

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
April 20, 2015

The regular meeting of the Board of Commissioners was called to order by President Dan Fagerlie at 9:00 a.m. Present were Commissioners Fagerlie, Doug Aubertin and Chris Kroupa, Manager John Friederichs, Attorney Steve Graham, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke and Treasurer Jayne Jurgensen.

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

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

Visitors: Randy Kinney

Mr. Kinney spoke with the Board about the hardships new businesses in Republic must face and how the \$500 minimum business security deposit is in excess. Mr. Kinney provided various alternatives to this minimum amount. The Board and Manager Friederichs explained the Utility's need to have such a security and how difficult it is for the Utility to develop policy to equitably work in all situations. Mr. Kinney explained other financial concerns he and his wife are facing for their businesses and how difficult it is for them to cover the deposit. Mr. Kinney thanked the Board for their time and exited the meeting at 9:25 a.m.

Commissioner Kroupa requested Attorney Graham's direction regarding an NRU meeting he recently attended. The meeting was held in executive session and Commissioner Kroupa questioned whether he could share the information from the meeting. Attorney Graham advised that although the entity is not governmental there is still a duty of confidentiality.

Commissioner Fagerlie reported that a consumer contacted him regarding the Utility's requirement for a \$300 security deposit and the \$50 connect fee. The individual felt that both were excessive.

There were no additional public comments.

Reports:

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

1. The electrical testing results for the transformer removed from the Kuehne Substation have not been received.
2. The Job Corps substation has been taken out of service for repairs. The area is being served by the Curlew Substation. Replacement parts are to be ordered with hopes to have the work completed in another month.
3. Lineman Todd Orestad has taken a position with Chelan County P.U.D.
4. Jeff Burbank, a Journeyman Lineman, has been hired to fill in behind Mr. Orestad. Mr. Burbank will begin work May 4, 2015.
5. Negotiations continue with the Union regarding permanent positions for a tree trimming crew. Two individuals have been hired through the Union Hall for this field season. The chipper and truck have also been purchased for the crew. The crew foreman will not be working with the trimming crew this summer. The crew work will be monitored by Mr. VanSlyke

Commissioner Fagerlie questioned the increased outages in the month of March. It was explained that a heavy, wet snow caused the outages.

Mr. VanSlyke exited the meeting at 9:45 a.m.

Manager Friederichs exited the meeting at 9:45 a.m. returning at 9:47 a.m.

Auditor Nush requested Attorney Graham's clarification on the matter of the earning and use of reward points when Commissioners and employees travel. Attorney Graham advised that employees and Commissioners are not able to use any points earned through Utility business travel. The points are the property of the Utility and are an accountable item. All official travel is paid for by the Utility through the use of credit cards

The Manager's Report was presented by John Friederichs:

Attorney Graham's determination regarding a mailing matter was requested. A customer has asked that their organization be allowed to include material, not related to the Utility, in a monthly billing statement mailing. Attorney Graham advised that this would not be an allowable purpose for the monthly mailing. A mailing of this nature would lessen the importance of the Utility's billing mailing.

Correspondence:

1. A thank you has been received for the sponsorship of the Republic Regional Visitor and Convention Bureau.
2. A request to sponsor the Curlew High School's Senior Sober has been received. The Board was in concurrence that the Utility would again sponsor in the amount of \$50.

Meetings:

1. Commissioner Kroupa will attend the Energy Northwest meetings April 22 and 23.
2. Commissioner Fagerlie and Manager Friederichs attended the April WPUDA meeting. Information from the Manager's meeting was presented. May of the legislative issues have not be settled and any impact on the Utility is not know. The incentive program for solar may be modified. WSU would administer and utilities will not be a part of the program. May no longer have a need to verify usage. The existing program ends June 2016. The possibility of all utilities being assessed a carbon tax as a result of the State's calculation of energy resources was discussed.
3. Commissioner Kroupa will attend the May NRU and PPC meetings.
4. Manager Friederichs will attend the May WPUDA Manager's Meeting at SeaTac. This will be his last official meeting as Committee Chair.

General Business:

1. The possibility of the County assessing a utility tax was discussed.
2. Bonneville Power has provided notification that they will retire the Utility's Tier 1 renewable energy credits which are attributed to the Utility's power purchases. The possibility of utilizing these RECs to offset any carbon tax will be presented to Bonneville.
3. Notification has been received from the State that no problems were identified in the State Auditor's audit of Utility's record keeping in relation to the State's audit of the Washington State Department of Retirement Systems (DRS). The Exit Conference has yet to be scheduled.
4. Information has been received from Nespelem Valley Electric Co-op that they may merge with Inland Power and Light
5. The Utility paid 3.627 cents per kilowatt hour to Bonneville for the March power.
6. Information has been received with respect to the Excellence in Governance Workshop presented in March. This matter was tabled until the May Board Meeting.

The meeting recessed at 10:41 a.m. reconvening at 10:50 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph g at 10:52 a.m. for ten minutes for the purpose of discussing a personnel matter. The Board returned to Regular Session at 11:02 a.m.

Conservation information was presented by Manager Friederichs:

1. The Utility participated in the Conservation Fair.

Commissioners:

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Kroupa:

1. Attended a special NRU meeting and the regular PPC meeting in Portland.

Attorney Graham exited the meeting at 11:05 a.m. returning to the meeting at 11:18 a.m.

Commissioner Fagerlie:

1. Attended the April WPUDA meeting in Olympia with information presented.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I at 11:26 a.m. for twenty minutes for the purpose of discussing a potential litigation. The Board returned to Regular Session at 11:46 a.m.

Ferry County Commissioner, Nathan Davis, joined the meeting at 11:50 a.m. to discuss matters with the Board.

The meeting recessed at 12:00 p.m. for lunch reconvening at 1:02 p.m.

Attorney Graham advised the Board that any possibility of settlement with Jody Meyers and her husband has failed. The parties failed to respond to the offer by the set date and time.

The Manager's Evaluation and Compensation was brought before the Board for review and consideration. A lengthy discussion was held. Commissioner Aubertin stated for the record that he feels fortunate to have the quality of leadership for the amount of compensation paid. The condition of Ferry County P.U.D. shows that it is under good management and he intends to keep it that way. A motion was made by Commissioner Kroupa to adopt Resolution 15-01 "Manager's Compensation". The motion was seconded by Commissioner Aubertin and with no further discussion was unanimously carried.

Auditor Nush exited the meeting at 1:25 p.m. returning at 1:29 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of April 10, 2015 were \$3,014,318.89 with restricted funds of \$1,930,286.55. There were twenty-five outages in the month of March for a year-to-date total of forty-two compared to twenty-one for the same period in 2014. The Large Power Summary, Revolving Loan and Line Extension Loan reports were reviewed.
2. Several delinquent commercial accounts were brought before the Board for discussion. A letter detailing what payment requirements must be met will be sent to one of the customers.
3. The deposit requirement for Mr. and Mrs. Kinney was finalized. They will be required to pay \$250 for their portion of the commercial deposit with the stipulation that the existing \$250 deposit paid by the co-tenant of the building, remain in place. If the existing deposit is removed, the Kinney's will be required to pay the full \$500.

The meeting recessed at 2:12 p.m. reconvening at 2:20 p.m.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 12465 through 12556 direct payroll deposits numbers 902773 through 902807, Electronic Fund Transfer numbers 330 through 335 in the total amount of \$669,504.89 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board with questions answered.
3. Utility personnel have been receiving notification from Premera Insurance advising that their accounts may have been compromised.
4. A discussion of a possible rate increase was held. In the event the carbon tax becomes a reality this could result in a substantial cost to the Utility.

With nothing further to come before the Board, the meeting adjourned at 2:52 p.m.

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

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager