginger Wilkins - Customer
Richard Wilkins - Customer
Phil Kenison - Customer
Rollie Bernth – Ward Rugh
John Ufkes – Customer
Mike Lowe – Customer
Julie Ufkes - Customer

Public Comments/Introduction of Guests

John Ufkes (Boston Road, Ellensburg) – Mr. Ufkes is a local attorney but was speaking as a customer of the utility. He went over concerns of the legality of the PUD serving cannabis farms due to federal law. He spoke on federal vs. state laws on cannabis. He informed the Commissioners that he had spoken with the federal government in Washington DC for policy clarification and they stated that had not direction at this time and are still working on a policy. As a customer Mr. Ufkes recommended denying service to cannabis farms until BPA has clarified their policy on power that serves cannabis farms.

Phil Kenison (Carroll Road, Ellensburg) – Mr. Kenison stated that since cannabis is federally illegal the PUD should not serve them due to the fact that BPA provides our power. He is concerned on the draw of power the cannabis farms will take that may affect his ability to irrigate his property.

Rollie Bernth (Ward Rugh) – Mr. Bernth expressed his concern over contamination to export hay by cannabis grows. This is detrimental to export products.

Rich & Ginger Wilkins (Carroll Road, Ellensburg) – Mr. Wilkins stated that his property is adjacent to the cannabis grow on Carroll Road. He stated that he is opposed to its location and is concerned about contamination to his property and other neighboring fields. He is also concerned about the amount of power they will use and the possible odor they may emit.

Mike Lowe (WPA Road, Ellensburg) – Mr. Lowe inquired as to if BPA has not given any direction on this topic is the PUD still required to serve?

Corina Stretch (PSE) – Ms. Stretch stated that PSE is getting a lot of inquiries on cannabis farms. She also stated that PSE is currently serving cannabis farms.

Commissioner Rogers:

- Considered the “decline to serve” option but GM Boast stated that we are already serving three cannabis farms and how that would impact them. Commissioner Rogers stated that we should notify and inform all cannabis farms of possible impacts of BPA policy.

Commissioner Sparks:

- Stated that the utility must make cannabis farms pay for their own cost of development. He added that he feels our Large Load Policy and Line Extension Policy is covering this issue.

Commissioner Rowbotham:

- Stated that there needs to be a bond requirement for tier 2 power purchase contract. Commissioner Rowbotham then referred to the letter from Clallam County requesting support to pressure BPA into a policy decision and direction on how to handle cannabis farms in the interim.

MOTION: Commissioner Rowbotham motioned to move forward with Terry Mundorf’s recommendation #3 – to provide written notice to current and future cannabis farms of possible restrictions from BPA in the future.

SECOND: Commissioner Rogers seconded.

VOTE: Table until next Commissioner Meeting. 3-0

DISCUSSION: Commissioners would like to set up a meeting with Terry Mundorf to discuss this issue prior to making a final policy decision.

Agenda

Changes to the Agenda:

- 1) Move Item 7.5 – Electric Service to Cannabis Growers/Retailers to directly after public comments.
- 2) Add Item 7.6 - Resolution #810 – Appoint an Internal Auditor
- 3) Remove Workshop Minutes 6/23/2014 from Consent Agenda and put under 6.5.

MOTION: Commissioner Rowbotham moved to approve agenda as amended.

SECOND: Commissioner Sparks seconded

VOTE: 3-0 Approved

Consent Agenda

Pulled Item 4.3 Workshop Meeting Minutes 6/23/2014, Moved to 6.5

Consent Agenda Items: June Warrants
Regular Board Meeting Minutes 6-23-2014
Resolution No. 805-Transfer & Invest Funds

Commissioner Rowbotham motioned to approve the Consent Agenda as amended.

Commissioner Sparks seconded

Vote: Approved 3-0

Financial Reports

FM Genine Pratt reported on the following:

FM Pratt presented the financial narrative and fielded any questions the Commissioners had.

5.1 Consumer Sales & Revenue – FM Pratt stated that the revenue is down a bit but that has a lot to do with last year's meter change out program.

5.2 Collection Activity Report – FM Pratt wanted to point out the fees charged in 2014.

5.3 Top Ten Consumers – FM Pratt wanted to bring to the Commissioners attention just how important these consumers are.

5.4 Commissioner Expenses – No Action

5.5 Helping Hands Activity – Commissioner Rogers requested this be advertised more via monthly statements or Ruralite.

5.6 Fixed Asset/Special Equipment Purchases – FM Pratt went over this report with the Commissioners and fielded any questions they had.

5.7 Inventory Activity – FM Pratt went over this report with the Commissioners. She pointed out that we had reduced our inventory by \$59K.

5.8 Statement of Net Position – FM Pratt went over this report with the Commissioners.

5.9 Revenues, Expenses, Change in Net Position – FM Pratt went over budget vs. actual and there is only a \$3K difference so we are right on track.'

5.10 Statement of Cash Flows – FM Pratt stated that our cash has decreased in the last 6 months.

5.11 Quarterly Budget Recap – Staff went over this report with the Commissioners and answered any questions they had as far as project costs, schedule, etc.

Commissioner Rowbotham stated that we may have to look at doing a budget amendment at the end of the year.

Old Business

- 6.1 **Medical Insurance Review:** GM Boast went over update on our medical benefit project and stated that we will know more next month.
- 6.2 **Resolution #784 Employee Recognition Program** – No Action
- 6.3 **Board Retreat Objectives** – GM Boast stated that he likes to include to be sure we are still on track with our objectives.
- 6.4 **New Warehouse Position** – OM Vosburgh stated that Jim Mills was hired for this position and will begin employment on 8/05/2014. He then went over Jim's background and our hiring process.
- 6.5 **Workshop Minutes 6/23/2014** – Commissioner Rogers requested some language be added in relation to Ms. Gilliland's statements.

New Business

- 7.1 **Beverly Bridge Fire Update:** GM Boast went over what fire damage we had and stated that we have approximately 5 poles to set still. OM Vosburgh added information on the progress of repairs and our power is being distributed in that area. Since the Beverly Trestle was badly damaged OM Vosburgh brought up the issue of do we keep Beverly or just keep Sentinel? He stated that the utility needs to study this further to determine the best course of action.
- 7.2 **Kingdom Hall Property BLA:** GM Boast stated that the Kingdom Hall has accepted our offer and we are now doing a Boundary Line Adjustment to move along.
- 7.3 **Asset Management Policy:** No Action.
- 7.4 **Carbon Tax Position:** GM Boast went over the letter from Clallum County PUD with regard to Carbon Tax Position. He requested guidance on where the Commissioners stood on this issue.
MOTION: Commissioner Sparks motioned to support Clallum County PUD's position to urge Energy Northwest to remain neutral on this issue.
SECOND: Commissioner Rowbotham seconded.
VOTE: Approved 3-0 Commissioner Rowbotham will draft a letter.

7.5 *Electric Service to Cannabis Farms/Retailers* – moved to after public comments.

7.6 *Resolution #810* – To Appoint an Internal Auditor

MOTION: Commissioner Rogers motioned to Approve Resolution #810 –
Appoint an Internal Auditor.

SECOND – Commissioner Rowbotham seconded

VOTE – 3-0 approved.

Operations Report

8.1 *Project Status and Schedule*:

OM Vosburgh reported on the following:

- *Work Order Summary*

- *Crew Update*

8.2 *Work in Progress Monthly Activity* –

○ Safety Meeting –OM Vosburgh stated that he is still trying to get training services but has yet to get a reasonable cost.

○ Clymer Sub/Anderson Tap – It was reported that the tree trimming crew will need to go out here as soon as possible, there is a lot of overgrowth.

○ Basin Tree – Is currently working in the Upper County

8.3 *Work Order Report*: OM Vosburgh went over the report with the Commissioners and answered any questions they had. Commissioner Rowbotham requested staff add a column before the contribution column.

Engineering Report

9.1 *Capital Project 202 – Smithson-Jenkins*: No Action

9.2 *Capital Project 203*: No Action

9.3 *Alpine Estates*: GM Boast stated that the design is in place and is permitted. He also stated that we will be notifying these customers with an upcoming schedule of the project.

9.4 *Redundancy Study*: No Action

9.5 *Security Light/LED Replacement Project*: GM Boast informed the Commissioners that staff had participated in a conference call with BPA to

discuss the possibility of a custom project. He stated that we plan to go out for a sealed bid for approved lights then have the crew install as time allows.

9.6 *Engineering Look Ahead:* No Action

9.7 *Outage Reports:* No Action

9.8 *Substation Report:* No Action

Managers Report:

GM Boast went over his Manager's report and answered any questions the Commissioners may have.

Commissioners Report

Commissioner Sparks –

- Congratulations to Commissioner Sparks on receiving a plaque from Energy Northwest for his years of service on the Board.

Commissioner Rowbotham –

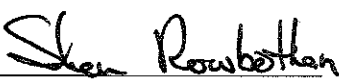
- Shared that he had toured the nuclear generation station.
- Shared the presentation from Okanogan PUD on the fire destruction of their facilities.

Commissioner Rogers –


- HR Committee Meets twice a year and would like staff to attend.
- Northwest River Partners Brochure.
- Distributed Generation – Third Party ownerships.
- Set up meeting with Terry Mundorf regarding cannabis farms

Meeting adjourned at 4:20 P.M.


ATTEST:



Shan Rowbotham, Secretary



Paul Rogers, President



Roger Sparks, Vice President