

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
May 18, 2009

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:02 a.m. Present were Commissioners Nathan Davis and Chris Kroupa. Commissioner Aubertin was unable to attend as he was attending the Annual NWPPA meeting in Boise, ID, 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 Kroupa.

Public Comment Period: None.

Visitors: Kent McCormick, Bobbi Weller and Gregg Caudell.

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

The floor was turned to Mr. McCormick who explained that he is a local businessman. Mr. McCormick questioned why the B.P.A. refund had not been passed on to the consumers. The Board spoke at length on this subject, explaining the Utility's position on the matter and also explaining that no decision would be made prior to B.P.A.'s July announcement of the amount of the upcoming rate increase. Mr. McCormick further questioned why the Board meetings, which are to be public, are held at a time so as to make them unavailable to the public. He cited the public meetings law which specifies that the meetings are to be open to the public and are to be held at a convenient time. Attorney Graham advised that most regular governmental entities hold their meetings during the day but it is possible to hold the meetings during the evening but the time for the meeting is at the discretion of the Commissioners. Attorney Graham added that it would not be accurate to say that there is a specific law stating when a meeting would be held. The Board meetings are open to the public. The Board explained that meetings such as rate hearings were held during the evening to allow public attendance. Mr. McCormick advised that a petition was being developed regarding the B.P.A. refund issue. Mr. McCormick asked that he receive a copy of the minutes of the meeting. It was explained that the minutes would not be approved until the June meeting and that a copy would be mailed at that time.

The meeting was turned to Mrs. Weller who explained that she was presenting a letter for Mrs. Jennine Groth who could not be present. Mrs. Weller proceeded to read the letter which expressed concern regarding misinformation printed in the Omak Chronicle and not corrected by the Board. The Board was in concurrence that information not submitted by the Utility is not within their control.

The Board went into Executive Session, as per RCW 42.30.100(1)(I), at 9:28 a.m. for 15-minutes for the purpose of discussing pending litigation. The Board returned to regular session at 10:50 a.m. to extend the Executive Session another twenty minutes with the Board returning to Executive Session. The Board returned to Regular Session at 10:51 a.m.

The meeting recessed at 10:51 a.m. reconvening at 10:56 a.m. Visitors did not return to the meeting.

Reports:

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

1. The crew continues to replace poles as identified during the 2008 inspection. New customer line extensions are completed as scheduled. A bad primary in the Curlew Kai area is being replaced. Work continues on the transformer and meter project. Non-payment disconnects are being processed. Pole testing continues on the 34.5 from Strassburg north to Job Corps
2. Three contractors will begin brush and tree removal in the near future.
3. Damage to the system and an outage occurred when an outside contractor fell a tree. The contractor was not working for the Utility but for a private individual. The matter was turned to L&I for inspection.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A thank-you has been received from the Republic High School Yearbook Staff for our sponsorship.
2. A thank-you has been received from the Republic Rodeo & Race Committee for our sponsorship.
3. A request has been received from the Republic Prospector's Day Committee for support. A motion was made by Commissioner Davis to sponsor in the amount of \$200. The motion was seconded by Commissioner Kroupa, a brief discussion followed with the motion then being unanimously approved.
4. A request for funding has been submitted to the Revolving Loan Committee. A meeting will be set when all Commissioners are available.
5. A request for a donation for the Ferry County Children's Theater Project has been received. A letter will be sent explaining the Utility's sponsorship requirements.
6. Information has been received from the NW River Partners advising of their new campaign focused on making people aware that hydro power is renewable energy.
7. The City of Republic published a thank-you in the Republic News-Miner for the support of the Revolving Loan Committee for their police building upgrade.

Mr. Kent McCormick returned to the meeting at 11:31 a.m.

Meetings:

1. Energy Northwest has confirmed the Utility's representative to their meetings. Commissioner Kroupa reported that he is considering stepping into the Alternate Representative slot and asking Commissioner Aubertin to become the Primary Representative.
2. The Annual NWPPA meeting is being held in Boise, ID. Commissioner Aubertin is in attendance.

General Business:

1. The final CERB report for the CRC Project is being prepared.
2. A proposal has been received from Shop Steward Mike Brown for the reinstatement of the Billing Clerk position. This change will affect Sheila Rittel who is currently classified as a Customer Service Representative. At the present time, Mrs. Rittel is performing duties other than those performed by the Customer Service Representative at the front counter and the current position description does not cover all duties. A brief discussion followed with the Board in concurrence that Manager Friederichs should move forward with the proposed change.
3. The surplus equipment trailer was advertised for bid with two being received. Bids have also been received for the new trailer to be purchased. The bids for the sale of the equipment trailer were opened by the Board. A bid was received from Shane Williams in the amount of \$1,651 and a bid was received from John Stotts in the amount of \$2,550. The Board accepted the bid from Mr. Stotts. Manager Friederichs will contact Mr. Stotts. The bid proposals for the new trailer were reviewed. The budget reflects the amount of \$16,000 for the purchase of a new trailer. A motion was made by Commissioner Kroupa to accept the lowest bid. The motion died due to the lack of a second. The matter was tabled pending further review by the Utility's Attorney.

The Conservation report was presented by Manager Friederichs:

1. An agreement with B.P.A. has been signed to begin an Energy Smart Grocer Program.
2. Ed Forsman attended an energy conservation program in Portland, OR and found the seminar very beneficial.
3. The charge controller for one of the solar systems ceased to function. The unit has been sent to the manufacturer for repair at a cost of \$125. This is the first in service piece of equipment to fail.

Commissioners:

Commissioner Kroupa:

1. Attended the Energy Northwest meeting. Discussions included the refueling outage, B.P.A.'s need to reduce costs, and the upcoming B.P.A. rate increase.
2. Attended the NRU and PPC meetings. Discussions were also about B.P.A.'s upcoming rate increase as well as Judge Redden's decision regarding the fish case.

The meeting recessed at 11:59 a.m. for lunch reconvening at 1:05 p.m. with Mr. McCormick and Mechanic Mike Brown joining the meeting.

The Board discussed the equipment trailer bids with Mr. Brown. Attorney Graham recommended that a simple specification sheet be developed detailing all pertinent information in order that bids obtained are consistent. The Board was in concurrence that Manager Friederichs and Mr. Brown work together to purchase the new trailer. Mr. Brown was thanked for his time and he exited the meeting at 1:19 p.m.

Commissioner Davis:

1. Attended the TEDD meeting. Pend Oreille County will continue to maintain it's membership for one more year.
2. Attended the WPUA meeting in Kennewick and had the opportunity to tour the Infinia Thermal Solar installation. Photographs of the unit and components were shown.

Commissioner Kroupa exited the meeting at 1:37 p.m. The meeting was recessed at this time as the quorum was lost. Commissioner Kroupa returned to the meeting at 1:39 p.m. with the meeting reconvening.

A number of legislative bills were not passed during the 2009 Legislative Session with a record number of 2,600 bills introduced. There is the possibility that hydro as a renewable form of energy will go to the voters to change it's status in the State as the states surrounding Washington consider water as a renewable form of energy. Renewable energy in Washington State sells for very little whereas in California it cost significantly more. The purpose behind not calling it renewable is 1937. In all parts of legislation hydro is considered a renewable except 1937. A draft governance policy is being developed as it has become desirous to have procedures following Roberts Rules of Order and a code of conduct. The WPUA is looking at possible ways for utilities to obtain retail authority for telecom without becoming a threat to existing telecommunication companies. The focus of the WPUA is changing from one of reactionary to proactive.

Attorney Graham presented no additional Attorney's Report.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of May 10, 2009 were \$1,130,979.82 with restricted funds of \$1,449,905.76. There were nine outages in the month of April for a year-to-date total of twenty-seven compared to twenty-one for the same period in 2008. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 4381 through 4504, direct payroll deposits numbers 9900468 through 9900496 and wire transfer numbers 66, 67 and 69 in the total amount of \$642,070.40 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.

A brief recess was called at 2:52 p.m. with the meeting reconvening at 3:00 p.m.

2. The Financial and Statistical Report was presented.
3. The Utility's RUS debt and loan analysis was discussed.
4. The opportunity to add funds to the Revolving Loan Fund was presented to the Board. The Utility receives a tax credit amounting to 50% of the amount transferred to the Fund. A motion was made by Commissioner Kroupa to transfer \$20,000 into the Fund. The motion was seconded by Commissioner Davis with discussion following. At the conclusion of Board discussion, the motion was unanimously approved.
5. A presentation was made to explain the possibility of paying down the RUS debt and the benefits associated with this reduced debt and associated expenses. The Board discussed information to be included in the rate hearing which is yet to be scheduled.

The Board discussed the Buckhorn Mine and the processes that Ferry and Okanogan County P.U.D.'s worked through in this matter.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 3:35 p.m .

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager