

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
April 15, 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, Attorney Steve Graham, Engineer/Superintendent Steve VanSlyke and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: None

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

The Board discussed the Manager's authority in relation to management personnel merit pay increases and the number of steps allowable for 2013. Commissioner Kroupa cited that portion of RCW 54 as it pertains to the Manager's responsibilities.

Reports:

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

1. The new transformer for the Hospital project has been delivered and work is nearing completion.
2. An underground fault was identified at the Forest Service compound and is being corrected today.
3. Staking is being completed for the Tribal irrigation project on Kuehne Road.
4. Poles are being replaced and line extensions completed as work becomes available. It is planned to replace older poles before they become a problem.
5. A track-mounted line vehicle capable of working in very wet and rough terrain was tested. The unit was used to replace a pole in a very wet area and worked very well.
6. Work continues on the reconciliation of mapping with the UPN Computer system.
7. The Diamond Bell tap which is approximately two miles in length has been scheduled for an upgrade. A portion of the route will be changed and some of the poles installed in the 1930's will be replaced.

A brief discussion of the system and age of poles followed. The Utility currently has over 10,000 poles in place with some still from the 1930's and 1940's and poles are being tested on a ten-year cycle. It is planned to replace 100 poles each year to maintain the system.

8. Work for the new Keller Ferry dock has progressed as far as possible. The electricians for the installation of the new dock will advise when the service is to be connected.

Commissioner Fagerlie questioned the possibility of working with Okanogan County P.U.D. to develop redundancy for our Utility. Mr. VanSlyke explained that this possibility has been looked at but has proven to be extremely cost prohibitive with earlier estimates of several million dollars. Manager Friederichs added that a Bonneville Power Engineer had also expressed concern as the power from Okanogan County P.U.D. would pass through our system and go on towards Colville over the Bonneville lines. Other possible routes of redundancy were discussed as was possible use of large generators located at substations.

The Board thanked Mr. VanSlyke for his report and he exited the meeting at 9:30 a.m.

The Board went into Executive Session at 9:33 a.m. for ten minutes to discuss potential litigation as per RCW 42.30.110(1)(I). The Board returned to regular session at 9:43 a.m.

Attorney Graham advised that he had no further report to present.

A recess was called at 9:46 a.m. with the meeting reconvening at 9:55 a.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request for donation has been received from Stonerose. Additional information will be requested.
2. A request for sponsorship has been received from the Republic Business and Professional Women's organization for their bingo fund raising event. No sponsorship will be made. The Board was in concurrence that support be allowed for only those entities sponsored in the past.
3. A request for sponsorship in the amount of \$500 has been received from the Prospector's Day Committee. This money would be used to fund the shuttle again this year. A discussion followed and the Board was in concurrence that, until such a time as the Utility is not faced with storm related expenses and the storm recovery fee, only minimal sponsorship would be allowed. Based on this, the Utility will sponsor the shuttle in the amount of \$100.00

Commissioner Fagerlie advised that he had been told in Olympia how the Utility could support entities.

Meetings:

1. An email has been received requesting verification of the WPUA Committee delegates for 2013 and 2014. They will remain as follows:
Board of Directors Primary Dan Fagerlie Alternate Chris Kroupa

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| Managers | Primary John Friederichs | Alternate Sue Nush |
| Government Relations | Primary Dan Fagerlie | Alternate John Friederichs |
| Communications | Primary John Friederichs | Alternate Jayne Jurgensen |
| Energy | Primary John Friederichs | Alternate Dan Fagerlie |
| Telecom | None | |
| Water | None | |
2. Manager Friederichs reported that he will be attending the WPUDA Manager's Section meeting and has been asked to co-chair the group. This will result in his attending more meetings in person rather than via telephone.
 3. Commissioner Fagerlie will attend the WPUDA New Commissioner Orientation and the following WPUDA meeting.
 4. Commissioner Aubertin will attend an Energy Northwest meeting on April 23.
 5. Manager Friederichs has been invited to participate in a local Disaster Preparedness for Businesses on April 25 and 26 at the Republic Schools. He was asked to speak on disaster preparedness.
 6. Commissioner Kroupa will attend the NRU and PPC meetings May 1 and 2.
 7. Commissioner Aubertin will attend the Annual NWPPA meeting in Bellevue in May.

Commissioner Fagerlie added that he will attend a TEDD meeting on April 24.

General Business:

1. A new telephone system has been installed in the office. It is extremely functional and can be programmed remotely.
2. The possibility of developing a hiring contract for the apprentice position was presented. Attorney Graham advised that it would be possible to develop an agreement that would allow an apprentice to reimburse the Utility for expenses associated with the training and paid by the Utility if the apprentice were to leave the District's employment.
3. Adam Freshman, who has been working on the crew through NECA as a temporary employee, will be leaving by the end of June which will result in another vacancy on the crew.
4. Franklin County P.U.D. will be putting a 4.9% revenue increase into place and raising their basic charge to 21.45 per month and may be looking at another increase next year. They have listed the major factor behind the increase the rising costs of power from Bonneville Power. They have been able to hold off rate increases since 2005.
5. The rail/trail agreement was given to Ferry County Commissioner Miller and no information has been returned. The agreement was to be reviewed by the County Prosecuting Attorney. Attorney Graham will follow-up and ask to be put on the County Commissioner's meeting agenda. The Board discussed the easement matter.
6. The Board was made aware of events following a disconnect of power for non-payment. The City Police department was brought into the matter as the customer and other individuals at the residence threatened the serviceman with injury and the customer threatened office personnel. A picture of the customer was shown. A court date has been set for the individual as a result of making the threats and he can no longer enter the office building.

The Conservation report was presented by Manager Friederichs:

1. At this time projects are not being developed as the program is not significantly funded.
2. B.P.A. has notified the District that an over payment of administrative related expenses was made in 2012. This has been questioned and as yet not resolved.

Commissioners:

Commissioner Fagerlie reported that he had been told that the Managers' evaluation should have been conducted in an Executive Session rather than the open meeting. A lengthy discussion followed. Manager Friederichs advised that quite a number of utility managers have employment contracts in place which may be discussed in an Executive Session. Attorney Graham advised that he was not aware of anything that would allow an evaluation, such is done here, to be done in an Executive Session. Commissioner Fagerlie added that Olympia had also advised him that the Attorney was to compile the commissioner's comments rather than the District secretary to ensure confidentiality. Attorney Graham added that he would follow up on the matter and advise at the May Board meeting.

Resolution 13-01 "A Resolution Establishing Manager's Compensation" was presented to the Board. A motion to adopt said resolution was made by Commissioner Aubertin, seconded by Commissioner Fagerlie and with no further discussion was unanimously carried.

Commissioner Fagerlie:

1. Attended the WPUDA New Commissioner Orientation and the following WPUDA meeting. Highlights of the meeting were presented.
2. Attended a special TEDD meeting via telephone.
3. Participated in a conference call with B.P.A., Manager Friederichs and Auditor Nush in which B.P.A. presented their Tiered Rate Methodology process.

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Aubertin:

1. Attended an ad hoc Energy Northwest meeting for the purpose of filling an Executive Board position.
2. Will attend the Energy Northwest Board of Directors meeting next week.

The meeting recessed at 11:20 a.m. reconvening at 11:27 a.m. with Andrea Olson joining the meeting.

Commissioner Kroupa presented Resolution 13-02 "A Resolution of Appreciation" to Mrs. Olson for her years of service to the Utility. Mrs. Olson will be retiring from the Utility on April 30, 2013. The Board thanked Mrs. Olson for her dedication and wished her a wonderful retirement. Andrea exited the meeting at 11:31 a.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. A historic summary of District funds available and summary of Bonneville Power and Transmission payments made over the past several years was presented and briefly discussed.
2. The 2012 Note Fund unused line of credit balance has been released. This will eliminate the associated non-use fees. No further draws to cover expenses will be made. Total Line of Credit draws are \$1,403,440.00.
3. Operating Funds available as of April 10, 2013 were \$2,369,690.51 with restricted funds of \$1,127,216.22. There were twelve outages in the month of March for a year-to-date total of forty compared to twenty-three for the same period in 2012. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

The meeting recessed at 11:52 a.m. for lunch reconvening at 1:10 p.m.

Commissioner Fagerlie reported that he also learned in Olympia that the Utility's process for minute review and approval is in error. He stated that the minutes are to be provided as a draft document, reviewed by the Board with changes made and then produced in the final format. A lengthy discussion followed with Attorney Graham to follow-up on the matter.

Commissioner Kroupa pointed out that, as per RCW 54, Board and Manger's authorities are clearly defined. The Board directs the Manager to carry out the day-to-day business of the Utility and is to pass on direction to employees. The Board conducts business with motions and resolutions and the Manager is charged with carrying out the wishes of the Board.. Commissioner Aubertin added that not all Utility activities are brought before the Board as the Manager is allowed to direct the operations. Commissioner Kroupa added that the Utility is well within the law with the method the minutes are processed. He added that he much prefers that the minutes be available one month after the actual meeting rather than two months out. The current method of documenting the events of the meetings is acceptable, i.e., paraphrasing rather than exact verbatim.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 9721 and 9814, direct payroll deposits numbers 901933 through 901966, Electronic Fund Transfer numbers 246 through 248 in the total amount of \$616,764.69 were approved by a motion made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board with questions answered.

Commissioner Kroupa inquired as to Auditor Nush's work backlog and whether progress was being made. Auditor Nush advised that more of the FEMA reporting had been completed easing some of the backlog.

The storm recovery fee was briefly discussed. The need to have adequate funds to cover upcoming loan payments was also discussed. More decisions will be necessary when B.P.A.'s rate increase is known.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 1:50 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager