

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
June 20, 2011

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:02 a.m. Present were Commissioners Aubertin, Chris Kroupa and Nathan Davis, and Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke; Attorney Steve Graham and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: Barrett Stillings, Jim Richardson, Kelly Leslie and Mike Jager with Ferry County Hospital and Julie Abernethy with TEDD.

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

Mr. Stillings presented information on work to be accomplished at the Hospital. Mr. Jim Richardson was introduced at the Interim CEO and he also provided information and explained that the Hospital was interested in applying for a grant from the Utility to cover some of the expenses associated with the work needed. A lengthy discussion followed regarding the type of work to be completed and the Utility's ability to help with the financing. Mr. Stillings advised that a grant application will be developed for the July Board meeting. The Board was thanked for their time and the Hospital group exited the meeting at 9:36 a.m.

Ms. Abernethy presented an overview of the local TEDD activities. The Board was thanked for their time and Ms. Abernethy exited the meeting at 9:55 a.m.

Manager Friederichs explained the trophies on display in the Board Meeting Room. Two were awarded to Lineman Apprentice Todd Orestad at the Andrew York Memorial Lineman's Rodeo. Todd place third in the first year Apprentice competition and third overall in a field of forty Apprentice Linemen. The Utility's float in the Prospector's Day Parade was selected as the Best Commercial Float and received a trophy.

A recess was called at 9:59 a.m. with the meeting reconvening a 10:06 a.m.

Bids for the advertised surplus equipment were opened and are as follows:

1974 Cushman Trackster	
Dr. Tony Vercillo	\$ 800.00
John Kennon	\$1,488.00
Sara Tolstedt	\$1,500.00
Ken Kamstra	\$ 752.00
Butch French	\$2,502.00
Jack Hamilton	\$ 656.01
Dave Branscome	\$1,505.00
Ron Cleveland	\$ 953.35
Eino Honkak	\$1,000.00

No bids were received form the 1986 International Truck with Digger/Derick

Mr. Butch French was the successful bidder for the Cushman Trackster and his proposal was accepted. Discussion followed regarding disposal of Tucker snow machine and a possible replacement.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 10:26 a.m. for fifteen minutes for the purpose of discussing potential litigation. The Board returned to returned to Regular Session at 10:41 a.m.

Reports:

The Attorney's Report was presented by Attorney Graham:

1. Attorney Graham responded to a question regarding the use of the Revolving Loan Grant Fund for the purpose of providing energy assistance to customers who are unable to pay their utility bills. The purpose of the fund is clear and it is not possible to use these funds for the payment of customers accounts. He added that it is also not possible for the Utility to negotiate with a customer regarding the amount they are to pay for their electrical usage i.e., the Utility cannot accept less for a billing than a customer was charged. Customers are expected to pay their accounts in full.
2. The suit has been filed with the State of Washington for overpaid Privilege Tax.

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

1. New line extension working is increasing. Work now has a three week waiting period.
2. A High Cost project on Barrett Creek has been completed bringing in two new customers. Continuing to qualify individuals for the program with emphasis placed on line extensions that will bring the most customers to the Utility.
3. Pole replacement work has now been changed to fill-in type work and will continue along Highway 21 south.
4. A meter audit begins today. It is hoped to keep schedule of every four to five years. The audit will involve the entire crew with each person working with the auditor. The District does not have an actual meterman and several Linemen have expressed interest. Research is being done on possible training opportunities for meterman courses.
5. A cultural resource survey has been completed for work being completed on the Reservation as well as the High Cost line extension.
6. A lightning storm several weeks ago caused an outage in the Long Alec Creek area when lightning

- struck a grounding bank.
7. The annual work order inspection, performed by Power Engineers, will be completed this week.
 8. Tree trimming on the East side of Curlew Lake to Danville has been completed. Work has been temporarily paused for a two-week period. Upon return of the contractor, work will begin in the Curlew area toward Republic. Work is progressing well this year with limited need to move the contractor from area to area.
 9. Pole testing continues along Toroda Creek Road.
 10. Four District personnel participated in the Andrew York Memorial Lineman's Rodeo held in Wenatchee. Rick Kincaid was a judge.

A line extension matter in the Danville area was discussed. The most efficient route to serve an individual is through a current customer's property. The customer is not interested in allowing access for either an overhead or underground extension. The possibility of the Utility beginning condemnation proceedings was discussed. Mr. VanSlyke will contact the customer again regarding access across their property.

Mr. VanSlyke thanked the Board for their time and exited the meeting at 11:23 a.m.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A report provided by Jim Oakley with Energy Northwest, who was unable to attend the meeting, was provided.
2. A request for sponsorship has been received from the Ferry County Fair. The Board was in concurrence that the Utility should again sponsor the event in the amount of \$300.
3. A request has been received from the group responsible for the Republic Elementary School Playground Equipment Project. Adequate information was not provided in the request and Manager Friederichs will contact the group for additional information.
4. A request has been received from the Flying Changes 4-H Club requesting a donation. Manager Friederichs will also contact this group for additional information.
5. A thank-you has been received from the Curlew School for the Utility's support of their science fair.
6. Notification has been received that Grays Harbor P.U.D. will be dropping from the Washington P.U.D. Association. Their reason for this decision was the dues structure which is based on the number of customers served by a utility. Concern was expressed regarding the potential increase in dues for the remaining members. No change will be made for the remainder of 2011.

Two bids for the surplus equipment were delivered to the meeting at 11:35 a.m.

Steve VanSlyke and George Bonney, with CompTech Unlimited, entered the meeting at 11:35 a.m. Mr. Bonney had the opportunity to visit at length with the SEDC Computer Systems representatives when they visited the District. Mr. Bonney provided the Board with an overview of his conversations and his thoughts regarding the product the Utility is considering. The Board thanked Mr. Bonney for his time and he exited the meeting at 12:00 noon.

The meeting recessed at 12:00 noon for lunch reconvening at 1:06 p.m. Mr. VanSlyke did not return to the meeting.

Manager Friederichs continued his report:

Meetings:

1. The July WPUA meeting will be held in Okanogan. Commissioner Davis will attend as will Manager Friederichs.
2. The Energy Northwest Member Forum will be held September 7 and 8.

General Business:

1. A correction to the Management Salary Schedule, Number 27-10, dated August 16, 2010 was presented. The correction was necessary to add the "overtime exempt" notation from the Deputy Auditor position.
2. Two utilities have yet to pass the Union contract. Both will be voting again on June 21. The Contract for this Utility has been signed and completed.
3. A portion of the power we receive from B.P.A. has conservation RECS attached. In order for the Utility to receive these RECS it will be necessary to either have a Regis Account established for the deposit of the funds or allow B.P.A. to sell the RECS and reimburse the Utility. The Board was in concurrence that B.P.A. should sell the RECS on the Utility's behalf and reimburse.
4. The Ferry County Auditor's Office has yet to schedule a meeting regarding the Commissioner District re-districting based on the 2010 Census. Preliminary information has been put together by the Utility which shows District 3 as the largest and District 2 as the smallest. A brief discussion followed regarding possible voting precinct realignments to adjust the boundaries making the Districts more uniform.
5. The new bucket truck has been ordered under the State bid. Delivery is still anticipated to be in November. The 2011 Budget has been revised to reflect the purchase of the truck and a one-third down payment on the boom. If an order is placed for the boom this week, it may be delivered in November. This purchase will complete the replacement of large trucks for quite some years. There will be the need to replace pick-up trucks as their age and mileage warrant.
6. A health newsletter developed by APPA was presented to the Board for their consideration. The information is available to the District at 65-cents per copy per employee. The Utility will not receive the publication.
7. Information has been received regarding the NoaNet project. A permit application has been filed with the Forest Service covering the area from Tonasket to Ione. Public comment is being accepted through July 2011.
8. Pricing has been obtained, through the State bid, for replacement of the office carpeting and kitchen flooring. The carpeting shows excessive wear (some areas have been duct taped together to prevent tripping) and age. Total cost is \$13,325.20 with the work to be done by a company in Spokane.

Commissioner Kroupa recommended that any necessary office remodeling be completed prior to the carpet installation.

9. A billing and accounting software presentation was made by SEDC (Southeastern Data Corporation, Inc.). All office personnel as well as the warehouseman/purchasing agent had the opportunity to view their portion of the two-day demonstration. This software will allow integration of the mapping system and the customer service portion. The current engineering mapping and GIS information is not current and the need for data entry has been identified. The possibility of hiring Ryan Masingale as a part-time employee not to exceed six-months, to perform this work was presented. Upon completion of the initial phase of this data input work it will be determined if a full-time position will be necessary to maintain the engineering data. No initial financial output will be required in 2011. Expenses which may be incurred in 2011 will consist of travel expenses for those individuals who visit the District for information gathering. Unfortunately, the present software provider has not been able to correct a billing error identified in December of 2010. This requires the monthly manual calculation of all final billings for customers. Issues of this nature continue to result in excessive time spent in developing methods to work around a problem and manually tracking data. Auditor Nush and Engineer/Superintendent VanSlyke did have the opportunity to visit Okanogan County Electric Co-op who have been using the SEDC system for several years. They are very pleased with the programming and support. The existing contract with PCS is scheduled to renew in September of 2011 and there is a 60-day notification period to terminate. Attorney Graham will review the contract with PCS as well as the credit card processing company. A motion was made by Commissioner Kroupa to allow Manager Friederichs the authority to begin the transition between the PCS system and the SEDC system. The motion was not seconded and Commissioner Kroupa rescinded his motion. A brief discussion followed with Commissioner Aubertin making a motion to direct Manager Friederichs to move ahead with the change from PCS to SEDC as quickly as possible. The motion was seconded by Commissioner Kroupa. A discussion followed regarding the time frame to be fully operational, fees associated with the conversion, the Attorney's need for involvement in the process, and PCS's obligation to provide service. with no further discussion, the motion was unanimously carried.

A recess was declared at 2:32 p.m. with the meeting reconvening at 2:52 p.m.

Manager Friederichs continued his report:

10. Resolution 11-03 "A Resolution Declaring Property Surplus and Disposition of the Same" was presented. A motion to approve was made by Commissioner Kroupa and seconded by Commissioner Davis with discussion following. At the conclusion of the discussion, the motion was unanimously approved.
11. The surplus equipment bids delivered to the meeting in the morning, after the specified bid opening time, and therefore not opened were discussed. Attorney Graham advised that they should be returned unopened as they had been received after the appointed time of 9:00 a.m. Mail had been gathered from the Post Office prior to the meeting and all bids received at that time were included. The Board also discussed the minimum bid for the truck that was advertised previously. The Board was in concurrence that they would allow Manager Friederichs to set an appropriate minimum bid for the unsold truck.

The Conservation Report was presented by Manager Friederichs:

1. The work to be done for Kinross may impact the Utility's conservation credit funds. The contract has gone missing prior to the contractor's signing and the third party contract administrator is searching for the document. B.P.A. will cover the costs if the work is completed prior to September 30, 2011. If the work is accomplished after that date the Utility will cover the cost through conservation credits which will eliminate the conservation program for at least two years.
2. A few window projects are in progress. All low-income window projects have been completed and monies expended.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.

Commissioner Davis:

1. Attended no outside meetings.

Commissioner Aubertin:

1. Attended no outside meetings.

Commissioner Kroupa exited the meeting at 3:15 p.m.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of June 10, 2011 were \$1,045,932.98 with restricted funds of \$1,176,590.66. There were eight outages in the month of May for a year-to-date total of twenty-eight compared to eighty-eight for the same period in 2010. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. Plans for the B.P.A./P.U.D. picnic are underway.
3. A summary of assistance payments for the period June 1, 2010 through May 31, 2011 was presented.

Commissioner Kroupa returned to the meeting at 3:22 p.m. with Commissioner Aubertin exiting at that time.

Commissioner Aubertin exited the meeting at 3:22 p.m.

The Auditor's Report was presented by Sue Nush:

1. As the Board had discussed at the May meeting, the News-Miner had been contacted regarding their billing process. They have provided a billing covering the period December 2009 through May 31, 2011 for a total of \$7,004.05. This payment will bring the Utility's account with the News-Miner current through May.

2. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7356 through 7463, direct payroll deposits numbers 9901239 through 9901268 and Electronic Fund Transfer number 165 through 167 in the total amount of \$604,689.35 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.

Commissioner Aubertin returned to the meeting at 3:39 p.m.

Commissioner Davis exited the meeting at 3:40 p.m.

3. The 2012 Budget Workshop will be held during the August Board Meeting.

Commissioner Davis returned to the meeting at 3:45 p.m.

4. The Amnesty Application for incorrectly calculated excise tax in relation to the low density discount has been accepted by the State. Supporting documentation has been requested by the State. Attorney Graham added that the State has not formally responded to the suit.

Commissioner Kroupa stated that the Board is very pleased with Todd Orestad's accomplishments at the Lineman's Rodeo and asked that Manager Friederichs convey the Board's congratulations. He also thanked the Utility for created the parade float that merited a trophy.

5. The final 2010 Status of the Budget has been completed and was presented.
6. The 2011 Budget had been updated and the Status of the Budget and Financial and Statistical Reports were reviewed by the Board.
7. The RCW that allows for the Revolving Loan/Grant Program has not been updated and the program expires June 30, 2011. In the event the Utility decides to dissolve the fund, any balance is to be returned to the State it does not go to the Utility's general fund. The program can remain active so long as the Utility continues the program. The Utility will not be able to receive a tax credit on any funds added by the Board.
8. An overview of the Packwood Lake Hydroelectric Project through May of 2011 was shown.

Lobbying: None

With no further business to come before the Board, the meeting was adjourned at 4:30 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager