

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
November 15, 2010

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:02 a.m. Present were Commissioners Davis, Chris Kroupa and Doug Aubertin, 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: None

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

The Board went into Executive Session at 9:04 a.m. as per RCW 42.30.110 Subsection 1, paragraph for fifteen minutes for the purpose of discussing potential litigation. The Board returned to regular session at 9:19 a.m.

Reports:

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

1. The Bamber Creek High Cost Line Extension has been completed. Two customers are now being qualified for the High Cost program which will result in two more line extensions.
2. The Swawilla Basin re-route application is still with BIA Realty for approval.
3. Replacing arms on the distribution circuit and re-sagging the transmission circuit for clearance on the West feeder of the Windsor Substation.
4. A coordination study has been completed on the over-current protective devices on the 345 circuit West. These changes will make the Howard Sub-station more reliable.
5. the Windsor Sub-station transformer change has yet to be accomplished.
6. The deficient air switch found at the Kroupa Sub-station will be replaced by a fully functional one from the San Poil Sub-station. This will result in the savings of between \$12,000 and \$15,000 for the cost of a new switch.
7. Two scheduled outages were completed. B.P.A. completed the planned repairs successfully. When the system was re-energized after the B.P.A. outage, a weak recloser was identified on the East feeder. Settings and coordination will be completed to correct the situation. The load was too great to allow the settings to work.
8. A car stuck one of the new sixty foot poles on the line going to the Buckhorn Mine. The pole was replaced as it was unsafe to leave in place. The driver of the vehicle was not injured. A billing will be prepared for the cost of repair.
9. An infrared scan of the sub-stations is being scheduled. Will also check the oil levels and for deficiencies in the pad mount transformers.

Attorney Graham questioned the process used when the Utility maintains a line for a customer such as Kinross. Mr. VanSlyke explained that for those customers who own the line and are not able to remove the trees, the Utility performs the maintenance and bills the customer accordingly.

Commissioner Davis inquired into the sound system project at the Fair Grounds. Mr. VanSlyke reported that the Utility set the pole and that the telephone company will complete the wiring.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request from the Republic Regional & Convention Bureau for a sponsorship was received. The Board concurred that the Utility would continue support in the amount of \$150.00.
2. The letter sent to TEDD Manager Leslie Jones accompanying the Utility's 2011 membership payment was read.

Meetings:

Commissioner Kroupa advised that he has yet to decide whether he will be attending the Annual WPUA meeting. Commissioner Aubertin advised that he will not be attending. Commissioner Davis and Manager Friederichs will both attend.

1. An Energy NW participants meeting will be held November 17 in Portland.

General Business:

1. The draft Internet Use Policy was brought before the Board for discussion. A resolution will be presented at the December meeting to put the Policy into effect.

Manager Friederichs reported that currently, when employees listen to Internet radio it adversely affects the amount of band width available resulting in PCS communication problems. Verizon has offered better band width. The Utility learned after the PCS upgrade, that more band width would be necessary to operate the system optimally. Unfortunately PCS did not share that information prior to the upgrade. Commissioner Davis questioned the costs associated with the PCS system. A very lengthy discussion of the issues encountered with the PCS system was held. The continued problems and the time and expense associated with Utility personnel dealing with the problems is a concern. The owner of PCS, Mr. Kim Ingerslev plans to visit the Utility for the December 20<sup>th</sup> Board Meeting. The possibility of moving to a different computer system is being considered. Other vendors will be contacted after the first of the year. The Board asked that Manager Friederichs prepare a letter for Mr. Ingerslev outlining the Utility's concerns / issues and allow him time to research the issues prior to his visit.

2. A Packwood report has been receiving indicating they are spending less than anticipated and are able to produce power at a lower price than expected.
3. The property of one of the High Energy Cost customers has been repossessed. The land owner has contacted the Utility and has advised that they will now become responsible for the monthly loan payments.
4. Attended the B.P.A. meeting in Spokane with Commissioner Kroupa and Auditor Nush. The meeting was very informative.

Resolution 10-14 "A Resolution Authorizing the Establishment of a Reserve Fund to be used for the Purchase of Transportation / Power Operating Equipment" was presented to the Board. A motion to adopted the Resolution was made by Commissioner Kroupa and seconded by Commissioner Aubertin with a discussion following. The Resolution was adopted by a unanimous vote. Commissioner Aubertin requested that an account be established to allow for a monthly transfer of monies to cover upcoming equipment purchases. The Board will discuss this process at a later date.

The Conservation Report was not presented.

The Attorney's Report was presented by Attorney Graham:

1. Revolving Loan customers Thomas and Lybarger have requested that the collateralized property that was offered for their loan be changed to a different parcel. Further research will be necessary.
2. An interesting news article relating to a utility's ability to forgive past due amounts and late fees was shared. The difference between writing off an account and forgiving a debt was explained.

A brief recess was called at 10:36 a.m. with the meeting reconvening at 10:45 a.m. Mr. VanSlyke did not return to the meeting.

Commissioners:

Commissioner Davis:

1. Did not attend the TEDD or WPUA meetings

Commissioner Aubertin:

1. Attended the Energy Northwest regular meeting as well as the Members Forum with an overview of both meetings presented.

Commissioner Kroupa:

1. Attended the NRU and PPC meetings with a overview of both meetings presented.
2. Attended the B.P.A. workshop in Spokane. Steve Wright's presentation proved to be informative but left unresolved questions. B.P.A. has advised that they are developing the rate increase the Utility may be faced with in October 2011. Auditor Nush presented a overview of what the various increases could mean to the District. Consumers should be encouraged to contact their Senators or Representatives regarding the increase. When BPA's ex parte process is in effect it will again be impossible to discuss the matter with our representatives. The pending need to share the information with large power customers was discussed.

The meeting recessed at 11:56 a.m. for lunch reconvening at 1:02 p.m.

A brief discussion of the PCS computer system as it relates to monthly billings and outstanding accounts was held.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of November 10, 2010 were \$818,564.05 with restricted funds of \$1,734,114.21. There were five outages in the month of October for a year-to-date total of one-hundred forty-eight compared to one hundred twenty-three for the same period in 2009. The Revolving Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.

2. Resolution 10-15 “A Resolution Authorizing Investment of P.U.D. No. 1 of Ferry County Monies in the Local Government Investment Pool” was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously approved.
3. The possibility of holding bond monies for those customers who have fraudulently obtained service from the Utility for longer than one year was presented to the Board with a discussion following. A motion was made by Commissioner Kroupa to hold bond money for those customers who fraudulently obtain electricity for five years and apply the money to the account at the end of the five year period only if they have paid their bill in full each month for the immediate prior twelve month period. The motion was seconded by Commissioner Davis and unanimously approved.

A recess was called at 2:43 p.m. with the meeting reconvening at 2:52 p.m.

The Auditor’s Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 6526, 6594, 6604 through 6710; direct payroll deposits numbers 9901022 through 991053 and Electronic Fund Transfer number 137 through 140 in the total amount of \$542,155.66 and warrant 4462 in the amount of \$11.39 which was cancelled as unclaimed property, 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. Resolution 10-11 “A Resolution Authorizing Adoption of Budget for 2011 was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and, with no discussion, unanimously approved

Lobbying: None

With nothing further to come before the Board, the meeting adjourned at 3:48 p.m.

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

\_\_\_\_\_  
President

ATTEST:

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Vice-President

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Secretary

APPROVED:

\_\_\_\_\_  
Manager