

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
October 20, 2008

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:05 a.m. Present were Commissioners Chris Kroupa and Nathan Davis, Manager John Friederichs, Attorney Steve Graham, Auditor Rory Miller, and Secretary/Treasurer Jayne Jurgensen. Commissioner Gregg Caudell joined the meeting at 9:20 a.m.

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

Public Comment Period: None.

Visitors: Doug Aubertin, Leslie Jones with TEDD, and Ken Hustad with B.P.A.

The minutes of the previous meeting were unanimously approved.

The meeting was turned to Ms. Jones, Executive Director of Tri-County Economic Development in Colville who provided her annual report for members. Progress has been made in the organizational system and the 2006 State Audit Findings have been resolved. Work is being accomplished on an overall marketing effort for the region, a revolving loan brochure has been completed and the website is being re-designed to be more user friendly. Have been able to provide more than one million dollars in loans throughout the year with funding still available. The regional transportation plan will be updated over the next several years with area transportation being a concern. New legislation requiring a reduction in vehicle mileage traveled by single occupancy vehicles will also be included. Another big issue facing the region is telecommunications. Existing studies and work completed by each county will be compiled to create a regional overview. Ms. Jones was thanked for her information.

The meeting was then turned to Mr. Ken Hustad with Bonneville Power Administration. Mr. Hustad provided an overview of B.P.A.'s current activities as well as an overview of B.P.A.'s Regional Dialogue Load Following Contract. Board questions regarding issues facing the District were answered throughout the presentation.

The meeting was opened at 10:00 a.m. for the purpose of a 2009 Budget Hearing and public comment. No visitors joined the meeting for this purpose. Auditor Miller advised that the Hearing had been advertised in two local newspapers and the Budget was added to the Utility's website. The Board briefly discussed the proposed budget with no changes made. Manager Friederichs reported that as of October 14 the Kinross substation at Buckhorn Mountain had used 360,731 kWh with an anticipated first billing of \$24,000. The Columbia River Carbonates September billing was just under \$2,000 with the production increasing 10 to 15 percent. At 10:15 a.m. the Budget Hearing was recessed until the November 17, 2008 Board Meeting. Written comments will be accepted until this time and will be included as part of the record.

A brief recess was called at 10:17 a.m. with the meeting reconvening at 10:24 a.m. Ms. Jones did not return to the meeting.

Mr. Hustad continued his presentation and discussion of the proposed contract. Commissioner Caudell asked that the minutes show that he is in support of signing the contract. He clarified that, except for the inability of the Utility to know the high water mark, which is a moot point, as the Utility has always been a load following utility, there is no reason not to sign. Tier 2 is a new condition but the contract will pretty much be business as usual. Our contract has always been take or pay and follows our load with no true-up required at the end of the year. He again stated that, if for some reason he isn't able to attend the next meeting, he does support signing the new contract by December.

The meeting recessed at 12:00 p.m. for lunch reconvening at 1:02 p.m. Mr. Hustad did not return to the meeting.

## Reports

The Attorney's Report was presented by Attorney Graham:

1. An update on the Okanogan resident/customer annexation was provided. The Board was urged to begin thinking about the redistricting if the annexation is approved by the voters. A public meeting would be required to discuss the changes in Commissioner boundaries. The changes in the boundaries are at the discretion of the Commissioners. They were reminded that it is important to preserve precinct boundaries if at all possible and to consider population, as determined by the most recent census, and to make the districts as equal as possible.
2. Has been working on a policy which will empower the Manager to enact the Fair Credit Reporting Act which is to assist creditors, including utilities, in developing rules to minimize identity theft. A fundamental change as a result of the policy will be the need for new customer to produce photo identification at the time they open an account unless they are known. Resolution 08-19 "A Resolution to Adopt Identity Theft Prevention Procedures" was unanimously adopted by a motion made by Commissioner Davis and seconded by Commissioner Caudell.

Commissioner Caudell questioned whether Manager Friederichs had reviewed the commitment made by B.P.A. to serve the Mt. Tolman complex. Manager Friederichs advised that he had reviewed the original document and explained that the new, proposed B.P.A. contract specifically deals with a committed but not served category which is the terminology used in the original document. B.P.A. will serve the site but the price at which it will be served is not covered in the new contract nor was it discussed in the original letter. Mr. Friederichs added that he has visited with retired Manager Ken Coyle on the matter as well.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 3517 through 3655, direct payroll deposits numbers 9900273 through 9900299 and wire transfer numbers 44, 47 and 49 in the total amount of \$767,009.52 were approved by a motion made by Commissioner Davis, seconded by Commissioner Caudell and unanimously carried. Commissioner Caudell questioned the need to keep a computer person on a retainer based on the excessive monthly payment. He stressed that such decisions were to be brought before the Board before implemented. The existing computer program was briefly discussed. It has proven to be a difficult software to work and is a clunky program. The accounting portion has been making calculations and changes without being asked to and the customer service portion is smoothing out yet still experiences unexpected problems. Users of both portions have had to develop work-arounds to arrive at their desired results. The computer hardware and security matters are maintained by the outside individual as the Utility has no computer specialist on staff. A brief discussion of the decision to lease rather than purchase an excavator was also held.

Commissioner Caudell advised that he was chagrined to learn that the Utility had used up its T-1 bandwidth. Auditor Miller advised that there is considerable use of the resources with some days very high and demanding. Manager Friederichs added that another portion of the matter is Verizon's microwave link that has been oversubscribed. The Utility is not nor has it ever been receiving a true T-1 line.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of October 10, 2008 were \$890,192.20 with restricted funds of \$1,356,694.50. There were twenty-one outages in the month of September for a year-to-date total of one hundred fifty-seven compared to one hundred eighteen for the same period in 2007. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. Work Orders 348 for the month ending April 30, 2008 in the amount of \$92,813.67 and number 349 for the month ending October 31, 2008 in the amount of \$61,214.12 were approved by a motion made by Commissioner Caudell, seconded by Commissioner Davis and unanimously carried.
3. Resolution 08-18 "A Resolution to Cancel Unclaimed Warrants" was adopted by a motion made by Commissioner Davis, seconded by Commissioner Caudell and unanimously carried.

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

1. Basin Tree Service has resumed work as of September 29. They will be working in the Curlew - Danville areas until November 6.
2. Todd Young is returning to work today with 40-hours of work to be completed along the 34.5 towards Curlew.
3. The last solar system in the District's inventory has been installed in the Boyds area off of Deadman

Creek. Specifications are being developed for replacement systems. The size of the system will be increased as the smaller ones are no longer of interest. The RUS Grant had allowed the Utility to purchase an inventory of systems which has now been exhausted.

4. The line to the Buckhorn Mine was completed on September 29.
5. The crew has completed seventeen line extensions since the September Board Meeting.

The Manager's Report was presented by John Friederichs:

Resolution 08-20 "A Resolution to Authorize a CERB Application for the Ferry/Okanogan Intertie Project" was presented to the Board for their consideration. The CERB proposal would request \$50,000 for an engineering study to tie Okanogan County P.U.D. and Ferry County P.U.D. together to allow for continuous electrical service in our District. Another benefit of this plan would be the ability to bring Internet fiber into the area which would create a true redundancy. Okanogan County P.U.D. has compiled the information on several occasions and are agreeable to helping with the project. B.P.A. Transmission folks will be visiting the District October 21 and the possible project will be discussed with them in hopes that they would be interested in providing financial assistance. One of their standards is maintaining their system to provide continuous power and they were surprised that our area would be without power when they had to have their outage for repairs to their system. A motion to adopt Resolution 08-20 was made by Commissioner Davis. The motion was seconded by Commissioner Caudell and unanimously carried.

Attorney Graham exited the meeting at 3:20 p.m.

Manager Friederichs took the opportunity to provide upcoming Utility newspaper advertisement information showing various heating fuel analyses to the Board.

Commissioner Caudell exited the meeting at 3:30 p.m. for the remainder of the meeting.

A brief recess was called at 3:30 p.m. with the meeting reconvening at 3:35 p.m.

Correspondence:

1. A thank-you note has been received from the North Country Writers for the sponsorship of their very successful conference.
2. A request for sponsorship has been received from Samaritan's Purse. After a brief discussion, the Board was in agreement that the Utility would be unable to provide support.
3. A request has been received from Rural Resources for help with the 2008-2009 conservation materials. B.P.A. will be contacted regarding the possibility of their assistance. No decision was made and will be brought to the November Board meeting.

Meetings:

1. The Annual WPUA Meeting will be held in Seattle December 3 through 5. A motion was made by Commissioner Davis to provide Utility funds for Commissioner-elect Aubertin and spouse to attend the Annual meeting in December 2008. The motion was seconded by Commissioner Kroupa and unanimously carried.
2. The annual luncheon with the Legislators has been scheduled for November 10 in Colville. A motion was made by Commissioner Kroupa to reimburse reasonable costs for Commissioner-elect Aubertin to attend the November 10 legislative luncheon in Colville. The motion was seconded by Commissioner Davis and unanimously carried.
3. B.P.A. Transmission representatives will visit the Utility on October 21.
4. A representative from Senator Murray's office will visit the Utility on October 22 from 1:30 p.m. to 2:30 p.m.

General Business:

1. The current billing for Columbia River Carbonates is \$1,810 with their previous billing \$1,298.
2. Requests have been received from individuals that have a generator and want to safely connect their generator and not backfeed into our system. Information has been gathered from other utilities and it was learned that they are using a device that mounts behind the meter, disconnects the main power when the generator is started and disconnects the generator when the main power is connected. The cost of the unit is \$650 with an estimated cost to install of \$70 for a total of \$720. The customer would be billed \$12 per month for a five-year period to cover the total cost. Manager Friederichs was asked to develop a complete proposal for the November Board meeting.
3. Former Auditor, Jennine Groth has filed for a judicial review of her case. No additional information has been provided to the Utility.

The Conservation Report was presented by Manager Friederichs.

1. No report as there has been minimal activity.

Commissioners:

Commissioner Davis:

1. Attended the TEDD meeting. Redundancy and broadband for Pend Oreille and Stevens counties has taken the forefront. Other commissioners are intent on the TEDD folks moving forward with the project.
2. Had the opportunity to visit with Todd Young and discuss the work he has been doing for the Utility. Mr. Young is very pleased with his equipment and hasn't had to replace or sharpen any teeth after working in some very harsh conditions.

Commissioner Kroupa:

1. Explained that there are two kinds of proposed carbon legislation. One being carbon tax and the other carbon cap and trade. A concern is that the state or federal government will create funds from the carbon taxes or carbon cap and trade that will get into the general funds. The lobbyists cautioned that the money be used on the carbon problem not put into the general fund. It is important to influence our legislators before it becomes legislation.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 4:27 p.m .

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

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President

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Vice-President

ATTEST:

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Secretary

APPROVED:

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Manager