

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
November 16, 2009

The regular meeting of the Board of Commissioners was called to order by President Nathan Davis at 9:03 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 Davis.

Visitors: None

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

The Board briefly discussed the new digital projector with Auditor Miller. Cost was \$1,100 including tax and shipping.

Catherine Brown with Stonerose has rescheduled her visit with the Board to the December meeting.

The Board went into Executive Session as per RCW 42.30.100(1)(I), at 9:10 a.m. for fifteen minutes for the purpose of discussing pending and potential litigation. The Board returned to regular session at 9:25 a.m. to return to Executive Session for an additional ten minutes. The Board returned to regular session at 9:32 a.m. Manager Friederichs was directed to prepare a billing for the Kinross milling operation.

Reports:

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

1. Pole testing continues with the yearly target to be met.
2. The crew is current with all new line extensions. Danger trees are being removed and other maintenance work completed.
3. A current High Cost Energy program participant will be changing from a solar installation to conventional electrical power as soon as a Department of Natural Resources easement is obtained.
4. Osmose has completed the metal pole stubbing work.
5. The new service truck is still not available due to warranty repairs.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. An invitation to the annual Ferry County Cattlemen's Association dinner has been received.
2. A thank you note has been received from the Mr. Dick Beers, President of the Curlew Lake Association for the Utility's continued sponsorship of their project.
3. A thank you was received from Mrs. Nancy Morris for the Revolving Loan Grant committee's support of the geothermal project underway at the Merry-go-round building at the Fairgrounds.
4. A letter has been received from a young man requesting financial support for his Eagle Scout project which is kitchen cabinet construction at the Eagle Cliff Grange. After a brief discussion Attorney Graham advised that support of this project would not be appropriate for the Utility. Information was provided to several present at the meeting.

Meetings:

1. The November WPUDA meeting will be held the 18th through 20th in Olympia.
2. An Energy Northwest participants review has been scheduled for November 18 and 19.
3. The Annual WPUDA meeting has been scheduled for December 2 through 4 at the Great Wolf Lodge in Centralia. The Board, with the exception of Commissioner Kroupa, and Manager Friederichs will attend.

A brief recess was called at 9:52 a.m. with the meeting reconvening at 10:04 a.m.

General Business:

1. The 'System 36' computer system has finally failed. It is not known at this time whether the data can be recovered. The Utility is utilizing a company in the Seattle area for this process and Manager Friederichs will deliver the computer in early December. Customer data is still needed from the old system.
2. Packwood is considering refunding or restructuring the construction loans obtain to repair the mudslide damage. Because the Utility owns 1% share, our portion of the costs is \$11,590. After a lengthy discussion the Board concurred that the Utility would vote in favor of a three year payback option in concert with Energy Northwest as another option.
3. The WPUDA voting reform proposal was provided to Commissioners Davis and Aubertin in CD format. The Board briefly discussed the proposal.
4. No Revolving Loan/Grant meeting has been scheduled as no applications have been received. Attorney Graham will develop a zero percent interest loan agreement for the Forget-me-not Animal Shelter.
5. The final version of the Auditor's contract has been prepared. Final date for the agreement will be April 30, 2011. Auditor Miller was asked to consider continuing as a consultant after that date.

The Conservation report was presented by Manager Friederichs:

1. The possibility of the Utility utilizing the B.P.A. administration funds to support the WSU Energy Program is still under consideration. Mr. Graser has begun performing the heat loss audits. If the Utility funds were to be used for this program Mr. Graser would be able to complete the pre and post application inspection and also complete the applications for the rebate. This would also allow Mr. Forsman to concentrate on the engineering work to be accomplished.

The Attorney's Report was presented by Attorney Graham:

1. The Utility's Customer Service Policy Handbook, which had been tabled pending a Court of Appeals ruling, will now be reviewed.

Commissioners:

Commissioner Kroupa:

1. Attended the Energy Northwest Member's Forum.
2. Has learned that, although the Utility has been told several times over the past few months that it can rely on FEMA in the case of a disaster, this is not truly the case. FEMA has changed its claim qualification requirements and compensation for disasters and damage may not occur or be severely delayed. From this information it is imperative that the District have adequate funding in place to cover the costs of any system damage.
3. The possibility of Staking Engineer VanSlyke continuing his education to become a certified engineer was discussed. Manager Friederichs will follow-up with Mr. VanSlyke.
4. The 2012 hazard assessment was questioned with Manager Friederichs advising that Mr. VanSlyke has been working on the standard.

Commissioner Aubertin:

1. Attended the Energy Northwest Member's Forum. Highlights of the meeting were presented

Commissioner Davis:

1. Attended the Legislative Luncheon in Colville.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of October 10, 2009 were \$764,153.82 with restricted funds of \$1,567,536.09. There were eleven outages in the month of October for a year-to-date total of one-hundred twenty-three compared to one hundred sixty-eight for the same period in 2008. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.

Commissioner Kroupa asked that Auditor Miller develop scenarios to help the Board effectively utilize the B.P.A. Look-back monies. A lengthy discussion of the RUS debt followed.

The meeting recessed at 11:59 for lunch reconvening at 12:30 p.m.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 5125, 5127, 5174 through 5288 void warrant 2024, direct payroll deposits numbers 9900642 through 9900670 and electronic fund wire transfer numbers 90 through 93 in the total amount of \$422,673.28 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Aubertin and unanimously carried.

Attorney Graham returned to the meeting as 12:55 p.m.

2. The 2010 Budget was reviewed at length. Topics of discussion included: how the rate increase was reflected in the budget, Staff's responsibility to bring large purchases to the Board, the Board's responsibility in reviewing the monthly transactions and financial balances, lease of vehicles and equipment, truck #16, and the rebuild of Truck #22. Manager Friederichs was commended for finding the best and most economical solution to the Utility's needs. Resolution 09-06 "A Resolution Authorizing Adoption of Budget for 2010" was approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously approved.
3. The Financial and Statistical Report was reviewed by the Board.

Other Business: Manager Friederichs explained that Deputy Auditor Olson recently attended a CWPU meeting and learned that, if the pending health care program is approved by the Senate, the Utility's first three health insurance plans will be taxed at 40% and anyone with those plans would find the amount of each plan included as their income. Plan four would not meet the requirements and the Utility would be fined if used.

Commissioner Davis asked that an article be developed for newspaper publication explaining the B.P.A. High Watermark Year.

Lobbying: None

With nothing further to come before the Board, the meeting was recessed at 1:54 p.m.

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager