

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
March 15, 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 Davis, Chris Kroupa and Doug Aubertin, Manager John Friederichs, Attorney Steve Graham, Auditor Rory Miller, Sue Nush Customer Service Representative and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: Jim Oakley, Energy Northwest and Mary Kennard.

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

The meeting was turned to Mr. Oakley who provided a very informative update on Energy Northwest activities. Mr. Oakley was thanked for his time and he in turned thanked the Board for allowing him to again visit.

A brief recess was called at 9:46 a.m. with the meeting reconvening at 9:52 a.m.

The Board went into Executive Session at 10:00 a.m. for thirty minutes to discuss pending and potential litigation. The Board returned to regular session at 10:30 a.m.

Mary Kennard entered the meeting at 10:30 a.m. and spoke briefly with the Board regarding pending litigation. Attorney Graham provided Mrs. Kennard with a copy of the foreclosure action filed with the Courts. Attorney Graham advised Mrs. Kennard to respond to the papers presented to her within the specified twenty-day period. Manager Friederichs stated that the Utility had recently received a letter from Mr. Kennard with the letter read. Mr. Friederichs added for clarification that the Utility is a public agency and cannot ignore such debts. Mrs. Kennard thanked the Board for their time and exited the meeting at 10:40 a.m.

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

1. Attorney Graham advised that he has responded to a request to clarify what information the Utility can disclose from a customer's account.

Reports:

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

1. Crew is working on replacing poles. They have completed the replacement of all poles identified in 2008 and are working on those identified in 2009.
2. A new line extension has been completed and work has already begun to increase.
3. Tree trimming is scheduled to begin in the City of Republic on March 22.
4. Pole testing work has begun in the area of the Keller Ferry and will be progressing North. At this time Todd Orestad is working with Mr. Odegard.
5. It is anticipated that Mr. Orestad will move into the Apprentice Program shortly after Mr. Burbank completes his testing.

A brief recess was called at 10:47 a.m. with the meeting reconvening at 10:50 a.m.

The Manager's Report was presented by John Friederichs:

Mrs. Thea Webster joined the meeting at 10:50 a.m. and was introduced to the Board. Mrs. Webster is the new part-time Customer Service Representative.

Correspondence:

1. A brief discussion of the letter received from Mr. Kennard was held.
2. A billing has been received from the Kettle Falls International Railway for railroad crossings our lines intersect. Manager Friederichs will follow-up as to the accuracy of the billing.

Meetings:

1. At the February Board Meeting Commissioner Aubertin expressed his interest in attending the Annual NWPPA Meeting. He has since reconsidered due to costs. The Board discussed the expenditure of funds for this trip with Commissioners Davis and Kroupa in concurrence that the trip would be beneficial to the Utility and an acceptable expenditure.

Commissioner Kroupa expressed his interest in attending the retirement party for WPUA Executive Director Steve Johnson. Auditor Miller advised that Commissioner attendance at such an event would be an acceptable District expense with mileage claimed from Curlew to Olympia and return allowable. Any personal mileage driven for personal business during the trip could not be claimed.

2. A spring Financial Officer's Meeting will be held at Franklin County P.U.D. on April 21 and 22. There is the possibility that Auditor Nush and Treasurer Jurgensen will attend. Cost of meeting is \$75 per person plus the cost of lodging and mileage.

General Business:

1. Information pertinent to the Packwood matter was provided to the Board. A Memorandum of Understanding has been entered into with Clallam County P.U.D. which will allow them to purchase the output designated for Ferry, Skamania, Wahkiakum, Kittitas and Klickitat P.U.D.'s. Attorney Graham

- advised that the Utility will be required to record the completed document with the County Auditor.
2. B.P.A. continues to provide information on the calculation of High Water Marks. Other options presented include using previous year data rather than the 2010 usage as originally planned. Commissioner Kroupa added that this has been a major topic of discussion at both the NRU and PPC meetings.
  3. A proposed Organization Chart was presented to the Board for their review and consideration. The primary change is the addition of a Superintendent position replacing the General Foreman position. No decision was made.
  4. Information has been received indicating the legislative bill which would allow the Department of Revenue to assess B&O tax on conservation credits received from B.P.A. has failed. The bill regarding Commissioner Compensation has passed. Attorney Graham will review the current Resolution regarding commissioner Compensation to determine whether a new one will be necessary. As previously stated, in the event a Commissioner chooses to not receive the full monthly compensation, a letter from the Commissioner advising the District of their wishes will be needed.
  5. The NoaNet application deadline date is March 15, 2010. The Utility provided a letter of support for the project. The anticipated cost of the project is now 17.5 million. Questions have arisen regarding the DOT rights-of-way and whether Okanogan County P.U.D. is still interested in paying for that portion of the project within Ferry County.
  6. The Utility has been approached by Mr. Charles Koontz regarding a possible exchange of property near the Strassburg Substation. Attorney Graham will research the possible exchange.
  7. Pricing information is still being obtained on the replacement line truck. At this time the State bid cost for cab and chassis is \$99,365 with the total cost, including transfer and retrofit of the existing boom estimated to be \$150,000. If the decision is made to move forward, the specifications will be developed slowly and accurately. Trucks 16 and 22 will be declared surplus and sold with the exception of the boom from 22. The Board discussed the budget and expenses.

The meeting recessed at 12:10 p.m. for lunch reconvening at 1:12 p.m.

- Auditor Miller presented slides showing trucks 16 and 22. The discussion of the possible repair of truck 16 continued. At this time the primary problem is wiring and, it is not known whether this is repairable. The Pitman Boom is also an issue as it is not reliable and was no longer in production shortly after purchase of the truck. There is also the possibility of keeping truck 22, which will allow the crew to separate into two crews in order to replace more poles. The Board was in concurrence with the plan and authorized Manager Friederichs to move forward.
8. No word has been received from the EMS district regarding the property near the Windsor Substation.
  9. Administrative Wage & Salary Schedule 27-10 was presented. The Union employees will be granted a wage increase effective April 1, 2010 and Administrative Wage Schedule 27-10 will allow a wage increase for management personnel. A motion was made by Commissioner Kroupa to accept Schedule 27-10. The motion was seconded by Commissioner Aubertin and unanimously approved.
  10. Union negotiations are beginning. A management meeting has been scheduled for April 7 at Douglas P.U.D.
  11. Resolution 10-01 Appointing an Auditor was presented. A motion was made by Commissioner Kroupa to adopt Resolution 10-01. The motion was seconded by Commissioner Davis and unanimously carried.

The Conservation report was presented by Manager Friederichs:

1. The Republic Schools have entered into a partially B.P.A. funded lighting project.
2. Kinross has entered into an agreement with B.P.A. wherein their use will be reduced up to one-million kWh's per year. B.P.A. will pay Kinross \$25,000 per annum for on-site assessment and monitoring.

Commissioners:

Commissioner Kroupa:

1. Attended an Energy Northwest meeting with Manager Friederichs to learn more about the modular nuclear program. The meeting was very informative.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended two TEDD meetings one of which was a teleconference. An effort is being made to improve and increase communications.

A brief recess was called at 2:20 p.m. with the meeting reconvening at 2:22 p.m.

The Board moved to the Manager's Annual Performance Review. Attorney Graham advised that it would not be appropriate to hold the review in an Executive Session and open session would be appropriate. Board discussion followed.

Attorney Graham exited the meeting at 2:46 p.m. to return for the 5:00 p.m. Revolving Loan Meeting.

The meeting recessed at 3:02 p.m. and reconvened at 3:15 p.m.

Resolution 10-03 "A Resolution to Establish Manager's Compensation" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.

Commissioner Kroupa exited the meeting at 3:20 p.m. to return for the 5:00 p.m. Revolving Loan Meeting.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 9, 2010 were \$853,345.56 with restricted funds of \$1,684,439.79. There were four outages in the month of February for a year-to-date total of forty-six compared to thirteen for the same period in 2009. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. All Budget Billing customer accounts have been reviewed with new yearly payment amount calculated. Customers continue to find this program beneficial and continue to participate.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 5568 and 5569; 5631 through 5737, direct payroll deposits numbers 9900765 through 9900794 and Electronic Fund Transfer number 106 through 109 in the total amount of \$535,5621.60 were approved by a motion made by Commissioner Davis, seconded by Commissioner Aubertin and unanimously carried.

Commissioner Kroupa returned to the meeting at 4:02 p.m.

2. The Financial and Statistical Report was reviewed by the Board.
3. Resolution 10-02 "Establishment of Petty Cash/Working Fund" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.

Lobbying: None

With nothing further to come before the Board, the meeting was recessed at 4:15 p.m.

The meeting reconvened at 5:20 p.m. for the purpose of the Revolving Loan Meeting. Present were Commissioners Davis and Kroupa, Board members Steve Graham and Dan Miller who participated via telephone and Manager John Friederichs.

Also in attendance were John Chrysler, Republic Regional Visitors and Convention Bureau.

A review and discussion of the application submitted by the RRVCB was held. It was determined that the RRVCB does not qualify for a grant under the Revolving Loan guidelines. The Board recommended that Mr. Chrysler contact the County Commissioners in hopes that they would submit the application for the RRVCB.

With nothing further to come before the Board, the meeting was adjourn ed at 6:10 p.m.

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

\_\_\_\_\_  
President

ATTEST:

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Vice-President

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Secretary

APPROVED:

\_\_\_\_\_  
Manager