

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
February 16, 2010

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:00 a.m. Present were Commissioners Nathan Davis, Chris Kroupa and Doug Aubertin, Manager John Friederichs, Attorney Graham who joined the meeting at 9:04 a.m., Auditor Rory Miller, Sue Nush Customer Service Representative and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: Alex Wirt

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

Mr. Wirt advised that he was interested in moving forward on the EMS property transfer between the Utility and the EMS District. Mr. Wirt further explained that, in his desire to finalize the process, he had prepared for the Boards' consideration, a Memorandum of Understanding between the Golf Association and P.U.D., two types of deeds to transfer the property and a metes and bounds legal description. He further explained that the original agreement stated that the P.U.D. will allow the EMS to build on the property, the agreement does not specify that the P.U.D. has to give the property to the EMS. He has found, in researching various funding sources that they require the EMS to hold title to the property and he is desirous of having this accomplished. A lengthy discussion followed. The Board was in agreement that Manager Friederichs, Mr. Wirt, land surveyor Grant Tolton, and Attorney Graham stake the property as required by the Utility with Mr. Tolton to develop an accurate metes and bounds legal description. A discussion of potential costs to be incurred with respect to the survey of the property followed. Mr. Wirt advised that he has received authorization from the EMS District to incur expenses related to the project. A motion was made by Commissioner Davis to proceed with a property survey to define the property lines with the P.U.D. to pay one-half of the survey costs not to exceed \$600. The motion was seconded by Commissioner Kroupa and unanimously carried. Mr. Wirt will make arrangements to meet at the property. Mr. Wirt thanked the Board for their time and exited the meeting at 9:50 a.m.

The Board went into Executive Session at 9:53 a.m. for twenty minutes to discuss potential and pending litigation. The Board returned to regular session at 10:12 a.m.

A recess was declared at 10:12 a.m. with the meeting reconvening at 10:21 a.m.

Reports:

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

1. The crew is continuing with maintenance issues identified in the 2009 pole testing program.
2. The crew is also removing dead trees as identified.
3. The transformer and meter verification work will be completed in February.
4. Pole testing work will begin in the Keller by the end of February. Todd Orestad will be working with Bernie Odegard on this work.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. None to present

Meetings:

1. February 26 a meeting will be held at Energy Northwest to discuss the modular nuclear project. Manager Friederichs and Commissioner Kroupa will attend.
2. Union negotiations are beginning and the first meeting has been scheduled.
3. Another NoaNet Broadband telephone conference has been scheduled. Information on the project is slow to be provided. There is the possibility that Okanogan County P.U.D. will pay Ferry County's portion of the project. TEDD is to begin gathering letters of intent from those participating. Any maintenance cost would be borne by the District.

General Business:

1. The annual membership invoice has been received from TEDD. This was discussed briefly with the Board concurring that they would again renew the yearly membership.
2. Information has been received from Energy Northwest advising that telephone calls are preferred over email correspondence due to the WAC archiving requirements.
3. Participated in another Packwood telephone conference call. Clallam County P.U.D. is interested in the District's 1% share as they are in need of renewable energy credits. Ken Hustad, the Utility's B.P.A. Power Account Representative, has been unable to provide a solution. The Bonneville Foundation has been contacted and may be able to help. The Board was in concurrence that Manager Friederichs should pursue the matter. The Utility was given the option of using the 2006 and 2007 years to calculate the highwater mark. The offer was declined as Kinross was not in full operation during those years.
4. If House Bill 3179 passes, it will allow King County to charge a 6% Utility Tax and all other counties a 1% tax. Another bill of interest will allow the Washington State Department of Commerce, formerly CTEDD, to intervene at rate setting for utilities.

The Conservation report was presented by Manager Friederichs:

1. Nothing additional to report.

The Attorney's Report was presented by Attorney Steve Graham:
Nothing further to add.

Commissioners:

Commissioner Kroupa:

1. Attended the NRU and PPC meetings. B.P.A. may be using low reserves as positioning for the 2011 rate case. ***Clarified at the 3/15/10 Board Meeting-NRU has stated that the refund monies came from B.P.A.'s reserves.** B.P.A. is now claiming that the refund monies came from their reserves and not from the IOU's. They are also asking utilities for guidance on their post 2011 conservation programs. FERC may gather more regulatory authority. Judge Redden's decision is again being discussed with no one able to determine if the increase in the number of fish is the result of his decision. The DSI appeal has been decided by the 9th Circuit Court however they may not see a refund.

Commissioner Davis:

1. Attended the TEDD meeting. A new approach to micro-enterprises was presented with the possibility of partnering with TEDD for start-up loans presented. Meetings will now be 1.5 hours in length which moves rapidly. Attended the WPUDA meeting. Focus has been placed on Roberts Rules of Order in the conducting of business. Material from this meeting was presented to those present at the meeting.

Commissioner Aubertin:

1. Attended the Energy Northwest meeting. Progress is being made on the selection of the new CEO. B.P.A. is interested and involved in the process. Packwood had a bad month with very little water. to date, they have received no compensation from FEMA. They are also looking at a 6% loss in efficiency due to the requirement to spill water for fish. Snohomish P.U.D. is attempting to obtain the ability to have two votes rather than just one.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of February 9, 2010 were \$667,012.44 with restricted funds of \$1,605,218.08. There were forty-two outages in the month of January compared to ten in January of 2009. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. The Utility received Enron Settlement Restitution money in the amount of \$6,791.92. As per requirements of the settlement program, these monies were allocated to the participants of the low-income senior citizen program.

The meeting recessed at 11:56 for lunch reconvening at 1:02 p.m.

The Auditor's Report was presented by Rory Miller:

1. The draft notes for the financial statement were distributed to the Board for their review and comment.
2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 5478 and 5479; 5533 through 5630, direct payroll deposits numbers 9900729 through 9900764, and electronic funds transfer numbers 102 through 105 in the total amount of \$690,934.11 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.
3. The Financial and Statistical Report was reviewed by the Board.

Commissioner Kroupa questioned whether progress had been made on the Alexander line extension. Attorney Graham advised that nothing further has transpired. **Clarified at the 03/15/10 Board Meeting - Mr. Graham reported that County Prosecutor Sandona would proceed via a Motion for Summary Judgement and has yet to do so.**

Lobbying: None

With nothing further to come before the Board, the meeting was recessed at 1:41 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager