

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
October 17, 2011

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:15 a.m. Present were Commissioners Aubertin, Chris Kroupa and Nathan Davis, and 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 Aubertin.

Visitors: TEDD Representatives, Interim Director Rob Willford and Area Representative Julie Burnett.

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

The meeting was turned to Mr. Willford who provided an overview of TEDD activities and changes to be implemented in the near future. Of significant importance to Republic will be the closure of the TEDD office in Republic. This has been necessitated by reduction in funding and financial support. The Board was thanked for their time and Mr. Willford and Ms. Burnett exited the meeting at 9:49 a.m.

Reports:

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

1. The full system meter audit is in progress. The crew has identified a number of deficiencies as they are also inspecting poles, transformers and meters. One issue of meter tampering and possible theft has been identified. The mapping is being updated for transition to the new computer system.
2. The Heron Creek substation has been retired. All has been removed with the exception of the concrete pad.
3. A transformer at the Wauconda substation has tested high for dissolved gas and further testing and analysis will be completed. A pyroscan will be completed when the next oil sample is taken. The Utility does have a spare transformer. Cost of a new comparable transformer is between \$100,000 and \$120,000 and rebuilding would be somewhat less costly.
4. The substation concrete has been resealed to help maintain its integrity. An earlier RUS inspection had identified the issue and a more aggressive maintenance program has been implemented.
5. Dust abatement has been sprayed in the shop yard.
6. A concrete floor is being laid in the equipment storage shed. Overhead doors will be installed at a later date to keep the building warmer. This has become necessary for the new diesel trucks equipped with the urea tanks.
7. The Sheriff's Office has upgraded their radio system which now allows the dispatchers to monitor the P.U.D. frequencies at all times and record transmissions.
8. A new 6-year transportation improvement plan for Okanogan County has been received. Improvements to some of the roads in our service area may be made but there will be no effect on the Utility.
9. Tree thinning and danger tree removal work continues. The contractor is currently working in the Empire Creek area.

Mr. VanSlyke thanked the Board for their time and exited the meeting at 10:05 a.m.

The meeting was opened at 10:05 a.m. for the public 2012 preliminary budget hearing with no visitors present. Auditor Nush presented the proposed budget with noted changes to other sources of revenue not previously included and capital expenditures. Review of other utility's websites revealed that their budgets included capital contributions for line extensions and capital expenditures. No decision was made by the Board as they will review again at the November Board Meeting. The Budget Hearing concluded at 10:25 a.m.

A recess was called at 10:26 a.m. with the meeting reconvening at 10:37 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 10:38 a.m. for twenty minutes for the purpose of discussing potential litigation. The Board returned to regular session at the purpose of extending the Executive Session for another twenty minutes returning to Executive Session at 11:00 a.m. The Board returned to regular session at 11:20 a.m. for the purpose of extending the Executive Session for fifteen minutes. The Board returned to Regular Session at 11:35 a.m.

The Attorney's Report was presented by Attorney Graham:

1. The results of the Commissioner boundary redistricting meeting attended by Manager Friederichs were requested. Manager Friederichs reported that the initial County proposal resulted in the County being divided in a manner that would result in one entire district being outside of the Utility's service area. Another proposal will be developed and another meeting will be scheduled. Attorney Graham advised that, in the event the County redistricting does not allow the Utility Commissioner districts to be effective and have comparable numbers of consumers, the Utility may develop their own districts even though the County prefers that the Utility use their boundaries for the ease of elections.

A recess was called at 11:47 a.m. for the purpose of viewing the new Argo snow machine and lunch. The meeting reconvening at 1:06 p.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request made by the City to display a collection can at the front counter in the Utility office for a new drug dog for the City of Republic was granted.
2. Notification has been received advising that the Utility's PPC dues would increase as the power sales had increased.
3. A letter was received from Grays Harbor P.U.D. advising that they were not in support of utilities receiving full retail telecommunications service authority.
4. A telephone call was received from Julie Burnett of TEDD inquiring as to the Utility's decision regarding payment of dues. She was advised that the Board had made no decision.
5. A thank you has been received from the RHS yearbook staff for support of the 2012 yearbook.

Meetings:

1. The NRU meeting will be held November 2 in Portland. Commissioner Kroupa will attend.

General Business:

1. The Commissioner district redistricting was briefly discussed

Mr. Ron Ciaais entered the meeting at 1:42 p.m.

2. The Washington State Auditor's entrance conference documentation is available for review. An overview of the areas discussed with the Auditors was presented. They anticipate their final report will be completed by the end of October.

Mr. Ron Ciaais exited the meeting at 1:44 p.m. making no comments.

3. A copy of the conformed B.P.A. Rep Settlement Agreement and Amendment #1 have been received. The Utility has been asked to sign Amendment #1 and return it to B.P.A. by November 30, 2011. If the Utility chooses to sign the document other parties will be allowed to sign on to the settlement agreement. The Board discussed briefly the Agreement and Amendment with a motion made by Commissioner Kroupa to direct the Manager to sign Amendment #1. The motion was seconded by Commissioner Davis and, with no further discussion, was unanimously approved.
4. The Employee Policies Handbook was presented to the Board for consideration. A discussion followed. Attorney Graham advised that he has reviewed the document for propriety. The Handbook was discussed with Mr. Steve Hendrickson of IBEW Local #77.
5. Two laptop computers were ordered to replace the Commissioner District 1 and District 2 existing units. One has been successfully made operational whereas one was damaged and has been scheduled for return with a replacement sent. Auditor Nush has recommended that one of the older units be set aside to allow customers on-line access to their accounts and bill paying through the new computer system.
6. The first on site SEDC discovery meeting will occur the last week of October for the billing portion. The new server is scheduled to arrive mid November. A local contractor will provide and install a secure door for the new computer room. Engineering mapping continues to be updated as data is gathered.
7. Resolution 11-10 "A Resolution to Adopt a District Employee Policies Manual" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

The Conservation Report was presented by Manager Friederichs:

1. B.P.A. will reimburse the Utility for costs incurred in relation to the Kinross and school projects.
2. Commercial lighting projects will be allowed with the balance of any funding in the Utility's account.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.
2. Attended the State Auditor's Entrance Conference.

Commissioner Aubertin:

1. Attended no outside meetings.
2. Will attend the upcoming Energy NW meeting.

Commissioner Davis:

1. Attended the TEDD Meeting with an overview presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of October 10, 2011 were \$1,270,985.53 with restricted funds of \$1,310,849.90. There were fourteen outages in the month of September for a year-to-date total of one hundred compared to one hundred forty-three for the same period in 2010. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Resolution 11-09 "A Resolution to Write-Off Uncollectible Accounts" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

The Auditor's Report was presented by Sue Nush:

1. The statement "prepayment of any contractual obligations" has been added to the Auditor's Warrant Approval document per RCW.
2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7785 through 7885 direct payroll deposits numbers 9901363 through 9901394, Electronic Fund Transfer number 177 through 179 in the total amount of \$472,065.61 and voided warrants numbers 5142, 5508, 5805 and 7728 in the amount of \$606.10 were approved by a motion made by Commissioner Aubertin, seconded by Commissioner Kroupa and unanimously carried.
3. The September 2011 Packwood Report was presented.
4. A proposed change to the District Policy Handbook allowing the Utility to read meters for those customer who have repeatedly reported inaccurate meter readings and assess a meter reading fee was presented. The proposal is a result of the meter audit identifying habitual reading misinformation submitted by several customers. A motion was made by Commissioner Kroupa to adopt the proposed revision regarding meter reading in Section 37 of the District Policy Handbook. The motion was seconded by Commissioner Aubertin with discussion following. At the conclusion of the discussion the motion was unanimously carried.
5. Attorney Graham's input was requested regarding a form created to document requests for the disclosure of public records. A discussion followed with Attorney Graham advising that the document would be acceptable with a slight modification.

Lobbying: None

With no further business to come before the Board, the meeting was recessed at 3:35 p.m.

The meeting reconvened at 5:10 p.m. for the purpose of the Revolving Loan and Grant Fund Meeting.

Those present were Commissioners Aubertin, Kroupa and Davis, Board member Steve Graham and Manager John Friederichs.

Visitors were Jim Schumacher and Dan Fagerlie representing the Ferry County/WSU Extension Office.

The Board reviewed a Grant request from the Ferry County/WSU Extension Office in the amount of \$1,900 for the purpose of partially funding an education program for local non-profit organizations. Questions were answered by Mr. Fagerlie. After consideration, the Board recommended that Mr. Fagerlie and Mr. Schumacher return to a December meeting with additional information as to the total number of participants enrolled in the program. With further discussion, the applicants will advise of the number of participants and their intention regarding the application after December 7.

With nothing further to come before the Board, the meeting was adjourned at 6:15 p.m.

BOARD OF COMMISSIONERS  
PUBLIC UTILITY DISTRICT NO. ONE  
FERRY COUNTY, WASHINGTON

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President

ATTEST:

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Vice-President

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Secretary

APPROVED:

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Manager