

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
May 16, 2011

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

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

Visitors: None

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

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 9:07 a.m. for fifteen minutes for the purpose of discussing pending litigation. The Board came out of Executive Session at 9:22 a.m. for the purpose of extending the Executive Session for ten minutes and returned to Executive Session. The Board came out of Executive Session at 9:32 a.m. for the purpose of extending the Executive Session for five minutes and returned to Executive Session. The Board returned to returned to Regular Session at 9:37 a.m.

Reports:

The Attorney's Report was presented by Attorney Graham:

1. The suit has been filed with the State of Washington for overpaid Privilege Tax for the years 2007, 2008 and 2009.
2. Redistricting information, as provided by the State of Washington, has been reviewed. Manager Friederichs added that he has been in contact with the Ferry County Auditor regarding a redistricting meeting with no meeting set as yet. The Board was in concurrence that Manager Friederichs should represent them at the meetings.

The Engineer/Superintendent's Report was presented by Manager Friederichs:

1. New line extension working is increasing.
2. Work on a new High Cost project will begin this month.
3. Pole replacement continues along Highway 21 south.
4. Insulators have been replaced along the Old Kettle Falls Road and in the Keller area.
5. Pole testing continues along Toroda Creek Road.
6. New transformers have arrived for the City Well service. Work should be completed by June.
7. B.P.A. is performing maintenance on the 115 KV line / Sherman Tap today.
8. An outage occurred at the Keller Substation with no apparent reason. B.P.A. will continue to look for the reason.
9. B.P.A. has scheduled replacement of 100 poles this year with approximately twelve to be replaced during the July 17 District-wide outage.
10. Weeds have been sprayed in all substation yards.
11. Tree maintenance has been completed along Aeneas and Long Alec Creeks and will recommence later in the month.

Commissioner Aubertin questioned the District's policy regarding poles that have been replaced. Manager Friederichs explained that the Department of Ecology views any poles left lying on the ground, at the location removed, or cut off with the butt remaining in the ground as environmental issues. The District transports all removed poles to the P.U.D. shop for disposal. The District may be contacted if the public is interested in purchasing used poles.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A copy of a letter written by Representative Edward Markey of Massachusetts has been received. The letter explains why it is important that B.P.A. supports wind generators.
2. A thank-you has been received from PPC for the District's dues renewal.
3. A request for sponsorship of the Curlew High school Senior Sober has been received. The District will again sponsor in the amount of \$50.
4. A request has been received from the Wauconda Hall Association for sponsorship of the Car Show. The District will again sponsor in the amount of \$50.
5. A request for sponsorship of the Republic Motorcycle Rally has been received. The District will again sponsor in the amount of \$100.
6. A request to support the Prospector's Days Mining Events sponsored by Kinross Gold was received. Upon conclusion of a brief discussion, the Board concurred that the Utility would sponsor the general Prospector's Days event rather than an individual portion of the activities.
7. A request has been received to sponsor the Republic Prospector's Days. The Board was in

concurrence that the Utility would again sponsor in the amount of \$100

Meetings:

1. Attended the NRU and PPC meetings. Found them informational with highlights presented. B.P.A. will again ask utilities to sign the Residential Exchange Agreement in hopes of obtaining the required number of signers to adopt the Agreement. B.P.A. will provide an amended Agreement signature page to the Utility for completion. No decision was made by the Board regarding accepting or declining.

A recess was declared at 10:21 a.m. with the meeting reconvening at 10:29 a.m.

Information from B.P.A. advised that they have 1.4 million dollars in conservation reserves to date. There is a 1% chance of imposing a CRAC charge in 2012 and a 20% chance in 2013. Changes in the Conservation Program may affect the Utility's ability to qualify for refunds. B.P.A.'s Record of Decision for the Environmental Re-dispatch in place but has not been reviewed. Several wind owners were prepared to file suit in the event the document was approved.

2. A Notice of Election has been received from Energy Northwest for delegate voting at the Annual NWPPA meeting. The Utility will have no participation in the Annual Meeting. The Energy Northwest regular Executive Board meeting has been scheduled for May 19 in Richland.
3. The May WPUDA meeting has been scheduled for the 18th through 20th in Olympia. Commissioner Davis will not attend.

General Business:

1. Had the opportunity to present the Utility's High Cost Program at a recent B.P.A. "Common Ground" meeting held in Spokane.
2. Has spoken with the Ferry County Auditor regarding the upcoming Commissioner District "re-districting". Information will be needed from Okanogan County.
3. A cost proposal has been presented by SEDC for a new billing and account software program. An in-depth presentation has been scheduled for June 1 and 2 for utility personnel.
4. The Manager's Annual Review was presented for consideration. A length discussion followed.

Attorney Graham exited the meeting at 11:08 a.m. returning at 11:12 a.m.

5. Cost information has been gathered on a new bucket truck. The cost of the Freightliner cab and chassis through the State bid is 105,774.55 and the cost of the bucket is \$105,000. A lengthy discussion followed regarding options associated with the purchase and the 2011 budget which reflects a total of \$150,000 for the entire unit. The Board was in concurrence that the purchase of the cab and chassis should be made in 2011 and the bucket should be ordered with a delayed delivery and installation for 2012. The Board was in agreement that a percentage of the bucket purchase price, which may be required upon placing the order, would be paid from the 2011 budget.
6. A miscalculation in the demand charges that went into effect October 1, 2009 has been identified. The Board voted to increase both the kWh rate and the demand charge 10% and the actual rates being used for billing large power customers was only 7.5%. The 7.5% increase did cover the B.P.A. increase however, the upcoming B.P.A. rate increase may require a more significant increase.

The meeting recessed at 12:01 p.m. for lunch reconvening at 12:48 p.m.

No Conservation Report was presented.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended the TEDD/RTPO meeting which was the first after both entities combined. An overview of the meeting was presented.

Commissioner Aubertin:

1. Attended the Energy Northwest meeting with an overview of the topics presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of May 10, 2011 were \$978,014.16 with restricted funds of \$1,227,697.95. There were nine outages in the month of April for a year-to-date total of twenty compared to sixty-two for the same period in 2010. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Attended a very informative Records Retention Workshop. Use of utility owned computers and cell phones was strongly recommended in the event there would be a request for public records.

Commissioner Kroupa exited the meeting at 1:41 p.m. returning at 1:44 p.m.

A recess was called at 1:44 p.m. with the meeting reconvening at 1:50 p.m.

The Auditor's Report was presented by Sue Nush:

1. The Amnesty Application has been received by the State but no final determination has been made. Estimated amount due for incorrect calculations for the years 2007, 2008, 2009 and 2010 plus penalty and interest is \$148,117.00. A payment in the amount of \$135,708.86 has already been sent.
2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7219 through 7355, direct payroll deposits numbers 9901209 through 9901238 and Electronic Fund Transfer number 162 through 164 in the total amount of \$762,744.89 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
3. The Financial and Statistical Report was reviewed by the Board.

Lobbying: None

With no further business to come before the Board, the meeting was adjourned at 2:49 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager