

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
January 17, 2011

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:01 a.m. Present were Commissioners Davis, and Chris Kroupa, Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke, Attorney Steve Graham and Secretary/Treasurer Jayne Jurgensen. Commissioner Aubertin was unable to attend the meeting.

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

Visitors: Charlotte Coombes, Ferry Conservation District; Ray Maycumber Enhanced 911; Terali Stonehocker, Trauma Council and Ken Hustad and Oscar Armendariz both with B.P.A.

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

The meeting was turned to Ms. Coombes. She explained that the Conservation District was planning to use its taxing authority to generate revenue for the Conservation District and discussed the matter with the Board. Ms. Coombes explained that she would be meeting with other local organizations before taking the proposal to the County Commissioners for their approval. The Board was thanked for their time. Mrs. Stonehocker and Mr. Maycumber discussed with the Board the problems the emergency response units were having locating addresses when responding to emergencies. Possible ways to contact County residents were discussed and the Utility volunteered to include information on the monthly billing to help in the matter. The Board was thanked for their time. Ms. Coombes, Mrs. Stonehocker and Mr. Maycumber exited the meeting at 9:35 a.m.

The Election of Officers was conducted by Attorney Graham. The Board discussed the seats. Due to Commissioner Aubertin's absence, the Board was reluctant to nominate him for the office of President without first knowing his wishes. Manager Friederichs was asked to contact Mr. Aubertin with a recess called at 9:41 a.m. with the meeting reconvening at 9:49 a.m. Manager Friederichs reported that Commissioner Aubertin would accept the President position. A motion was made by Commissioner Kroupa to set the Board Officers for 2011 and 2012 as President, Doug Aubertin; Nathan Vice President and Secretary Chris Kroupa. The motion was seconded by Commissioner Davis and unanimously carried. Commissioner Davis continued to Chair the meeting in Commissioner Aubertin's absence.

Mr. Hustad and Mr. Armendariz joined the meeting at 9:50 a.m.

The meeting was turned to the gentlemen from B.P.A. A lengthy discussion followed regarding the processes used to develop high water marks, the Federal hydro system capacity, forecasting load, Tier 1 and Tier 2 power purchases, the conservation program, determination of a utility's rate increase, possible CRAC charges, and the residential exchange settlement.

A brief recess was called at 11:47 a.m. with the meeting reconvening at 11:49 a.m.

The discussion with the B.P.A. representatives continued

Manager Friederichs exited the meeting at 11:50 a.m. returning at 11:52 a.m.

Recessed at 11:55 a.m. for lunch reconvening at 1:02 p.m. Mr. Hustad and Mr. Armendariz did not return.

The Board again discussed the information presented by the gentlemen with B.P.A.

Reports:

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

1. Pole replacement work continues. The project in Rose Valley has been completed and the crew will be moving to the Keller area where the weather is more favorable.
2. Work is being completed for the right-of-way maintenance contracts.
3. The crew foreman is looking into a meter audit. Has not been completed for a number of years.
4. The service truck has been repaired and should be delivered this week. An actual wiring problem was identified.
5. The new line truck should be delivered in February.

The truck recently advertised as surplus was discussed. The cost of advertising in certain publications has proven to be cost restrictive. The use of on-line auctions will be utilized as these should reach more potential bidders and are more economical. The truck will be offered again with closing just prior to the February Board meeting.

Mr. VanSlyke exited the meeting at 1:10 p.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. The recent B.P.A. news letter was shared. The adverse impact of wind generation on rates was discussed.
2. Kinross Mine donated \$1,000 to assist struggling customers with their bills.
3. A thank-you note has been received from the City for the Utility's assistance with their pumping issue.

4. An invitation to renew membership with the Ferry County Chamber of Commerce has been received. Cost of annual membership is \$30. The Utility will again join.
5. A note has been received from the Keller Community Club inviting the Utility to again sponsor the bull-o-Rama at a cost of \$50. The Utility will again sponsor this event.
6. The Utility has received two CD copies of B.P.A.'s Annual Report.

Meetings:

1. The next NRU meeting has been scheduled for February 2.
2. Has learned that membership in the River Partners is based on customers and revenue. Have not received the exact amount the Utility would be asked to pay to rejoin.
3. Manager Friederichs and Auditor Nush will attend the Union Negotiations meeting in Ephrata January 19 and 20. Commissioner Kroupa reported that several individuals have visited with him regarding pay increases and salaries. Manager Friederichs responded by explaining that the management positions at this Utility are the lowest paid such positions for Washington utilities.

General Business:

1. An updated Policy Handbook has been prepared for Board review. The majority of the changes as shown, are to document what is actually taking place.
2. Dan Bowers, RUS Account Representative, will visit the Utility January 26 for the Civil Rights Review.
3. The Utility has been informed by the Department of Labor, that it will be asked to pay an increased 2011 assessment for Workers Compensation. The overall increase averages 12% with a 39% increase for outside personnel and a 19% increase for officer personnel. The actual increase will be approximately \$8,000 for the year.
4. Another unexpected assessment will be from the Washington State Department of Retirement Systems. The Utility will now be asked to pay the State, which has received the administration responsibilities from the Federal Government, for it's portion of the associated expenses. Have not been advised of the amount due, just of the change.
5. The Utility's ability to assess a property tax as a means of generating revenue has been researched. This option could be presented as an option rather than assessing a rate increase. A disadvantage however, is that this type of tax would assess all County residents and would not reach those customers in rentals. Special arrangements could be made with Okanogan County to assess those customers in that County. Cost saving measures implemented were discussed, i.e., not filling vacated positions, reducing employee insurance benefits, reduction of work done by Power Engineers, and no longer using D. Hittle & Associates. It is now necessary to begin looking at other revenue sources. The possibility of paying off the balance of the RUS debt was discussed at length. Additional information is still needed as to the process to follow. Information will be developed and presented at the February Board meeting.
6. The PCS computer system was again discussed at length. The company has yet to resolve those items identified in December. Unfortunately, more issues have come to light since that time. An upgrade is planned for the coming weekend which is to resolve some of the issues. Information has been found in the files that showed that shortfalls in the software had been identified prior to the purchase. It has also been learned that several of the older PCS customers have migrated to a different software company. The Board was in agreement that the Utility should begin evaluating other software suppliers.

Commissioner Kroupa exited the meeting at 2:25 p.m. The meeting recessed at this time as there was no longer a quorum. The meeting reconvened at 2:27 p.m.

7. An obsolete piece of **underground locating** equipment has been identified and a neighboring utility has expressed interest in the item. After a brief discussion, the Board was in agreement that the item should be identified as surplus equipment and offered for sale as such. A resolution is to be presented at the February Board meeting.

The Conservation Report was presented by Manager Friederichs.

1. The ECA request for reimbursement is now completed monthly and the summary was reviewed.

The Attorney's Report was presented by Attorney Graham:

1. Research was completed in RCW 54.16.080 regarding the assessment of taxes levied on property. It is not possible to assess such a tax **only** in a utility's service area as it would be a County-wide tax. It is also not possible to assess Trust Land. It would be possible to assess those customers in Okanogan County.
2. A copy of the Steinbock Brief as filed with the Superior Court of Washington was presented.

Commissioners:

1. The February Board meeting was rescheduled to February 22 due to the regular meeting day falling on an observed holiday.
2. The Board's representation to the various Trade Organizations for the 2011 year was presented for discussion. The representation will remain as follows:

WA P.U.D. Association	Davis/Aubertin
P.U.D. Roundtable	Davis/Aubertin
Energy Northwest	Aubertin/Kroupa
NWPPA	Aubertin/Davis
P.P.C.	Kroupa**/Aubertin
TEDD	Davis/Aubertin
Packwood Owners	Friederichs

WA Association of P.U.D. Attorneys
Revolving Loan/Grant Committee
N.R.U.
PNUCC (non-voting)

Graham
Davis/Kroupa/Aubertin
Kroupa/Aubertin
Davis/Kroupa/Aubertin
**Commissioner Kroupa will attend quarterly meetings

3. The Residential Exchange was discussed at length. A motion was made by Commissioner Kroupa to instruct the NRU representative to vote no on the residential exchange settlement. The motion was seconded by Commissioner Davis with further discussion. At the conclusion of the discussion the motion was unanimously approved.

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended the January WPUDA meeting with an overview presented.
2. Has been contacted by Mayor Couse with respect to keeping the local TEDD position.

The meeting recessed at 3:46 p.m. reconvening at 3:55 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of January 10, 2011 were \$800,582.27 with restricted funds of \$1,646,613.30. There were no outages in the month of December for a year-to-date total of one-hundred fifty-four compared to one hundred thirty-six for the same period in 2009. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 6863 through 6947; direct payroll deposits numbers 9901084 through 9901112 and Electronic Fund Transfer number 146 through 149 in the total amount of \$587,763.20 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board. Another spreadsheet calculation error has been identified and corrected. Prior information was not presented accurately. Financial data for the month of November is reflected correctly.
3. The annual CERB loan payment of \$35,460 is due in January.

Lobbying: None

The meeting adjourned at 4:57 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager