

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
July 18, 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 Aubertin.

Visitors: Mr. Ken Hustad, Bonneville Power Administration

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

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

1986 International Diesel Truck; District Equipment Number 13	
Titan Truck	\$4,100.00

No bids were received for the 1991 International Truck with utility body and Versa-Lift Bucket (#25)

Titan Truck was the successful bidder for the 1986 International truck and their proposal was accepted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried. Discussion followed regarding disposal of 1991 International Truck (#25). The Board was in concurrence that Manager Friederichs has authority to dispose of the equipment in the most reasonable means, lowering the minimum bid if necessary.

Mr. Hustad thanked the Board for their invitation to the meeting. He provided a power rate update, the Utility will know what the new rates will be on July 26; B.P.A.'s 2011 financial status, current Energy Efficiency Program; 2011 water supply; wind production and curtailment; Regional Dialogue Contract implementation; the REP settlement and an Energy Northwest update. Board questions were answered throughout the presentation.

Manager Friederichs exited the meeting at 9:57 a.m. returning at 9:58 a.m.

The Board thanked Mr. Hustad for his informative reporting and visiting with them. Mr. Hustad exited the meeting at 10:10 a.m.

A recess was called at 10:10 a.m. with the meeting reconvening at 10:16 a.m.

Reports:

The Engineer/Superintendent's Report was presented by Steve VanSlyke:

1. Vegetative management, i.e., danger tree removal continues. Quite a number have already been removed and reports continue to come in. A number have been undermined by the high water along the rivers.
2. Contract line clearing work has stopped and will resume in September. The line crew will be continue danger tree removal during this time.
3. Mechanical line brush clearing work has been completed in the Keller area. This method of brush removal is proving to be quite effective. No further areas will be worked this year.
4. Pole testing is now being accomplished in the Wauconda area. Work has progressed very well for the year and the 1,000 targeted poles will be met. Two people working together on the testing may be more productive and, if the required number of poles to be tested each year is increased the current pole tester may need help as he is also the meter reader.
5. A transformer has been changed at the Windsor Substation. Infra red testing is still to be completed on the unit.
6. Several transmission structures were replaced during the B.P.A. outage July 17.
7. Power Engineers performed a compliance inspection on several randomly selected work orders. The bracket used to mount arresters on transformers was identified as deficient. A different style bracket has been ordered to correct the matter.
8. New line extension work continues to increase. Most of the installations are small projects.
9. Work continues on another High Cost Energy line extension. There is the possibility that the work will be done on Aeneas Creek as there are several miles of residential customers that do not have power and are now being qualified for the program.
10. Ryan Masingale has been hired as a temporary employee to perform mapping data input in preparation for the SEDC computer conversion. He is doing an excellent job.
11. The meter audit went well. Several discrepancies were identified. Each member of the line crew had an opportunity to work with the auditor.
12. Serviceman, Cory Tuttle, is doing much better. He is at home resting and is now able to walk and drive. He has hopes to return to work in August. A doctor's release will be necessary for him to begin his duties again.

Mr. VanSlyke exited the meeting at 10:30 a.m.

The Board went into Executive Session as per RCW 42.30.110 Subsection 1, paragraph I, at 10:30 a.m. for thirty minutes for the purpose of discussing potential litigation. Secretary/Treasurer Jayne Jurgensen exited the meeting at 10:30 a.m. Auditor Sue Nush exited the meeting at 10:40 a.m. The Board returned to Regular Session at 11:00 a.m. for the purpose of extending the Executive Session for another thirty minutes and then returned to Executive Session. The Board returned to regular session at 11:30 a.m.

A recess was called at 11:30 a.m. with the meeting reconvening at 11:40 a.m.

Attorney Graham advised that he had nothing further to report.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request has been received to sponsor a sprint car. The request does not meet sponsorship qualifications and no money will be provided.
2. Information has been received from PPC explaining how the member dues are utilized, benefitting the membership.

Meetings:

1. The annual Central Washington Public Utilities (CWPU) meeting will be hosted by Ferry County P.U.D. The meeting will be held on August 11 with the meeting and barbecue luncheon held at the K-Diamond-K.

General Business:

1. Conflicting information has been received regarding the B.P.A. Conservation program. First it was reported that 35-million dollars had been dedicated to the program from the years 2012 and 2013. It was then reported that the program is suffering a 28-million dollar shortfall. The decision has been made to curtail the District's conservation program until more information is received. The industrial project at the Kinross Mill Site will continue as there is a signed contract in place for payment of the work.
2. After an inspection of a customer's CT meter it was found that the individual had been overbilled since the installation of the CT meter. This resulted in a refund of \$2,455.90 to the customer. The meter multiplier was set at 40 instead of 20 and has been corrected in the computer billing system.
3. An update on the progress made with Southeastern Data Cooperative, Inc. (SEDC) for the computer conversion was presented.
4. The District served just under 1,300 hamburgers and hot dogs at the B.P.A./P.U.D. Picnic in the Park on Sunday, July 17. Estimating 1,000 people participated. B.P.A. had a very interesting display, the Veteran's Administration was present as was the Soldier and Sailors organization and the Eureka Thrift again made children's clothing available. Commissioner Kroupa added that the event went very smoothly and the only concern expressed to him was the lack of food for vegans.

The meeting recessed at 12:00 p.m. for lunch reconvening at 1:05 p.m.

Manager Friederichs continued his report:

5. Resolution 11-04, a "Correcting A Resolution Declaring Property Surplus and Disposition of the Same" was presented with a motion to adopt made by Commissioner Kroupa. The motion was seconded by Commissioner Davis with discussion following. With no further discussion, the motion was unanimously carried.
6. Resolution 11-05 "A Resolution Approving the Collective Bargaining Agreement and Amendments thereto of the Collective Bargaining Agreement Between P.U.D. No. 1 of Ferry County and Local 77 of the International Brotherhood of Electrical Workers" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

A brief discussion of the Revolving Loan/Grant program was held.

7. An updated pricing proposal has been received from SEDC for the conversion of the engineering data. The company has agreed to include the amount for the conversion in the monthly payment calculation and spread over the five-year contract period. The cost of the engineering system license will be a portion of the Utility's initial payment. Ryan Masingale has been hired as a temporary employee for the purpose of engineering data input. He is doing a very good job. The Board was in concurrence that the Utility could continue to move forward with the new computer software system.

The Conservation Report was presented by Manager Friederichs:

1.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.
2. Received information on the NoaNet project.
3. Will not be attending the summer PPC and NRU meetings. Plans to attend the November meetings.

Commissioner Aubertin:

1. Attended no outside meetings.
2. Is planning to attend the July 27 Energy Northwest meeting.

Commissioner Davis:

1. Attended the TEDD meeting. Highlights of the meeting were presented. The local TEDD office is sharing office space with Rural Resources.
2. Attended the WPUA meeting with an overview presented. There is a possibility that the monthly meetings will be held on a quarterly or two month basis as a cost saving measure. The newly constructed Association building in Olympia will require an upgrade of the communication wiring to allow for teleconferencing. Some of the lobbyist positions in Washington D.C. have been eliminated. A commitment was made to not raise dues to members even with the withdrawal of Grays Harbor P.U.D. from the Association.

The Treasurer's Report was presented by Jayne Jurgensen:

1. The Annual WPUA Meeting will be held in Pasco, WA November 30 and December 1 and 2. The

- Board was queried regarding their attendance.
- 2. Work Order Number 365 in the amount of \$140,451.45 was approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
- 3. Payment history of two High Cost Energy Line Extension customers were presented for discussion. The Board was in concurrence that Attorney Graham would write letters advising that the Utility's next option was filing suit.
- 4. Operating Funds available as of July 11, 2011 were \$1,143,364.30 with restricted funds of \$1,308,809.26. There were twenty outages in the month of June for a year-to-date total of forty-eight compared to ninety-five for the same period in 2010. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

The Auditor's Report was presented by Sue Nush:

- 1. Notification has been received that the WECC payment, which previously was a portion of our payments to Bonneville Power Administration, and now will be a separate, direct billing will be calculated based on our megawatt hours. No billing has been received to date.
- 2. Applications are being received from those customers who generate power under the renewable recovery program. There is the possibility that a customer made an error was made last year by providing an incorrect meter reading which resulted in an overpayment. Meter readings submitted by the customers will be verified before reporting is completed to ensure accuracy.
- 3. The Commissioner's Workshop for the 2012 Budget will be held during the August Board meeting.
- 5. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7464 through 7574, direct payroll deposits numbers 9901269 through 9901298 and Electronic Fund Transfer number 168 through 170 in the total amount of \$482,150.53 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.

The Board briefly discussed possible rate increase scenarios.

Lobbying: None

With no further business to come before the Board, the meeting was recessed at 3:35 p.m.

The meeting reconvened at 5:20 p.m. for the purpose of the Revolving Loan and Grant Fund Meeting.

Those present were Commissioners Aubertin, Kroupa and Davis, Board members Steve Graham and Dan Miller via telephone and P.U.D. Manager John Friederichs.

The applicant was Eureka Thrift, represented by Darlene Pearson and Terri Burbank. Funding for the purchase of the existing building and property was requested in the amount of \$43,000.00. A motion was made by Steve Graham to loan the applicant \$43,000.00 at 3% interest for a ten year period. The motion was seconded and unanimously carried. The applicant was asked to return in August to apprise the Board of the results of the offer and to possibly finalize the transaction.

With nothing further to come before the Board, the meeting was adjourned at 6:00 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager