

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
April 18, 2011

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:03 a.m. Present were Commissioners Aubertin, Chris Kroupa and Nathan Davis, and 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 Davis.

Visitors: None

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

Mr. VanSlyke exited the meeting at 9:07 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 9:07 a.m. for twenty minutes for the purpose of discussing potential litigation. The Board came out of Executive Session at 9:27 a.m. for the purpose of extending the Executive Session for another ten minutes. The Board returned to Executive Session at 9:27 a.m. and returned to Regular Session at 9:38 a.m.

Attorney Graham was directed, by the Board, to file suit against the State of Washington for overpaid Privilege Tax for the years 2007, 2008 and 2009 in the estimated amount of \$13,000.00. A motion was so made by Commissioner Davis, seconded by Commissioner Kroupa and with no further discussion, was unanimously carried.

The meeting recessed at 9:43 a.m. reconvening at 10:01 a.m. Mr. VanSlyke returned to the meeting at this time.

Reports:

Attorney Graham advised that he had no additional information to report.

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

1. Pole replacement continues along Highway 21 south.
2. Pole testing has been completed on Kuehne Road and will begin on Toroda Creek.
3. The new line truck will return to work later in the week. It has been at the dealership for warranty repairs. The vehicle will be inspected at the dealership by District personnel prior to acceptance of the repairs.
4. Contract tree trimming and right-of-way maintenance continues in the Curlew Lake drainages, specifically Aeneas Creek and Long Alec Creek and will move into other areas leading into the Lake area.

Commissioner Davis presented new pole replacement and vehicle maintenance ideas that Chelan County P.U.D. has implemented.

Attorney Graham exited the meeting at 10:08 a.m. returning at 10:16 a.m.

Mr. VanSlyke was thanked for this report and he exited the meeting at 10:17 a.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A thank-you has been received from the gentleman who initiated the change in the HRA/VEBA plan as it relates to estate entitlement.
2. A note has been received from the WSU Extension Office for the sponsorship of Ferry County Pride Month and the Utility's participation in the Conservation Fair.
3. A news article regarding Okanogan County P.U.D. was clipped from the Omak Chronicle and forwarded to the Utility by a customer. The individual made no additional comments.
4. A thank-you has been received from TEDD for the Utility's support of the NE Washington Trends website program.
5. A letter has been received from the Washington State Department of Natural Resources regarding the fire which occurred in the fall of 2010. The letter advised that a billing may follow. The incident has been fully investigated by the Utility's insurance agent as well as the DNR.

Meetings:

1. The WPUDA meeting schedule was presented with a brief discussion following.
2. Manager Friederichs will attend the May NRU and PPC meetings in place of Commissioner Kroupa.
3. A WPUDA sponsored Records Retention Workshop has been scheduled for May 12 and 13. Mrs. Jurgensen will attend.

General Business:

1. B.P.A. has published their final information regarding the High Water Marks. There was no change for the Utility, it will remain at 11.839.
2. A letter has been received from Frontier Communications disputing the annual pole contact charges. Their letter cited various reasons the calculations used were in error. Attorney Graham will respond to the letter. The Board discussed the possibility of requesting all Frontier pole contacts be removed from Utility poles. No decision was made at this time regarding this step. The Utility will continue to provide monthly billings until paid. Also disputed is the excise tax assessed. As per WAC, the Utility is obliged to assess these charges. In prior communication with a Frontier representative, Auditor Nush was advised that Frontier remits all excise tax directly to the State of Washington.
3. The agreement for the District to assume ownership of the power line leading to the Overlook Mine Site at the Kinross Mill location has been reviewed and is now ready to be signed by both parties. The

- Utility's ownership of the line will allow better customer service in the Heron Creek area.
4. A Packwood update was presented.
 5. The 2010 Census results indicate that the County will be required to redistrict Commissioner Districts. This will result in changes to the Utility's Commissioner Districts as well as they following County Commissioner districts.
 6. The Union Contract has yet to be finalized. Another vote was required and will be counted on April 25. The Utilities have not changed their position and continue to accept the Union's proposal.
 7. The Board's decision to limit Management pay increases was presented for discussion. Of specific concern are the Auditor and Engineer/Superintendent positions. Manager Friederichs encouraged the Board to do what was right for employees regardless of public comment. Those public individuals who complain the loudest would prefer that all Utility personnel work for free. He further reminded the Board that there are three positions at this Utility, those being the Manager, Auditor and Engineer/Superintendent, that are the lowest paid of any other Utility within the State and that these salaries are far less than was being spent five years ago. Commissioners Aubertin and Kroupa were in agreement that the matter could be reviewed in the future.

The Conservation Report was presented by Manager Friederichs.

1. A change in B.P.A.'s program will result in changes the Utility's Conservation Program. The Utility will be able to continue the low income program and some appliance rebates.
2. The home energy audits performed by the WSU Extension Office have resulted in the majority of the insulation projects.

Commissioners:

Commissioner Kroupa:

1. The B.P.A. Residential Exchange program was not supported by Clark P.U.D. and the required 91% support was not received. B.P.A. may try to renegotiate with the IOU's or lower the 91% threshold.
2. Along with Manager Friederichs, participated in the Residential Exchange Debate and voted via telephone.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended the WPUA meeting with highlights presented. He has visited with a number of utilities regarding their current computer systems. The Utility has been invited to Pend Oreille County P.U.D. to view their system. The Association is preparing for it's new CEO.

The Meeting recessed at 12:02 for lunch reconvening at 1:10 p.m. A delicious potluck lunch was enjoyed by Commissioners and District personnel.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of April 10, 2011 were \$1,096,158.83 with restricted funds of \$1,205,370.15. There were six outages in the month of March for a year-to-date total of eleven compared to fifty-four for the same period in 2010. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Work Orders Numbers 360, 361 and 362 in the amounts of \$119,367.86, \$132,895.04 and \$175,822.40 respectively were presented and unanimously approved through a motion made by Commissioner Kroupa and seconded by Commissioner Davis.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7131 through 7218, direct payroll deposits numbers 9901179 through 9901208 and Electronic Fund Transfer number 158 through 161 in the total amount of \$1,260,230.33 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board.
3. A notice of renewal for the Utility's insurance policy has been received. There is an approximate \$1,000 increase in cost.
4. A summary of verifiable District savings from the paying off of the RUS debt was presented. The calculated amount is \$282,975.62.
5. Auditor Nush was contacted by an outside individual who had reviewed the Utility's 2009 Financial Audit as prepared by the State. An error was identified and the State has been contacted. They have requested additional information from the Utility to correct the information as reported.

Lobbying: None

With no further business to come before the Board, the meeting was adjourned at 2:43 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager