

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
March 16, 2009

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:03 a.m. Present were Commissioners Nathan Davis, Chris Kroupa 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 Aubertin.

Public Comment Period: None.

Visitors: Jim Oakley, Energy Northwest, Frank Rounds, Jennine Groth, Linda Maxwell, Sarah Bradburn, Melissa Rose, Brenda Starkey who joined the meeting at 9:16 a.m. and Margaret Snook who joined the meeting at 9:31 a.m.

Introductions were made

The minutes of the previous meeting were approved by a motion duly made, seconded and carried.

The floor was turned to Mrs. Groth who questioned whether she was truly to be restricted to speaking for only five minutes as the sign-in sheet indicated. She further requested that she be permitted to make a portion of her presentation utilizing the white board. Upon beginning her presentation, she directed Commissioner Davis to turn to look at her as she felt he was being rude to her as he had yet to turn in her direction. Mrs. Groth diagramed the Utility's financial structure, based on information from her time serving as the Utility's Auditor, and the flow of the B.P.A. Look-Back rebate. She stressed that the B.P.A. monies were to be returned to the consumers and were not to be used to replenish reserves or for the operations of the Utility. She presented another letter to the Board and proceeded to read it. Said letter is as follows:

March 16, 2009

Dear Commissioners:

"Ferry County PUD Owes Ratepayers Money". Why did I write the Letter to the Editor? I went to the last Board Meeting in Feb. and requested the BPA Settlement money be returned to the ratepayers and explained why. The three commissioners did not want to do that, even though other ratepayers at the meeting requested the same action. I stayed throughout the whole meeting. At the end of the meeting the commissioners decided it would be a good idea to communicate the BPA Settlement to the ratepayers in the next billing. In my opinion, communication to the ratepayers should have been done as soon as last April 2008, when this process began, since the money is each and every ratepayer's money, not the PUD's money. I was assured by Commissioner Kroupa that the letter in the billing would tell the ratepayers that the BPA Settlement money is the ratepayers' money, and an option was to give the money back to the ratepayers as a rebate or rate reduction. I left the meeting feeling pretty good and confident in the commissioners. That changed quickly when I received my bill. This information was not contained in the letter in the billing. I then felt betrayed as a ratepayer and misled by the commissioners. The letter did not state all the facts, and in my opinion is confusing. Again, in my opinion, just about any reason the three commissioners give for not returning all the BPA Settlement money to the ratepayers is misleading and wrong. I can have a logical counter explanation for about any idea or reason the PUD management or the three commissioners come up with for the money to be spent and used by the PUD. In my opinion, the commissioners need to be transparent and honest with the ratepayers.

Questions about the ratepayers' BPA Settlement money:

- 1) Starting on April 3, 2008, direct deposits of some of the BPA Settlement money, \$284,984, were invested. It is earning interest for the ratepayers, and that invested money along with the interest earned should be a part of the money returned to the ratepayers. What is the PUD doing with the \$22,848 monthly credit money on the BPA bill to the PUD that started Oct. 2008, a total of \$114,240 so far, and will continue each month for a year? Is it invested? Is it in a holding account to give back to the ratepayers? Or, is the monthly credits being used by the PUD for operations and expenses? These monthly credits are a part of the BPA Settlement and should also be given back to the ratepayers, NOT used for operations, expenses, and increasing reserves of the PUD.

I still feel the BPA Settlement money should be returned to the ratepayers immediately. It is the ratepayers' money, not the PUD's money to use as they wish. I feel the commissioners should diligently figure a way to accomplish this. Okanogan PUD & Nespelem Valley Electric have done just that and realized their ratepayers overpaid their bills and the BPA Settlement money is the ratepayers'. This can easily be accomplished by 1) rebates on the each ratepayer's bill, 2) reduce the billing rate, and/or 3) hold the BPA Settlement money in an account, and use all the settlement money or what is left after a rebate or rate reduction, for a proposed 2010-2011 BPA rate increase. None of the BPA Settlement money should be used for the operations or expenses or increasing reserves of the PUD. This all should be taken care of in this year's budget.

My question to the management of the PUD and the three PUD commissioners is as follows: How do you plan on getting ALL the BPA Settlement dollars back to the ratepayers, including the direct deposits you have already received from BPA and are invested and earning interest for the ratepayers, the monthly credits on the BPA billing to the PUD, and any other channel the BPA settlement dollars are given to the PUD?

Thank you-Jennine Groth, Ratepayer & Past Auditor/Office Manager

Mrs. Groth pointed out that all credit reflected on the Utility's monthly B.P.A. bill was to be added to the invested money rather than any funds saved by the credit being used for the general operation of the Utility. Mrs. Groth asked the Board for answers to all of her questions. Commissioner Kroupa cited information contained in a recent news article pertaining to Okanogan County P.U.D. Information included was the fact that they rebated only one-half of their B.P.A. rebate not the full amount as Mrs. Groth had stated and that they will most likely have to raise their rates in October above the level of the B.P.A. increase. Mr. Kroupa continued by stating that he has found that approximately one-half of the public utilities within the State did not rebate any of the B.P.A. rebate and, of those that did many are like Okanogan County P.U.D. and have their own generation and have extra income. The primary reasons cited by those that did not refund the monies included backlog of work and weak reserve funding. Margaret Snook joined the meeting at 9:31 a.m. Commissioner Kroupa continued by stating that the B.P.A. rebate monies have been invested and have not been spent. He further explained that the Board is waiting to learn the outcome of the B.P.A. rate increases. The Utility has learned that the proposed 9.4% to 10.2% increase may now be 15% to 20% and, until the rate hearings are completed in July the Board will not know how much our rates will be increased. The credit received this year has been set but any future monies to be received as a rebate are being established in the rate case just as the rates are being established. He concluded by advising those present that he did not anticipate a local rate increase to recover any funds other than the B.P.A. rate increase.

Commissioner Aubertin explained that although he is a new Commissioner he did attend meetings prior to taking office and has been reviewing the financial records as well. His concern is to see that the reserves are strengthened to allow the Utility to function in the future not just today. He has been receiving calls from consumers in his area and they have pointed out that they want the Utility to continue to provide a good supply of electricity and to rebuild the reserves. He explained that Mrs. Groth's rapid departure from the Utility cost it a considerable amount of funds. Her two-week resignation notice also resulted in the Utility not having her available to train and work with her replacement and for a position as important as the Auditor this was a significant issue. Commissioner Aubertin further stated that his intent is to manage the Utility and to protect the assets of every consumer and not buy the good will of a few vocal individuals by refunding the B.P.A. money if it is not in the best interest of everyone. Margaret Snook questioned the correlation between Mrs. Groth's leaving the Utility and the B.P.A. money. Commissioner Aubertin stated that such issues cost the Utility money that has to be replaced. Ms. Snook stated that she wanted the money refunded and that she has been a tax payer and customer in this area for twenty-one years. She further advised the Board that individuals are attempting to contact them via email and their email is not working. Commissioner Kroupa questioned who had not been able to contact them and further advised that he is making every attempt to respond to any email or telephone call. Commissioners Davis and Aubertin stated that they were doing the same. Commissioner Kroupa restated that 50% of the public utilities are refunding the money and 50% are not and the B.P.A. did not specify how the money was to be handled once it was returned to the utilities. He further stated that B.P.A. had pointed out that the rebate was from the IOU's to the public utilities and that Mrs. Groth seemed to be stating that the rebates were specifically for consumers. It is his understanding that the rebates are for the benefit of the consumers, it was never said that the monies should be refunded. He stated that he doesn't want anyone to think that the situation is all one-sided or that all consumers were in favor of refunding the monies. The majority (2 to 3 in favor to 1 against) of the individuals he has spoken with have been in favor of allowing the Utility to utilize the monies to the best meet the needs of the Utility.

Commissioner Davis expressed his concern regarding the continuing effort by Mrs. Groth to bring issues to the Board on which the Board has already made decisions. He further expressed concern with her apparent perpetuation of misinformation, beginning with a letter from a former P.U.D. Commissioner and her re-circulation of the letter. He stressed that someone who held the position of Auditor with the Utility should know how important it is to provide factual information. He further stated that the Utility obtained advice regarding the rebate monies from both B.P.A. and an independent accounting firm used by the Utility and both recommended setting the monies aside pending B.P.A.'s final decision. The Board felt this was a prudent step to take and the monies have been set aside and invested. He further explained that the Utility received one initial payment in April, a second in October and was notified in December that a repayment to B.P.A. would be necessary due to an error on the part of B.P.A. The Board has made no decision on what should happen with the money other than investing it. They want to be able to make the best decision for the largest number of consumers. The Utility is also faced with the upcoming B.P.A. required High Water Mark Year. This will begin October 1, 2009 and all electrical purchases made by the Utility will be used in then formula used to calculate the total amount of power that the Utility will be allowed to purchase from B.P.A. in the future. If the Utility were to need power over the allocated amount, such power would be purchased by B.P.A. on the open market at a higher rate than allowed by the Contract. If the B.P.A. rebate was to be refunded it would be necessary for the Utility to raise it's rates to cover the B.P.A. rate increase plus an additional amount to help defray Utility expenses. The new process that B.P.A. is implementing will change how the Utility does business for the life of the new contract which is twenty years. Commissioner Davis again expressed his frustration at the continued circulation of misinformation even though Mrs. Groth and others attended the previous Board Meeting. Mrs. Groth again expressed her desire to have the Board see that all B.P.A. money be put into the special fund. Commissioner Kroupa expressed his reluctance to make any decisions regarding the monies. He continued by stating that Mrs. Groth has been using Okanogan County P.U.D.'s partial rebate as the reason this Utility should do the same. No mention has been made that one-half of the utilities in the State have not refunded the funds and feels that any action is premature. Commissioner Davis expressed his concern that Mrs. Groth is attempting to get back at the P.U.D. as she has

issues with so many areas. Mrs. Groth responded by stating that she is just a rate payer with more information than most. Commissioner Davis questioned why she furthered an email with erroneous information. Mrs. Groth responded by stating that she wanted to see all B.P.A. monies put into a special fund. Ms. Snook interjected that she had heard that there was a special fund with their money in it and she wants her money. Commissioner Aubertin stated that the Board needed to have an opportunity to listen to others present rather than just Mrs. Groth. He understood that she wanted the Board to make a decision about funds that the Board was not willing to make a different decision on. Commissioner Aubertin advised that Mrs. Groth's credibility is in question with him due to her letter to the previous Manager and Board. He went on to respectfully request that the Board be allowed to make decisions for all rate payers. Linda Maxwell stated that, had she known that the Utility received money from B.P.A. when it was first received, she wouldn't have been in attendance at today's meeting. Commissioner Kroupa reminded those in attendance that the Utility is required to follow the public meetings laws and questioned whether Mrs. Groth was aware of the Utility ever being cited for not following such requirements. Mrs. Groth responded that she was not aware of any such issues but went on to say that the Board was supposed to make sure consumers knew what was going on. Commissioner Kroupa went on to say that the Utility has been publishing the Board Meeting Minutes on its website as this was requested by consumers. He was not aware that people were not taking advantage of the information. He again stated that all information pertaining to the B.P.A. rebate has been discussed in open public meetings and recorded in the minutes which have been posted to the website. With all this being accomplished, the Utility at no time made any attempt to keep information from its consumers. Former Commissioner Caudell did not, during any of the discussions about the B.P.A. refund, ask that information be published in the newspapers or be sent to the consumers. Melissa Rose spoke briefly stating that she has been a rate payer for eighteen years and thanked the Utility for doing a "bang-up" job keeping the power outages to a minimum. She stressed that she did not want to attack the Board or Utility and did not intend to do so. She went on to explain that her first bit of information was an email from ex-Commissioner Caudell. Since then she has learned that the information was not accurate and it now seems as though the numbers are changed from each email or news article making it difficult to know what is true. The Board was encouraged to provide factual information in any manner possible to clean up the problem. Ms. Rose closed by stating that she felt the Board was being responsible and that the few consumers that attend the meetings and request the money aren't speaking for everyone. Mrs. Starkey, acting in the capacity of a reporter for the Omak Chronicle, stated that she had verified the information in her article with Mr. Ives and Mr. Caudell but did not contact the P.U.D. to verify any of the data. She stated that Mr. Caudell disagreed with Commissioner Kroupa's information. Commissioner Kroupa stated that the Utility has a figure referred to as total reserves and restricted funds. The reserves are to be maintained in the event the Utility is faced with a severe storm and the restricted funds are a requirement of RUS. These amounts total \$1,230,000 with the total funds available as of March 10 \$2,528,252 however, the adjusted balance for operations is \$1,222,375 with this figure dropping to \$600,000 in 2008. Those present were reminded that the Utility is self-insured and must be able to cover the cost of a major storm which would, in most cases, require crews from other utilities. Based on the current cost for labor and materials, it would not be unrealistic to increase the emergency reserves to one million dollars. Mrs. Groth interjected that she did not want to make a resolution but did want all the B.P.A. monies in the special fund as this was something the other P.U.D.'s were doing. Ms. Snook stated that she did not want to see the refund money kept and then be faced with a huge rate increase. Commissioner Kroupa pointed out that the Utility spent its reserves to keep the Utility operating without any form of a rate increase and now would like to rebuild those reserves. He further explained that the 15% to 20% B.P.A. rate increase will be the increase to the Utility which will not be the increase passed on to the consumers. A 20% increase to the P.U.D. would most likely mean consumers would pay \$.08 per kWh. He further stated that he does not want to be pushed into making any type of agreement or decision prior to the final B.P.A. rate determination. The Board is responsible for the safe and stable operation of the Utility. Manager Friederichs stated that, as Mrs. Groth indicated in her visual presentation, it might be nice to try to divide the money as to where it should be spent however, every public utility in the State recovers costs from rates. All the money used by a utility comes from one place, that being the rate payers. The costs will be recovered, the Utility cannot fail to recover the costs. Whether the B.P.A. refund is put towards the purchase of a truck or rates, the cost has gone into the cost of operations and the balance will be paid from increased rates. He stressed again that the Utility has only one income stream, that being the rate payers. In 2007 \$870,000 was taken from long-term investments to pay for District operations and in 2008 \$950,000 was again taken from long-term investments for the same purpose. This is a total of \$1,820,000 and now there is an argument over what the P.U.D. should do with \$300,000 which is actually less than one month's B.P.A. billing for some months. In the overall scheme, whether the P.U.D. keeps all the money or gives all the money back, the cost of operations will be covered by the rate payers. It appears to be prudent to keep a portion of the money that the rate payers will be providing in order to reduce the amount they will be asked to pay. He added that he too has asked consumers to contact him but the emails with incorrect information keep circulating no matter how many times the situation is explained in the newspapers or Board meetings. He further directed comments to Mrs. Starkey regarding her failure to verify information pertinent to the P.U.D. with the P.U.D. and pointed out that it was her responsibility to get the right information before making more issues for the Utility. Manager Friederichs explained that he and the Board have been working with consumers on the matter for some time and are all quite frustrated because the same misinformation continues to circulate. The P.U.D. is a full requirements customer of B.P.A. which means that the P.U.D. purchases all of its power from B.P.A. In this position,

B.P.A. will tell not ask the P.U.D. what is to be paid for power. When budgets are developed the amount charged to consumers for their electrical use is reviewed and, in the past the cost of operations for the Utility was not covered with the decision made to utilize the invested funds rather than raise rates. The bottom line is that the reserves are down and the Utility is in the worst financial position that it has been in for several years. The Commissioners are good men working to do the best that they can for a small utility in a bad financial situation and, there are good employees working for the Utility who will not waste money. Commissioner Aubertin added that he didn't want to spend all the time dealing with the Ferry County gossip mill but wanted to deal with the important issues of the Utility. He stated that he wasn't certain how many times it would take to write the same letter and cover the same information before people understood the real situation. He cautioned that people can't take a portion of the information and make it into something different. Ms. Bradburn commented that the situation sounded like a public entity with a secret. Mrs. Groth added that she obtained her information from Manager Friederichs and Treasurer Jurgensen and truly believes her editorials are correct. She also added that she is not a vindictive person if someone were to get to know her. Mr. Rounds questioned whether the Board were not putting too much emphasis on not having a rate increase at this time. Commissioner Kroupa responded by explaining that there will be a rate increase but the Utility does not know how much it will be. Mr. Rounds questioned who was in control of B.P.A. and it was explained that B.P.A. is a Federal agency and it could very well be helpful of consumers wrote to their senators and representatives. Mrs. Groth stated that she had another issue to discuss, that being the billing process, and, until all the overpaid B.P.A. dollars are refunded she will be coming to the Board meetings.

Mrs. Groth spoke on the confidentiality of the billing process and provided the following letter to the Board and those present explaining that she was just an average customer that knows a little bit more.

March 16, 2009

Dear Commissioners:

Topic: Billing

Since the billing was brought back locally last year, and the company, Digital Documents, does not have the automated equipment to fold & stuff the bills. There is the possibility that the confidentiality of each ratepayer's bill is at risk. The owner of Digital Documents told Bobbi Weller, Manager at the time, that he would get the equipment. And then Bobbi Weller told him the bills could then be done locally. With the change of management last year the bills were brought back locally immediately and the proper automated equipment has not been purchased. Even thou a contract has been signed, you cannot be sure that the bills are not being look at by those at Digital Documents folding & stuffing them. As the State Auditors said to me numerous times in different situations, you have to take away the opportunity for anything wrong to happen or take place. I personally do not want some unknown person looking at my bill & having the opportunity to make comments in public about it. There could be meter reading fees, disconnect charges, high use, etc.

At the Board Meeting in Feb., I suggested some ways to solve this problem. They included the following:

- 1) Outsource the bill processing until Digital Documents gets the proper equipment. This was not a popular idea before.
- 2) Have Digital Documents purchase the necessary equipment with a loan from the Revolving Loan Fund. The whole purpose of this fund is to help local businesses.
- 3) Have the PUD purchase the necessary equipment and do the billing all in house. Over years, this equipment would pay for itself.
- 4) Bring the bill processing back to the staff at the PUD and have the employees at the PUD fold & stuff the bills. Along with dealing with the confidentiality issues, this would be a way for the PUD to save money since it would be all done in house. This was what was done before the new computer system was installed.

How has the management of the PUD and the Commissioners decided to deal with this issue?

Thank you-Jennine Groth, Ratepayer & Past Auditor/Office Manager

Commissioner Kroupa explained that the matter was discussed at the February Board meeting. As was explained at that meeting, the P.U.D. has a non-disclosure agreement in place with the current contractor. When the decision was made to outsource the billing, the Utility received dozens of telephone calls regarding the impact this decision had on the local post office. The decision to move the billing process outside the local area resulted in the local post office losing personnel positions. When the new Manager made the decision to bring this work back into the area it saved the Utility 6-cents per bill, helped the local post office and

another local business. The Utility's Attorney assured the Board that the confidentiality of the information was protected and the Board is comfortable with the decisions made. Mrs. Groth again outlined other options that she feels the Utility should pursue to correct what she perceives to be a problem. Commissioner Davis advised that both he and Manager Friederichs have visited with the current contractor. He explained that a folding machine is utilized however, he does not own an envelope stuffing machine. Mrs. Groth reported that, in the past, she was informed that the folding machine was inoperable and local individuals folded and stuffed the bills which affected their confidant (sic). Manager Friederichs questioned whether it seemed possible that an individual faced with folding and stuffing 4,500 pieces of material would have the time or inclination to pick out and read one individual's billing. Attorney Graham explained that, based on his research, an individual's utility bill is a public record and the only information that cannot be disclosed is the exact address. Therefore, if someone were to request a customer's billing, the Utility would be obligated to provide it. This is part of the transparency of open government. Mrs. Groth questioned why then does the sheriff's office need a search warrant. Attorney Graham explained that law enforcement agencies have less authority in some circumstances. Commissioner Aubertin questioned Mrs. Groth as to whether she wished her second letter sent to the consumers. Mrs. Groth advised that she would have to consider the question and would let the Board know her decision.

A recess was declared at 10:54 a.m. with the meeting reconvening at 11:06 a.m. with Mr. Oakley and Mrs. Groth returned to the meeting.

The Board went into Executive Session, as per RCW 42.30.110 Subsection 1, paragraph I, at 11:07 a.m. for 30-minutes for the purpose of discussing pending litigation. The meeting returned to regular session at 11:37 a.m. with Mr. Oakley and Mrs. Groth returning to the meeting.

Mr. Oakley provided an update of Energy Northwest operations. B.P.A. takes all of the generated power and pays all the bills. Newer forms of generation are being studied, i.e., small modular nuclear generation units which are being developed by Oregon State University, another possible windfarm near Prosser, and a woody biomass co-gen project being developed by Adage (Areva and Duke Energy). Preparatory work is being completed for the 2011 outage to replace a condenser. The outage is planned for 85-days with a cost of 1.12 million for the condenser. The most recent INPO inspection rating was exemplary with recommendations for equipment upgrades and improvement of RAD exposure made. The current license expires in 2024 and work is already underway for the relicensing. There are hopes that it can be extended to 2044 and possibly 2064. The 9-Canyon project is going well with the exception of another gearbox failure. This being the 24th such failure with the manufacturer, Siemens, being responsible for the repairs as the problems are caused by a design flaw. The Board was thanked for allowing him to visit again.

The meeting recessed at 12:08 p.m. for lunch reconvening at 1:09 p.m. with Mrs. Groth returning.

Reports:

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

1. An insulator damaged by lightning last summer was identified and replaced. The repairs were scheduled to take two hours but were completed in one and one-half. This resulted in an outage from just north of the Wolfe Camp Road on North.
2. The line crew continues with maintenance. Reclosers are being replaced.
3. Work continues on the transformer and meter reading verification.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. An email has been received from B.P.A. Account Rep., Ken Hustad regarding a meeting scheduled for March 18 for the discussion of rates and program level costs. Mr. Hustad pointed out that B.P.A.'s secondary revenues are falling shorter than they had anticipated and precipitation, at this time, is at 84% of normal. The original rate increase was to have been 10% but there is now the potential that it will be 15 to 20%.
2. Several letters and email messages from consumers writing in support of refunding the B.P.A. money and also in support of the Utility's current position on the refund were presented.
3. A request has been received from the Republic High School Year Book Staff for the amount of \$35 for the Utility's advertisement. The Board concurred that the Utility would again advertise in the Annual.
4. A letter has been received from North Cascades Broadcasting regarding the \$60 cost of advertising for two baseball games. The Board concurred that the Utility could advertise for the quoted \$60.

The Board briefly discussed the process by which requests for funding are approved. The Board will continue each request for advertising support.

5. A request has been received from the Ferry County Prospector's Day Rodeo committee requesting support. After a brief discussion the Board voted unanimously to advertise in the amount of \$100.

The Board discussed the possibility of developing guidelines for granting advertising and sponsorship requests. The 2009 Budget reflects \$11,000 allocated for such. The Board was in agreement that they will continue to be prudent in the review of such requests. Attorney Graham advised that the Board must make certain they are entering into a quid pro quo arrangement with each entity. Auditor Miller added that in general, other P.U.D. districts are more generous than ours. He encouraged the Board to ask whether the event would benefit the whole county when making a decision for advertising support or sponsorship. A motion was made by Commissioner

Aubertin to allow Manager Friederichs the latitude to authorize routine support for entities previous supported with any new or unusual requests to come before the Board. The motion was seconded by Commissioner Davis and unanimously carried.

6. A request has been received from the Keller Community Club for support in the amount of \$50 for their bull riding event scheduled for May 16 and 17. The Board concurred that they would advertise at this event in the amount of \$50.
7. The Republic BPW has requested a donation for their high school graduation scholarship fund. Attorney Graham advised that a donation would not be possible and written clarification of their need could be obtained to allow for support. No action was taken by the Board.

Meetings:

1. NWPPA Annual meeting scheduled for May 17 through 21 in Boise, Idaho. Commissioner Aubertin and possibly Commissioner Davis will attend.
2. April WPUA meeting in Olympia scheduled for the 15th through the 17th with Commissioner Davis to attend.

General Business:

1. The Interim Auditor Contract was presented for discussion. At the present time the contract will automatically renew for one year on April 2, 2009. All other items contained in the contract remain the same. The Board were in agreement that Auditor Miller is a tremendous asset to the Utility and his abilities are greatly appreciated.
2. Administrative Wage & Salary Schedule 26-09 was presented. The Union employees will be granted a wage increase effective April 1, 2009.

A recess was called at 2:00 p.m. with the meeting reconvening at 2:08 p.m. Mrs. Groth returned to the meeting.

Administrative Wage Schedule 26-09 will allow a wage increase for management personnel. A motion was made by Commissioner Kroupa to accept Schedule 26-09. The motion was seconded by Commissioner Aubertin and unanimously approved.

Mrs. Groth expressed her desire to make a comment. Commissioner Davis explained that the public comment period for the meeting was over and no further comments would be allowed. Mrs. Groth questioned Attorney Graham whether this action were legal. Attorney Graham advised Mrs. Groth that it was legal and that it is the presiding officers discretion whether to allow public comment throughout the meeting or to limit the time visitors were permitted to speak.

3. Resolution 09-01 "A Resolution Declaring Property Surplus and Disposition of the Same" was approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously approved.
4. The possibility of rescheduling the July Board meeting to fall after the conclusion of B.P.A.'s final rate determination was presented. The Board was in concurrence that the Board meeting would be held on the regular day with the meeting recessing to reconvene tentatively on July 22.
5. A letter has been received by the USDA High Energy Cost Grant administrator regarding the \$10,433.35 undisbursed funds. It was been recommended by the USDA that an extension be granted to allow the balance of the funds to be used. No final determination as yet on this proposal.
6. A proposal to employ a Todd Orestad through the Work Source training program was presented. The program will pay one-half of the wages, as set by the Union Contract at the first step of a groundman/pole tester, for a total of 560 hours. The work to be accomplished will consist of the system inventory of transformers and meters which requires two people, one to climb poles and one to record data. Employment of this individual will free up one lineman to return to the crew. The position will be considered to be of limited duty and, it is understood that when fall arrives there may or may not be work. The Utility would become liable for unemployment benefits if the individual were to apply. The Union Representative has been contacted and they have no issues with the proposal so long as the pay is at Union scale and Union dues would be paid. Mr. Orestad has attended the Avista Line School and was employed by Avista until an entire crew was let go. This would also allow Mr. Orestad an opportunity to apply for the Apprentice Program at a later date. Anticipated starting date is either April 1 or May 1, totally dependent upon when the crew can begin work. Auditor Miller advised that there would be sufficient funds in the 2009 Budget to allow for this salary. The Board concurred with Manager Friederichs' proposal.
7. The need to purchase a new small trailer for the transport of the smaller backhoe was presented. A figure of \$16,000 has been included in the 2009 Budget for this purpose and an acceptable trailer has been sourced for a cost of \$12,500. The trailer declared surplus on Resolution 09-01 will be advertised locally as well as on various equipment websites. The Board concurred with Manager Friederichs proposal.

The Conservation report was presented by Manager Friederichs:

1. Ed Forsman is attending the Energy Efficiency Conference to be held in Portland, OR.
2. Will be participating in another CFL program for the Republic area. The bulbs will be delivered to the Utility and will be made available in the lobby, at the Conservation Fair and also the County Fair. This program will not compete with any local vendors as none carry this type bulb.

The Attorney's Report was presented by Attorney Graham:

1. As was presented at the February Board Meeting, the process for dealing with some of the outstanding

debts on the High Cost Line Extension program has been reviewed. The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 2:42 p.m. for fifteen minutes for the purpose of discussing pending litigation. The Board returned to regular session at 2:54 p.m. returning to Executive Session as per RCW 42.30.110 Subsection 1, paragraph g for fifteen minutes for the purpose of performance review of a public employee. The Board returned to regular session at 3:09 p.m. for the purpose of extending the Executive Session for an additional ten minutes. The Board returned to regular session at 3:19 p.m. for the purpose of extending the Executive Session for an additional five minutes. The Board returned to Regular Session at 3:31 p.m.

Commissioners:

Commissioner Kroupa:

1. Nothing additional to report.

Commissioner Aubertin:

1. Attended the WPUDA meeting in Olympia with an overview presented.
2. Attended the final session of the WPUDA New Commissioner orientation.

Commissioner Davis:

1. Attended a different WPUDA meeting in Olympia with an overview presented.
2. Attended a emergency TEDD meeting called for the purpose of working with Pend Oreille County as they are considering a withdrawal from TEDD.
3. Attended two meetings with the Ferry County Commissioners regarding the proposed EMS property exchange. A plan to subdivide and rearrange the property is being developed by a local land surveyor. The Utility has been granted a 25-foot set back along with access to the North.
4. Met with the State Auditors during the Entrance Conference.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of March 10, 2009 were \$1,222,375.22 with restricted funds of \$1,305,876.79. There were thr33 outages in the month of February for a year-to-date total of thirteen compared to eight for the same period in 2008. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. Work Order number 352 dated January 31, 2009 in the amount of \$58,451.69 was presented and approved by a motion made by Commissioner Kroupa and seconded by Commissioner Davis.
3. Resolution 09-02 "A Resolution Authorizing Agents to Act for Special Checking Accounts" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.
4. Discussion of the Utility's banking process was tabled until the April Board meeting.
5. The Minute Taking Workshop was very helpful.
6. The Winter Moratorium was lifted March 15 and non-payment disconnects are scheduled for later in the week.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 4040, 4071 and 4157 through 4248, direct payroll deposits numbers 9900414 through 9900440 and wire transfer numbers 61 through 63 in the total amount of \$531,016.66 were approved by a motion made by Commissioner Aubertin, seconded by Commissioner Davis and unanimously carried.
2. The Financial and Statistical Report was presented.
3. The Utility's RUS debt and loan analysis was discussed.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 4:29 p.m .

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

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager