

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
October 19, 2009

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:02 a.m. Present were Commissioners Nathan Davis, Chris Kroupa and Doug Aubertin, 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 Kroupa.

Visitors: Roberta Weller

The minutes of the previous meeting were approved by a motion duly made, seconded and carried.

Commissioners:

Commissioner Kroupa:

1. Attended no outside meetings.
2. Received an email from PPC regarding the DSI/B.P.A. determination which has now moved before the 9th Circuit Court. Columbia River Generating Station has been faced with unexpected shutdowns, issues with Energy Northwest and B.P.A. seem to be moving to the forefront again.

Commissioner Aubertin:

1. Attended no outside meetings. Will be attending the upcoming Energy Northwest Forum.

Commissioner Davis:

1. Attended two TEDD meetings. Deana Zakar is no longer the Republic Representative for TEDD as she has taken a position with Kinross Gold. TEDD will be evaluating it's viability in Ferry County. It has been learned that one of the entities interested in bringing broadband into the area did not apply for the stimulus funding. Follow-up will be made to learn the reason no funding was sought.
2. Attended the Inland Northwest Community Foundation meeting held at the Carousel Building.

The Board went into Executive Session as per RCW 42.30.100(1)(I), at 9:30 a.m. for thirty minutes for the purpose of discussing pending litigation. The Board returned to regular session at 10:00 a.m.

The meeting was opened at 10:00 a.m. for the 2010 Budget Hearing. With no public comments received, the Board returned to Executive Session at 10:02 a.m. for ten minutes. The Board returned to regular session at 10:12 a.m. and immediately recessed. The Board returned to Regular session at 10:20 a.m.

Reports:

Attorney Graham had no additional information to report.

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

1. Pole testing continues.
2. The crew is current with work orders and there is no backlog.
3. Substation maintenance is being completed.
4. Osmose Utilities Service will begin placing metal stubs in the immediate future.
5. The meter at the Buckhorn Mine has failed. It is not possible to recover the data and an estimated reading will be calculated to generate usage. The meter used at the Lamfoot site has been transferred to Buckhorn. It is not possible to use a mechanical meter to obtain all of the needed data. Redundant metering will be in place as quickly as possible. Research is being done to identify a digital meter that stores the data so that it can be retrieved in the event of a failure. This has been an issue with digital meters on residential accounts as well.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. An email has been received from Douglas County P.U.D. regarding the proposed WPUDA by-laws and CORP.
2. A thank-you has been received from the Republic Area Chamber of Commerce for support of Prospector's Days.
3. A note has been received from Carol Bowe thanking the crew for the assistance during the fire at her mother's home.
4. A letter regarding the Customer Survey, has been received from a former customer supporting the Utility.

Meetings:

1. The Energy Northwest Member Forum is rapidly approaching. Commissioners Kroupa and Aubertin will attend.
2. The Annual Legislative meeting will be held at the Stevens County Conservation District office on Wednesday, November 4 from 11:30 to 1:30. Lunch to be ordered.
3. The Annual WPUDA meeting will be held at the Great Wolf Lodge at Grand Mount, WA. All commissioners and Manager Friederichs will attend.

General Business:

1. The cab and chassis from the old service truck have been sold at auction for a total price of \$4,800 with the Utility receiving \$4,200. A replacement pick-up truck has been ordered for the shop. The budget reflects a purchase price of \$28,000 with the total cost of the new vehicle being \$19,758.
2. A note has been received from Darlene LaBrosse, B.P.A. District Manager regarding the 2010 planned outage. At this time the date has tentatively been set for Sunday, July 18. The possibility of another picnic was discussed with Board concurring. B.P.A. has yet to clearly determine the work they need to have accomplished. At this time they are planning to use five crews rather than three as was done this year.
3. The B.P.A. contract has been signed and returned with the Utility selecting the short-term Option for Tier 2 purchases through B.P.A. There will still be the option to change to long-term.

Commissioner Kroupa interjected that Mr. John Saven would like the Utility to become a member of his LLC. ***11/16/09-Commissioner Kroupa clarified that he did not support the Utility becoming a member.***

Commissioner Aubertin reported that logging has been curtailed on the Colville Reservation which has resulted in very limited income sources. There is again discussion of the molybdenum mine. Manager Friederichs advised that the Utility has a letter from B.P.A. stating that they will provide power to the mine if an when it should become operational.

4. The possible remote metering project was briefly discussed. An application for stimulus funding can still be submitted. However, the District's share of the project will be an estimated \$300,000.00. It was pointed out that the District can proceed with the application and, if the funding should be made available, make a determination at that time.
5. An application to the Revolving Loan & Grant fund has been received from the Forget-me-not Animal Shelter. This application, along with the one from Ferry County for the Merry-go-round heating project will be reviewed at the 5:00 p.m. meeting.

Roberta Weller questioned a letter sent to the Utility from the Curlew Lake Association. Manager Friederichs advised that the requested sponsorship had been granted and the warrant had been processed. He further explained that the Board had granted him the authority to process those sponsorship requests from entities the Utility had sponsored previously.

The Conservation report was presented by Manager Friederichs:

1. The final report for 2009 has been completed. All monies allocated were utilized. The budget monies for the next two years totals \$87,000 which is approximately the same as 2009. An advertisement will be printed in the next issue of the View explaining the conservation program.
2. The Utility has partnered with the WSU Ferry County Extension Office in an effort to perform energy audits on homes in Ferry County. Jerry Graser has been hired by the Extension Office to perform the work. There is the possibility that the B.P.A. program administration funds could be utilized for Mr. Graser's salary. If this is possible, a second infra-red camera will be purchased for the Utility's sole use. The Utility will continue to process the rebate documentation.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of September 10, 2009 were \$782,363.08 with restricted funds of \$1,669,507.55. There were twenty outages in the month of September for a year-to-date total of one-hundred twelve compared to one hundred fifty-seven for the same period in 2008. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. Resolution 09-05 "A Resolution to Cancel Unclaimed Warrants" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
3. Resolution 09-07 "A Resolution to Write-off Uncollectible Accounts" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.

The meeting recessed at 11:55 a.m. for lunch reconvening at 1:02 p.m.

No visitors joined the meeting.

The Auditor's Report was presented by Rory Miller:

1. The Financial and Statistical Report was reviewed by the Board
2. The 2010 Budget was reviewed with no changes requested. It will be presented to the Board at the November meeting for their approval.
3. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 5027 through 5124, 5126, 5128 through 5173 void warrant 5026, direct payroll deposits numbers 9900613 through 9900614 and electronic fund wire transfer numbers 86 through 89 in the total amount of \$581,922.90 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.

The Board went into Executive Session as per RCW 42.30.100(1)(I), at 2:00 p.m. for twenty minutes for the purpose of discussing potential litigation. The Board returned to regular session at 2:20 p.m. and recessed until 2:32 p.m. The Board returned to Executive Session for the purpose of discussing potential litigation at 2:32 p.m. for ten minutes. The Board returned to regular session at 2:44 p.m. The Board directed Manager Friederichs to communicate to Kinross Gold Corporation the clarification of the current rate increase associated with the milling operations.

4. The Auditor's position was brought before the Board for discussion. Auditor Miller explained that his current contract is set to expire on April 1, 2010. He proposed that he continue to work full-time for a six month period from that date then work one-half time for another six month period. Manager Friederichs advised that he had spoken with Sue Nush who originally applied for the position when it was advertised and who is currently working part-time as a Customer Service Representative. Mrs. Nush has indicated that she is still interested in the Auditor position. The Board was in concurrence with the proposal. Manager Friederichs advised that Mrs. Nush will begin working with Auditor Miller in early November. Attorney Graham explained that the Utility can fill the position in-house unless there is a policy in place that states the Utility cannot fill from in-house without further advertising of a position. Manager Friederichs will proceed with the process and work with the Utility's Shop Steward, Mike Brown. Attorney Graham explained the need to update Mr. Miller's existing contract to reflect the recent modification. The Board expressed their thanks to Mr. Miller for bringing his expertise to the District.

Lobbying: None

With nothing further to come before the Board, the meeting was recessed at 3:03 p.m.

The meeting was reconvened at 5:00 p.m. by President Nathan Davis for the Revolving Loan Grant Fund Meeting. Present were Commissioners Nathan Davis, and Chris Kroupa and Doug Aubertin who both participated via telephone, Manager John Friederichs, Board members Steve Graham and Gail Kuehne.

Guests present were Nancy Morris with the Carousel Building, Kim Gillen with the Forget-me-not Animal Shelter, Henry Kuehne and Oliver Graham.

The Application for the Carousel Building project was reviewed with questions answered by Mrs. Morris. A motion was made by Gail Kuehne to approve the application for a grant in the amount of \$5,000. The motion was seconded by Commissioner Kroupa and approved with three members voting in favor and one abstention.

The Application for the Forget-me-not Animal Shelter was reviewed with questions answered by Ms. Gillen.. A motion was made by Steve Graham to allow a \$6,000.00 loan at 0% interest be made effective December 1, 2009. The motion was seconded by Gail Kuehne and approved with three members voting in favor and one abstention.

With no further business to come before the Board the meeting was adjourned at 6:30 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager