

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
March 18, 2013

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:02 a.m. Present were Commissioners Kroupa, Doug Aubertin and Dan Fagerlie; Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: None

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

Reports:

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

1. Work has begun on the refurbishment of a three-phase line on Kuehne Road which will allow the Tribes to operate a pivot irrigation system.
2. Work is current for the new Ferry landing. Additional work will be done at the actual change out of the old ferry dock which is planned for the month of June.
3. Pole replacement work is being planned.

Commissioner Aubertin provided information on several possible pole issues in the Keller area due to the spring run-off.

4. No actual crew work has been completed on the actual Hospital project as the new transformer has not been delivered. The Board discussed the Revolving Loan/Grant requirements for the payment for the upgrade work and the ownership of the transformer. It was stressed that the Grant was to upgrade their emergency services which will benefit the whole community. Attorney Graham advised that this situation is no different than any other and it is acceptable for the Utility to own this transformer just as any other.

The Board thanked Mr. VanSlyke for his report and he exited the meeting at 9:26 a.m.

Attorney Graham advised that he had no report to present.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request for contribution for the NE Washington Trends Website through TEDD was presented for discussion. After a lengthy discussion of the Utility's financial support, which is advertising at the various events supported, the Board was in concurrence that the Utility would not support the Website.
2. A letter from Mr. and Mrs. Ron O'Halloran regarding the solar installation at the Curlew Medical Clinic was read. The annual application for State refund was received after the due date and was refused by the Utility. The O'Halloran's have taken exception to this action as they were advised differently by the State. Auditor Nush explained that the Utility reads the meter on June 30 of each year and the customer has 30-days from that date to submit their application to the Utility. The Board advised that Manager Friederichs write to the O'Halloran's regarding his conversations with the State and recommend they obtain written direction from the State that will allow the Utility to accept the late application and make the requested payment.
3. A letter has been received by the Utility, as well as the County Commissioners, from an individual who has expressed concern regarding the placement of power poles along roadways. No action will be taken.

Meetings:

1. Commissioner Aubertin will attend the upcoming Energy Northwest meeting.
2. Commissioner Fagerlie will attend the WPUA new Commissioner Orientation meeting in March and April as well as the following WPUA meeting. Commissioner Fagerlie expressed his displeasure with the accommodations at the Governor's House.
3. Commissioner Fagerlie reported that he had been advised, as a new Commissioner, to attend the upcoming annual NWPPA meeting in Bellevue. It was explained that reservations have already been made by the Utility's NWPPA representative, Commissioner Aubertin.
4. Manager Friederichs reported that the WPUA Manager's Meetings have been cancelled. He has chosen to attend via telephone rather than incurring the expense of traveling to Olympia for such a short meeting.

A recess was called at 10:02 a.m. with the meeting reconvening at 10:10 a.m.

General Business:

1. The Deputy Auditor position to be vacated by Andrea Olson upon her retirement has been filled

by Marliee Kuehne. Ms. Kuehne will begin work on March 25, 2013. Manager Friederichs explained, that during the interview process, it became very clear that it is very difficult to find one person skilled in both Human Resources and Accounting. Ms. Kuehne has the human resource background and some accounting but the duties of the position have changed in such a manner as to require more human resource time. He will monitor the work for the next six months and, if necessary ask the Board for permission to hire a Deputy Auditor for the sole purpose of performing financial duties and provide assistance to the Auditor whose duties have changed and grown. The Utility no longer uses the services of an outside accounting firm or accountant to perform a portion of the Auditor's duties. Commissioner Kroupa added that the Board has the responsibility for the hiring of the Auditor, Treasurer and Manager while the Manager was responsible for all other positions.

2. Justin Koepke has been advanced to the position of Serviceman as Cory Tuttle will be unable to resume these duties. This change creates a vacancy on the line crew and there is an immediate need to fill the vacancy before the summer field season. The Board was apprised of possible alternatives. No decision has been made. The Utility has been able to use a contract lineman but this individual will be leaving in the very near future. Todd Orestad has completed his Apprentice training and has advanced to a lineman.
3. Notification has been received from B.P.A. that they will have contractors working on the right-of-way between Colville and Republic during the summer field season of 2013 and 2014 if necessary.
4. An annual membership rebate has been received from SEDC. The computer system is working much better than the previous system however, as with any system, there are small issues.
5. A new telephone system has been selected and will be installed in the very near future. The cost is \$9,478.64 including sale tax.
6. The agreement for the county right-of-way easements was provided to Commissioner Miller. He indicated that this would be presented at one of their meetings and their attorney will review
7. Information pertinent to the Utility's line of credit for storm related expenses was presented by Manager Friederichs and Auditor Nush. A lengthy discussion followed regarding the \$5.50 Storm Recovery Fee surcharge and FEMA reimbursement. The total amount borrowed, as of March 8, 2013 per Auditor Nush is \$1,403,440.00. An overview of the proposed and completed FEMA project was presented. Information regarding the expenditures is still being provided to the State and no date as to when the Utility can expect a reimbursement has been provided. A motion was made by Commissioner Fagerlie to convert the existing line of credit into a loan. The motion was not seconded and was withdrawn by Commissioner Fagerlie. Additional information to be presented during the Auditor's presentation.
8. The Management Wage and Salary schedule was presented for Board consideration. Discussion followed with a motion to adopt the proposal made by Commissioner Aubertin. The motion was seconded by Commissioner Fagerlie and unanimously carried.
9. B.P.A. has invited Manager Friederichs to the Common Ground Meeting to be held in Spokane in May. He has been asked to speak on the July 20<sup>th</sup> storm. The slide presentation developed for the meeting was shown.

The Conservation report was presented by Manager Friederichs:

1. The Utility has received some conservation funding from B.P.A. This will allow for a few window projects as well as a few commercial projects. The possibility of Utility employees qualifying for B.P.A. projects was discussed. Manager Friederichs explained that so long as their project qualified under B.P.A. guidelines the program was open to any customer of the Utility.

Attorney Graham exited the meeting agt 11:35 a.m. returning at 11:39 a.m.

Manager Friederichs exited the meeting at 11:37 a.m. returning at 11:40 a.m.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.
2. An email was received from an individual in the Keller area questioning the steps necessary to have an account put into their name. The information will be forwarded to Mrs. Jurgensen.
3. Fellow Commissioners were reminded of the PDC filing requirements.

Commissioner Fagerlie:

1. Will attend the WPUA New Commissioner Orientation and meeting that follows
2. Still attempting to contact a customer in the Wauconda area who has complained of the power outages in that area.

Commissioner Aubertin:

1. Attended the TEDD meeting and provided an overview of the topics discussed. The next meeting will be held on April 24. The NoaNet project has yet to be completed. That portion of the line between Tonasket and Republic is not completed and the Okanogan County P.U.D. is reluctant to enter into a pole attachment contract as they have pole replacements scheduled within the next two years.

Mr. Ron O'Halloran entered the meeting at 11:45 a.m.

Mr. O'Halloran provided an information packet to Commissioner Fagerlie. Manager Friederichs presented the Utility's position on the Department of Revenue matter.

The meeting recessed at 11:50 a.m. reconvening at 12:57 p.m.

Mr. O'Halloran did not return to the meeting. Nathan Davis joined the meeting.

The annual performance evaluation for Manager Friederichs was conducted.

Mr. Davis discussed with the Board his activities regarding the proposed City of Republic Granite Creek Dam project. Mr. Davis thanked the Board for their time and exited the meeting at 1:30 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 10, 2013 were \$2,206,971.48 with restricted funds of \$1,096,540.68. There were six outages in the month of February for a year-to-date total of twenty-eight compared to thirteen for the same period in 2012. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Information regarding delinquent accounts and possible assessment from Rural Resources was presented.
3. The bond requirements for a customer who stole power have been met and the bond has been credited to their account.

The meeting recessed at 2:00 p.m. reconvening at 2:10 p.m.

The Auditor's Report was presented by Sue Nush:

1. Information pertinent to the management employee step increase process was presented. The Board expressed concern that the top three management positions, those being the Manager, Auditor and Engineer, at the Utility are substantially underpaid as compared to comparable utilities. With no further discussion, a motion was made by Commissioner Kroupa to grant management personnel, **based on merit, and only to those who qualify, either a ½ or 1 full step increase in 2013. Bold italics per 04/15/13 Board Meeting - who qualify for a step increase, a full one-step increase in 2013.** The motion was seconded by Commissioner Fagerlie and unanimously carried.
2. A discussion of the Storm/Vacation Fund was held. The Board asked that Manager Friederichs, Auditor Nush and Engineer VanSlyke develop a proposal for an appropriate increase to the fund to be presented at the April Board meeting.
3. An analysis of the Storm Recovery Fund was presented with a discussion following. The Board directed conversion of the existing line of credit into a loan as soon as possible.
4. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 9610 and 9628 through 9720, direct payroll deposits numbers 901900 through 901932, Electronic Fund Transfer numbers 243, 244 and 245 in the total amount of \$618,645.55 were approved by a motion made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried. Commissioner Fagerlie questioned the Board's liability and responsibility as to warrant approval.
5. The Financial and Statistical Report was reviewed by the Board with questions answered.
6. Federated Insurance has issued a patronage check to the Utility in the amount of \$2,500.

Manager Friederichs explained that, because several of the High Cost Solar installations have been converted to regular line extensions, the Utility has essentially surplus solar equipment. The possibility of developing a solar display/installation to benefit the Utility office, utilize the equipment and create an informational display was presented. The Board was in agreement if there would be a minimal expense.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 3:14 p.m.

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

\_\_\_\_\_  
President

ATTEST:

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Vice-President

\_\_\_\_\_  
Secretary

APPROVED:

\_\_\_\_\_  
Manager