

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
July 16, 2012

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:10 a.m. Present were Commissioners Aubertin, Chris Kroupa and Nathan Davis, Manager John Friederichs, Auditor Sue Nush, and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: Jim Oakley, Energy Northwest

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

The meeting was turned to Mr. Oakley who provided a very informative report on the activities of Energy Northwest.

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

Reports:

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

1. A proposal to provide service into the Whitetail Flats area utilizing the High Cost Energy Grant fund was presented and discussed at length. No decision was made as information is needed from Attorney Graham who was not present.

Mr. VanSlyke exited the meeting at 10:17 a.m.

The Board continued to discuss the Whitetail Flats line extension proposal.

A recess was called at 10:20 a.m. with the meeting reconvening at 10:28 a.m. with Mr. VanSlyke returning to the meeting.

The Engineer/Superintendent's Report was continued:

2. The planned B.P.A./P.U.D. outage on July 15 went very well.
3. An underground outage occurred prior to the B.P.A. outage and was corrected prior to the actual outage.
4. The violent storm the afternoon of July 15 damaged portions of the system. There are still isolated outages on the 345 West line.
5. The Keller Substation was de-energized at approximately 8:15 a.m. on Monday, July 16. Maintenance of transformers is in process. The length of the outage has been reevaluated to be 10 hours rather than the originally estimated sixteen hours.
6. Materials for the NoaNet project have been received and a structure was replaced Sunday as part of the project.
7. The Whitetail project was again discussed with questions answered for the Board. Mr. VanSlyke explained that the use of the Grant monies set aside for the High Cost Line Extension program is not considered a use of public monies as the initial money was received as a USDA Grant for the program. Again, the Board made no decision pending advice from Attorney Graham. Commissioner Kroupa requested copies of line extension policies from neighboring utilities.
8. Information regarding Kinross operations was presented.

Mr. VanSlyke exited the meeting at 11:09 a.m.

The Attorney's Report was not presented due to the absence of Attorney Graham.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request for sponsorship of the Wings Over Republic event has been received and approved in the amount of \$100.

Meetings:

1. Will attend the WPUA meeting in Leavenworth as will Commissioner Davis.
2. Commissioner Kroupa will attend the NRU and PPC Meetings to be held in Portland in August.

General Business:

1. A letter has been received from Attorneys Castelda and Castelda regarding an easement on the David and Kate Johnson property. The Attorneys are advising the Utility that there is no right-of-way easement to access a pole located on their property. Mr. VanSlyke has visited with the property owners and explained that the Utility does have an old easement which runs along the roadway and that no changes will be made affecting their property.
2. Manager Friederichs and Auditor Nush participated in a telephone meeting regarding B.P.A.'s pre-pay program. At this time, there are not a lot of utilities interested in the option offered by B.P.A. Pre-paying will not freeze the Utility's contract price for power. The proposal was discussed
3. The B.P.A. power billing costs were presented and discussed. The Utility's per kilowatt hour costs have exceeded the B.P.A. model predictions. The credit that the Utility will receive will be approximately \$10,000.
4. A new security camera has been installed for the office building. Areas recorded have been increased to include the back of the building as well as the front entryway. No audio recording will be made.
5. A addendum to management salary was presented to include the Superintendent/Engineer and Auditor positions as exempt. All management wage computations have been converted to hourly with some slight changes due to rounding. The changes will allow the Utility to comply with State laws. A motion was made by Commissioner Davis to accept the changes as presented. Manager Friederichs stressed that the nature of the Engineer/Superintendent and Auditor positions have moved them into true Management-

exempt classification. The motion was seconded by Commissioner Kroupa and unanimously carried.

The Conservation Report was presented by Manager Friederichs:

1. A possible lighting modification at a local business is being considered.
2. A local business remodeled an office and the Utility was able to assist with a refund for new window installations.

The amount of work accomplished during the B.P.A./P.U.D. outage was questioned. Manager Friederichs explained that it was not possible to complete as much as hoped due to the thunder storm that came through the area in the afternoon. B.P.A. has advised that there will be at least three more years of such outages in order for them to recondition their lines. The picnic will appear on the KHQ6 news program as Sean Owsley, a news reporter, entertained those at the picnic with his singing as did meter reader/pole tester, Bernie Odegard.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended a TEDD meeting with information presented.

Manager Friederichs exited the meeting at 11:44 a.m. returning at 11:47 a.m.

Commissioner Aubertin:

1. Was unable to attend the picnic.
2. Will attend the Energy Northwest meeting next week.

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

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of July 10, 2012 were \$1,655,017.07 with restricted funds of \$1,223,502.34. There were eighteen outages in the month of June for a year-to-date total of sixty-five compared to forty-eight for the same period in 2011. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. A thank-you to the Board was extended from Mrs. Gail Kuehne for their support of the Keller Picnic during the planned outage.
3. A summary of Energy Assistance received for Utility customers was presented and briefly discussed.

Manager Friederichs exited the meeting at 1:23 p.m. returning at 1:25 p.m.

Manager Friederichs reported that lightning struck one of the newly installed transformers at the Wauconda Substation. The damage will be reported to the insurance company. The substation has been returned to full operation as a spare transformer was available.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 8746 through 8839, direct payroll deposits numbers 901646 through 901675, Electronic Fund Transfer numbers 18, 19 and 20 in the total amount of \$441,378.50 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 with questions answered.

Manager Friederichs presented the Attorney's Report as it was provided via email:

1. Information regarding the Schneider easement and possible line extension was presented. The gentleman interested in the line extension has been advised to compensate the property owner as she has requested.
2. The salaried employee issue has again been reviewed as Manager Friederichs had requested. The Engineer/Superintendent and Auditor positions should now be considered salaried management positions due to the nature of the work performed by these individuals. Both individuals have taken on considerably more sophisticated duties.
3. The Pacific County litigation as it pertains to the Comcast appeal has had the deadline for the appeal extended.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 1:42 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager