

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
June 19, 2006

The regular meeting of the Board of Commissioners was called to order by President Kathy Ciais at 9:06 a.m. Present were Commissioners Ciais, Gregg Caudell and Chris Kroupa, Manager Roberta Weller, Attorney Steve Graham, Auditor Jennine Groth, and Secretary/Treasurer Jayne Jurgensen. Conservation Director John Friederichs, and General Foreman Randy Sage joined the meeting at different times later in the day.

Visitors: None

All stood for the Flag Salute.

The minutes of the May meeting were clarified and approved by a motion made by Commissioner Kroupa, seconded by Commissioner Caudell and unanimously carried.

Reports:

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

1. The Utility was successful in the most recent unemployment claim appeal.

The Board went into Executive Session at 9:15 a.m. for approximately 15-minutes for the purpose of discussing pending litigation. The meeting returned to regular session at 9:37 a.m.

2. An update on the pending WISHA appeal was presented.
3. Has researched the County Auditor's direction that Commissioner boundaries are to be changed based on the most recent Census rather than registered voters and concurs. Has also researched the Ferry County Auditor's requirement that Utility Commissioner boundaries be identical to Ferry County Commissioner District boundaries. RCW's provide for utility commissioner boundaries to be independent of county commissioner boundaries. The best means to resolve the previously approved Resolution was discussed. Attorney Graham will provide written clarification to the Ferry County Auditor's office regarding the ability of utilities to have commissioner district boundaries which differ from county commissioner boundaries. Resolution 06-07 "A Resolution to Rescind Resolution No. 06-06" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Caudell and unanimously carried.

Manager Weller reported that a map, showing the proposed Okanogan County service boundaries, has been taken to the shop for the crew to review and make their comments.

Commissioner Caudell reported that utilities have taxing authority although this authority must have been established at the time the utility was established. There are only a few utilities in the State that are taking advantage of this option. He questioned what authorities were granted Ferry P.U.D. when established. Commissioners Kroupa and Ciais expressed concern regarding assessing a tax to consumers.

General Foreman Sage joined the meeting at 10:07 a.m.

4. Mike Walbert with Power Engineers has yet to contact Attorney Graham regarding the contract for the RUS reporting.

Commissioner Caudell reported that he is interested in the possibility of the Utility prepaying it's Bonneville Power Administration billings. He feels that this procedure will be advantageous although complicated. Prepayment would help B.P.A. remain under the \$500 million threshold and reduce the chances of OMB obtaining the B.P.A. funding over this amount. The Utility would owe the money to B.P.A. for the transmission and power payments as now and would know in advance what the payment amount for the year would be. It may be necessary for the Utility to obtain an RUS loan to finance the payment although larger utilities would have the advantage of using their established line of credit. Auditor Groth advised that the information she has gathered indicates the prepayment process is intended for larger utilities that already have lines of credit established.

Manager Weller reported that the Utility has received correspondence from the Prosecuting Attorney's Office advising that a hearing date has been set in connection with the 2nd degree burglary charges against Charles McNitt. The Utility's presence at the hearing is required in order to determine the amount of restitution. A discussion of the items stolen and recovered and completion of the required documentation was held. Manager Weller requested that the Board grant her authority to attend the hearing.

Manager Weller reported that correspondence has been received from the City of Republic stating that a fence has been erected on State Street in the City right-of-way and asks that the situation be remedied. Upon further research, it was learned that the exact location of the street is uncertain as access has been on only a portion of the right-of-way. The Utility apparently has a power pole situated on the right-of-way and was advised by Public Works Director, Casey Giddings, to do nothing at this time. General Foreman Sage advised that the cost of relocating the pole and associated work would be approximately \$3,500. Attorney Graham will research the adverse possession law as it would pertain to two governmental entities. General Foreman Sage and Attorney Graham exited the meeting at 10:35 a.m. A brief recess was declared

at this time with the meeting reconvening at 10:45 a.m.

Conservation Director John Friederichs joined the meeting at 10:45 a.m. for the purpose of presenting the Conservation Report:

1. Is still working on the Post 2006 B.P.A. Conservation Program. Unfortunately, the possibilities are very limited. The Utility is working with area businesses and is helping to promote a washing machine raffle and a CFL promotion. The prize drawings are financed through Energy Star® and the Northwest Energy Efficiency Alliance.
2. Have completed the Utility's portion of the installation of one of the mid-priced solar systems. The customer has work yet to be completed before the project can be finalized. Plans are in place to begin the installation of one of the smaller units this week and there is the possibility that two more systems will be installed.
3. Energy Solutions of Winthrop, WA was awarded the bid to supply the PV system for the assisted living facility under construction by the Hospital District.
4. The solar car project is progressing well. In light of the fact that excess solar panels were purchased by the school, and the Utility has a surplus inverter from the Keller School project, the Board was asked whether the Utility could work with the Republic School to develop a system. A motion was made by Commissioner Kroupa to allow the Utility to use in-stock Utility photovoltaic equipment to install a project on the Republic School. The motion was seconded by Commissioner Caudell and unanimously approved. It was pointed out that funding for the purchase of the panels was obtained through Stone Soup. The car will participate in various competitions throughout the summer and will be available for the next Board meeting.
5. A meeting was held in Republic on May 26 to discuss the wood waste to methanol project. Mr. Stan Davison, Energy Northwest Business Development Specialist was in attendance to help the group get underway. The next meeting has yet to be set however, the Board was asked to participate when the date is set.

Commissioner Caudell advised that Mr. Paul Rogers, Kittitas P.U.D. Commissioner, is interested in our PV program. It was recommended that the Utility put together a package that could be used by other utilities to implement a successful PV program of their own. The possibility of allowing Mr. Friederichs to work for and be compensated by other utilities implementing a PV program was presented.

Mr. Friederichs was thanked for his report and he exited the meeting at 11:18 a.m.

Commissioners Reports:

Commissioner Ciais:

1. Attended the NWPPA Annual meeting.

Commissioner Kroupa:

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Commissioner Caudell:

1. Attended the NWPPA Annual meeting.
2. Attended the WPUA Strategic Planning Meeting. Items discussed were as follows: By-laws, five-year strategic plan, B.P.A. allocation and OMB issue, getting local utilities more involved in issues through the political action network. To benefit the political action network, Commissioners and Managers have been asked to develop a "who they know" list which will be consolidated for letter writing campaigns. Water banks were discussed as was the lineman apprenticeship program. Has personally contacted JTPA- construction & utilities in Portland to learn more about the programs. The unions have their own school and utilities have their own programs and the two do not necessarily mesh. Will continue to monitor and WPUA will help if it can be of benefit in the placement.

General Foreman Sage joined the meeting at 11:35 a.m. for the purpose of presenting the General Foreman's Report:

1. The new transformer is in service for the new assisted living facility under construction by the Hospital. The old facility is still in place but is not in service.
2. Approximately 3,000 feet of underground service has been installed in projects in Okanogan County and on the West side of Curlew Lake.
3. The line extension along the East San Poil River Road has been completed. A County inspector was on the job at all times. The additional work required by the County increased the cost of the work order by between \$10,000 and \$13,000. The County required that the inspector mark the line location and the line be installed at a depth of 42 inches rather than the standard 36 inches. This additional depth resulted in all culverts being removed and reinstalled. Each upcoming job involving the County will be determined on an individual basis by the County.
4. Working with the Forest Service regarding the Sutton Meadows project. May be necessary to put a portion of the line overhead. This project will begin on June 26.
5. Still working on the reroute for the Town of Curlew. The estimated cost of this project is \$11,000 and will have the wire removed by June 23. The Utility has received permission to cross the railroad right-of-way as the rails will be removed.
6. The Franson Peak building and tower are in place. The portion of the work to be completed by Day Wireless has been scheduled for the last two weeks of June. It is not possible to utilize the Jones Bay repeater as there are no other repeaters in place. Have been discussing the need for a security fence with Sheriff Warner.

Commissioner Caudell inquired into the status of the new employees, the crew and the status of safety

meetings. General Foreman Sage stated that he is very pleased with the new employees and they are working well. Manager Weller stated that she is attending the safety meetings and that they are facilitated by the safety trainer.

The meeting recessed at 12:07 p.m. reconvening at 1:07 p.m.

The Manager's Report was presented by Roberta Weller:

Correspondence:

1. A WPUDA fax regarding Commissioner Kroupa's meeting notifications has been received. Commissioners are receiving email notification of meetings with the Utility responding regarding attendance.
2. A letter has been received from the city of Republic regarding water testing.
3. A letter of decision has been received from the Washington State Attorney General's Office regarding a consumers complaint.
4. A letter has been received from APPA with respect to a survey completed regarding the payments and contributions to state and local governments by investor-owned and public utilities. The survey shows that public utilities pay higher taxes.
5. A letter has been received from B.P.A. announcing that the Supplemental Record of Decision pertaining to how it will serve the DSI's has been issued and is available on its website.
6. A letter has been received from B.P.A. advising that Vice-President of Transmission Market Sales, Kathy Ehli will begin a new work assignment as part of her career development program.
7. A letter has been received from Northwest Power & Conservation Council advising that its recommendations made to B.P.A. regarding funding of fish and wildlife projects is available on its website and that comments are due by July 14.
8. A letter from Certigy Check Services has been received. Upon research of the company, it was learned that it is a collection agency working for one of the casino's at which forged checks were cashed. The casino is attempting to collect funds from the Utility for the forged checks it cashed. The Board requested the Utility notify its insurance company to advise that forged checks had been cashed.
9. A letter has been received from the Republic Hi-Tech Club requesting sponsorship of its solar car project. The support will result in the sponsor's name being displayed on the car. A motion was made by Commissioner Caudell to support the project in the amount of \$150 which will be paid from Conservation funds. The motion was seconded by Commissioner Kroupa and unanimously approved.
10. A letter has been received from the Washington Open Fiddle Contest requesting support. A motion was made by Commissioner Caudell to advertise at the Contest in the amount of \$100. The motion was seconded by Commissioner Kroupa and unanimously approved.
11. A letter has been received from the Ferry County Hospital District advising that the activities department is collecting recipes to make up a cookbook which will be used to generate funding for the department. The Utility was given the opportunity to advertise in the cookbook and provide a recipe. A motion to advertise in the amount of \$35 was made by Commissioner Kroupa. The motion was seconded by commissioner Caudell and unanimously approved.
12. A sponsorship package has been received from the Ferry County Fair Association. A discussion of the support the Utility provides the Fair Association was held with a motion to provide a sponsorship in the amount of \$300 made by Commissioner Kroupa. The motion was seconded by Commissioner Caudell and unanimously approved.
13. The letter from the City of Republic regarding the Utility's encroachment onto the State Street right-of-way was again briefly discussed.
14. The letter from the Ferry County Prosecuting Attorney's office regarding the McNitt case was briefly discussed.

Meetings:

1. An insurance meeting has been scheduled for July 13 beginning at 9:30 a.m.
2. A public B.P.A. meeting regarding Capital Planning Review was schedule for June 14. The Utility was unable to attend however, the next meeting will be available via telephone and has been scheduled for June 22.

General Business:

1. A letter from WPUDA President Jack Janda regarding proposed platinum partnership in the new WPUDA building has been received. The goal of the campaign is \$350,000 with calculations based on participation of all members. The Utility's portion would be \$1,997. A discussion followed with a motion made by Commissioner Kroupa to participate at the requested amount. The motion was seconded by Commissioner Caudell and unanimously approved.

A brief recess was declared at 2:37 p.m. with the meeting reconvening at 2:40 p.m.

2. B.P.A. has provided its Power Function Review II Report which is also available on its website.
3. The August 10, 2005 accountability Report has been received from the Washington State Auditor's Office.
4. Cory Tuttle has begun working as a lineman on the crew. Bill Knutz was appointed to the position of Serviceman effective June 5. Mr. Tuttle will begin the on-call rotation working with Justin Koepke.
5. Work is progressing slowly on the contract with Power Engineers for the RUS Reporting.
6. Mr. Sebris the new CWPU Attorney would like to meet and visit with the Board at the August Board meeting.

7. The NWPPA Member Relation Manager, Dave Bouchard, would like to attend the July 17 Board Meeting.
8. Visited the Franson Peak site. The Utility has been able to put a lot of effort into the new radio location. If possible, a field trip will be set up to allow the Commissioners to view the site. Ferry County Sheriff Warner has offered to supply chain link fencing to ensure security of the site. The fencing was originally planned for the Klondike Mountain radio site however, additional patrols have reduced the vandalism for this area. Commissioner Caudell questioned whether the tour could be completed prior to the completion of the map for Okanogan County P.U.D.

Commissioner Kroupa questioned whether it would be possible to take employee pictures during the summer picnic which could be used to decorate the front entrance during the Fair.

9. The New Insight, the 2005 Annual Report for Chelan County P.U.D. has been received.
10. A group of railroad enthusiasts will be in the area Wednesday and Thursday and will ride the old line from Torboy to the Canadian Border. Commissioner Caudell questioned the status of the existing rail bed with a discussion following. Manager Weller reported that Burlington Northern/Sante Fe Railroads reserved an exclusive easement on the railbed and work is now being done to learn what their plans are.
11. A letter has been received from the Ferry County Fair Association regarding the Revolving Loan Grant it received last year.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of June 10, 2006 were \$1,878,595.47 with restricted funds of \$1,349,290.69. There were nine outages in the month of May for a year-to-date total of fifty-six compared to twenty-seven for the same period in 2005. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed. A bank account Signature Card was completed to update an account. A summary of financial assistance payments received by consumers for the previous twelve months was presented.

The Auditor's Report was presented by Jennine Groth:

1. The voucher listing was reviewed with the Board and questions answered. The Board approved Payroll Warrants Number 008953 through 008968 in the amount of \$36,353.40 and 008969 through 008989 in the amount of \$42,497.88 and G&O Warrants Numbers 23419 through 23525 in the amount of \$323,679.60 by motion made by Commissioner Caudell, seconded by Commissioner Kroupa and unanimously carried.
2. The Financial and Statistical Report was reviewed by the Board.
3. The D. Hittle report was presented.
4. A summary of vehicle mileage was presented.

Commissioner Caudell brought the Power Business Line Rate Case before the Board for discussion. He explained that an opinion has been requested from utilities as to whether they favor option 1 or option 2. Option 2 ties directly to the B.P.A. prepay matter which will allow the Utility to make one large payment to B.P.A. each year rather than continue to make the smaller monthly payments. He stressed again that this option will help B.P.A. avoid paying any money to OMB. The deadline to respond was June 16 however, it was recommended that the Utility respond in favor of Option 2.

Lobbying: None

With no further business to come before the Board, the meeting adjourned at 4:25 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager