

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
May 19, 2014

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:04 a.m. Present were Commissioners Kroupa and Fagerlie; Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, and Secretary/Treasurer Jayne Jurgensen. Commissioner Aubertin was not in attendance for the duration of the meeting as he was traveling to the Annual NWPPA Meeting. Attorney Steve Graham joined the meeting at 9:05 a.m.

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

Visitors: Randy Sage

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

Public Comments: None

Reports:

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

1. Asplundh Tree Service has begun tree trimming work. Crew Foreman, Rick Kincaid, is working with the trimming crew each day.
2. Columbia River Carbonates have asked that their facilities be relocated and work is being completed on this project.
3. Pole replacement work has been completed on the Old Kettle Falls Road.
4. The crew is completing maintenance work at the Windsor and Job Corps Substations.
5. Several outages occurred over the weekend due to electrical storms passing through the area.
6. Substation inspections have been completed.
7. Pole testing will begin this week.
8. The transformers, which were declared surplus, have been offered for sale to several entities. No response has been received.

Mr. VanSlyke was thanked for his time and exited the meeting at 9:16 a.m.

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

1. The Manager's Performance Review has been finalized and was presented to the Board for signature. Commissioner Aubertin will be asked to sign upon his return to the District. Attorney Graham will see that the document is given to the District HR person for filing.
2. Review of a draft contract between the Utility and Ecliptixnet has been completed. Ecliptixnet has installed a cell tower south of the City of Republic.

The Manager's Report was presented by Manager Friederichs:

Correspondence:

1. No requests for sponsorship were received prior to the meeting.
2. A letter has been sent to a new grid-tied, net-metered, solar customer. The letter provides information regarding the State's portion of the program and the Utility's.
3. B.P.A. has advised that the Utility again qualifies to apply for the Low Density Discount.

Meetings:

1. The District's Travel Policy was discussed. Specifically, the need for the traveler to keep and submit all receipts for expenses. Commissioner Fagerlie had provided documentation in case a receipt was missing from a P.U.D. credit card purchase, and also stated that travel incidentals through WSU did not require receipts if the charges were less than \$50. Auditor Nush stated that any changes to travel requirements would require a modification of the Policy by the Board. The Travel Policy covers all District travelers not just the Commissioners. No decision was made at this meeting as all three Commissioners were not present. Attorney Graham added that the IRS requires an itemized receipt for food items and the summary receipt for credit card transactions are not acceptable. An affidavit of lost receipt would not meet the IRS requirements. The possibility of a traveler actually needing to reimburse the Utility for meals if the costs charged on the P.U.D. credit card were to exceed allowable per diem expenses for the area visited was discussed. Auditor Nush pointed out that the Travel Authorization form does tell the traveler which company card was used in making the reservations and that the traveler should take this card on the trip. The possibility of travelers using their own personal credit cards for the purchase of meals was discussed.
2. Commissioner Aubertin will attend the Annual NWPPA meeting to be held in Montana this week.
3. Pam Allen is scheduled to attend a Records Retention Workshop in Richland on May 29 and 30.
4. A WPUA Communicator's Group meeting has been scheduled for May 29 and 30 at SeaTac. Manager Friederichs will attend via telephone.
5. WPUA Committee meetings have been scheduled for June 25 through 27 in Olympia.
6. Manager Friederichs has assumed the responsibility of Chair for the WPUA Managers group. He

will now attend all such meetings.

General Business:

1. The signature page of the current labor contract was presented to the Board for completion. Commissioner Aubertin will sign upon his return. Commissioner Fagerlie requested an electronic copy of the document.
2. Information regarding the upcoming B.P.A. District-wide outage scheduled for July 20 was presented and discussed. A picnic will again be hosted by the B.P.A. and Utility in the Republic City Park.
3. The April cost of B.P.A. power was 4-cents per kilowatt.
4. The Wanapum Dam issue was discussed as was the Rock Island fish ladder.
5. A billing has been received from Frontier Communications for pole contacts. This billing is for those poles, owned by Frontier, that the Utility attaches it's wire to. Their calculated cost is \$56.30 per contact compared to our charge to them of \$15.95. Their calculation is FCC regulated.
6. Senate Bill 5173 now allows employees to have two unpaid holidays per year for faith or conscious holidays. The current labor agreement does not allow for leave without pay.
7. A resolution approved by Grays Harbor P.U.D. which allows exempt employees to be paid at their hourly rate if they work in excess of forty hours per week during an emergency situation was brought before the Manager's group for discussion. A discussion followed. Such a change would not make a significant difference to the Utility as Manager's are exempted and this would apply only to other overtime exempt positions. This item is to be discussed further at the June Board meeting.
8. The new vehicle, which was ordered in January, is to be delivered this month.
9. The Manager's group also discussed contracting, bidding and prevailing wage matters. It was recommended that no contract exceed two years in duration. Auditor Nush provided information regarding prevailing wage Intent to Pay affidavits for those contractors working for the Utility.
10. The State Department of Natural Resource's suit against Klickitat P.U.D. has moved to the State Supreme Court. If the DNR prevails in this case, laws affecting all utilities will be impacted.
11. Pacific County P.U.D. is anticipating a 16-20 megawatt load increase by mid summer as a result of legalized marijuana growing operations. Cowlitz County P.U.D. has already seen a 10-megawatt increase for the same reason.
12. Bitcoin mining has become the third largest customer for Douglas County P.U.D.

The Conservation Report was presented by Manager Friederichs:

1. Ed Forsman has some window and heat pump projects in place.

A recess was called at 10:24 a.m. with the meeting reconvening at 10:44 a.m. with Pam Allen joining the meeting.

Commissioner Kroupa questioned the Utility's employee benefits plan, specifically the personal leave calculation. Manager Friederichs explained that for new employees there is an accrual cap of 750-hours. It was further explained that each utility may develop their own policy for such.

Commissioners:

Commissioner Fagerlie:

1. Attended the WPUDA Strategic Planning meeting with information presented.
2. An "anti Snake River dams" postcard was presented for discussion. The preprinted postcard is addressed to President Obama.
3. Lincoln County P.U.D. may be reactivated for telecommunication purposes.
4. Will attend a TEDD meeting scheduled for May 28.

Commissioner Aubertin:

1. Not present.

Commissioner Kroupa:

1. Attended the NRU and PPC meetings in Portland. An overview of the topics discussed was presented.

Commissioner Fagerlie added additional strategic planning information gathered regarding the way some utilities notify their customers of outages. These utilities are able to use social media as well as for messaging, emails and auto dialing. Manager Friederichs questioned whether this would ever be possible for our utility as so many of the customers rely on power for their internet connection

The Treasurer's Report was presented by Jayne Jurgensen:

1. The Minutes of the April Board meeting were signed.
2. Operating Funds available as of April 30, 2014 were \$3,058,770.06 with restricted funds of \$1,158,123.17. There were seven outages in the month of April for a year-to-date total of twenty-

- eight compared to forty-seven for the same period in 2013. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
3. Information regarding US Bank's opinion of the State Auditor's Office most recent audit results was presented.
 4. Information regarding long-term investments was discussed. District Staff was asked to provide additional recommendations for Board consideration on long-term investing.

The Auditor's Report was presented by Sue Nush:

Marilee Kuehne joined the meeting at 11:45 a.m. with information regarding a request received from Randy Sage to visit with the Board. The Board agreed to meet with Mr. Sage upon reconvening the meeting after the noon meal. Ms. Kuehne exited the meeting at 11:47 a.m.

1. The voucher listing was reviewed with the Board and questions answered.

The meeting recessed at 12:00 noon for lunch reconvening at 1:01 p.m. Randy Sage and Pam Allen were present

Warrants Numbers 11414 through 11507 direct payroll deposits numbers 902390 through 902424, Electronic Fund Transfer numbers 286 through 289 in the total amount of \$654,832.68 were approval by a motion made by Commissioner Fagerlie and seconded by Commissioner Fagerlie.

The meeting was turned to Mr. Sage. He explained that he was involved with the Buckhorn Mine Advisory group and wanted to provide the Board with current information regarding the permitting process currently underway for additional exploration at this location. Mr. Sage stressed that the mining activity is still scheduled to stop at some point during the second quarter of 2015. The Board was thanked for their time and Mr. Sage exited the meeting at 1:25 p.m.

Attorney Graham advised that he would have to leave the meeting early in order to travel to Seattle for an early Tuesday morning meeting.

Auditor Nush continued her report:

2. Attorney Graham was asked for opinion on the current tree trimming contract's per diem payment option and whether that payment was to be considered when calculating the 5% retention. A copy of the contract will be provided to Attorney Graham.

Attorney Graham exited the meeting at 1:29 p.m.

3. The balance of the Auditor's report was presented.

Discussion of the Kinross mining operation continued.

With nothing further to come before the Board, the meeting was adjourned at 2:07 p.m.

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

President

ATTEST:

Vice-President

Excused Absence
Secretary

APPROVED:

Manager