

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
July 21, 2008

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:08 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 Davis.

The minutes of the previous meeting were discussed with corrections and clarifications made. A motion to accept the minutes as corrected was made by Commissioner Caudell, seconded by Commissioner Davis and unanimously carried.

Public Comment Period: None.

Visitors: None

Reports:

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

1. The windstorm of July 10 resulted in District-wide outages. A number of large green trees were uprooted from Republic to Danville. The longest outage was approximately fifteen hours. Five fires were started as a result of trees taking down power lines. The fires were well attended and quickly contained. The office was staffed until approximately 3:30 a.m. Friday morning and the crew was out until about 6:30 a.m. Friday.
2. The fire precaution level has resulted in Basin Tree Service moving from the area until there is a significant change in the weather.
3. The mechanical brush clearing work being done by Todd Young is progressing nicely. He is now clearing under the 34.5 between Republic and Curlew. The mechanical brush clearing being done by Dick Williams is also progressing nicely. Mr. Williams is working under the 34.5 towards Wauconda and also those taps coming off this line.
4. Work is progressing on the Kinross/Buckhorn project. The contractor is putting in the ditch and laying the wire with the Utility completing all connections and terminating the wire.
5. The Columbia River Carbonates project will be completed by the Utility when the contractor has completed it's portion of the work. Columbia River Carbonates is in the process of upgrading the electrical service at their site. The final CERB contract has been completed and received. The first reimbursement claim will be submitted later in the week for approximately \$140,000. The final inspection has yet to be completed on the work performed by City Pacific. If there are no issues found during the inspection a large, final payment will be due them.

Manager Friederichs reported that he received a telephone call from a gentleman in the Barstow area. The gentleman was concerned about the service received from Avista and questioned the steps that would be necessary for our District to take over that service area.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A letter has been received from the Kiesecker's regarding the property damage incurred by City Pacific. They feel that their claim in the amount of \$245 will cover all costs. They also thanked the Utility for working with them on the matter.
2. A receipt and thank-you has been received from the Washington Open Fiddle Contest for again advertising with them in the amount of \$100.
3. An invitation has been received from the Ferry County Public Hospital District to participate in a discussion of community health care issues. The event will be July 24 from 5:30 until 7:30.
4. A letter has been received from the coordinators of the Republic Fly-in "Wings Over Republic". This will be the 9<sup>th</sup> Annual and will be held August 22 through 24. The letter explained that they were asking for private donations and volunteers.
5. A note of thanks has been received from Jane Corbett thanking the Board for their consideration of her request for financial support of the Ugandan Children's Choir.

Meetings:

1. Attended a recent meeting held at the Hospital to discuss housing needs of the area. Both Kinross and the Border Patrol continue to feel the affects of the housing shortage. A new housing development was discussed. The possibility of the electrical installation being completed by a contractor and the installation becoming the property of the Utility upon inspection and acceptance was discussed.
2. Spoke with the B.P.A. Transmission representative regarding the High Water Mark. He advised that the High Water Mark will also affect the Transmission side and that one megawatt either side of the final High Water Mark would be considered load following and not an issue. Commissioner Kroupa added that when the actual monitoring will be done, it will be calculated in megawatt increments and not less. The possibility of B.P.A. offering smaller utilities such as ours, a melded rate may also be considered.
3. A CWPU telephone conference will be held on July 23 to learn about the upcoming insurance update.
4. Energy Northwest Executive Board meeting will be held later in the week. Commissioner Kroupa will attend.
5. The Utility's Budget Workshop for the Board has been scheduled for Monday, August 18.
6. The Annual Solar Summit will be held September 29 through October 1 at Ocean Shores. Manager Friederichs may attend at his own expense.

General Business:

1. The B.P.A. outages have been cancelled. A letter has been received from B.P.A. explaining their need to reschedule the outages as the inspection of all of their transmission lines has become their top priority. No date has been suggested for the needed outage.
2. The equipment sold at the auction brought in \$22,356.00. The Cushman Tracksters were not sold at the auction as it is hoped a more specific field of interest can be found for them. The County has yet to provide the payment in the amount of \$1,500 for the Ford pick-up they purchased. The possibility of the Utility establishing an account on eBay in order to sell the Tracksters was presented to the Board. There is no expense associated with establishing an account and other State agencies utilize this process. Attorney Graham advised that the various Governmental entities have their own rules relating to surplus equipment and he could see no issue with this process. The Board was in concurrence that an eBay account could be established. They would like to see the Tracksters offered to other local Governmental agencies prior to their posting on the website.
3. Information has been received regarding former Auditor Jennine Groth's appeal of the State Employment Security Department's decision to deny her unemployment. The process will begin again as the State Supreme Court has recently made a new ruling regarding "good cause" to quit a job. No new hearing date has been set.
4. The possibility of transferring another \$20,000 to the Revolving Loan/Grant Fund was presented to the Board for consideration. The matter should have been presented to the Board at the June Board meeting and Auditor Miller has made arrangements with the State to allow this transaction to occur pending Board approval. This transfer will allow the Utility to receive a \$10,000 Tax Credit or, the Utility will receive a Tax Credit in the amount of 50% of the amount moved into the Revolving Loan Fund. A motion was made by Commissioner Davis to increase the amount of the business development fund by \$20,000 recognizing that the Utility will receive a \$10,000 Tax Credit. The motion was seconded by Commissioner Kroupa with further discussion following. At the conclusion of the discussion the motion was carried with Commissioners Kroupa and Davis voting in favor and Commissioner Caudell opposed. ***Commissioner Caudell stated that his opposition to the increase was due to the Utility's challenged financial status.*** The Board briefly discussed the loans in place.

A recess was called at 10:05 a.m. with the meeting reconvening at 10:20 a.m.

5. A draft proposal has been prepared to be presented to IBEW Local 77 to establish an Engineering Technician position. Mr. Ed Forsman is presently working in this capacity and the Union approval would establish the position. The wage would remain as it is currently for eighteen months at which time the wage progression would become effective. The wage progression will span a three-year period. Mr. Forsman was the second pole tester but has not worked in this capacity since last year. There are no plans at this time to refill the position vacated by Mr. Forsman.

The Conservation Report was presented by Manager Friederichs.

1. B.P.A., rather than the State Auditor's Office, has completed the semi-annual review of the Conservation Program.
2. The report documenting the survey completed by the Education Service District for the schools in our service area has been received.
3. Working with B.P.A. to utilize one of their programs that will allow five CFL bulbs to be mailed, by B.P.A., to those customers specified by the District. Will begin in the Keller area as these customers are furthest from Republic and unable to take advantage of the pricing offered locally. This program will not conflict with the local program.
4. The RUS report reflects an overall acceptable review and Mr. Bowers indicated the results were better than previously found. The substation issues had been identified on previous inspections and not corrected. They will now be scheduled and corrected.

Based on the budget and long-range plan it will not be possible to meet the goals with the funding on hand. ***It is the Manager's recommendation that*** It will be necessary to borrow funding to complete the work; ***and all*** work will be reviewed through the winter and borrowing needs identified for the following field season. If RUS is approached for funding, the total dollar value of all work would be approved and their construction line of credit which would allow the Utility to receive only those funds needed for a specific project. ***The Manager further discussed*** the need to replace cross-arms has become a priority and could be a project comparable in size to tree trimming. The pole stubbing work will begin in August. RUS does not view this as an acceptable permanent "fix". Where possible, poles are to be replaced, not stubbed. The Utility's response to outages is exceptional. The nature of our service area and length of time for some outages resulted in ~~bad overall numbers in this area.~~ ***skewed statistical values.***

The Attorney's Report was presented by Attorney Graham:

1. Information was presented on the potential annexation to cover the Utility's service territory in the Wauconda area. Resolution 08-17, which was adopted at the June Board meeting, had not been reviewed by Okanogan County P.U.D. After their review, several changes have been requested and an amended resolution will be presented to allow for the changes. The annexation may force redistricting with the area most likely added to either District 1 or District 2. If this change would result in District 3 being smaller then all districts would be reviewed. It would be appropriate to review the boundaries after the vote and election certification in late November. The possibility of the Ferry County Auditor providing information on the process was presented. Although the Board has a lot of discretion in aligning districts there are certain statutory areas to be considered. Amended Resolution 08-17 "A Resolution Approving Annexation for Election to Voters" was adopted by a motion made by Commissioner Caudell, seconded by Commissioner Davis and unanimously carried.
2. Attended the WPUA Attorney's Workshop. Very informational. A new law has gone into affect that requires utilities to develop policies to prevent identity theft and to ensure confidentiality of personal information. Additional information is forthcoming and will then be able to provide a recommendation to the Board. The Board was thanked for allowing attendance at the workshop.
3. Research was completed regarding the proposed raffle at the Fair. When raffles are held by non-profit or governmental entities, a definite number of tickets are to be sold and the reasonable odds of winning are to be posted. Therefore, there are no legal issues relating to such a raffle. Manager Friederichs explained that there is no charge for the raffle tickets. Attorney Graham advised that there is no issue with a free raffle either. Estimated value of the vehicle to be offered for children is \$100.

Commissioners:

Commissioner Caudell:

1. No report.

Commissioner Davis:

1. Attended the TEDD meeting. The issue of redundant training was questioned. Ms. Jones indicated that she would contact Ms. Buckley with Stonesoup regarding the matter as they had not intended to compete with anyone.

Commissioner Kroupa:

1. Attended the B.P.A. meeting to learn more about Tier 1 and Tier 2 rates.

2. Attended a WPUDA Roundtable. The B.P.A. proposals were discussed. *As was reported by a fellow commissioner*, B.P.A. ~~will now~~ *may* be offering melded rates to small utilities which would allow for the fluctuation of 3 to 4 megawatts. *There has been no confirmation from B.P.A. of this option.*
3. Will attend the quarterly Energy Northwest meeting scheduled for later in the week. Will attend the NRU and PPC meetings in Portland the following week.
4. Fellow Board members were questioned as to their thoughts on the Tier 2 power rates. A discussion followed with the Board in agreement that Commissioner Kroupa was expressing their thoughts and concerns when he spoke to fellow Commissioners and as the Utility's representative at various meetings.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of July 10, 2008 were \$1,014,589.75 with restricted funds of \$1,402,612.36. There were sixteen outages in the month of June for a year-to-date total of forty-eight compared to forty-eight for the same period in 2007. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 3122 through 3279 and direct payroll deposits numbers 9900195 through 9900218 and wire transfer number 38 and 39 in the amount of \$469,468.57 were approved by a motion made by Commissioner Davis, seconded by Commissioner Caudell and unanimously carried.

The meeting recessed at 12:05 p.m. for lunch reconvening at 1:18 p.m.

Auditor Miller continued his report:

2. The 2009 Budget time line was presented and discussed. The budget hearing will be scheduled for October 20 with the Board to finalize and approve the budget on November 17. A workshop for the Board will be held on August 18 with the preliminary budget posted to the website on September 2. Commissioner Caudell asked the Board to consider having the Annual Report posted to the website with the Board in concurrence.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 1:56 p.m .

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

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice-President

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED:

\_\_\_\_\_  
Manager