

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
May 17, 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, Auditor Sue Nush, Interim Auditor Rory Miller, and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: Dennis Morgan and Alex Wirt.

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

The meeting was turned to Mr. Dennis Morgan who introduced himself to those present and explained that he is running for Ferry County Prosecuting Attorney. Mr. Morgan visited briefly with the Board, thanked them for their time and exited the meeting at 9:10 a.m.

Mr. Wirt spoke with the Board regarding the property near the Windsor Substation and the proposed EMS building. Mr. Tolton has staked the property lines and advised the EMS that their first proposal will not allow adequate building room. Another proposal has been prepared and was presented to the Board. After a discussion, the Board was in concurrence that Mr. Wirt could proceed with a new legal description and deed to transfer the property to the EMS. Mr. Wirt thanked the Board for their time and exited the meeting at 9:22 a.m.

Board went into Executive Session, as per RCW 42.30.110 Subsection 1, paragraph I, at 9:25 a.m. for thirty minutes for the purpose of discussing pending and potential litigation. The meeting returned to regular session at 9:55 a.m.

The meeting recessed at 9:55 a.m. and reconvened at 10:13 a.m.

Attorney Graham reported that he has received another telephone call from Mrs. Kathy Alexander regarding a possible line extension to provide her with electrical service. Mrs. Alexander has been in contact with the Utility and the Utility has advised her that there is a trial pending to determine whether the road along which the line would be installed is to remain a County Road. The existing property owner has advised the Utility that a suit will be filed against the Utility and Utility property removed if the line were to be installed. To date, the County has not proceeded with the trial nor made a determination as to the status of the roadway. Commissioner Kroupa, Manager Friederichs, Mrs. Alexander and Attorney Graham will meet with the Ferry County Commissioners at 3:30 p.m. on this date to discuss the matter. A motion was made by Commissioner Aubertin to install the power to the customer, due to health concerns, as the road has been in place for fifty years, the County will be billed for expenses associated with the delay in construction as a result of their inaction in resolving the issue. The motion was seconded by Commissioner Davis and unanimously carried.

Reports:

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

1. The crew is working on new line extensions and replacing defective poles identified in the 2009 pole testing work.
2. Transformer oil at the Job Corps Substation has been replaced with a bio-friendly product.
3. Seattle Tree Service continues to trim trees within the City limits. One day each week they work outside the City.
4. B.P.A. has just advised that they will be completing live work all week on that portion of their line between Colville and Republic.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A note has been received from a consumer expressing their gratitude for the assistance received during an individual outage.

Meetings:

1. Annual NWPPA meeting scheduled for May 24 through 27 in Sacramento. Commissioner Aubertin will attend.
2. An Energy Northwest Participants Review Board Representative Designation form has been received. Commissioners Aubertin and Kroupa will be submitted as Utility Representative and Alternate respectively.

General Business:

1. A change in the Utility's policy for irrigation customers was proposed. Currently, irrigation customers are not able to permanently disconnect their service. The proposal would allow a customer to have an irrigation service disconnected if they would not be irrigating. The customers would then be assessed \$17 per month for the regular six month irrigation season. In the event the service were to be reconnected, the standard connect fee would apply. If the customer provides a letter advising they no longer want electric service, billing will cease and all facilities will be

removed. If, at a later date, services are needed, the customer would bear the full cost of installation. The 1% rebate offered to those customers who do not use their irrigation systems would be eliminated. The Board concurred with this proposal and a resolution is to be prepared for the June Board meeting.

2. As a result of 2010 Legislative action, Commissioner compensation has been increased. It was also identified that the per diem amount had increased in 2008. The Board was asked whether they wished retroactive payments for any travel which took place and was paid at the incorrect amount. Board concurred that no retroactive payments were necessary.
3. The State Auditor has questioned the Utility's long-term investments. The Utility's Investment Broker has advised that all of the investments are legal as per RCW 39.59.02. It is hoped that the Auditor's office will accept this explanation. Interim Auditor Miller added that the Utility is now being questioned on the method that contribution in aid of construction dollars are recorded. A statement explaining the accounting method was included in the District's Financial Report, at the request of the State Auditors performing the Audit on the 2008 records. This statement is not acceptable for the 2009 audit. The first billing for the audit has been received in the amount of \$9,647.55.
4. The picnic to be held during July 18 B.P.A. District-wide outage is being planned.
5. The Utility was invited to participate with Eastern Washington University in the development of a website "Northeast Washington Trends". The information contained within the site is very helpful and well put together.
6. Effective May 14 Greg Perkins resigned his position as meter reader. Bernie Odegard had been working with Mr. Perkins to learn the route and will assume these duties. This change will result in a small financial savings for the Utility.

The Conservation report was presented by Manager Friederichs:

1. A Conservation Activity Report for the period October 1, 2009 through May 11, 2010 has been compiled by Ed Forsman and was presented.

Mr. Miller exited the meeting at 11:02 a.m. returning at 11:13 a.m.

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

1. Has reviewed the proposed contract between Ferry and Clallam P.U.D.'s regarding the Packwood production. The Utility will be legally bound to the terms of the contract up to the year 2028. Manager Friederichs explained that this is the term of the current Bonneville Contract. To date, the Utility has received no response from B.P.A. regarding other possibilities of handling the 90kw production from Packwood.
2. Has reviewed the legislative information pertinent to Commissioner salary compensation. The change that has been made by the legislation is that Commissioners no longer establish their salary increase via resolution, the increases become automatic as per the legislation. Increases in the per diem compensation will be handled in the same manner with the next increase scheduled for 2013 and then in five year increments. The Commissioners were again queried as to whether they desired compensation for per diem since 2008. They again stated they wished no back compensation. Commissioner Aubertin questioned whether it would be necessary for him to submit another letter regarding his compensation. He was advised that it would not be necessary if the dollar amount were still correct.

The Board went into Executive Session, as per RCW 42.30.110 Subsection 1, paragraph I, at 11:15 a.m. for fifteen minutes for the purpose of discussing pending litigation. The meeting returned to regular session at 11:30 a.m.

Commissioners:

Commissioner Aubertin:

1. Attended an Energy Northwest meeting. An overview of the meeting was presented.

Commissioner Davis:

1. Attended the WPUDA meeting in Olympia with a summary presented. A special Reform Meeting has been scheduled for both Commissioners and Managers for June 10 and 11 in Wenatchee. The possibility of all commissioners attending was discussed. Attorney Graham will research the legalities.

The meeting recessed at 12:06 p.m. for lunch reconvening at 1:02 p.m.

Commissioner Davis continued his report:

Telecommunications authority for Utilities continues to be discussed.

Commissioner Kroupa:

1. Attended the NRU and PPC meetings. An overview of both meeting was presented

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of May 9, 2010 were \$949,263.67 with restricted funds of \$1,662,761.05. There were eight outages in the month of April for a year-to-date total of sixty-two compared to twenty seven for the same period in 2009. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. Work Order Inventory Number 56 in the amount of \$75,818.33 and Number 57 in the amount of \$58,409.88 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.

Attorney Graham exited the meeting at 1:40 p.m. returning at 1:49 p.m.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 5771, 5836, 5873 through 5900, 5902 through 5960, and 5962 through 5975, voided warrants 5791 and 5961; direct payroll deposits numbers 9900828 through 9900860 and Electronic Fund Transfer number 114 through 117 in the total amount of \$654,544.32 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board.
3. The tax credit available to the Utility for adding funding to the Revolving Loan/Grant Program was presented with a discussion following. The possibility of adding an experienced lending officer to the Revolving Loan Board was discussed at length. The need to have a more appropriate application was also discussed with Manger Friederichs to develop such. Interim Auditor Miller reminded the Board that they are not to be in competition with local lending institutions. A motion was made by Commissioner Kroupa to deposit \$50,000 into the Revolving Loan/Grant Fund. The motion was seconded by Commissioner Aubertin. No further discussion was held and the motion unanimously carried. The Board continued to discuss the Revolving Loan/Grant Program.

The Board discussed the upcoming meeting with the Ferry County Commissioners regarding the Alexander line extension..

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 3:00 p.m.

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

President

Vice-President

ATTEST:

Secretary

APPROVED:

Manager