

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
March 21, 2011

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, and Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, and Secretary/Treasurer Jayne Jurgensen. Attorney Steve Graham joined the meeting at 10:00 a.m.

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

Visitors: Mr. Ken Hustad, B.P.A.

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

Reports:

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

1. Pole replacement continues in the Swawilla Basin area.
2. Pole testing has begun on Kuehne Road.
3. The new line truck was delivered and after a short period of use became inoperable due to a broken plastic fitting which is not available for purchase. The fitting has been fabricated by Manager Friederichs and the vehicle is now operational.
4. Contract tree trimming and right-of-way maintenance has begun in the Curlew Lake drainages which are those areas leading into the Lake area.

Mr. VanSlyke was thanked for this report and he exited the meeting at 9:10 a.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. The cost of joining River Partners is \$1,339. The Board concurred that the Utility would not become a member at this time.

Meetings:

1. An agenda for the Tuesday, March 22 Energy Northwest Meeting has been received.
2. Attended a local NoaNet meeting with State representation. The outcome of the project is still unknown as is the route to be taken over Sherman Pass. At this time, there is very little the State can do to help bring high speed Internet into our area.

General Business:

1. A preliminary budget estimate for the new bucket truck is \$203,000. This truck will replace Truck #8. This price is not from the State bid as pricing is not available from the State at this time. The Utility will again purchase through the State vehicle purchasing program.
2. The funds from the sale of the surplus truck were received and the vehicle has been removed.
3. An abbreviated review of the SEDC software system was made by Manager Friederichs, Auditor Nush and Treasurer Jurgensen. Engineer VanSlyke was able to sit in on a portion of the presentation. The initial thoughts were very positive and more research to be done. A trip to a neighboring utility using the system will also be scheduled.

A brief recess was called at 9:32 a.m. to allow the Board to view the new line truck. The meeting reconvened at 9:45 a.m. with Mr. Ken Hustad of B.P.A. joining the meeting.

The meeting was turned to Mr. Hustad for discussion of the proposed B.P.A. residential exchange settlement agreement. A conference call was established with B.P.A. Analysts Mark Gendron and Chuck Forman. The Board was reminded that B.P.A. is in exparte at this time and cannot discuss the proposed rates. A very lengthy and informative presentation was made with questions from the Board answered. The gentlemen with B.P.A. were thanked for their time and presentation.

The meeting recessed at 12:02 p.m. for lunch reconvening at 1:03 p.m. Attorney Graham and Mr. Hustad did not return to the meeting.

Manager Friederichs continued his report:

4. Union negotiations are drawing to a close. Ferry and Douglas P.U.D.'s passed the proposed Union Wage and Salary proposal as presented. The adopted proposal will allow a general wage increase of 1% for the first year and 1.5% for years two and three for general Union personnel with apprenticeable craft positions, our linemen, receiving 1.6% in the first year 1.5% in the second year and 1.5% in the third year. A Management Wage Schedule for 2011 was presented to the Board for their consideration. The Board discussed this proposal at length. Areas of concern to the Board were individuals receiving raises just because they are employed at the Utility, the current political climate of the State and County, the Management pay structure in place. A motion was made by Commissioner Aubertin to allow Management step increases as earned with no cost-of-living increase in 2011. The motion was seconded by Commissioner Davis with discussion following. Commissioner Aubertin withdrew his motion. Discussion continued. A motion was made by Commissioner Kroupa to allow Management one step increase and no cost-of-living increase for 2011. The motion died due to the lack of a second. Discussion continued. Commissioner Kroupa made a motion to accept the Manager's proposal to eliminate the Management personnel cost-of-

living increase and to grant a one-half step pay increases as earned. The motion was seconded by Commissioner Aubertin. Discussion followed with the motion amended to limit the step increase to one-half step. No further discussion was held and the motion was unanimously approved.

Commissioner Kroupa exited the meeting at 2:09 p.m. returning to the meeting at 2:12 p.m.

5. During discussion of the RUS debt at the February Board meeting the Board had directed the Treasurer to move money to cover the payoff of the debt. This has been accomplished and another payoff has been calculated by RUS. Based on information obtained from RUS, the Utility will be required to maintain the \$250,000 in the Bond Reserve account until the debt is cleared. As calculated by RUS, the additional monies required to clear the debt are \$9,211.87. A discussion followed. A motion was made by Commissioner Kroupa to pay the RUS debt by March 23, 2011. The motion was seconded by Commissioner Aubertin with additional discussion following. Cost benefits of paying off the debt include reduction of the State financial audit schedule to every two years rather than annually and elimination of the required 10-year plan with this estimated to be near \$100,000. The Board asked that this information be provided at the April Board Meeting. The motion was unanimously carried.
6. The B.P.A. settlement was brought before the Board for discussion. The document is to signed and returned to B.P.A. by April 15, 2011. A motion was made by Commissioner Aubertin directing the Manager to sign the B.P.A. Settlement Agreement. The motion was seconded by Commissioner Kroupa and unanimously carried.

A recess was called at 2:52 p.m. with the meeting reconvening at 3:03 p.m.

The Conservation Report was presented by Manager Friederichs.

1. The Utility will again participate in the Conservation Fair to be held April 16 at the Fair Grounds. Coupons will be offered for CFL bulbs. Harding's Hardware and Eich's Mercantile will participate in the program.
2. The contract for the conservation work to be done at the Kinross Mill site has yet to be finalized.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings. Will participate in the NRU conference call and vote on the B.P.A. Settlement issue

Commissioner Aubertin:

1. Attended no outside meetings. A requested report from B.P.A. has been received regarding work they completed in District 3.

Commissioner Davis:

1. Attended a local TEDD meeting. The local office has *propose to* moved to the Klondike Plaza and will share an office with Rural Resources.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 10, 2011 were \$1,181,684.77 with restricted funds of \$1,546,393.87. There were three outages in the month of February for a year-to-date total of five compared to forty-six for the same period in 2010. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

Manager Friederichs reported that the Utility's High Cost Energy Program will be used as a success story for the USDA.

Commissioner Davis reported that the geothermal system installed for the Merry-go-round building at the Fair Grounds eliminated the need for the use of propane during this past winter.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7053 through 7130, direct payroll deposits numbers 9901149 through 9901178 and Electronic Fund Transfer number 154 through 157 in the total amount of \$546,127.69 were approved by a motion made by Commissioner Davis, seconded by Commissioner Aubertin and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board.

Commissioner Kroupa exited the meeting at 3:42 p.m. returning at 3:50 p.m.

Attorney Graham joined the meeting at 3:51 p.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 3:52 p.m. for ten minutes for the purpose of discussing potential litigation. The Board returned to Regular Session at 4:02 p.m.

The Attorney's Report was presented by Attorney Graham:

1. The documentation has been completed for the Revolving Loan/Grant Fund contract amendment for the Thomas/Lybarger Contract. Property in Ferry County has been added as collateral allowing the Utility two separate properties to serve as collateral.
2. A Brief was served on Attorney Graham for the Steinbock case.
3. A review of the B.P.A./P.U.D. Picnic scheduled to be held in July 2011 has been made. The Washington State Legislature has amended the State Constitution to allow a Port District to provide free meals to specific individuals, therefore the Utility may do so as well. The educational aspect of the event was stressed as this allows the Utility to ability to host the Picnic. The event generates good will and appreciation from the consumers.

Lobbying: None

The meeting recessed at 4:40 p.m.

The meeting reconvened at 5:20 p.m. for the purpose of the Revolving Loan/Grant Fund meeting. Those present were Commissioners Aubertin, Kroupa and Davis, Board members Gail Kuehne and Steve Graham with Dan Miller absent. Also in attendance were Manager Friederichs and TEDD Economic Development Specialist Julia Abernethy.

The purpose of the meeting was to again consider a proposal submitted by TEDD for the purpose of continuing the Eastern Washington University project to develop and maintain an information website for Ferry County. Ms. Abernethy provided an overview of the program and project. After a discussion, a motion was made by Commissioner Aubertin to accept the proposal and award a grant of \$500.00 to TEDD for a one year period only. The motion was seconded by Gail Kuehne and unanimously carried.

With no further business to come before the Board, the meeting was adjourned at 6:00 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