

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
February 18, 2014

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:01 a.m. Present were Commissioners Kroupa, Doug Aubertin and Dan Fagerlie; 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: Bill Scott, Nathan Davis and Melissa Rose.

The minutes of the January were approved.

The meeting was turned to the visitors. Mr. Scott and Mr. Davis provided an update of the business activity of Scott Hydro with questions answered. The gentlemen exited the meeting at 9:45 a.m. Mrs. Rose explained that she was again representing Ferry County Pride Month and asked the Board to consider a \$100 sponsorship. With questions answered, a motion was made by Commissioner Kroupa to sponsor the event in the amount of \$100. The motion was seconded by Commissioner Aubertin and unanimously carried. The Board was thanked for their time and Mrs. Rose exited the meeting at 9:55 a.m.

Public Comments: None

Reports:

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

1. The crew work has been focused on maintenance of the system which included pole replacements and tree removal. An increase in dying trees is being seen and it attributed to both insect infestation and storm damage.
2. The Corps of Engineers have taken the lead over other governmental entities for the Valbush line extension project on the Kettle River.
3. The Forest Service has advised that the 10 to 13-Mile trail project permitting should not be an issue. The trail will be developed to accommodate ATV's rather than larger line trucks.
4. The Buckhorn Mine outages have been traced to improperly programmed breakers on their system.

The Board went into Executive Session at 10:05 a.m. for thirty-minutes for the purpose of discussing potential litigation. The meeting returned to regular session at 10:35 a.m.

5. Pole attachment spacing was discussed. The Utility allows a maximum of two feet for each entity attaching to it's poles although the standard spacing is one foot. A calculated rate based on pole height and the number of contacts is used.

Mr. VanSlyke was thanked for his time and he exited the meeting at 10:35 a.m.

A brief recess was called at 10:35 a.m. with the meeting reconvening at 10:49 a.m. Pam Allen, the new Deputy Treasurer, joined the meeting at this time. Ms. Allen was introduced to the Board and observed the remainder of the meeting.

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

1. As requested the by the Board, research has been completed on the matter of Commissioner lobbying. The Commissioners are free to tell legislators their thoughts on subjects but are not to exceed the four-days per year maximum. It was recommended that the term "Lobbying" be removed from both the Board Meeting Minutes and the Board Meeting Agenda

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. A thank-you was received from PPC for the Utility's continued membership.
2. The Utility sent a letter to the Bonneville Power Administration stating its thoughts on the proposed transmission segmentation.

Meetings:

1. The Utility's new Bonneville Account Representative, Nancy Schimmels, will visit the Utility Wednesday, February 19.
2. Manager Friederichs and Auditor Nush will continue to attend Union negotiation meetings through the month of March.
3. The Annual NWPPA meeting will be held in Billings, MT on May 18 through May 21. Commissioner attendance was not determined.
4. Commissioner Kroupa will attend the next quarterly NRU and PPC meetings in May.
5. The February WPUDA meeting will be held on the 19th through 21st. Commissioner Fagerlie will attend the meeting as well as the Legislative Luncheon.
6. Commissioner Fagerlie reported that he will not be able attend the February 26 TEDD meeting in Colville.

General Business:

1. A proposed draft of the High Energy Cost program guidelines were presented for consideration. The Board will provide their comments to Manager Friederichs through the next month to allow for approval at the March Board Meeting.

The Conservation Report was presented by Manager Friederichs:

1. The Utility's continued participation in B.P.A.'s Conservation Program was discussed at length. This will also be a topic of discussion with Ms. Schimmels.

Commissioners:

Commissioner Fagerlie:

1. Attended the TEDD meeting in Colville with an overview presented.
2. Was invited by a City Council member to provide a P.U.D. update to the City Council.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Kroupa:

1. Attended the NRU and PPC meetings in Portland. Primary topic at the meetings was the B.P.A. segmentation issue and energy efficiency.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of January 10, 2014 were \$2,868,812.29 with restricted funds of \$880,786.67. There were ten outages in the month of January compared to twenty-two for the same period in 2013. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. The matter of delinquent accounts for consumers incarcerated was discussed. Attorney Graham advised no special considerations be made.
3. Resolution 14-01 "A Resolution Authorizing Investment of P.U.D. #1 of Ferry County Monies in the Local Government Investment Pool" was unanimously adopted by a motion made by Commissioner Aubertin, seconded by Commissioner Fagerlie.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 11159 through 11244 direct payroll deposits numbers 902288 through 902320, Electronic Fund Transfer numbers 274 through 276 in the total amount of \$646,083.27 were approved by a motion made by Commissioner Aubertin and seconded by Commissioner Fagerlie and unanimously carried.

A brief recess was called at 1:37 p.m. with the meeting reconvening at 1:44 p.m.

2. The Financial and Statistical Report was reviewed by the Board with questions answered.
3. An overview of the Washington State Auditor's Exit Conference was presented. The official audit report has not been received by the District. A draft response has been

developed as the Utility did receive a finding for a material weakness in controls that adversely affect the District's ability to produce reliable financial statements. The matter was discussed at length.

With nothing further to come before the Board, the meeting was recessed at 2:22 p.m. to reconvene at 5:00 p.m. for the purpose of a Revolving Loan/Grant Committee Meeting.

The meeting reconvened at 5:05 p.m. with Commissioners Kroupa present as well as Manager Friederichs and Revolving Loan Grant Committee members Steve Graham and Gail Kuehne. Commissioner Aubertin joined the meeting via telephone.

Visitor was Tim Schooley of Tim's Tire Pro.

The Committee reviewed with Mr. Schooley his application with questions answered. It was suggested that Mr. Schooley contact the TEDD office in Colville regarding the possibility of their providing financial support. It was also suggested that a contact to the Washington State Department of Commerce regarding possible funding be made. No final decision was made by the Committee pending the results of Mr. Schooley's contact with TEDD and the State Department of Commerce and the possibility that Revolving Loan funds could still be used.

The minutes of the previous Revolving Loan Grant Meeting were approved.

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

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager