

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
February 21, 2012

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:10 a.m. Present were Commissioners Aubertin and Chris Kroupa, Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke; Attorney Steve Graham and Secretary/Treasurer Jayne Jurgensen. Commissioner Nathan Davis entered the meeting at 9:37 a.m.

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

Visitors: None

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 reroute in Swawilla Basin is progressing. Approximately one-half on the wire has been strung.
2. A tree came through the line on Brush Creek and that repair has been completed.
3. The Manilla Creek reroute is not moving forward. The BIA permitting process has again stalled.
4. Aaron Baldwin is doing well in the metering class. Will be an asset to the Utility to have one of the crew trained in metering.
5. The Howard (Wauconda) Substation is still receiving power from the City Substation. The used transformers have been inspected and an estimate for the refurbishing has been received. The cost estimate has come in higher than anticipated and nothing has been finalized. A brief discussion followed. The work will be completed prior to Columbia River Carbonate's annual start-up and need for 3-phase service.
6. Verification of meters is being completed. One energized but unbilled service has been identified.
7. Work on the system-wide voltage reduction continues. It is hoped that this will save the Utility money in the B.P.A. power billing. Manager Friederichs added that, NWPPA has reported that the most cost effective method is demand reduction at substations.

Commissioner Kroupa reported that he took copies of B.P.A. billings reflecting the new billing process as well as for the same period of time in 2010 and 2011 to Portland to be reviewed. Not certain if there will be a positive outcome. Manager Friederichs stated that the Utility's demand charges for February 2012 were \$21,000. The Utility's Account Representative, Ken Hustad and Nancy Schimmels will attend the March Board meeting.

Commissioner Aubertin advised that he will again make inquiries with the BIA regarding the Manilla Creek project.

Commissioner Kroupa reported that Hayley Aubertin has been selected by the Ferry County Commissioners as their new Clerk of the Board.

Mr. VanSlyke was thanked for his time and he exited the meeting at 9:30 a.m.

Attorney Graham indicated that an Executive Session was in order. The Board moved to Executive Session for the purpose of discussing potential litigation at 9:35 a.m. for a period of twenty minutes.

Commissioner Davis joined the meeting at 9:37 a.m.

The Board returned to Regular Session at 10:05 a.m. with a recess declared at this time. The meeting reconvened at 10:18 a.m.

The Attorney's Report was presented by Attorney Graham:

1. There is again emphasis being placed on the need for elected officials to record executive sessions. No final determination has been made.
2. It may be necessary for Attorney Graham to step from the meeting periodically throughout the day due to court activity.
3. A draft overtime policy for exempt and non-exempt personnel was distributed and discussed. As advised previously, the only true exempt management position is that of the Manager. In order for a position to be considered exempt the incumbent must manage for 80% of the time. The Board was asked to review the proposal for review and adoption at the March Board meeting.
4. An increase in the Attorney's hourly contract rate presented. Attorney Graham pointed out that he has been the Utility's Attorney since 2003 and has been compensated at \$90 per hour from the start. A discussion followed. The Board was in concurrence that they would accept Attorney Graham's proposed hourly fee of \$120.00. Attorney Graham will develop an addendum to his contract for presentation at the March Board Meeting.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. Melissa Rose has requested an additional \$100 for the Ferry County Pride Month activities, specifically, the Conservation Fair. The Board was in concurrence.
2. The Utility has again renewed its membership in the Washington State Cattlemen's Association.
3. The annual TEDD billing has been received. The Utility's dues are now \$1,525.

Attorney Graham exited the meeting at 11:03 a.m.

Commissioner Davis reported that he has confidence in the new TEDD Director and will be attending a meeting later in the week. A discussion followed with the Board in concurrence that they would renew their membership for the 2012 year.

Attorney Graham returned to the meeting at 11:08 a.m.

4. A request for sponsorship has been received from Melinda Thomas of Wildwind Farms for her upcoming horse shows.

Attorney Graham exited the meeting at 11:14 a.m.

The Board discussed the sponsorship request and concurred that the Utility could not provide financial support.

5. A request has been received from Amy White for financial support of her participation in the American Trail Horse competition in Texas. The Board was in concurrence that the Utility could not support this request.
6. A sponsorship packet has been received for a participant in the 8<sup>th</sup> Annual Nashville Country Star competition to be held in Omak. The Board was in concurrence that the Utility could not support this request.

Attorney Graham returned to the meeting at 11:18 a.m.

Meetings:

1. An invitation to attend the Ferry County Chamber of Commerce meeting to be held on February 28 has been received.
2. An invitation to B.P.A.'s "Common Ground" symposium scheduled for March 28 has been received.
3. Registration information has been received for the March 7 through 9 WPUDA meetings. Commissioner Davis and Manager Friederichs will attend.

The meeting recessed at 11:28 a.m. reconvening at 11:35 a.m.

General Business:

1. The monthly B.P.A. Power billing was discussed. Commissioner Kroupa and Manager Friederichs attended a B.P.A. meeting in Portland. Information from the meeting was presented and discussed. B.P.A. is now offering utilities the opportunity to extend their supply contracts for three additional years. Participation in the offer may prove to be limited. Commissioner Kroupa also attended the PPC and NRU meetings and information from these meetings was presented and discussed. It is anticipated that B.P.A. will propose a rate increase for their fiscal years 2013 and 2015 that would allow them to recover the costs associated with the payments which will be made to the wind generators.
2. The acceptance of the proposed Customer Service Policy Handbook was presented for Board consideration. Following a brief discussion, a motion was made by Commissioner Davis to accept the changes to the Customer Service Policy Handbook. The motion was seconded by Commissioner Aubertin and unanimously carried.
3. A proposed management salary compensation schedule was presented for Board consideration. A lengthy discussion followed.

The meeting recessed at 12:05 p.m. for lunch reconvening at 1:08 p.m.

Manager Friederichs continued his report:

Discussion of the proposed management salary schedule continued. A motion was made by Commissioner Kroupa to allow a 3% cost of living increase for management personnel with a cap placed on the annual performance step increase of ½ of a step. The motion was seconded by Commissioner Davis and unanimously carried.

The Board conducted a performance evaluation with Manager Friederichs. A motion was made by Commissioner Davis to grant a ½ step increase to Manager Friederichs. The motion was seconded by Commissioner Kroupa and unanimously carried. A resolution will be prepared for the March meeting.

4. The filing period for the upcoming County election was discussed.

The Conservation Report was presented by Manager Friederichs:

1. The Utility has received information from B.P.A. advising that an additional \$63,000 will be made available. Large project funding is still available. Criteria for this type project includes costing more than 50% of normal funding.
2. The Keller School District has contacted the Utility regarding their desire to upgrade their HVAC controls as well as lighting. Additional information will be gathered and provided to B.P.A. for their determination.
3. Repayment from B.P.A. has just been received for a project completed by the Utility in 2009 at the Republic Schools.

Commissioner Davis reported on a conversation with Jerry Graser regarding possible heating system analysis at the Ferry County Courthouse. Had the County Commissioners voted to move forward the County would have been mandated by the State to proceed with the project.

Commissioner Kroupa reported that Mr. Graser has completed energy audits of the various fire stations. It was recommended that the fire districts switch their heating sources to electricity which should allow for a potential cost savings of one-third of the heating costs. Other logical recommendations were also made.

Commissioners:

Commissioner Davis:

1. Attended a TEDD meeting. Highlights of the meeting were presented. The Trends Website will continue, a planning director will be hired and will work in all three counties, a possible part-time position may be filled to help with business outreach.

Commissioner Aubertin:

1. Attended no outside meetings.
2. A conversation with a Republic businessman was shared. The gentleman expressed his concern regarding the Utility's decision to move the major portion of it's business away from his business. Manager Friederichs and Auditor Nush provided information regarding previous conversations with the business owners and the Utility's position on the matter. Commissioner Davis added that he has set up several meetings with the gentleman to discuss the matter but the gentleman failed to keep the meetings. The Utility has given no direction to personnel to stop doing business at this specific location.

Commissioner Kroupa:

1. Attended a very interesting B.P.A. meeting in Portland. Various utility managers presented information regarding the effect of the B.P.A. rates. B.P.A. advised that they will be looking at a 12% rate increase within a couple of years.
2. Attended the PPC and NRU meetings in Portland. Information from these meetings was presented.

The meeting recessed at 2:27 p.m. reconvening at 2:35 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of February 10, 2012 were \$1,487,896.32 with restricted funds of \$996,621.48. There were six outages in the month of January for a year-to-date total of six compared to two 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 8221 through 8323 direct payroll deposits numbers 901490 through 901521, Electronic Fund Transfer number 3 through 5 in the total amount of \$781,0417.19 were approved by a motion made by Commissioner Davis, seconded by Commissioner Aubertin and unanimously carried.
2. Information on the Packwood Project was presented.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 3:42 p.m.

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

\_\_\_\_\_  
President

ATTEST:

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Vice-President

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Secretary

APPROVED:

\_\_\_\_\_  
Manager