

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
October 18, 2010

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:02 a.m. Present were Commissioners Davis, Chris Kroupa and Doug Aubertin, 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 Davis.

Visitors: Leslie Jones and Julia Abernethy with TEDD, Randy Kinney with Frontier and Alex Wirt joining the meeting at 9:06 a.m. representing the Republic EMS District.

The minutes of the previous meeting were corrected and approved by a motion made by Commissioner Kroupa seconded by Commissioner Aubertin and unanimously carried.

The meeting was turned to Ms. Jones who provided an update on the activities of TEDD for the past year. Printed information was distributed and questions were answered. The Board was thanked for their time and Ms. Jones and Ms. Abernethy exited the meeting at 9:21 a.m.

Mr. Kinney explained an infield sound system improvement project that Frontier Communications and Kinross have begun and the Ferry County Fair Grounds. He questioned whether the Utility could participate in the project by providing and installing a pole. A brief discussion followed with all understanding that the Fair Grounds property is owned by Ferry County. Commissioner Kroupa made a motion to allow a governmental transfer of one pole and labor to install said pole on Ferry County property at the Ferry County Fair Grounds for the purpose of a new sound system. The motion was seconded by Commissioner Davis and unanimously approved. Mr. Kinney provided an update on Internet fiber in the area and Frontier's plans. The Board was thanked for their time and Mr. Kinney exited the meeting at 9:40 a.m.

Mr. Wirt updated the Board on the EMS building project. He presented a modified site plan which shows that the proposed building will no longer be constructed on P.U.D. property. Mr. Wirt further apologized to Manager Friederichs for his comments made during an earlier conversation. Mr. VanSlyke is currently working with the architect regarding the relocation of a pole. The Board discussed the project at length with Mr. Wirt. Of particular concern to the Board was the proposed EMS vehicle parking and accessing a portion of the building via P.U.D. property. Attorney Graham advised that there should be no EMS property on P.U.D. property. This would allow the Utility to retain the integrity of its property. Mr. Wirt stated that he would ask the architect to remove the pads from the plans to eliminate any encroachment across property lines.

Board President Davis opened the meeting at 10:00 a.m. for the Public Budget Hearing. No visitors were present.

Attorney Graham asked that the Board clarify their understanding of the discussion with Mr. Wirt. A discussion followed with Attorney Graham summarizing that Mr. Wirt was at the meeting for the purpose of providing information, i.e., preliminary drawings and nothing was asked of the Utility. Mr. Wirt thanked the Board for their time and he exited the meeting at 10:03 a.m.

Auditor Nush presented the 2011 Budget. The document was posted to the Utility's website, copies were made available, and a notice of the public hearing was placed in the local newspaper. No public comments were received and no copies were requested. Mrs. Nush reported that she has spoken with an RUS representative regarding the early pay off of the debt. Each loan has its own specific requirements as to early payments with further research needed in this area. A discussion of budget items was held. The current billing and accounting computer system was discussed at length. To date, a minimum of \$275,000 has been expended with increasing annual maintenance, hosting and other associated fees. Manager Friederichs interjected that it may be nearing the time to replace the system. The upgrade that was made effective over the weekend has resulted in the system being non-functional. Upon completion of the Budget Review the Board concurred that it would continue to review until the November Board meeting.

A recess was declared at 10:30 a.m. with the meeting reconvening at 10:45 a.m.

Reports:

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

1. The Bamber Creek High Cost Line Extension has been completed. Ten additional work orders for new construction have been started.
2. The Swawilla Basin re-route has been staked and mapped. The application is now with BIA Realty for survey and easement.
3. Will be replacing arms on the distribution circuit and re-sagging the transmission circuit for clearance on the West feeder of the Windsor Substation. When this work has been completed the Flag Hill OCR will be placed on normal operation.

4. Pole testing and treating continues along Toroda Creek Road from Job Corps to Wauconda.
5. Still have several transmission structures to replace North of Republic.
6. Distribution pole replacements are still scheduled for Rose Valley, Kroupa Road, Customs Road, Swawilla Basin, SR21 from the Keller Ferry to Keller, Manilla Creek Road and Mt. Tolman.
7. Right-of-way maintenance is proceeding and the contractor is scheduled to complete the work in early November.
8. The pole restoration work was completed by Osmose.
9. Two faulty metering transformers were identified at Mt. Tolman and have been replaced.
10. Dissolved gas analysis testing has been completed and test results are being evaluated.
11. Windsor Substation is still scheduled for a transformer change.
12. Regulator maintenance has been completed in the Kroupa Substation. During this work a deficient switch was identified. There is the possibility that there may be a serviceable switch at the San Poil Substation. If no switch is located a replacement will be ordered at an approximate cost of \$15,000.
13. Thermal scanning of key parts of the system has been scheduled, weather permitting.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A thank you has been received from the Republic High School Year Book committee.
2. Andrea Olson has completed her accounting courses and has received an Accounting Certificate from Spokane Community College. The Utility paid for the education.
3. Notification has been received from B.P.A. advising that, in the event they have surplus power available, the Utility could purchase.
4. Information is on the B.P.A. website regarding the ALCOA contract and comments may be made there as well.
5. Two letters from consumers were received in response to Commissioner Candidate Hamilton's urging for such.

Meetings:

1. The Annual Legislative luncheon will be held November 8 at the DelSol Restaurant in Colville. Commissioners Davis and Aubertin will attend the luncheon.
2. B.P.A. has scheduled a seminar for November 8 in Spokane to learn of their upcoming financial plans. Manager Friederichs, Auditor Nush and Commissioner Kroupa will attend.
3. The Energy Northwest Member Forum will be held October 27 and 28.
4. The WPUA Government Relations committee met via telephone conference.
5. The Annual WPUA meeting will be held in Tulalip December 1st through 3rd. Manager Friederichs will attend. Commissioner Kroupa declined.

General Business:

1. Resolution 10-12 "A Resolution Declaring Property Surplus and Disposition of the Same" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried. Titan Truck of Spokane has agreed to make the vehicle available for viewing. The Board concurred that a minimum bid of \$7,500 be set.
2. Resolution 10-13 "A Resolution Authorizing a District Business/Travel Expense Policy" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
3. A resolution will be developed for the November Board meeting to establish a special fund for the purpose of holding the funds from the sale of surplus equipment.
4. The B.P.A. outage for the replacement of equipment at the B.P.A. Substation has been scheduled for November 10.
5. Rory Miller and Randy Sage were nominated for the WPUA Lifetime Achievement Award. Jason Ganacias was nominated for the Walkley Scholarship. Jason is the son of Rick and Dana Kincaid.

The Conservation Report was not presented.

The meeting recessed at 11:58 for lunch reconvening at 1:05 p.m. Mr. VanSlyke did not return to the meeting.

The Attorney's Report was presented by Attorney Graham:

1. The Steinbock case has been appealed to the Court of Appeals. A Brief has been completed and was provided to the Board.
2. Have heard nothing from Omnitracks regarding their claim for crossing fee payment.
3. The question of when it is appropriate for the P.U.D. to donate materials and labor on behalf of other governmental entities was posed. A precedent may have been set a number of years ago when fees for such work were waived for governmental entities. There could be an issue if the Utility had a blanket policy of not charging other governmental entities for poles or lights. The possibility of encouraging the use of the Revolving Loan fund for such work was discussed.
4. The EMS building project was discussed. Attorney Graham advised that the safest thing for the Utility would be to have a fence erected to eliminate the use of P.U.D. property. He strongly advised that no part of the EMS building, concrete, abutments, pavement, etc., should be on P.U.D. property. Attorney Graham was asked to write to the EMS advising that the Utility wishes no development or property placed East of the P.U.D. property line. This is to include ingress and egress.

Commissioner Aubertin questioned whether the Utility could make public those accounts written off as bad debts. Attorney Graham advised that such a practice would violate the Fair Debt Collection Act.

5. The public records request process was reviewed with questions answered.

Commissioners:

Commissioner Kroupa:

1. No report. Did not travel.

Commissioner Aubertin:

1. The Keller Medical Clinic may be in jeopardy. The Clinic was constructed with the intent of serving both Native Americans and non-Native Americans. There is the possibility that it will be available for only Native Americans. This change could effect the operational funding available.

Commissioner Davis:

1. Attended a TEDD meeting. The group is working through the function and purpose of TEDD and improving the dues structure. The Utility's annual assessment is now \$1,525 which is an increase from \$900. The Board discussed this increase. A motion was made by Commissioner Kroupa to continue the Utility's membership with TEDD. The motion was seconded by Commissioner Aubertin with discussion following. Commissioner Davis will formally present, at the next TEDD meeting, the Utility's displeasure with the significant dues increase and the questionable results of being a member, specifically to the P.U.D. Commissioner Kroupa withdrew his motion. A motion was made by Commissioner Kroupa to renew the TEDD membership on a one year contingency with the understanding that the Utility is reluctant to do so due to the significant dues increase and the questionable pay-back to the Utility. The motion was seconded by Commissioner Davis and unanimously carried. Manager Friederichs was asked to prepare a letter expressing the Board's concerns and forward it with the payment.

A recess was called at 2:38 p.m. with the meeting reconvening at 2:50 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of October 10, 2010 were \$877,138.20 with restricted funds of \$1,755,018.92. There were eight outages in the month of September for a year-to-date total of one-hundred forty-three compared to one hundred twelve for the same period in 2009. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Resolution 10-09 "A Resolution to Cancel Unclaimed Warrants" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
3. Resolution 10-10 "A Resolution to Write-off Uncollectible Accounts" was adopted by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 6407 through 6410, 6447 through 6525, 6527 through 6593, 6595 through 6603; direct payroll deposits numbers 9900990 through 9901021 and Electronic Fund Transfer number 133 through 136 in the total amount of \$704,859.14 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board.
3. Have received notification from B.P.A. that the Utility's Low Density Discount will remain at 7% for the coming year.

Lobbying: None

With nothing further to come before the Board, the meeting adjourned at 4:22 p.m.

BOARD OF COMMISSIONERS
PUBLIC UTILITY DISTRICT NO. ONE
FERRY COUNTY, WASHINGTON

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager