

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF BOARD OF COMMISSIONERS  
September 16, 2013

The regular meeting of the Board of Commissioners was called to order by Vice-President Dan Fagerlie at 9:03 a.m. Present were Commissioners Doug Aubertin and Dan Fagerlie; Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke and Treasurer Jayne Jurgensen. Attorney Steve Graham joined the meeting at 9:04 a.m. and Commissioner Kroupa joining the meeting at 9:08 a.m. and assumed the duties of Board President.

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All stood for the flag salute which was led by Commissioner Aubertin.

Visitors: None

The minutes of the August meeting were discussed.

- Attorney Graham questioned whether the Board wished to have the wording associated with Ms. Battin's presentation of the Project Share Program amended. A lengthy discussion followed with the Board in agreement that the matter would be discussed later in the regular business of the Utility.
- Attorney Graham requested that the minutes reflect that he was asked to develop wording, based on Board discussion, expressing their feelings relating to the matter of Ferry County Prosecuting Attorney Sandona's disregard of the Utility's wishes regarding the serious nature of the 2012 assault of a contractor's employee performing line maintenance work for the Utility. Attorney Graham expressed his fear that Mr. Sandona's lack of action in the matter could result in future issues of a similar nature that would also go unpunished.

The Board again discussed at length the process of reviewing and correcting the minutes. Commissioner Fagerlie expressed his displeasure with the process, adding that the minutes need to be accurate and they are not. Commissioner Kroupa expressed his desire to provide information to the public as quickly as possible after the meetings. Commissioner Aubertin added that the Board is now amending the minutes as Commissioner Fagerlie asked, that the changes to the previous meeting are shown in the current meeting minutes. Attorney Graham added that he had provided legal advice to the Board on this matter several months ago and will again do additional research. He is in agreement with the Board in the fact that the minutes do need to be accurate and reflect the Boards decisions. Commissioner Kroupa stated that he was not willing to have the Secretary work through her lunch period to prepare original minutes for Board signing as had been suggested. He added that the changes to the process several months ago were at Commissioner Fagerlie's request and that the Board needs to agree on a process that is not unreasonable and meets all requirements.

- Commissioner Fagerlie requested that that portion of Manager Friederichs' report pertaining to the discussion of the request to add a Deputy Treasurer position be corrected to read that Manager Friederichs was given Board permission to proceed with the development of a proposal for the new position which was to be presented at the September 16 Board Meeting. Manager Friederichs was not given Board approval to proceed with filling the position.

With no further corrections to the minutes a motion to accept the minutes as corrected was made by Commissioner Fagerlie. The motion was seconded by Commissioner Aubertin and unanimously carried.

Attorney Graham advised that there was no need for an Executive Session.

Reports:

The Engineer/Superintendent Report was presented by Steve VanSlyke:

1. Several outages occurred during the night as a result of the rain and wind. The Utility has been fortunate in the fact that a majority of the trees, damaged in the July 2012 windstorm, came down under the winter snows.
2. Work continues on the 10-Mile line rebuild project. Work continues with the Forest Service on this project. An application has yet to be submitted. The area has been GIS mapped and a preliminary survey completed.
3. The Valbush project is still moving forward. A meeting with the Washington State Department of Fish and Wildlife has been scheduled for their review of the proposed work.
4. The BIA has advised that they are reviewing the application and proposed project for the Manila Creek line rebuild.
5. A full system meter audit has been planned to begin on October 1. This will involve all outside personnel as it is necessary to look at every consumer point. This process was completed several

years ago and proved beneficial as mapping issues were identified as was meter tampering and incorrect meter readings were corrected.

6. The possibility of modifying the High Cost Program was presented to the Board at the August meeting. As of this date, the proposed changes have not been finalized. It is hoped that the new program will encourage even more individuals to become consumers. A discussion of the possible effects, on the Utility, of the loss of the Kinross load followed. Commissioner Kroupa stressed that the Utility should not lose sight of the fact that its purpose is to provide reliable power to the community.

Mr. VanSlyke was thanked for his report and he exited the meeting at 10:15 a.m.

The Attorney's Report was presented by Attorney Graham:

1. A letter has been written to the Kettle Falls Railway reiterating that they relinquished their rights to the tracks under federal law.
2. The matter of Mr. Sandona's poor response to the assault case was again discussed. The Board was in agreement that their total displeasure and lack of confidence in the County's Prosecuting Attorney be addressed in the minutes. His complete inability to understand the seriousness of the assault case was again discussed.

A recess was called at 10:15 a.m. with the meeting reconvening at 10:28 a.m. Manager Friederichs did not return to the meeting at this time.

Commissioners Reports:

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Fagerlie:

1. Attended a TEDD meeting with a summary presented.

Manager Friederichs returned to the meeting at 10:35 a.m.

The meeting returned to the Attorney's Report and the issue of the attack on a contracted tree trimmer. Attorney Graham stated that the Utility has the **power authority** to trim around the power lines and also the duty to trim around these lines even if the underlying trees are on private property. The public needs to be aware of this fact. This seems to be what precipitated the event with David Hahm on Barrett Creek when he went crazy and attacked Clyde Ciallella and strangled him, and was consequently charged with assault in the second degree. Manager Friederichs wrote a letter to Attorney Sandona emphasizing that he wanted Mr. Hahm to be held accountable on the matter and to pursue a conviction and asked to be kept up to date. The Utility received no correspondence from Mr. Sandona and Manager Friederichs spoke with a Ferry County Commissioner regarding the situation. Attorney Graham followed up on the matter at the Clerk's Office where he learned that a deal had been struck by Mr. Sandona. If Mr. Hahm went to counseling and stayed out of trouble for 12-months the matter would be dismissed. Attorney Graham added that he has a concern that the linemen are working in the same capacity as the tree trimmers in that they are on easements and trimming trees as required. They could be faced with further harassment, assault and/or injury. Mr. Sandona failed to send the message that Mr. Hahm's actions aren't acceptable. The District needs to show to the linemen that it did everything possible to encourage the Prosecutor to do whatever possible to deter future acts of this kind. Commissioner Kroupa stated that the public should know that our linemen or contractors not be in danger when performing their jobs. Actions of this nature keep the Utility from maintaining other consumer's power. Some of the lines the Utility have serve only one customer but others serve many and the Utility is responsible for providing dependable power to all its consumers. The Utility is entitled to access the lines to maintain the integrity of the system. It is responsible for the protection of its employees and the system. Mr. Hahm infringed on the civil rights of an individual by assaulting him and infringed on the Utility's ability to do its job. Manager Friederichs reported that he had been advised by the Sheriff's Office that they would offer security to the tree trimmers when they returned to the Hahm property to complete the work. When the security was requested the Utility was advised that assistance would not be possible. Upon pressing the matter, support was provided but the law enforcement personnel remained quite a distance from where the work was actually being performed. Commissioner Aubertin restated the need to inform the public that the Utility does have a right to perform work on private property and that the Prosecuting Attorney did not act in the Utility's best interest.

The Manager's Report was presented by Manager John Friederichs:

Correspondence:

1. A note has been received from a consumer in the Republic area requesting that the annual B.P.A. power outage be scheduled for either May or September as the weather is too hot in July. There

have been several requests to change to a different month. A discussion followed with emphasis placed on B.P.A.'s need to accomplish their maintenance work during a very small window of opportunity. Often the areas on Sherman Pass that they must access are not free of snow and dry enough for equipment until June and fall rains and possible snow closes the window in September. Manager Friederichs was asked to respond to the customer. Commissioner Fagerlie questioned whether the Board needed to approve the Manager's response to the customer. Commissioners Kroupa and Aubertin both stated they were confident that Manager Friederichs would write an appropriate letter and Board approval was not necessary.

2. The Washington State Emergency Division of Public Assistance will host a seminar in Okanogan in October to provide information on program changes. Manager Friederichs, Auditor Nush and Engineer VanSlyke will attend.

Commissioner Kroupa stated that he was very pleased with the results of working with the State Emergency teams and the receipt of reimbursement for the storm related expenses. Manager Friederichs advised that those items disputed by the State were of an insignificant dollar value and the decision was made to not appeal the State's decision. A 10% retention was held on the payments as well, therefore, the Utility could receive additional funding if all reporting is approved. Several consumers have mentioned the removal of the \$5.50 Storm Recovery Fee from the August billing.

#### Meetings:

1. The next WPUDA meeting will be held September 18 through 20<sup>th</sup> in Chelan. Commissioner Fagerlie will attend the Commissioner's portion and Manager Friederichs will attend the Board of Directors meeting on the 20<sup>th</sup>.

Commissioner Kroupa reported that the new Manager of Chelan County P.U.D. is Steve Wright who was the B.P.A. Administrator.

2. The Energy Northwest Member Forum will be held on October 24. All Commissioners will attend.
3. Commissioner Kroupa will attend the NRU and PPC Meetings beginning November 4 in Portland.
4. The Legislative Luncheon has been scheduled for November 12 at Stephanie's Restaurant in Colville. Commissioners and Manager Friederichs will attend.
5. The Annual WPUDA meeting will begin December 4 and will be held at the Northern Quest Resort at Airway Heights. Commissioners Kroupa and Fagerlie will attend as well as Manager Friederichs.

#### General Business of the Utility:

1. The August B.P.A. billing was discussed. The District's cost per kWh of power is now at 3-cents.
2. Cowlitz County P.U.D. is looking at a 5% rate increase. Some of their customers will receive a refund as rate schedules are adjusted. They will be using a rate stabilization fund to offset the decrease. The mechanics of a rate stabilization fund was briefly discussed as was the fluctuation of the monthly B.P.A. charges.

The Board discussed the possibility of the Kinross Mine closing and the impact the drop in load will have on the Utility. Under the new B.P.A. contract, the Utility will continue to pay for its portion of the B.P.A. allocation ~~even though the power may not be used~~. Manager Friederichs explained that the Utility will not lose its High Water Mark immediately and will have an opportunity to appeal any proposed changes to the High Water Mark.

3. The District shop was broken into again. The first occurrence resulted in two chainsaws being taken. The second break-in resulted in a roll of copper wire being taken. Neighbors next to the shop reported the disturbance to the Sheriff's office who in turn contacted the outage lineman on call rather than Management personnel. A recording security system has been purchased and installed. Attorney Graham questioned whether the security system recorded audio and he was assured that there was no sound recording. The new system is very high resolution and will enable license plates to be read.
4. The Interlocal Agreement between the Utility and Ferry County establishing railroad crossings has been returned, signed by the County Commissioners. The Agreement was presented to the Utility Board of Commissioners for their review and signing.
5. The advertisement for the vehicles declared surplus at the August Board meeting has been published in the local newspaper. Sealed bids will be accepted through 5:00 p.m. on Friday, October 18 for opening at the October 21<sup>st</sup> Board Meeting.
6. The Irrigation Rate Schedule was brought before the Board for review. A clarification of the Rate Schedule has been developed to explain the Idle Service process. The wording "If an idle account is reconnected at any time in the course of the pumping season the customer will also be assessed the full annual horsepower charges for the season. A credit will be given for any idle

charges billed during that season to off-set the annual charge.” has been added. A discussion followed. The Board was in concurrence.

7. The proposal for the Deputy Treasurer position was provided to the Board. The State Auditors have advised that there is no one in the office who should actually be able to back the Treasurer’s position because of the separation of duties. Have presented the least harmful option. A discussion of the duties followed. Manager Friederichs stressed that the position would not handle funds at the front counter. Commissioner Fagerlie questioned the hiring qualifications, specifically an accounting degree be required. Manager Friederichs advised that a two year degree or better would be required as would the ability to work effectively under pressure. The position would not be started at the entry level as an individual with good work experience is needed. Commissioner Fagerlie questioned the fact that the Billing Clerk is currently the Deputy Treasurer and that this position is under the Union classification. Manager Friederichs advised that he has spoken with the Billing Clerk who now audits and makes the daily bank deposit as well as works at the front counter accepting payments. The Billing Clerks salary will be “redlined” at the current level until such a time as an increase is due. The Union has been contacted regarding the proposed change and is in agreement. Auditor Nush is also bringing the Billing Clerk position duties in line with the work duties that are actually being performed. The position description was created prior to the current billing program and duties and responsibilities have changed.

The meeting recessed at 12:06 p.m. for lunch reconvening at 1:13 p.m.

The Manager’s Report continued:

The discussion of the proposed Deputy Treasurer position was continued. A motion was made by Commissioner Kroupa that under the conditions outlined in the proposal and job description to start interviewing with the intent of hiring a Deputy Treasurer. The motion was seconded by Commissioner Aubertin. Discussion followed. Commissioner Fagerlie questioned why the qualifications were not included in the position duties with Manager Friederichs explaining that the qualifications would be included in the position advertisement. The position will not be overtime exempt as the requirements for this classification require an individual to be self-directed and to supervise personnel. The anticipated beginning salary was discussed further. Manager Friederichs explained that the beginning salary is entry level and an individual at that level would not have the needed work experience. Commissioner Aubertin stated that Manager Friederichs, Auditor Nush and Treasurer Jurgensen would work very closely with the person selected and will hire someone capable of doing the work. He further added that the selection should be left to their discretion. Commissioner Fagerlie asked based on personnel policy that Commissioner Kroupa amend his motion to reflect that the Board will allow the position to be filled above a Step 1. A discussion of the proposed pay grade followed. Commissioner Kroupa amended his motion to read “That under the conditions outlined in the proposal and job description to start interviewing with the intent of hiring a Deputy Treasurer at the wage level necessary to secure a qualified candidate”. The motion was unanimously carried. The timeframe for filling the position was briefly discussed. It was explained that Mrs. Jurgensen will be in and out of the office for some time and the position will be advertised and interviews begun as soon as practical.

The Conservation Report was presented by Manager Friederichs:

1. Limited activity. The funds available from B.P.A. are in question. Some small projects have been completed,
2. The possibility of a project at the Keller School is under consideration. At this time it is now known whether it will move forward.
3. The possibility of purchasing more promotional handout material for the Fair Booth is under consideration. Attorney Graham cautioned the Board against the gifting of public monies.

The scheduling of the October Public Rate Hearing was discussed. Auditor Nush reminded the Board that it will also be necessary to schedule the 2014 Budget Hearing. The Board had previously scheduled a workshop to discuss the proposed 2014 Budget and the proposed rate increase to be held on Tuesday, September 17. A discussion followed with the Board concurring that the Public 2014 Budget Hearing would be held during the October 21<sup>st</sup> Board Meeting and that the preferred date for the Public Rate Hearing would be October 28<sup>th</sup>. The B.P.A. rate increase will become effective October 1, 2013 with the Utility’s rate increase to become effective November 1, 2013. The need to confirm the location for the 28<sup>th</sup> meeting was discussed. Mrs. Jurgensen will contact the Republic Schools regarding the availability.

The meeting recessed at 1:45 p.m. reconvening at 1:55 p.m.

Mrs. Jurgensen confirmed that the Republic School Elementary Cafeteria Auditorium will be available on October 28<sup>th</sup>. The Public Hearing will begin at 6:00 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of August 10, 2013 were \$2,396,645.26 with restricted funds of \$1,180,841.17. There were twenty-six outages in the month of August for a year-to-date total of one hundred sixteen compared to one hundred thirty-seven for the same period in 2012. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

Commissioner Kroupa brought the funding shown in the Storm and Vacation Fund before the Board for discussion. Manager Friederichs, Auditor Nush, and Engineer VanSlyke were directed to determine the funding necessary in this account and also how the District should proceed with the increase, i.e., incrementally over a period of years or in one set transaction. The recent storm proved that the funds in this account are not adequate to cover such a disaster and inflation has not been taken into consideration with this account.

2. The change from Bank of America to US Bank is progressing. The actual change will occur after Mrs. Jurgensen's return to the District. All accounts have been established and necessary equipment and materials ordered.

The Auditor's Report was presented by Sue Nush:

1. Research has been done on the Project Share Program as presented by Ms. Battin at the August Board meeting. A minimal reprogramming fee would be assessed for changes in the printing of the billings. Examples of existing billings were presented for Board consideration. A lengthy discussion followed with the Board in agreement that they would be willing to consider an annual notice being included in billings along with a separate remittance envelope for any funds to be mailed directly to Rural Resources in Colville. A motion was made by Commissioner Aubertin to utilize separate envelopes sent directly to the Colville Rural Resources office with Auditor Nush working with Rural Resources for Ferry County's participation in the Project Share Program. The motion was seconded by Commissioner Kroupa with discussion following. The motion was amended to add the Board authorizes the Manager to pay for remittance envelopes and/or materials if Rural Resources is unable to cover these costs. The motion was unanimously carried.

Commissioner Fagerlie exited the meeting at 2:51 p.m. returning at 2:57 p.m.

2. The voucher listing was reviewed by the Board and questions were answered. Warrants Numbers 10248 through 10337; direct payroll deposit numbers 902110 through 902142 and Electronic Funds Transfers numbers 260, 261 and 262 in the total amount of \$459,166.50 were approved by a motion made by Commissioner Aubertin, seconded by Commissioner Fagerlie and unanimously carried.
3. The Utility is now receiving a combined Power and Transmission charges billing from B.P.A.
4. The Hecla Master Meter has now been reclassified into the Industrial Classification. This change was implemented two months ago. A new meter which will allow for KVAR ~~metering~~ metering has been ordered and has yet to be installed. ~~There may or may not be an adjustment due to the power factor billing.~~

General Business of the District:

Manager Friederichs reported that labor negotiations have begun. There is the possibility that the call-out and meal payment option will be eliminated for our personnel. The change would increase the stated hourly wages a minimal amount and would bring wages to within a few cents from other utilities. Three utilities are trying to hold any increase to a manageable amount.

The meeting recessed at 4:07 p.m. to reconvene at 9:00 a.m. on September 17, 2013.

The recessed meeting was reconvened by Board President Kroupa at 9:42 a.m. Present were Commissioners Kroupa, Doug Aubertin, Dan Fagerlie, Manager Friederichs, Auditor Nush, Attorney Graham, and Treasurer Jurgensen.

Visitors: None

The Preliminary 2014 Budget was presented by Auditor Nush with questions answered.

The meeting recessed at 10:21 a.m. reconvening at 10:30 a.m.

The Budget presentation and discussion continued.

Commissioner Kroupa exited the meeting at 11:28 a.m. returning at 11:29 a.m.\

The meeting recessed at 11:40 a.m. reconvening at 11:47 a.m.

The proposed B.P.A. rate increase information was presented and a discussion followed. Auditor Nush presented various scenarios for Board consideration. The Board was in agreement that the upcoming rate increase would apply to all rate schedules and most likely a 6% increase would be put into effect. Commissioner Fagerlie stated that he preferred to meet after the Public Rate Hearing to fine tune the budget and actual rate increase. He further expressed concern regarding the addition of the Deputy Treasurer position to the proposed budget as well as the increase from a half-time customer service position to a full-time position.

Auditor Nush advised that she will now make changes to the proposed budget based on the Boards direction.

Commissioner Kroupa and Commissioner Aubertin were in agreement that a 6% increase would allow the Utility an adequate increase to cover the anticipated B.P.A. increase and allow for a minimal increase to cover the proposed budget. Commissioner Fagerlie spoke in objection to a 6% increase pending public comments.

Commissioner Fagerlie presented his recommendations, in a written format, as to how he feels the minutes should be presented, reviewed, amended, approved and printed. No action was taken at this time.

Lobbying: None

With nothing further to come before the Board, the meeting was recessed at 12:35 p.m.

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

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President

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Vice-President

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED:

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Manager