

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
October 20, 2014

The regular meeting of the Board of Commissioners was called to order by Vice President Dan Fagerlie at 9:05 a.m. Present were Commissioners Fagerlie and Aubertin; Manager John Friederichs, Attorney Graham, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, and Treasurer Jayne Jurgensen. Commissioner Kroupa joined the meeting at 9:08 a.m.

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

Visitors: Carla Kalma

The minutes of the September meeting were approved by a motion made by Commissioner Aubertin and seconded by Commissioner Fagerlie.

The meeting was turned to Mrs. Kalma who spoke at length with the Board regarding the Utility's security deposit process. She stated that she has recently purchased a local business and was assessed a security deposit and has also opened a residential account and was assessed a security deposit for this as well. Mrs. Kalma stressed that these assessments caused undue hardships on the Utility's customers and asked that the Board reconsider the requirements.

Commissioner Kroupa exited the meeting at 9:50 a.m.

The discussion with Mrs. Kalma continued. A decision was tabled until Commissioner Kroupa returned to the meeting. Mrs. Kalma exited the meeting at 10:03 a.m.

The meeting was recessed by Vice President Fagerlie at 10:05 a.m. reconvening at 10:15 a.m.

Public Comments: None

Reports:

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

1. The crew is moving into the fall maintenance schedule.
2. Outages during the month of September were less than 2013.
3. A transformer storage pad is under construction at the shop.
4. A spare transformer has been put into service at the Job Corps sub-station.
5. New line extension work is still being completed.
6. The new service bucket truck which has been included in the 2015 budget was discussed. There is a ten month lead for construction of the vehicle, after an order is placed. A line item approval for this item was requested and discussed. No decision was made at this time.
7. Information has yet to be received from the Forest Service regarding the 10-mile project.
8. Tree trimming work has been completed for the year.

Commissioner Kroupa returned to the meeting at 10:25 a.m.

The Board went into Executive Session for ten minutes at 10:25 a.m. to discuss potential litigation as per RCW RCW 42.30.110 Subsection 1, paragraph I. The Board returned to regular session at 10:35 a.m.

Mr. VanSlyke exited the meeting at 10:35 a.m.

Attorney Graham advised that he had no report to present.

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. Information regarding Bonneville Power's customer satisfaction survey was discussed. The survey reflects a slight improvement in power supply reliability.
2. A thank-you has been received from Anderson's Grocery for the crew's work in restoring power to the store when a tree had fallen through the lines.
3. The 2015 TEDD dues assessment of \$1,525 has been requested. This is the same amount paid in 2014. A brief discussion followed with the Board concurring to pay the amount upon receipt of an invoice.
4. A thank-you letter has been received from the organizers of the Republic Fly-In.

5. A business-card sized advertisement will again be placed in the Republic High School Year Book.

Meetings:

1. Pam Allen will attend a Credit and Collections Workshop in October.
2. Manager Friederichs will attend a WPUDA Manager's Meeting October 30 and 31 in Leavenworth.
3. B.P.A. Administration Elliot Mainzer will be at Okanogan County P.U.D. November 5 to discuss utility issues. The possibility of Commissioners Aubertin and Fagerlie attending the meeting was discussed with no decision made.
4. Commissioner Kroupa will attend the Energy Northwest Member Forum October 23 and 24
5. Commissioner Aubertin will attend the Energy Northwest meetings as the Utility's representative.
6. Commissioner Kroupa will attend the NRU, PPC and Energy Northwest meetings in Portland November 4 through 7.
7. Commissioner Fagerlie will attend the WPUDA meeting in Olympia November 19 through 21.
8. Commissioner Fagerlie and Manager Friederichs will attend the Annual WPUDA meeting in Vancouver December 2 through 5.

General Business:

1. The matter of security deposits was again discussed at length. The Board was in agreement that they did not wish to change the existing security deposit policy. Based on Mrs. Kalma's business account being in existence at the time she opened her personal, residential account and the business account being in good standing, and open for thirteen months or more, as of the October 20th Board Meeting, the Board was in agreement to allow the \$300 security deposit on the residential account to apply to allow a credit on that account.
2. There is the possibility that the requirement for employees to complete an on-line health assessment to receive a payment to their VEBA account may not be legal. The wellness program is voluntary and employees cannot be compelled to participate. Attorney Graham will research the matter.
3. Manager Friederichs' response to a fuel use survey will be used by the WPUDA's committee studying alternative fuel vehicle legislation.

Attorney Graham exited the meeting at 11:15 a.m. returning at 11:17 a.m.

4. The joint radio communication study with the Okanogan County P.U.D., Ferry County Sheriff's Department and the Utility has been completed. The cost of the proposed solution to the radio issues is nineteen million dollars with Ferry's County P.U.D.'s portion being 1.7 million dollars and \$27,000 annually for maintenance. Based on these costs, the Utility has withdrawn from the project. As agreed, a portion of the cost of the study will be paid by the Utility.
5. The cost of power and transmission from Bonneville Power for the month of September was 3.7-cents.
6. No information has been received from Noanet regarding the expansion of their system into the Curlew area. The expansion would result in additional pole contacts billed to Noanet.
7. A public records request was received for information regarding travel expenses for former Commissioner Nathan Davis.

The Conservation Report was presented by Manager Friederichs:

1. There is the possibility that the Keller Community Center will participate in a lighting and HVAC project.

Commissioner Fagerlie questioned the District travel policy. Specifically, why his lodging the day before a scheduled meeting was in question. Manager Friederichs reviewed the District Travel Policy with the Board and explained that only the District Secretary was to make lodging reservations unless in an emergency situation. The day in question was not included on Commissioner Fagerlie's travel authorization. The Board was reminded that they are to contact the District Secretary if there is a need to have travel arrangements modified. Commissioner Fagerlie stressed that the State allows the traveler an extra travel day prior to and immediately following approved travel and that his travel was within State guidelines and within the PUD's travel policy. Also saved the Utility \$40 on this hotel reservation. Manager Friederichs explained that the District followed its approved Travel Policy. Any travel outside approved travel could result in an audit finding for the Utility. The beginning time for the meeting being 1 p.m. should have allowed sufficient travel time on the day of the meeting and no extenuating circumstances to deviate could be found. Commissioner Fagerlie added that he felt there were travel restrictions. The Board agreed to approve Commissioner Fagerlie's additional day of travel and lodging for this one instance.

Commissioners:

Commissioner Kroupa::

1. Attended no outside meetings.
2. Will attend the Energy Northwest Member Forum and NRU, PPC and Energy NW Meetings in

November.

3. The recent request for public records brings the focus also onto the Utility with the implication that everyone at the Utility is dishonest.

Commissioner Aubertin:

1. Did not attend the September TEDD meeting.
2. Will attend the regular Energy Northwest meetings and the Member Forum

Commissioner Fagerlie:

1. Attended the September WPUDA meeting with an overview of topics presented.

The meeting recessed at 12:00 noon for lunch to reconvene at 1:00 p.m.

The meeting reconvened at 1:00 p.m. with Commissioner Aubertin not returning to the meeting.

The meeting was opened for the purpose of the public hearing for the 2015 Proposed Budget. Auditor Nush presented the 2015 Budget. The document has been posted to the Utility's website, copies made available, and a notice of the public hearing placed in the local newspaper. No public comments were received and no copies were requested. A discussion of budget items was held. Upon completion of the Budget Review the Board unanimously adopted Resolution 14-08 "A Resolution Authorizing Adoption of Budget for 2015".

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of October 10, 2014 were \$2,314,288.81 with restricted funds of \$1,913,405.33. There were fourteen outages in the month of September for a year-to-date total of one hundred twenty-eight compared to one hundred thirty-one for the same period in 2013. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Revolving Loan documents for SS Tire and Auto were signed by Board President Kroupa.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 11887 through 12005, direct payroll deposits numbers 902565 through 902599, Electronic Fund Transfer numbers 306 through 309 in the total amount of \$545,579.39 including void warrants 9352, 9355, 9867, 10009, 10344, 10438 and 10607 were approved by a motion made by Commissioner Kroupa and seconded by Commissioner Fagerlie and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board with questions answered.
3. A physical inventory count has been completed with a difference of \$205,000.00. The items adjusted were most likely used during the 2012 storm and not allocated during that time.

With nothing further to come before the Board, the meeting was adjourned at 2:44 p.m.

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

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager