

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

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:03 a.m. Present were Commissioners Kroupa, Doug Aubertin and Dan Fagerlie; Manager John Friederichs, Auditor Sue Nush, 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 November were approved.

Public Comments: Commissioner Fagerlie reported that he had been contacted by consumer Richard Charlson regarding items that he would like to see the Utility do differently. He specifically would like to no longer receive paper billings in the mail as he makes his payments online and he would prefer to receive his billings electronically. Mr. Charlson explained to Commissioner Fagerlie that he had also spoken with Utility personnel regarding these issues and was not satisfied. Manager Friederichs explained that he and Auditor Nush had both spoken with Mr. Charlson regarding his concerns and it had been explained to him that the Utility's current billing program did not allow for what he was requesting. It has also been explained that the Utility had recently upgraded the billing system to a new provider in 2012 and was not planning to upgrade again in the near future. The costs associated with such an upgrade versus the number of customers who have requested such have been weighed as has the expense of asking the company who has contracted for the billing printing and mailing to remove one billing.

An Executive Session was not held.

Reports:

The Engineer/Superintendent's Report was presented by Manager Friederichs:

1. New line extension construction work has tapered off.
2. Work has begun again in the 10-Mile area for 2012 Storm damage repair.
3. The proposed changes to the High Cost Energy program were discussed. It was questioned why the proposal excluded seasonal accounts and it was explained that the program is intended to bring revenue to the utility as well as help customers obtain power. The seasonal accounts do not generate the same revenue that regular residential accounts do. The possibility of assessing interest to the accounts was also discussed with Attorney Graham advising that the assessment was within the Utility's authority.

Manager Friederichs presented a summary of a recent emergency situation which originated at the Echo Bay/Kinross Mill site. A drill had been scheduled to begin at a specific time however, an emergency call was received at the County 911 Dispatch Office prior to the scheduled beginning time. The nature of the emergency was verified by the Dispatcher and appropriate emergency response personnel were dispatched due to the fact that the caller from Echo Bay confirmed that the incident was a true emergency. The Utility Crew was working in the Keller area and was pulled from their job and routed to the emergency, Engineer VanSlyke responded to the emergency by shutting off power to the area along with regular customers on the affected line. An emergency situation such as this, when the regular line crew is outside of the immediate area, allows Engineer VanSlyke to take immediate action to terminate the power. Under normal circumstances, he would not be permitted to act. As County emergency response personnel reached the Mill Site it was learned that there was not a true accident and that the event had been created by Mine personnel to shake things up and see where the weaknesses were. At the time the incident was determined to be a non-emergency, Engineer VanSlyke could not act and was unable to re-energize the line restoring power to the affected customers. This was accomplished when the Utility's line crew arrived. Manager Friederichs attempted to contact Mine Management with no success and no contact has been made by Mine Management. For any future drills, the Utility will request three days prior notification and the Utility will not participate. A billing will be submitted to Echo Bay/Kinross for Utility costs incurred. The Board discussed the nature of the letter to be sent to Mine Management. The possibility of Mine Management attending the January Board meeting was discussed with Manager Friederichs to invite appropriate personnel. Concern was expressed that, in the event a true emergency does occur at the site, emergency response personnel may not be as quick to respond.

Commissioner Kroupa questioned the type of wiring that was taken from the Utility Shop. Manager Friederichs explained that a report had been filed with the Ferry County Sheriff's office who in turn is expected to notify outlying pawn shops or other entities who might take the stolen goods.

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

1. Attended the WPUDA Attorney's meeting held in conjunction with the Annual WPUDA meeting. A summary of the information gathered was presented.

Manager Friederichs exited the meeting at 9:53 a.m. returning at 9:55 a.m.

2. The Utility's ability to assess interest on loans was discussed. Recommendation to tie interest rates to an objective reference was presented.

A brief recess was called at 10:11 a.m. with the meeting reconvening at 10:16 a.m.

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. A summary of B.P.A.'s activities during 2013 has been received and is available.
2. A request for sponsorship from the Republic Regional and Convention Bureau has been received. A discussion followed with the Board in agreement that the Utility is unable to assist the organization with their request. The group will be made aware of the Revolving Loan/Grant program.

Meetings:

1. Attorney Graham had been asked to research the ability of Utility personnel to accrue personal travel reward points when traveling on Utility business. Attorney Graham's research showed that it is legal for utility personnel to accept travel rewards so long as they are not making their own reservations. Discussion followed. Commissioner Fagerlie advised that his reservations for the January WPUDA meeting were made at the wrong hotel. Follow-up will be made with Mrs. Jurgensen to correct the matter.
2. WPUDA meeting dates for 2014 are available with reservations in place for Commissioner Fagerlie.
3. The January WPUDA meeting will include the annual Legislative Reception. Manager Friederichs will attend. Commissioner Fagerlie reported that he will personally invite Senator Dandel to the event.
4. Commissioner Kroupa brought the Energy Northwest quarterly meeting before the group for discussion. The meeting is scheduled to be held in Corvallis, OR, and due to the distance to be traveled neither Commissioner Aubertin nor Commissioner Kroupa will attend.
5. The Board was reminded that their participation in trade organization meeting will be an agenda item at the January Board Meeting.
6. The Utility's State Audit has been completed as far as is possible. A date for the final Exit Conference has yet to be set. Commissioner Kroupa expressed his interest in attending. Auditor Nush advised that the actual conference may be conducted telephonically. Manager Friederichs advised that, in the event all three commissioners wished to participate, an advertisement for a special meeting would be required.

General Business:

1. An announcement has been received from Energy Northwest advising that the US Department of Energy has announced that NuScale will receive federal funding for a small nuclear reactor. The possibility of the location of a small unit in Energy Northwest's member service area with Energy Northwest possibly administering the project.
2. The Utility's Account Representative for the Bonneville Power Administration will change. Mr. Ken Hustad will no longer function in this role. Ms. Nancy Schimmels will begin serving in this capacity beginning January 1. She will be invited to attend a Board Meeting.
3. Attendance at several local events has shown no undue concern regarding the upcoming Rate Increase. Commissioner Fagerlie reported that he continues to receive complaints from consumers regarding the short and long month billings created as a result of the meter reading audit.

The Conservation Report was presented by Manager Friederichs:

1. A proposal for area lighting changes has been developed and submitted to B.P.A. Results of proposal are unknown. A discussion of the efficiency of the various light bulbs followed.

Commissioner Fagerlie questioned the progress made changing from Bank of America to US Bank. He also stated that he had a citizen question if Utility personnel were driving deposits to the nearest US Bank daily. Manager Friederichs assured Commissioner Fagerlie that no Utility personnel were driving deposits to Tonasket. All US Bank deposits were made electronically. An account has been opened at the new local bank to allow for the deposit of cash and coin. reported that the change was progressing well with only one major issue which was immediately resolved. The old IRS payroll tax account was used to report the IRS Payroll taxes which resulted in the taxes being made available at Bank of America rather than US Bank.

Commissioners:

Commissioner Fagerlie:

1. Attended the Annual WPUDA meeting. Sat in on the Manager's meeting as well. 2014 Legislative agenda has been developed. Public disclosure issues were the primary focus.
2. Did not attend a TEDD meeting. Questioned whether Commissioner Aubertin received meeting notifications.
3. Participated in a conference telephone call with the new B.P.A. representative Elliot Mainzer.
4. Will email Utility's Legislative Representatives to invite them all to the WPUDA's Legislative Reception.

Commissioner Aubertin:

1. Has a new Grand Daughter. She is doing very well as is her mother Haley.

Commissioner Kroupa:

1. Also attended the Annual WPUDA meeting.

Manager Friederichs advised that the Board Meeting is to reconvene at 5:00 p.m. for a Revolving Loan/Grant meeting. The Republic TV Association has submitted a proposal for a loan for the purchase of new equipment. Ferry County has also expressed an interest in the funding for a heating retrofit. No application has been received for this project.

Attorney Graham exited the meeting at 11:25 a.m. returning at 11:30 a.m.

The Board discussed an increase in the Storm / Vacation Fund. The possibility of incremental increases over a period of one year was considered rather than one lump sum transfer of funds. The current funding amount of \$980,000 has been in place for twenty-five years and inflation has not been taken into consideration. It was pointed out that decisions based on appearance rather than reality are not the best for the Utility. A discussion of the Utility's current as well as past financial status was held. No decisions were made at this time.

The meeting recessed at 11:45 a.m. for lunch reconvening at 1:06 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of November 30, 2013 were \$2,337,740.90 with restricted funds of \$1,230,717.20. There were seven outages in the month of November for a year-to-date total of one hundred forty-two compared to one hundred seventy-one for the same period in 2012. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Resolution 13-09 "A Resolution Authorizing the Establishing of a Special Checking Account" was presented and adopted by a motion made by Commissioner Fagerlie and seconded by Commissioner Aubertin. Resolution Number 13-10 "A Resolution Authorizing Agents to Act for the Revolving Loan/Grant Fund" was presented and adopted by a motion made by Commissioner Aubertin and seconded by Commissioner Fagerlie. Resolution 13-11 "A Resolution Authorizing Agents for Night Depository Agreement" was presented and adopted by a motion made by Commissioner Aubertin and seconded by Commissioner Fagerlie.
3. Letters were sent to all consumers who had not cashed their account refund warrants advising that the bank account their warrant was issued against was going to be closed and explaining that they could request a replacement warrant using the information contained in the letter. A letter has since been received from one of these individuals and they have requested reimbursement for their recording fees, photo copy fees and express mail fees associated with their response to the letter requesting a replacement warrant. Attorney Graham advised that their request for reimbursement of their expenses was not allowable.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 10545 through 11031, direct payroll deposits numbers 902209 through 902252, Electronic Fund Transfer numbers 267 and 268 in the total amount of \$564,355.80 and void warrants numbers 10566 8845 and 9256 were considered for approval by a motion made by Commissioner Aubertin by Commissioner Fagerlie. Commissioner Fagerlie requested legal advice regarding the Board's approval of warrants which have already been paid. He added that he had contacted the State Auditor's Office regarding the practice and had been told that the Utility's process was acceptable. Attorney Graham advised that the practice was legal. He added that elected officials sometimes confuse legal mandate with practice. The motion was then unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board with questions answered.
3. The tree trimming and right-of-way clearing contract will be bid this year. The package is being developed.
4. The requirement for a State Audit is now two years in the future. An independent auditing firm will be contacted to learn their costs and requirements.

5. The Preliminary 2014 Budget was presented for discussion. It was explained that Andrea Olson remains on the Utility's roles as she has been using her personal leave since leaving the Utility on April 30 prior to her actual retirement. Manager Friederichs explained that it is possible to set a leave cap for management personnel but not for union personnel. Commissioner Kroupa stated that he would be interested in a proposal from Manager Friederichs to cover such a situation. A brief discussion of the 2014 Budget was held. Resolution 13-12 "A Resolution Authorizing Adoption of the Budget for 2014" was presented. Commissioner Fagerlie questioned whether funds could be transferred into the reserve account throughout the year. Auditor Nush explained that the reserve account is not a specific line item in the budget as that is where the cash dollars are allocated. She further explained that an extreme change to the Budget could be done through an amendment or resolution. Commissioner Kroupa added that since Rory Miller and Auditor Nush have been preparing the budgets they have been relatively accurate and there have been much fewer surprises. He added that no budget plan can be 100% accurate as no plan can be such. With no further discussion a motion to adopt Resolution 13-12 was made by Commissioner Aubertin. The motion was seconded by Commissioner Fagerlie and unanimously carried.

Lobbying: None

With nothing further to come before the Board, the meeting was recessed at 2:17 p.m. to reconvene at 5:00 p.m. for the purpose of the Revolving Loan/Grant Fund meeting.

The meeting was called to order at 5:00 p.m. by Utility Board President Kroupa.

Present were P.U.D. Commissioners Kroupa and Fagerlie. P.U.D. Manager Friederichs Board member Steve Graham and Republic Television Association representatives Doug Malsam, Gus Nichols and Sheila Welveart. Revolving Loan Board members who attended via telephone were P.U.D. Commissioner Doug Aubertin and Board Member Dan Miller.

The proposal for funding was reviewed with questions answered.

A motion was made by Dan Fagerlie to loan the Friends of the Television Association of Republic \$30,000.00 at 3% interest for a term of no longer than ten years. Discussion followed regarding security of the loan. Attorney Graham suggested an "Article 9" security. The Association offered a piece of unimproved property adjacent to their antenna site. Dan Fagerlie amended his motion to include a mortgage on the described property. The motion was seconded by Chris Kroupa with the motion being unanimously approved.

The meeting adjourned at 5:30 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager