

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
June 21, 2010

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:01 a.m. Present were Commissioners Davis, Chris Kroupa and Doug Aubertin, Manager John Friederichs, Auditor Sue Nush, Interim Auditor Rory Miller, Attorney Steve Graham who joined the meeting at 9:04 a.m., and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: Kenton and Arleen Carpenter, Ben Wyckoff

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

The meeting was turned to Mr. and Mrs. Carpenter. Mr. Carpenter explained to the Board that they are one of the High Cost Energy Loan customers and are interested in obtaining a small mortgage to cover the cost of completing their house. Their lending institution has advised that the Utility will need to subordinate its first place position on the property in order for the mortgage to process. A lengthy discussion followed with the Carpenter's. Attorney Graham again advised that the Utility not subordinate its position as it would place the Utility at greater risk. Manager Friederichs informed the Board that he and the Carpenter's share a mutual friendship and he did not want any decision to appear to be preferential treatment. The Board made no final decision at this time and assured the Carpenter's that they would discuss further and advise Manager Friederichs. The Board was thanked for their time and the Carpenter's exited the meeting at 9:35 a.m. The Board continued to discuss the matter and presented potential policy items which were as follows: Take loan payment history into account, allow the Manager full discretion so long as subordination would not diminish the Utility's security interest, add Utility as a named insured to home owner's insurance including wording to the effect that in the event the Utility was dropped from policy the outstanding loan debt would become due immediately, no subordination on loans with a balance of \$10,000 to \$15,000, staff to develop reasonable guidelines and present at July Board meeting. Attorney Graham advised that even though a policy were in place the Utility would still have the option of refusal. All options presented as potential policy items would be legal for the Utility to implement. Final decision was tabled until later in the meeting.

Attorney Graham advised that an Executive Session would not be necessary.

Reports:

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

1. The crew is completing line extensions as soon as they are ready for construction. They have also been working on the 34.5 line pole replacements between Republic and Curlew. An upgrade of transformers and line at the San Poil Plaza was completed.
2. Tree trimming work has been completed within the City limits. The contractor is working on trouble spots to the south and east of Republic. When this work is completed they will leave the area to return in the fall for regular line clearing.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request has been received to advertise on a sports calendar for the Republic School. Upon further research it was learned that 20% of the \$350 ad cost went to the School. The Utility will not participate in this campaign but will support in other areas where the School receives better funding.
2. An invitation to the ribbon cutting ceremony for the new Republic Police Station was received. Mrs. Jurgensen attended for the Utility and accepted certificates of appreciation for the Revolving Loan Committee and the Utility.
3. An individual has requested sponsorship of the American Cancer Society's Relay for Life to be held in Colville. The Utility will not sponsor the event.

Meetings:

1. The PPC Members Forum is attempting to schedule a Packwood Members Meeting for June 30. Commissioner Kroupa advised that he will be attending the PPC and NRU meetings August 3 through 4 in Portland. He would be able to attend another meeting if it were held in conjunction with the quarterly meetings.
2. The WPUDA Commissioner's meeting will be held on July 15 and 16 in Olympia.

General Business:

1. Rick Kincaid was asked to be a judge for the Chelan County P.U.D.'s Lineman's Rodeo. Our Utility did not have a team but several of the crew did attend.

Commissioner Kroupa reported that ~~a~~ *his* son will be married on July 17 and he will be unable to attend the July 19 Board meeting. He further questioned whether the Board would entertain moving the meeting to the 20th. A decision was not made at this time.

A recess was called at 10:19 a.m. with the meeting reconvening at 10:35 a.m.

Manager Friederichs continued his report:

2. A billing issue has been identified on the Kinross Cooke Mountain billings. B.P.A. provides monthly usage information and the Utility was provided with additional demand information beginning in February 2010. At this time the Utility's B.P.A. billing support staff was contacted as to which number to use and we were advised in error. After several months of billings this became obvious. A meeting was held with B.P.A. to discuss their monthly information and identify the correct information to be used. A meeting will be held with Kinross personnel to explain the error and what has been done to correct the situation. Based on the recent back billing for other incorrect charges and consultation with Attorney Graham, the Board concurred that the Utility would seek compensation for correct billing calculations beginning in February 2010.
3. The survey document, correct legal description and Quit Claim Deed for that portion of the Windsor Substation property transfer to the Republic EMS District has been completed and recorded. The Board again stated that the Utility will pay one-half of the survey costs not to exceed \$600. Attorney Graham advised that the Utility has been released from the obligation under the original transaction document.
4. Work continues on the Alexander / Beal line extension. Easements are being obtained from other property owners. No final cost of the line extension has been calculated. There is the possibility that the entire line extension cost will exceed the appraised cost of the property.
5. Payment to clear the balance of the Stone Soup loan through the Revolving Loan Program has been received.
6. Clark County P.U.D. will stop its membership in the WPUDA effective in 2011.
7. Resolution 10-04 "A Resolution to Amend Rate Schedule 300 Irrigation Service" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously approved.

The Conservation report was presented by Manager Friederichs:

1. Ed Forsman is doing very well administering the B.P.A. Conservation Program.
2. The lighting portion of the Republic School District's improvement program has been approved. B.P.A. is transferring \$100,000 into the Utility's ECA account for this project.
3. The Kinross conservation program should result in a two-million kWh per year savings. This amount will be credited on the Utility's high watermark reporting.
4. Several low income window replacement projects are in progress. The Utility will also receive a credit for these on the high watermark reporting.
5. Of the \$49,104 in conservation credits for the year, \$49,000 have been used.

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

1. Attended the WPUDA Attorney's training and found it to be beneficial. An overview of the topics covered was presented.
2. Has followed up on the Motion to Dismiss, to have been filed by the Ferry County Prosecuting Attorney, regarding the Beal County road matter. To date the Motion has not been filed and the trial has been scheduled for September. Attorney Graham asked that the records reflect why the Utility decided to move forward with the Alexander line extension. The reason for this decision is that Attorney Graham has no hopes of the County resolving the road issue.
3. Attempted to serve papers to Mr. Kennard during the Curlew Barrel Derby Celebration. Did serve through his employer, the Department of Natural Resources office, in Colville. Mr. Kennard has twenty days to respond. Mrs. Kennard has responded but not within the requisite twenty days. Her attorney pledged that they will pay the debt in full. There are approximately \$300 in process server fees to date.

Commissioner Kroupa stated that, based on Attorney Graham's desire to no longer be a member of the Revolving Loan Board, he spoke with Denise Zipperer regarding the position. Mrs. Zipperer informed him that such a position may be a conflict of interest for her and her bank would so advise. Mrs. Zipperer did suggest that the Tri-County Loan Policy be reviewed for guidance. It was, however, determined at the May Board meeting that Mrs. Zipperer would not be eligible for Mr. Graham's position as she lives outside of District 2. The Board discussed possible changes the Revolving Loan Board could make during the applicant interview. They were all in agreement that they very much appreciated Attorney Graham's presence on the Board.

The meeting recessed at 11:54 a.m. for lunch reconvening at 1:05 p.m. Mr. Wychoff joined the meeting.

Commissioners:

Commissioner Kroupa:

1. Would like to attend the July Board meeting and suggested that it be moved to Tuesday, July 20. A brief discussion followed with the Board concurring that the July Board meeting would be so changed.

Commissioner Davis:

1. Attended the WPUDA meeting held in Wenatchee as did Manager Friederichs. The purpose of the meeting was the structure of the WPUDA. No final decision has been made. He has an unedited version of Steve Johnson's unofficial notes available for anyone interested.
2. Representative Shelly Short contacted him regarding the Utility's requirements for her to establish an account for her office. Credit Manager Jurgensen explained that she had a very lengthy discussion with

Mrs. Short as she was disputing the required \$300 security deposit for a new customer account. It was not possible for her to pay the security deposit in 2009 and the account was left in the previous tenants name with their agreement. The matter was resolved to Mrs. Short's satisfaction.

Commissioner Aubertin:

1. Attended the Annual NWPPA meeting in Sacramento, California. Speakers were informative and a summary was presented.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of June 10, 2010 were \$914,933.79 with restricted funds of \$1,635,194.45. There were twenty-three outages in the month of May for a year-to-date total of eighty-eight compared to forty-two for the same period in 2009. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. A summary of customer assistance payments received from the various entities for the 2009 - 2010 reporting period was presented and reviewed.
3. Work Order Inventory Number 358 in the amount of \$97,607.73 was approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
4. Plans for the B.P.A./P.U.D. picnic were presented.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 5901, 5976 through 6018 and 6021 through 6104; direct payroll deposits numbers 9900861 through 9900893 and Electronic Fund Transfer number 118 through 121 in the total amount of \$549,438.37 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 application to transfer \$50,000 into the Revolving Loan Fund has been submitted to the State with no approval received to date.
4. The B.P.A. application for the Low Density Discount has been received. Completion of this application is contingent upon the State's determination on the Utility's RUS reporting practices.
5. Attended the Annual PCS User's Group meeting along with Andrea Olson. Found the meeting to be very beneficial. Feels that communications between the Utility and PCS were improved.

The Board again discussed the High Energy Cost Loan program and how the Utility should view requests to subordinate it's position in the case of refinancing on the part of the Loan holder. The Board expressed their desire to be made aware of unusual situations prior to a decision being made. The Board was in concurrence that Manager Friederichs could move forward with the Carpenter request. Manager Friederichs stated that he would work with Auditor Nush to develop policies for Board consideration.

Manager Friederichs reported that the new service truck has been in Spokane for more warranty repair work.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 3:15 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager