

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
July 15, 2013

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:00 a.m. Present were Commissioners Kroupa, Doug Aubertin and Dan Fagerlie; Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, and Secretary/Treasurer Jayne Jurgensen. Attorney Steve Graham joined the meeting at 9:05n a.m. Manager Friederichs was not in attendance for the meeting.

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

Visitors: Mark Reddemann, CEO and Laura Scheele Public Affairs Specialist, both with Energy Northwest.

The meeting was turned to the visitors who presented a slide presentation and overview of the Columbia Generating Station's 2012 operations. The Board was invited to a July 23 tour of the facilities and if unable to attend in July, it is planned that another tour will be conducted in coordination with the Member Forum in October. Mr. Reddemann and Ms. Scheele were thanked for their time and they exited the meeting at 9:55 a.m.

The meeting recessed at 9:55 a.m. reconvening at 10:05 a.m. with Attorney Graham not present.

Reports:

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

1. Work continues on the mapping system to develop a GIS layer to track outages. It is hoped that this data will help identify outage trends.

Attorney Graham returned to the meeting at 10:07 a.m.

2. Work on the Manilla Creek re-route project is pending response and approval from the Colville Confederated Tribes.
3. A project in the 10-Mile / 13-Mile area has been reviewed by the Forest Service with the permit application received for the construction of an access trail for line maintenance. Four poles are scheduled to be replaced as a result of the July 20th windstorm. This work has been approved by FEMA. There are other poles in the area that will also need to be replaced as they have been reinforced for some time. The needed trail will allow trucks and equipment access to the area as there have been numerous outages in this area due to the heavy stand of timber.
4. The District crew will be performing maintenance work during the July 21 B.P.A. outage.

Commissioner Fagerlie questioned the status of an uninstalled pole left on his property. Mr. VanSlyke will look into the matter.

5. The crew has been replacing poles and completing new line extension work.

Commissioner Fagerlie questioned the number of lost-time accidents that have occurred over the past three years. Mr. VanSlyke reported that there have been two lost-time accidents in the past two years. The monthly safety meetings continue and the need to work safely is stressed to the crews. Commissioner Aubertin stressed that our folks perform very hazardous work and should be commended for the low number of accidents.

Mr. VanSlyke was thanked for his time and he exited the meeting at 10:25 a.m.

The minutes of the June meeting were reviewed and corrected as follows:

- ▶ The Auditor's report reflected warrant number 9367 had been voided. This number should have been 9898.

The minutes were then approved as amended by a motion made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried.

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

1. The "Call Before You Dig" matter has been reviewed. An email provided to Manager Friederichs was presented to the Board. The new process is adding District expenses as the Utility is charged twice for each notification, i.e., once for the call and once for the fax plus the crew time necessary to research each request. There may be the possibilities that utilities can work to improve the situation and the same impact is felt on both large and small utilities.
2. Research has also been done on the matter of the Washington State Department of Natural Resources and a suit against Klickitat P.U.D. A tree came in contact with a power line resulting in a fire which the DNR states the P.U.D. is liable for. The status of a utility, whether it is considered a person, corporation, or municipal corporation was briefly discussed.
3. The matter of the Manager's annual performance evaluation was again discussed. Some utilities prefer an open session and some prefer a closed executive session. RCW 42.30.110 (1)g was cited as it pertains to such. Commissioner Fagerlie expressed his concern that the Auditor and Treasurer also work for the Board and should not be evaluated by the Manager. Attorney Graham pointed out that these two positions do however report to the Manager on the day-to-day

responsibilities. Commissioner Aubertin questioned how the Board, who is at the Utility one day each month, could honestly evaluate the Auditor and Treasurer. Commissioner Kroupa added that this Utility is very small and does not have the funds to hire the individuals other larger utilities may. Each individual utility must follow the same laws.

Commissioner Fagerlie questioned the revised easement document which was to have been provided to the County Commissioners. Attorney Graham advised that the easement document had in fact been modified after the June Board meeting and presented to the Ferry County Commissioners. Commissioner Fagerlie stressed that he was to have received a copy prior to the document going to the County Commissioners. Commissioner Fagerlie will receive the requested document.

4. The matter of the contract tree trimmer who was injured in 2012 was brought before the Board for discussion. Attorney Graham reported that Manager Friederichs did write a letter to the Ferry County Commissioners and Ferry County Prosecuting Attorney stating the Utility's position and desire in the matter.

Commissioner Kroupa stated, regarding the matter of the easement document for the Ferry County Commissioners, that the document will not become final until the P.U.D. Board of Commissioners approve it. Therefore, additional changes may still be made or required.

The Manager's Report was presented by Auditor Sue Nush:

Correspondence:

1. A letter has been received from a customer and participant in the Low Income Senior Citizen Discount program. The Utility was thanked for offering such a program and the benefit it adds for seniors.
2. Commissioner Kroupa asked that Mrs Jurgensen send an appropriate card to the Friederichs family for the Board.
3. A letter from the Ferry County Fair requesting 2013 sponsorship has been received. Historically, the Utility has sponsored at the \$300 level. The Board concurred.
4. Another letter has been received, from the same individual, regarding the placement of power poles along roadways.

Meetings:

1. Commissioner Fagerlie and Manager Friederichs will both attend the July WPUDA meeting in Clarkston on the 16th & 17th.
2. Commissioner Kroupa will attend the NRU and PPC meetings in August.

Commissioner Kroupa explained that Energy Northwest offer a Members Forum meeting each October and it proves to be very informative. Fellow Board members were encouraged to attend. Commissioner Aubertin added that the Energy Northwest Board of Directors meeting, which he attends, is held immediately prior to the Member Forum.

Commissioner Fagerlie questioned attendance at the TEDD meeting. It was explained that the Utility does not receive information regarding the scheduling of such meetings. He expressed concern that there was noone attending from the Utility.

General Business:

1. The Low Income Senior Discount program was presented for discussion. Currently the combined household income is \$24,000 or less per year. The possibility of increasing this value to allow for more participation was discussed. The Board was in concurrence that the Program would remain as it currently is.
2. The possibility of a disability discount was also discussed. The Board was in concurrence that the Utility would not provide this type of discount.
3. The B.P.A. rate for the month of June was .0266 cents per kilowatt hour.
4. The UIP Trust has proposed that each member utility offer biometric screening for employees and spouses. A contractor will be used to administer tests and compile data. If this were to be implemented the employees would receive a percentage applied to their VEBA accounts. If the Utility does not choose this option the employee VEBA contribution would continue as is currently in place. Currently management personnel receive 1% in lieu of wages, if a management person chooses not to participate they would essentially receive a reduction in wages. A discussion followed with the Board in concurrence that the Utility will maintain the program that is currently in place.
5. Information regarding the "Call Before You Dig" program was presented. Currently, the Utility charges customers to locate on the customer's side of the meter. The Utility locates up to the meter at it's own expense. Prior to the new law, the Utility had the opportunity to explain the costs associated with a line locate at the time the customer requested the work. Now, customers are upset that they have been charged for the time and labor associated with the locate don their side of the meter as the program is portrayed as "free". The Utility does reduce charges when possible, i.e., if a serviceman will already be in the area.

The meeting recessed at 11:55 a.m. for lunch reconvening at 1:02 p.m.

There was no Conservation report to be presented.

Commissioners:

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Kroupa:

1. Was contacted by a representative of the Curlew Car & Truck Museum regarding their placement of a teepee burner close to a power line. Options were presented to the caller. There is the possibility that the Museum will approach the Revolving Loan/Grant program for funding to have the power line installed underground.

Commissioner Fagerlie:

1. Attended the WPUA Energy Meeting. Information gathered at the meeting was presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of June 10, 2013 were \$2,292,807.36 with restricted funds of \$1,236,773.67. There were eight outages in the month of June for a year-to-date total of sixty-nine compared to sixty-five 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. A letter has been received from the State Emergency Management committee advising that the State did approve 12.5% of the Federal funding or \$195,711.23. The monies will be deposited electronically withing ten days. A 10% retention has been withheld from the total amount payable to the Utility

Auditor Nush exited the meeting at 1:47 p.m., returning at 1:53 p.m.

2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 10033 through 10134, direct payroll deposits numbers 902039 through 902075, Electronic Fund Transfer numbers 254 through 256 in the total amount of \$442,639.07 and void warrant number 8410 were approved by a motion made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried.

A brief recess was called at 1:57 p.m. with the meeting reconvening at 2:02 p.m.

A second voucher approval was presented reflecting a corrected warrant number. The dollar value remained the same as presented in June. Commissioner Fagerlie moved to accept the second voucher listing. Commissioner Aubertin seconded the motion which was unanimously carried.

3. The Financial and Statistical Report was reviewed by the Board with questions answered.
4. The Washington State Auditor's will now begin their visit on August 12. The audits are now every two years as the Utility is no longer an RUS borrower. The years 2011 and 2012 will be the focus of the audit.
5. The need to change a Hecla large power account to the industrial classification based on their monthly Demand being 500 or more for three consecutive months was presented and discussed.
6. Previous Utility costs associated with the B.P.A./P.U.D. picnic were presented. The 2012 costs were \$2,136 total P.U.D. and \$2,716 B.P.A. reimbursement. These costs do not include wages.

The P.U.D./B.P.A. picnic was discussed. Commissioner Kroupa reported that the event is excellent public relations and allows the Utility an opportunity to give back something to the Community. The Utility personnel are also given an opportunity to work together as a group in a different venue.

Treasurer Jurgensen presented Resolution 13-04 "A Resolution to Cancel Unclaimed Warrants". A motion to adopt said resolution was made by Commissioner Fagerlie, seconded by Commissioner Aubertin and unanimously carried.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 2:28 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager