

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

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

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

Visitors: Bonneville Power representatives Ken Hustad and Nancy Schimmels.

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

Reports:

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

1. The transformers obtained from Kittitas P.U.D. have been put into service at the Wauconda Substation. The three-phase service for Columbia River Carbonates has been restored. The reduced service was during their annual period of reduced production. The Board asked that a letter be written to the Kittitas Board of Commissioners thanking them for their help.
2. The Swawilla Basin line reroute is nearing completion.
3. Spring rains and flooding created pole problems that resulted in additional maintenance.
4. Heavy rain and flooding in the Republic area last week resulted in a customer's basement flooding. The Utility was called on to disconnect the power.
5. The meter reader is now identifying problem areas for future crew maintenance.
6. The Manilla Creek reroute is working it's way through the Bureau of Indian Affairs process. The Utility has been advised that it must go through the full BIA survey process which may increase the cost of the project. At this time there are four or five inaccessible poles that are to be relocated if authorization is obtained.
7. Pole testing will start in the Keller area.
8. Tree trimming will begin in March.
9. Work continues on two High Cost projects.
10. The Board was apprised of events surrounding a possible line extension in the Danville area. A customer is unwilling to grant a right-of-way, for either underground or overhead service, to allow another individual power. Several routes have been proposed with none acceptable to the property owner. Utility options were discussed at length with Attorney Graham providing guidance. The potential customer has already paid \$14,725.00, the original engineering estimate which was based on a line location agreement which has since been revoked. The Board was in agreement that they would like to see the project move forward. Attorney Graham was directed to develop a letter to the current customer which will be signed by the Board.

Mr. VanSlyke was thanked for his time and he exited the meeting at 9:45 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 9:45 a.m. for fifteen minutes for the purpose of discussing potential litigation. The Board returned to regular Session at 10:00 a.m.

The Attorney's Report was presented by Attorney Graham:

1. Procedures to be implemented with respect to the handling of customer's credit card numbers, were developed and presented to the Board.
2. Modifications to the Personnel Policy Handbook were proposed as they relate to exempt and non-exempt personnel. The matter will be considered for adoption at the April Board meeting.

Manager Friederichs exited the meeting at 10:12 a.m. returning at 10:15 a.m.

3. An amended Contract for Legal Services was presented for Board review. The matter was approved at the February Board Meeting and the Board was in concurrence that Manager Friederichs should sign the approved Contract.

The meeting recessed at 10:21 a.m. reconvening at 10:32 a.m.

Manager Friederichs exited the meeting at 10:33 a.m., Manager Friederichs and Auditor Nush returned to the meeting at 10:34 a.m.

Visitors Ken Hustad and Nancy Schimmels with Bonneville Power Administration joined the meeting at 10:30 a.m.

The meeting was turned to the B.P.A. visitors. A thorough review of the new B.P.A. Power billing process was presented with questions answered. *Ms. Schimmels' presentation explained how the demand charges are calculated under the new TRM contracts.* Mr. Hustad and Ms. Schimmels thanked the Board for their invitation to the meeting and for the time granted them to discuss important matters.

The meeting recessed at 11:55 a.m. for lunch, reconvening at 1:05 p.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request for sponsorship has been received from the Republic Motorcycle Rally committee. The Utility will again sponsor in the amount of \$100.
2. A request has been received from the Prospector's Days Committee to sponsor the event. The Utility will again sponsor in the amount of \$100.
3. A request for support has been received from the Keller Rodeo Committee. The Utility will sponsor again in the amount of \$50.
4. A proposal has been received from the Stonerose Fossil Center to help defray the costs of the power associated with an additional display trailer which will be arriving in late spring. A discussion followed with the Board concurring that the Utility will again sponsor the organization with \$100 as Kinross Mines have agreed to cover the additional expenses of the display trailer.

Meetings:

1. The April WPUDA meeting has been scheduled for the 12th and 13th.
2. The NRU meeting has been scheduled for May 2.
3. The Annual NWPPA meeting will be held in Coeur d'Alene, Idaho May 12 through the 17th. Commissioner Aubertin will attend.
4. B.P.A. has scheduled their "Common Ground" meeting for March 28 at their Mead facility.

General Business:

1. A bill that is currently before the Washington State Ways and Means Committee will authorize counties to assess a 6% maximum utilities tax. This is one of many proposals to increase state revenue. Auditor Nush added that those customers within the City limits are already assessed a utility tax which was imposed by the City. The new tax, if imposed, would affect those customers outside the city limits. The exemption of Okanogan County customers was briefly discussed.
2. The new bucket truck was presented for Board viewing. The Board exited the Board Meeting room for a period of fifteen minutes to be shown the new vehicle.
3. Information regarding the recent B.P.A. Power billing was presented and discussed. The Utility's cost per kWh increased significantly. The Utility's customers are seeing a much smaller increase than the Utility is faced with. At this time, there is still no way to predict costs from one month to the next.
4. The beginning of the SEDC/UPN billing conversion will begin with on-site training. The planned April 1 date is still firm and all is progressing very well.

The Conservation Report was presented by Manager Friederichs:

1. There is the possibility that the Keller School will qualify for another conservation lighting and HVAC control upgrade project. Information has been provided to B.P.A. with no final determination received.

Resolution 12-02 "A Resolution Establishing Manager's Compensation" was presented for Board signing. No further discussion was held as the vote was taken at the February Board Meeting.

Schedule 28-12 of the Wage and Administrative Pay Schedule was signed. No further discussion was held as the vote was taken at the February Board Meeting.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Aubertin:

1. Has contracted BIA personnel and a Tribal Councilperson regarding the Manilla Creek project.

Commissioner Davis:

1. The results of the Washington State Financial Audit were briefly discussed. Manager Friederichs was directed to obtain additional information pertinent to the audit. Auditor Nush reported that she has identified reporting issues with the accounting portion of the PCS computer system that resulted in inaccurate final reports for the past several years. Discrepancies on a specially developed report were not identified in a timely manner.
2. Attended a TEDD meeting with the highlights presented.

3. Attended the WPUA with a very informative overview presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 10, 2012 were \$1,620,333.92 with restricted funds of \$1,040,295.01. There were seven outages in the month of February for a year-to-date total of thirteen compared to five for the same period in 2011. 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. Warrants Numbers 8324 through ~~8411~~ ***ending warrant number should be 8421*** direct payroll deposits numbers 901522 through 901553, Electronic Fund Transfer number 6 through 8 in the total amount of \$676,790.44 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
2. The final 2011 Status of the Budget was presented.
3. A pole contact billing has been received from Frontier Communication. Documentation detailing the cost calculation has been requested due to the significant charge.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 3:55 p.m.

BOARD OF COMMISSIONERS
PUBLIC UTILITY DISTRICT NO. ONE
FERRY COUNTY, WASHINGTON

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager

Notations shown in bold italics reflect changes or additions made at the April 16, 2012 Board Meeting.