

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
May 19, 2008

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:04 a.m. Present were Commissioners Chris Kroupa, Gregg Caudell, and Nathan Davis, 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 Caudell.

The minutes of the previous meeting were discussed. The following corrections were made. In reference to the price evaluation provided by Digital Documents, there will be a six-cents overall savings in this work by using this local vendor. Commissioner Caudell stated that there is no Board concurrence regarding the investing of the B.P.A. Standstill Agreement monies. He wants this money refunded to the consumers immediately. A motion to accept the minutes as corrected was made by Commissioner Davis, seconded by Commissioner Caudell and unanimously carried.

Public Comment Period: None.

Visitors: Roberta Weller and Jennine Groth

The meeting was turned to visitors Weller and Groth. Mrs. Groth questioned the billing statement, which appeared on the April utility billings, which indicated the Utility would charge a 15% late fee if payments were not received by the 15th of the month. She stressed that the Utility should have immediately informed all of the customers that this was an error and, to her knowledge, this has not happened. She expressed her displeasure of the method in which this error was handled and provided additional suggestions which she felt the Utility should pursue. Mrs. Groth further questioned the change of vendors for the mailing of the billings. She explained that, in her previous role as the Utility's Auditor, she was involved in the evaluation of the bid proposal from Digital Documents. She questioned how the company's work process had changed since the previous bid as the company at that time intended to fold all bills by hand. She stressed that she did not want her personal bill read by local individuals. Mrs. Groth was assured that Digital Documents does in fact have the means to mechanically fold the documents and that a Non-Disclosure Agreement was put in place to ensure complete confidentiality of the billing records. It was also explained by Manager Friederichs that bringing this work back into Republic had helped the local Post Office by increasing their piece count which is used to calculate personnel. Mrs. Groth stated that she had contacted Deputy Auditor Olson to obtain a copy of the information the Utility had provided the Employment Security office regarding her unemployment claim. Mrs. Olson had advised her that this information was not available and Mrs. Groth was questioning why this material was not in her personnel file and why it was not provided to her. Manager Friederichs explained that he had been out of the office for several days during this time and had provided the requested information to Deputy Auditor Olson upon his return. Mrs. Groth further stated that the comments provided by the Utility should follow her letter of resignation and that she expected them to do so. She further questioned why her letter of resignation was not on file in her personnel file. She questioned what the Board's plans were with regards to this situation as these matters were very important. Manager Friederichs stated that he had not reviewed her personnel folder as she had already left the employment of the Utility prior to his becoming Manager. He obtained the information necessary to complete the Employment Security questionnaire from Deputy Auditor Olson and did not personally use the file. The Board made no decisions regarding these questions at this time.

Mrs. Weller then took the floor and questioned why the Utility had not provided financial support to the Republic Chamber of Commerce as it had in the past for Prospector's Days or the 4th of July Fireworks. She went on to explain that the Chamber is in financial difficulties and that the Utility has supported it for quite a number of years and she would like to see that support continue. Manager Friederichs explained that a letter regarding Prospector's Days had just been received and was to be included as a part of his report. Mrs. Weller stated that the Utility had given her the 4th of July donation collection cans but had omitted the materials used to decorate the cans and she would like to have that as well.

Commissioner Caudell advised that Utility is evidently moving to a new computer system and the billing error was not noticed. Manager Friederichs stated that the Utility is not moving to a new computer system but is still with PCS and that the error was made in the options selected to generate the billings. Commissioner Caudell thanked that ladies for keeping the Utility on it's toes and that he appreciated their input.

Reports:

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

1. General Foreman Sage is in the Curlew area seeing to a repair of damages incurred over the weekend at the Cougar Corner.
2. Basin Tree Service has completed work on the Buckhorn feeder, the Strassburg to Republic line, the 3-phase around Curlew Lake and the Sherman Tap.
3. Work continues on the Columbia River Carbonates project. Wire has been pulled to the mill site and

work will continue on conductors. The work is still on schedule and is to be completed the first week of June. The work on the Wauconda Substation has yet to be completed as materials are needed from the San Poil Mill Substation. A brief outage will be necessary when the cut-over is done. This will affect the Wauconda area which is Flag Hill west. Each customer is notified individually and, if sufficient time is allowed, a poster or billing notification is also used.

4. Todd Young has begun the small machine brushing work. He has completed the area between Bridge Creek and Silver Creek. Dick Williams was awarded the bid on the large machine brushing and will begin work prior to the end of May.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request has been received from the Republic Chamber of Commerce to sponsor the Gold Rush Run in the amount of \$3,500. The Utility provided \$5,500 in 2007 for the purchase of a special race timing device. Based on the Utility's current financial status, a motion was made by Commissioner Caudell to support the event in the amount of \$100. The motion was seconded by Commissioner Davis and unanimously carried.
2. A request has been received for support of the Wauconda Sock Hop and Car Show. They are requesting CFL bulbs again this year to incorporate into the "goodie" bags. The Board was in concurrence that the Utility could again provide these items. Manager Friederichs will provide the requested sixty bulbs through the Conservation program.

Meetings:

1. Attended the Manager's Section Meeting held at Skamania P.U.D. Labor negotiations were of primary interest with most utilities appearing to be waiting until CWPU has completed the process. Our Utility is still the only one that has passed their contract. The pending changes will not affect our folks but will allow for a pay upgrade retroactive to April 1. A 2009 DOE rule regarding the legislation that will require a third party statement regarding utilities carbon footprint was also discussed. The rule is to become available later in the year and may include the fuel employees use to travel to work. A representative of Yakima Power was present. This is a new tribal utility that will produce 11 megawatts when the retrofitting of two small hydro plants has been completed. They anticipate serving 2,000 customers and their goal is to be the only utility serving the Yakima reservation.
2. Another survey is being completed regarding the need for rural broadband in Washington State. A meeting will be held May 20 with Manager Friederichs to attend.
3. Customer Service Representatives Sheila Rittel and Joyce Dunn will be attending classes offered by PCS in Denison, IA the second week of June. The classes being offered will cover report writing and the upgrade to the billing system which will be implemented shortly. One person cannot attend both classes as they are being held at the same time.
4. A Packwood participants meeting has been schedule for August 21 at the Cowlitz Lodge. A note has been received from Mr. Ken Hustad with B.P.A. explaining that, because the Utility owns 1% of the Packwood Generating plant, or 47 kW of generation, this amount will be counted when the Utility's High Water Mark is calculated.

General Business:

1. Applications are still being accepted for the second part-time Customer Service Representative position. It is desirous to have the position filled before the PCS training.
2. The Lineman position has been advertised on-line and one application has been received to date. This vacancy will close on May 28.
3. A County sponsored surplus property sale has been scheduled for June 28 at the Fairgrounds. The Utility will participate in this event as there are a number of items to dispose of. A request has been received from the County for one of our trucks. The vehicle, a 1978 GMC 1-ton with dump box, is no longer needed and was previously used for brush clearing as the chip truck. A motion was made by Commissioner Caudell to surplus the vehicle to the County. The motion was seconded by Commissioner Davis and unanimously carried.

Mrs. Groth exited the meeting at 10:13 a.m.

4. Ken Hustad visited the Utility and met with Manager Friederichs and Auditor Miller to discuss the Tier 2 and Tier 1 load following. The Tier 2 option would allow for commitments of different prices for different terms. More information is needed on this process. B.P.A. will be basing decisions on actual usage but, this does not mean that the Utility will be allocated the actual usage amount.
5. General Foreman Sage is uncertain whether he wishes to remain as General Foreman or will bid on the Serviceman position. His decision will be made prior to the June Board Meeting. The Union has been contacted regarding the possible change and have given approval.

Commissioner Kroupa stated that the Curlew Fire Department has need for two used power poles. Manager Friederichs will contact John Foster when the Utility has poles available.

The Attorney's Report was presented by Attorney Graham:

1. Progress is being made regarding the potential annexation of Okanogan County residents into Ferry

County P.U.D.'s Commissioner Districts. The signatures have been obtained on the petition and the petition has been presented to the Okanogan County Prosecuting Attorney for review. The petition should be reviewed and either accepted or rejected by the June Board meeting. If accepted, both the Okanogan County and Ferry County P.U.D.'s must each hold a public hearing and either approve or reject the proposed annexation. Upon completion of this step, the proposal is placed on the Okanogan County ballot.

2. A survey was being taken by some utilities regarding computer and cell phones provided to commissioners and whether the use is taxable. These items can be used outside of work and, if this were the case, could be considered taxable. Ferry County P.U.D. provides laptop computers to the Commissioners for Utility related work only and this is not taxable.
3. From time to time, a contractor working for the Utility on the Reservation, is contacted by the TERO (Tribal Employment Rights Office) as they monitor employment of tribal members on the Reservation. TERO laws are an affirmative action program for Native Americans and actively try to have tribal members employed. This matter was discussed at length and the Board was in agreement that the Utility's bid documents should be modified to include information regarding possible work on the Reservation and TERO Laws.

Commissioners:

Commissioner Caudell:

1. Nothing to report.

Commissioner Davis:

1. Attended the Energy Northwest meeting. The Reardan Wind Project has been sold to Avista for approximately 2.275 million dollars. The water in Packwood Lake is extremely low and the facility is not able to generate much power. A discussion of the reliability of the wind turbines was held as two of the generators have been replaced due to bearings and one blade has been replaced. The budget was reviewed Energy Northwest has been falling behind on some of their equipment upgrades and these upgrades have been reflected in the budget. A very interesting speaker presented information on recycling of nuclear fuel, power in the world and global warming. China will be bringing one coal plant on line every week through 2008 and a portion of 2009. A new nuclear plant will now cost four times as much to construct as one would have a few years ago. Pacific County is looking at an 80-megawatt wind system. This farm is expected to be the most efficiently run wind project in the State of Washington. The communication between Energy NW and B.P.A. is still strained. They are looking at changing the **communication process between the** executive board and regular board as the regular board felt they were not involved and informed of decisions made by the executive board. There is research being completed on the possibility of creating an LLC rather than forming a new corporation as now, each time a new project is begun.
2. Attended an NRU meeting in Portland. A number of both small and large utilities are concerned about the tiered rate plans and studies. Skamania County P.U.D. has had a professional study on the proposal completed. The overall consensus was that 3/4's of the utilities would not sign the contracts as proposed by B.P.A. and B.P.A. is pushing to have all contracts signed by August 1, 2008. John Saven is not in favor of the proposed B.P.A. contract **as currently written**.
3. Attended a PPC meeting in Portland. The group also discussed those items discussed during the NRU meeting.

Commissioner Kroupa:

1. Nothing to report.

The Conservation Report was presented by John Friederichs.

1. Working with B.P.A. on the Job Corps project. B.P.A. has hired an independent auditing firm to make recommendations on changes and are centering on water, heat and some heating in the dorms. The Keller, Republic and Curlew school audits are completed. The task now is to find a contractor to complete the work.
2. Eich's Radio Shack will again be offering another CFL program. Based on the cost of the bulbs, the business will receive more credit than the bulbs cost.
3. Has found that Cascade Mechanical will bring a qualified PTSC certified individual in to install heat pumps. Commissioner Davis will work with Manager Friederichs on the review of the heat pump specifications.
4. Several rebates have been processed for washing machines.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of May 10, 2008 were \$1,200,833.77 with restricted funds of \$1,585,770.16. There were eight outages in the month of April for a year-to-date total of twenty-one compared to twenty-four for the same period in 2007. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed
2. Work Order Inventory Number 347 in the amount of \$3,015.25 was approved by a motion made by Commissioner Davis, seconded by Commissioner Caudell and unanimously carried.

Mrs. Jennine Groth returned to the meeting at 11:42 a.m. with a brief recess being declared at this time. The

meeting reconvened at 11:45 a.m.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 2879 through 3014 and direct payroll deposits numbers 9900152 through 9900170 and wire transfer number 34 and 35 in the amount of \$611,792.45 were approved by a motion made by Commissioner Davis, seconded by Commissioner Caudell and unanimously carried.
2. The Federated Insurance synopsis was presented to the Board. The annual cost of insurance is \$52,606.00.
3. The Statistical Report was presented

The meeting recessed at 12:00 p.m. for lunch reconvening at 1:04 p.m. with visitors Weller and Groth returning to the meeting.

The Auditor continued his report:

4. The RUS Form 7 was reviewed.
5. Working with the State Auditors on the preliminary work completed in an effort to close the books for December 2007. Just received authorization from RUS to complete Form 7 on-line.

Commissioner Caudell requested the spreadsheet used in the Auditor's presentation be emailed to the Board. Auditor Miller was thanked for the budget information as presented and for catching up on the balance sheet.

Mrs. Groth again questioned the 15% late payment wording on the April billing statements. She stated that the Utility was not being truthful to its consumers and stated that a public notice would be appropriate. Various possibilities were discussed by the Board. Mrs. Groth stated that she had an opportunity to review the information Manager Friederichs provided the State regarding her claim for unemployment and requested an Executive Session as it pertains to her as a past employee. Attorney Graham advised that the law does not allow for such. Mrs. Groth responded that her complaint is against Manager Friederichs and the information provided to the State. Attorney Graham advised that the law states that if an Executive Session is needed to review a complaint against a public employee, it is up to that individual whether they wish an Executive Session or not. Manager Friederichs indicated he had no inclination either way therefore Board President Kroupa called an Executive Session for fifteen minutes at 1:25 with Attorney Graham in attendance, for the purpose of ~~pending litigation.~~ **hearing a complaint against a Utility employee.** The Board came out of Executive Session at 1:40 p.m. At this time the decision was made to allow the normal appeals process to follow its course.

Manager Friederichs advised that the Cultural Resource Assessment has been completed for the Columbia River Carbonates project and has been forwarded to CERB.

Commissioner Caudell made a motion that, due to the previous rate increase, the P.U.D. feels that the B.P.A. payment received from the stand still agreement be returned to the consumers as a rebate. As neither Commissioner Kroupa nor Commissioner Davis seconded this motion it died due to the lack of a second. Commissioner Kroupa stated that the minutes of the April meeting express his thoughts on the status of these funds and he is still content to let the monies be invested pending final determination from B.P.A.. Commissioner Davis stated that before he make a decision he wants the B.P.A. process completed so the Utility is not left in the position of owing additional funds.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 1:53 p.m .

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager