

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
March 16, 2015

The regular meeting of the Board of Commissioners was called to order by President Dan Fagerlie at 9:00 a.m. Present were Commissioners Fagerlie, Doug Aubertin and Chris Kroupa, Manager John Friederichs, Attorney Steve Graham, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke and Treasurer Jayne Jurgensen.

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

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

Visitors: None

There were no public comments.

Reports:

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

1. The Manilla Creek line reroute has been completed. A short outage was taken to switch over to the new line.
2. There is the possibility that a new Line Extension Loan project will be developed. The exact number of interested individuals and location of lines has not been established.
3. The in-house vegetative management crew will be hired through the union hall. The personnel will be hired as independent contractors and paid a tree trimming wage plus stipend in lieu of benefits. Information has been gathered from the CWPU Attorney regarding the best way to hire a crew as Utility employees and the negotiations that will be necessary with the Union. A used vehicle and chipper have been located and Utility personnel will inspect before purchasing.

Mr. VanSlyke was thanked for his report and he exited the meeting at 9:30 a.m.

A recess was called at 9:30 a.m. with the meeting reconvening at 9:37 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I at 9:37 a.m. for ten minutes for the purpose of discussing potential litigation. The Board returned to Regular Session at 9:47 a.m. recessing at this time.

Attorney Graham questioned whether the Board was ready to vote on the settlement of a claim in the amount of \$1,000 filed by Jody Smith Meyers, with the Utility making no admission of wrongdoing. A motion was so made by Commissioner Kroupa and was seconded by Commissioner Fagerlie with discussion following. With no further discussion, the motion passed with two Commissioners voting for and one Commissioner voting against. Attorney Graham was directed to contact Ms. Smith's attorney. If necessary a new settlement document may be required. The Board authorized Manager Friederichs to sign the document in the absence of Board President Fagerlie.

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

1. The Open Public Meetings Act and the propriety of the P.U.D. Board of Commissioners being queried by the Manager as to the date to set a workshop was discussed. Commissioner Fagerlie reported on a recent Open Public Meetings Training he participated in wherein it was explained that polling was not allowable. Attorney Graham added that such terminology as workshop, training or budget workshop are unknown to the Open Public Meetings Act. If two commissioners are discussing district business, this is considered a meeting. He also added that, generally speaking, the Attorney General's Office represents State agencies, State boards, State Senate, Board of Regents, Forest Practices Board, or much larger boards and not three-person boards. Three person boards are very different. To call a special meeting it is necessary to have two members available with notification made to the third member and polling would be acceptable. Attorney Graham added that the Manager can always call a special meeting by emailing the Board stating the date for the meeting. Commissioner Fagerlie again stressed the importance of the wording of any such email. Commissioner Kroupa questioned whether the reason for the email regarding the workshop date was because the Board had directed the Manager to set the special meeting had any bearing on whether this was acceptable. Attorney Graham advised that it would as the Board had delegated the Manager the responsibility of scheduling the workshop.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A note has been received from an unhappy customer who has metering issues. As often is the case, the meter was failing and running slower. When a customer feels there is still an issue the dial meter is replaced with a newer digital meter which will read much more accurately. Unfortunately, quite a number of our customers do not read their meters on the same day each month which results in differences in the number of days usage for billings. This in turn results in fluctuating billings.

Meetings:

1. WPUDA delegate and alternate to several committees were reviewed and will remain as set.
2. Manager Friederichs will attend the May WPUDA Meetings. Commissioner Fagerlie questioned why Commissioners could not be alternate members of the Managers Committee as it is a Committee of WPUDA. Commissioner Kroupa provided history on this group and why it consists only of managers. The WPUDA Organization is traditionally directed by the commissioners who deal with political issues.
3. Manager Friederichs and Commissioner Fagerlie will attend the March WPUDA Meeting.

General Business:

1. The State Auditor's office has completed its audit of Utility record keeping in relation to the State's audit of the Washington State Department of Retirement Systems (DRS). This audit will now be completed every three years. An Exit Report will be provided.
2. Documentation regarding the used equipment being considered for the tree trimming crew was provided to the Board.

A recess was called at 10:39 a.m. for fifteen minutes. The meeting reconvened at 10:55 a.m. with Attorney Graham not present.

Manager Friederichs continued:

3. A brief discussion of the bills being considered by the Legislature was held.
4. The April 1 wage adjustment for union personnel was discussed. The means to calculate the management COLA, or the CPW, was lower for the last month of the previous 12-month period. Based on this, management personnel will not receive a wage adjustment unless the Board deems otherwise. A lengthy discussion followed. The historical wage and personnel information requested by Commissioner Fagerlie, and provided to all Commissioners, was reviewed. Commissioner Fagerlie expressed concern regarding newspaper information for other public officials and the possibility that any pay increases at the Utility would meet with unfavorable public scrutiny. Commissioner Fagerlie added that he has spoken with other utility managers regarding pay increases. Manager Friederichs explained that some of the utility managers are employed under contract and compensation is different. He also encouraged the Board to make a decision before the close of the meeting.
5. The Utility was assessed 3.56 cents per kWh on the February B.P.A. power billing statement.

Conservation information was presented by Manager Friederichs:

1. Automatic surge suppressors will be offered by the Utility at the Conservation Fair. These are made available through B.P.A. Recipients will be asked to complete a questionnaire and return it to Bonneville Power.
2. LED night lights will be available at the P.U.D. booth during the Ferry County Fair.
3. A few window projects are still being processed.

The Board again discussed at length management personnel compensation. The Board again authorized the Manager the ability to grant up to a one step increase to management personnel based on merit. A motion was so made by Commissioner Aubertin, seconded by Commissioner Kroupa and unanimously carried. A motion was made by Commissioner Aubertin to grant a 1.6% COLA to management at whatever step the person is at. The motion was seconded by Commissioner Kroupa. The motion passed with two Commissioners voting in favor and one Commissioner abstaining from the vote and then changing his vote to nay.

The meeting recessed at 12:00 noon for lunch reconvening at 1:01 p.m.

Commissioner Aubertin brought before the Board the matter of a fellow Commissioner abstaining from a vote with discussion following.

Manager Friederichs presented Wage and Salary Administration Schedule Number 32-15 before the Board. As the matter was previously approved, Board President Fagerlie signed the document.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph g at 1:06 p.m. for thirty minutes for the purpose of discussing a personnel matter. Auditor Nush and Treasurer Jurgensen exited the meeting. The Board returned to Regular Session at 1:30 p.m. recessing at this time. The meeting reconvened at 1:36 p.m. with Auditor Nush and Treasurer Jurgensen returning to the meeting.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Fagerlie:

1. Attended a TEDD meeting with information presented. An update of WPUDA legislation was presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 10, 2015 were \$2,934,237.85 with restricted funds of \$1,847,181.79. There were seven outages in the month of February for a year-to-date total of seventeen compared to thirteen for the same period in 2014. The Large Power Summary, Revolving Loan and Line Extension Loan reports were reviewed.
2. The Winter Moratorium ended March 15 and those customer who have failed to make adequate payments or payment arrangements may be faced with disconnection of their services.

The Auditor's Report was presented by Sue Nush:

1. Clarification was made as to the Department of Retirement GASB (Government Accounting Standards Board) information reported in the February Board Meeting. The Utility will not be required to reflect the amount paid to the Department of Retirement Systems as a liability on the books.
2. Clarification was made regarding the CWPU conference call and the Department of Retirement Systems direction regarding short-term disability. The Utility is waiting for direction as to when that requirement is to go into effect. Based on the State directive, union people will be losing benefits that were going into the retirement system as well as hours. It is anticipated that the union will look to the employer for compensation.
3. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 12386 through 12464 direct payroll deposits numbers 902738 through 902772, Electronic Fund Transfer numbers 325 through 329 in the total amount of \$624,440.49 were approved by a motion made by Commissioner Aubertin, seconded by Commissioner Kroupa and unanimously carried.
4. The Financial and Statistical Report was reviewed by the Board with questions answered.
5. The Washington State P.U.D. Privilege Tax, calculated on 2014 revenues, will be \$159,000. This figure is very close to the amount paid in 2014.

Manager Friederichs reported that information received from Washington State Emergency Management indicates that two of the projects from the 2012 windstorm have been finalized

The meeting recessed at 3:06 p.m. to reconvene Tuesday, March 17, 2015 at 9:00 a.m. for the purpose of holding the Excellence in Governance Workshop.

The meeting reconvened at 9:01 a.m. on Tuesday, March 17, 2015. Those present were Commissioners Fagerlie, Aubertin and Kroupa, Manager Friederichs, Attorney Graham, Auditor Nush and Treasurer Jurgensen. Angela Smith and Carla Martinez of Energy Northwest were also present for the presentation of the Excellence in Governance Workshop.

The Workshop recessed at 10:04 a.m., reconvening at 10:14 a.m.

The Workshop recessed at 11:35 a.m., reconvening at 11:48 a.m.

The Workshop recessed at 12:06 p.m. for lunch, reconvening at 1:00 p.m.

Nathan Davis joined the Workshop at 1:38 p.m.

The Workshop concluded at 2:20 p.m. with the meeting adjourning at this time.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager