

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
January 19, 2009

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:05 a.m. Present were Commissioners Chris Kroupa, Nathan Davis, and Doug Aubertin, Manager John Friederichs, Attorney Steve Graham, Auditor Rory Miller, and Secretary/Treasurer Jayne Jurgensen.

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

Public Comment Period: None.

Visitors: Hayley Aubertin, Randy Sattler, Alex Wirt, Bobbi Weller and Grant Tolton.

The minutes of the previous meeting were approved.

Mr. Wirt was given the floor and he explained that he and Mrs. Weller were representing the EMS District. Mr. Wirt explained that the EMS District would like to finalize the property transfer between the Utility and the District which was begun several years ago. The EMS District is ready to move forward on the construction of their new facility and, in order to obtain grant funding, must hold title to the property. Several other property owners in the area are also willing to gift certain pieces of their property to the Utility for a combined transfer to the EMS District. One property owner has yet to respond to Mr. Wirt's inquiry. Ferry County is also willing to transfer a larger piece of property than is needed by the EMS to the Utility. He added that the County Commissioners do not want to break up the old railroad bed and have proposed that this property be deeded to the Utility. It was questioned what would happen to the property if the EMS was not able to obtain grant funding. Mr. Wirt advised that the property could be sold back to the P.U.D. Bobbi Weller stated that the letter from the Golf Club to the P.U.D. states, as one of the restrictions in selling the property to the P.U.D., that for the life of the entity, the deed would state that the EMS would have the property for the life of that entity and if something were to happen to the EMS then the property would revert back to the P.U.D. Mr. Tolton interjected that the P.U.D. is obligated to provide land for the EMS District as provided for in the covenants of the transaction, the P.U.D. has sufficient property to subdivide into two lots, retaining one and conveying one to the EMS District with the inclusion of the property from the other three landowners. Attorney Graham advised that, when the property is deeded to the EMS, the Utility would want a reversionary clause as well as a clause stating that the EMS would be held responsible for any damage to the substation. Mr. Tolton and Mr. Wirt distributed maps of the property which detailed the proposed changes. Mr. Wirt, now speaking as a member of the EMS Board, asked if the P.U.D. would consider including additional property, specifically a portion in the area of the Mormon Church with a deep depression, to allow for accumulation of plowed snow during the winter. The Board briefly discussed the proposal, and with no further questions, a motion was made by Commissioner Davis to accept the proposal made by the EMS District to allow Ferry County, Dr. Doris Bacon and Mr. Coleman of Coleman Oil to transfer land to the P.U.D. with the knowledge that the P.U.D. will transfer the land to the EMS District with the intention of the EMS to construct a building and to provide parking. The motion was seconded by Commissioner Aubertin and unanimously carried. Mr. Wirt advised the Board that the EMS has scheduled a meeting with the Ferry County Commissions on Monday, January 26 at 3:00 p.m. and asked that a member of the Board be in attendance. He further stated that Mr. Tolton and Mr. Graham were to work together to draft the transfer documents with the EMS to bear all costs associated with the transaction.

Mr. Sattler, President of the Eagle Track Racing Association, explained that the track would like to install lighting for night racing. The P.U.D. has provided an estimate for the installation of the lighting and this document was shown to the Board. He also explained that he has recently visited with the P.U.D. crew and they are agreeable to donating their time to install the poles. He questioned whether the P.U.D. would donate the equipment to complete the work. Mr. Sattler explained that the property the track is owned by the County and leased by the Association.

Mr. Tolton exited the meeting at 9:45 a.m. with Mr. Wirt exiting at 9:44 a.m.

Attorney Graham advised that he would research the matter of installation of lighting on County property at no cost and what type of intergovernmental process it would involve. He cautioned that there could be a Union objection to the crew performing work during regular work hours and further added that there could also be a Labor & Industries issue in the event on an injury. Manager Friederichs advised that the crew would perform the work during the week as part of their regular duties thus being covered under L&I. Mr. Sattler added that

the County Commissioners were looking into the possibility of paying for the poles and wire through the tourism fund. The possibility of the Association qualifying for a revolving loan grant was presented with Manager Friederichs asked to work with Mr. Sattler on this matter after Mr. Sattler again spoke with the County Commissioners. Mr. Sattler thanked the Board for their time and exited the meeting at 10:07 a.m.

Hayley Aubertin was given the floor and she explained that she is working on a class assignment for a State and Local Government Class by observing the meeting. Hayley is the daughter of Commissioner Aubertin and was welcomed to the meeting.

The meeting was turned to Attorney Graham for the purpose of the election of officers. Nominations for the office of President were opened with Commissioner Davis being nominated and unanimously elected. Commissioner Kroupa was nominated for the office of Vice President and was unanimously elected. Commissioner Aubertin was nominated and unanimously elected to the office of Secretary.

A recess was called at 10:20 a.m. with the meeting reconvening at 10:28 a.m. Bobbi Weller did not return to the meeting.

Reports:

The General Foreman's Report was presented by Manager Friederichs:

1. Contractors have been contacted for the power line re-clearing and vegetation removal work to be completed next summer. The deadline for their response is February 10 and all responses will be reviewed at the February Board Meeting. Commissioner Kroupa asked that a comparison be completed based on the cost of the work and the accomplished work for the past several years.
2. The crew has been divided and are busy collecting transformer numbers and meter reading information for all customers on the system. This information will allow date in the new computer system to be corrected and updated. The Utility is to read all meters on the system at least once every year and this is serving that purpose.
3. The crew is also working on line maintenance in the Toroda Creek area. Two new line extension are to be completed by the 20th of the month.
4. Access to the West Fork voltage regulator was plowed by Mr. Bill Campobasso. Commissioner Aubertin will send a thank you to Mr. Campobasso.

The Conservation report was presented by Manager Friederichs:

1. The cooperative project between the WSU Extension Office and the Utility is moving forward. This project will allow for the purchase of an infra-red camera to be used in energy audits. The Utility will perform audits on any homes heating with electric while the Extension Office will perform audits for those individuals utilizing alternate heating sources, such as oil, wood or propane. The camera would be stored at the Utility and would also allow the Utility to inspect more areas rather than relying on Pyro-Scan at a cost of \$2,000 each year.
2. One rebate for an Energy Star manufactured home has been issued.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. The Annual Report from Energy Northwest is available in CD format.
2. B.P.A.'s Annual Report has also been received and is available for review.

Meetings:

1. The New Commissioner Orientation has been scheduled for February 4 and 5 with Commissioner Aubertin registered.
2. A workshop for Roberts Rules of Order and Minute Taking Procedures is being offered in Kennewick. Secretary Jurgensen has requested she be permitted to attend the Minute Taking portion. The Board was in concurrence.

General Business:

1. An Interlocal Agreement has been provided by the Ferry County Public Works Department for snow plowing. This is a result of the Utility's truck used for snow plowing becoming inoperable. Due to the timeliness of the situation the plowing was completed by a local company. The Agreement was provided to Attorney Graham for his review. It was asked that the term "emergency" Interlocal Agreement be included in the document. Attorney Graham explained to the Board that he still performs legal work for the County and that he did function as the Prosecuting Attorney, leaving that office in 2002. The County does have an Attorney who handles their contract work. The Board was in

- agreement that they saw no conflict of interest in the current matter. Attorney Graham further detailed the issues often found in a small community i.e., individuals serving on boards of various organizations and being employed by entities that the boards may be working with and the legal issues that can arise.
2. The matter of wages for certain Management personnel was presented to the Board. In order for the Manager to grant more than one step increase to an employee the matter is to be presented to the Board for their approval. Deputy Auditor Andrea Olson is attending college, as a requirement of the Utility, and is maintaining a 4.0 grade point average and has also become the Utility's UIP trustee for insurance. A motion was made by Commissioner Kroupa to authorize Manager Friederichs to grant one additional step increase to Deputy Auditor Olson as recognition for her completion of additional work. Manager Friederichs continued by explaining that Staking Engineer Steve VanSlyke had not been consistently granted yearly step increases in the past and the Board was asked for the same authorization in this matter. Secretary/Treasurer Jurgensen has reached the final step in the increase progression and, as found in historical data, this position had progressed to a Step 20. The Board was asked to allow the progression for this position to continue. Commissioner Kroupa withdrew his previous motion, making another motion to allow the Manager the discretion for an extra step increase for the Deputy Auditor and Staking Engineer and the Board will extend the Secretary/Treasurer wage scale. The motion was seconded by Commissioner Aubertin and unanimously carried.
 3. The new IBEW Local 77 Handbooks were presented to the Board.
 4. The intertie agreement with Okanogan County P.U.D. is moving slowly. Okanogan P.U.D. has determined that they do not have time available to complete the engineering portion of the work. Staking Engineer VanSlyke is now obtaining budget estimates to have the work completed elsewhere and is also determining whether the work could be done in-house. A B.P.A. study was done some years ago and this information is being researched. Commissioner Davis explained that the WPUDA is asking all utilities to provide a "shovel ready" list of projects that could be accomplished with the anticipated additional Federal funding and questioned whether this project would qualify for such a list.

The Attorney's Report was presented by Attorney Graham:

1. The matter of the ham radio organization installing a radio repeater in the Utility's building on Klondike was brought back to the Board. Attorney Graham explained that it has been learned that the organization is not a non-profit and does not enjoy any formal association with the County as had been explained at the December Board Meeting. A letter has been sent to Ferry County Sheriff Warner requesting clarification of the group's responsibilities with the County. It is not possible for the Utility to enter into an agreement with an informal group of people with no legal status. The group has been asked to develop some sort of official standing with the County and form a non-profit organization after which the Utility would be able to work with them. The Board concurred, that, in the event a formal partnership is created with the County, they would add the requested radio repeater to the agreement with the Sheriff's Department.
2. The Utility is waiting for an appeal on the Steinbock case. A brief due date was set for February.

Commissioners:

Commissioner Kroupa:

1. Nothing to report.

Commissioner Aubertin:

1. Nothing to report.

Commissioner Davis:

1. Attended the January WPUDA meeting in Olympia. Was a very good meeting. Extensive information was provided by lobbyist Dave Warren on the legislative issues. Full retail authority will be pursued for telecommunications. If full is not possible, retail for governmental entities will be requested. A 10-million dollar solar project is being undertaken by Energy Northwest for the Tri-Cities. A discussion was held regarding the possible change of directors for B.P.A. A committee was formed to develop a slate of names that the WPUDA could support for the position. B.P.A. is looking at obtaining 3.5 billion dollars in borrowing authority. This is expected to pass. Commissioner wages and different types of compensation will be discussed at the February WPUDA meeting.

The meeting recessed at 12:05 p.m. for lunch reconvening at 1:05 p.m.

The Board's representation to the various Trade Organizations for the 2009 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	Kroupa/Aubertin
NWPPA	Aubertin/Davis
P.P.C.	Kroupa**/Aubertin
TEDD	Davis/Aubertin
Packwood Owners	Friederichs
WA Association of P.U.D. Attorneys	Graham
Revolving Loan/Grant Committee	Davis/Kroupa/Aubertin
N.R.U.	Kroupa/Aubertin
PNUCC (non-voting)	Davis/Kroupa/Aubertin

**Commissioner Kroupa will attend quarterly meetings

The February Board meeting was rescheduled to Tuesday, February 17 due to the President's Day Holiday falling on the regular meeting date.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of January 10, 2009 were \$951,534.02 with restricted funds of \$1,342,776.39. There were sixteen outages in the month of December for a year-to-date total of one hundred ninety compared to one hundred forty-two for the same period in 2007. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. A listing of all accounts disconnected for non-payment and field contacts made during 2008 was presented and briefly discussed.
3. Work Order number 350 dated October 31, 2008 in the amount of \$146,897.37 was presented and approved by a motion made by Commissioner Kroupa and seconded by Commissioner Davis.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. The listing was brought current as omissions had been made due to imperfections in the report writing program. Warrants Numbers 3829, 3830, and 3904 through 4040, direct payroll deposits numbers 9900355 through 9900381 and wire transfer numbers 55, 56 and 57 in the total amount of \$586,471.09 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
2. The Financial and Statistical Report was presented.
3. The Utility's RUS debt service and a loan analysis for potential reduction was presented to the Board and discussed.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 2:28 p.m .

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager