

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
May 20, 2013

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:05 a.m. Present were Commissioners Kroupa, Doug Aubertin and Dan Fagerlie; 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 Kroupa.

Visitors: None

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

Reports:

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

1. Maintenance work is being completed with the focus being pole replacements. New line extension work is completed as it becomes available.
2. Engineering and Operations Goals were presented and discussed.
3. Outages are now being tracked more extensively to help determine areas prone to specific types of outages in order to improve the system to better those issues.
4. Vegetative management is on a ten to fifteen year cycle.
5. System integrity issues, i.e., overcurrent protection is a continual review and evaluation process. The system as a whole has not had a full review of overcurrent protection in over twenty years. For optimal efficiency, all areas need to be coordinated and working together.
6. A utility tree trimming crew versus a contract crew would be more costly but could provide a better return on the investment. In light of budgetary constraints adding our own crew is not feasible at this time.
7. The Hospital project has been completed and no issues have been reported to the Utility.

The Board thanked Mr. VanSlyke for his report and he exited the meeting at 9:32 a.m.

The Attorney's Report was presented by Attorney Steve Graham:

1. Has completed the preliminary agreement between Ferry County and the Utility for easements crossing rail/trail lands. Have been advised by Prosecuting Attorney Sandona that he is reviewing the document and a meeting has been scheduled at the County offices to discuss the situation. The meeting has been scheduled for Thursday, May 23 and Attorney Graham will follow-up with Mr. Sandona.
2. Information was presented with regard to the proper method to be used in the review of a Manager's performance. As advised previously, this is not an item for an Executive Session and the process in place is correct. Those utilities who work in an Executive Session maybe able to do so as their Managers are subject to an employment contract rather than a utility employee and even this is questionable. Executive Sessions held for a personnel matter are to be for the review of complaints made against a P.U.D. employee and that individual is to be present and given the opportunity to decide whether the meeting be open or closed. After discussion the Board requested Attorney Graham gather additional information on the matter.
3. A proposed Agreement to be used for the Apprentice Linemen program, with regard to reimbursement of training expenses, has been developed. A brief discussion followed with suggestions made. The Agreement will allow those individuals hired as an Apprentice to know what the Utility's expectations are regarding training expenses.

A recess was called at 9:50 a.m. with the meeting reconvening at 9:58 a.m.

Attorney Graham continued his report:

4. Information regarding the proper method to prepare, make changes to, and approve the Board Meeting Minutes was presented with a lengthy discussion following. The need to maintain the integrity of each Commissioner's comments was stressed. Commissioner Aubertin stated that the Board is given the opportunity to make any changes they feel are needed and those changes are agreed upon by the Board. Commissioner Fagerlie expressed his concern that there are changes made to the minutes as agreed to by the Board, and that the Minutes in the Minute Book reflect hand written changes rather than being perfect and that the Board does not initial or approve the hand written changes. Commissioner Kroupa proposed that the minutes for the month following the meeting which require changes to the minutes be so noted and all changes be included in that following months minutes. This change will not result in a delay in the printing and posting of the minutes. The Board concurred with this proposal. Attorney Graham advised that the keeping of the official Board Minutes is a policy issue and at the discretion of the Board.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. The Utility received no requests for funding during the month.
2. A letter has been received from "Oregon Physicians for Social Responsibility" asking that the Utility participate in a meeting to be held in the Tri-Cities regarding the possible closing of the Hanford

Nuclear facility. Commissioner Aubertin provided information he gathered at an Energy Northwest meeting and Commissioner Kroupa also provided information from an NRU meeting he had attended. Commissioner Kroupa further added that the wind generators have yet to be assessed any fines for the death of any number of and kinds of birds.

Meetings:

1. The June WPUA meeting will be held on the 26th and 27th in Olympia. Commissioner Fagerlie will attend.
2. Commissioner Kroupa explained that members of FERC will be present at the June 5th NRU meeting and that he would like to attend. The trip would require him to stay overnight in Portland. Fellow Commissioners concurred with his request to attend the meeting.

General Business:

1. A consumer has questioned why the electric consumption for their rental apartments is being assessed at the commercial rate. It was explained that in this case, the landlord keeps the account in their name and the commercial rate is assessed as this is their business, that of renting apartments. In the case of landlords requiring their tenants to put the apartment account into their own name, a residential rate is assessed. In those cases where the landlords are charged the commercial rate, it has not been possible to separate the services for each individual apartment as there is one single meter for the facility. The cost of the addition of additional meters would be borne by the landlord. A discussion followed. Manager Friederichs added that the Utility does review those individual accounts which are both a personal residence and a business to make certain the correct rate is assessed. Attorney Graham reported that he felt the Utility was acting accordingly. The Board was in agreement that no changes be made.
2. The Utility has been notified by B.P.A. that those renewable energy credits earned by the Utility through the purchase of renewable energy, will be sold for the Utility by B.P.A. The credits were based on 631 megawatt hours and the credit will appear on the Utility's May B.P.A. Power billing.
3. Manager Friederichs, Engineer/Superintendent VanSlyke and Serviceman Koepke participated in B.P.A.'s "Common Ground" Forum in Spokane. Photographs of the July 20th windstorm damage were shown and information on the disaster and work required to bring the system back into operation was presented.
4. Auditor Nush presented information regarding the Storm Recovery Fee assessment and what the combined collections mean in relation to the Utility's debt service. State Emergency Management personnel will visit the District on Tuesday, May 21 for an audit of related expenditures. No information has been received regarding the State's potential reimbursement of their portion of the storm expenses. The Board discussed at length the Storm Recovery Fee assessment and the upcoming B.P.A. rate increase. Manager Friederichs advised the Board that consumers continue to express their displeasure at having to continue to pay the assessment even though the Utility had the increased unplanned expenses. The Board also discussed the options of converting the unpaid balance of the loan into an actual loan or clearing the debt with Storm Recovery Fees and Utility financing. The Board was in agreement that no action would be taken at this time.
5. Resolution 13-03 "A Resolution to Appoint an Interim Deputy Auditor" was adopted by a motion made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried.

The meeting recessed at 11:46 a.m. for lunch, reconvening at 1:10 p.m. Commissioner Aubertin did not return to the meeting due his attendance at the Annual NWPPA Conference.

The Conservation report was presented by Manager Friederichs:

1. There is the possibility that the Utility will contract with Mr. Jerry Graser for the inspection and maintenance of the solar systems. It is believed that this will be more cost-effective.
2. Mr. Forsman is working with the Conservation District to implement a program that will allow individuals to upgrade their irrigation systems. Funding for the program is through B.P.A. and will cease to be available on June 30, 2013.
3. There are limited energy efficient home rebates and possibly some heat pump rebates available.
4. The Utility did not participate in the April Conservation Fair due to the limited funding available from B.P.A.

The Utility will participate in both the Barrel Derby Day and Prospector's Days parades.

Commissioners:

Commissioner Fagerlie:

1. Attended a TEDD meeting. Will be unable to attend the June 26 meeting. There is the possibility that Commissioner Aubertin may attend.

2. Attended another WPUDA New Commissioner Orientation and the following WPUDA meeting. Information from both was presented.

Commissioner Kroupa:

1. Attended the NRU and PPC meetings with information from both presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of May 10, 2013 were \$2,567,326.16 with restricted funds of \$2,111,025.13 There were seven outages in the month of April for a year-to-date total of forty-seven compared to thirty-four for the same period in 2012. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

The Auditor's Report was presented by Sue Nush:

1. Information regarding the number of man hours worked by the outside crews to re-establish the system after the July 20th storm has been compiled. A total of 69,073 man hours were worked by other utility crews and Nespelem Valley Co-op. If our five man crew had been the only people working on the damage, they would have been able to restore service by mid-March of 2013.
2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 9815 and 9934, direct payroll deposits numbers 901967 through 902001, Electronic Fund Transfer numbers 249 through 251 in the total amount of \$716,555.00 and void warrants number 9367 and 9862 through 9865 were approved by a motion made by Commissioner Fagerlie, seconded by Commissioner Kroupa and unanimously carried.
3. The Financial and Statistical Report was reviewed by the Board with questions answered.
4. Additional FEMA/Storm related expenditure information was presented and discussed.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 2.41 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager