

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
November 21, 2011

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:06 a.m. Present were Commissioners Aubertin and Nathan Davis, and Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke; Attorney Steve Graham and Secretary/Treasurer Jayne Jurgensen. Commissioner Kroupa joined the meeting at 9:12 a.m.

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

Visitors: Bill Scott, Pete Remington, Chad Aubertin, Susie Allen and Larry Allen.

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

The meeting was turned to Mr. Scott who provided an overview of a hydro project he has been developing and he discussed a possible Revolving Loan with the Board. Mr. Scott was provided with a full Revolving Loan application to be returned before the next Board meeting.

Mr. Remington explained that he is working with local governmental entities concerning their complying with the "Coordination" requirement of the NEPA process, when dealing with federal and state agencies. He further detailed how he would be able to help the Utility and advised that he has arranged for a consultant to also provide his assistance. He advised that he will attend the December Board meeting to gather any concerns the Board may have and to move forward on the project.

Mr. Scott exited the meeting at 9:27 a.m.

Chad Aubertin, Susie Allen and Larry Allen entered the meeting at 9:32 a.m.

Mr. Remington continued his presentation. An informational CD and other pertinent information was presented to the Board. Mr. Remington was thanked for his time and he exited the meeting at 9:42 a.m.

Mr. Aubertin spoke with the Board regarding a potential Revolving Loan project in the Keller area. He is working to improve internet service and questioned how the Utility could participate in the costs of the project. There will be a need to have power installed at the Keller water tank for the installation of cell and radio antennas. Mr. VanSlyke suggested possible cost saving options for the project. A Revolving Loan application was provided. The group thanked the Board for their time and exited the meeting at 10:10 a.m.

The meeting recessed at 10:10 a.m. reconvening at 10:19 a.m.

Reports:

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

1. Substation maintenance issues have been identified in the Howard (Wauconda) and Kuehne (Keller) Substations. The dissolved gas testing has identified an acetylene gas build up in three of the transformers. Price estimates have been obtained to have the transformers repaired.
2. The first occurrence of substation vandalism has occurred at the old San Poil Mill substation. All materials have now been removed.
3. The Heron Creek Substation area has now been reseeded and the restoration is complete.

The Board discussed recommendations from the previous Superintendent to increase the number of substations. Mr. VanSlyke reported that the District has been losing load over the past five or six years and the substations are operating at approximately 50%. The system allows for adequate capacity with the lack of redundancy still a concern. It would not be necessary to add another substation even if the load were to double. The outages necessary for the substation transformer maintenance were discussed. No specific dates or times have been determined. The customers in the two areas will be impacted as little as possible.

4. The crew's focus for the winter season will be tree trimming along the west circuit to Bonaparte and Lost Lakes.
5. Underground new construction continues.
6. Pole testing has been completed for the year. Mr. Odegard has begun patrol of lines in the rural areas to identify system defects for the preventive maintenance program.
7. Uploading of mapping and GIS data has begun for the computer upgrade to the Futura system. Training has been scheduled for December 12. The engineering server is scheduled to arrive shortly.
8. During the system-wide meter reading program meter data was collected for the billing department and mapping corrections were also identified. Based on the corrections there will be a considerable amount of data input to be accomplished. The Board was thanked for the decision to move to a different computer system that will allow the billing and engineering programs to work together.
9. The direction to be taken at the conclusion of the temporary engineering position was presented to the Board for discussion. With a lengthy discussion following, the Board was in agreement that the Manager would confirm with IBEW Local 77 their requirements and could then advertise to fill a new engineering data input position with a two year work project limit.

Mr. VanSlyke thanked the Board for their time and exited the meeting at 10:55 a.m.

The Attorney's Report was presented by Attorney Graham:

1. The Spokane Court of Appeals found in favor of the P.U.D. in the Steinbock case. Has drafted a motion to have the determination published. This will make the decisions available for other utilities to use when confronted with similar situations.
2. Will attend the WPUA Attorneys meeting scheduled for December 8 and 9. Of specific interest is a special presentation regarding pole attachments and Frontier Communication's decision not to pay utilities as they have been billed.

The Conservation Report was presented by Manager Friederichs:

1. Have yet to receive B.P.A.'s final conservation program direction for post fiscal year 2012. At this time, any project which has been started will be completed with no new projects implemented. Some small utilities are pooling funds and conservation efforts in order to serve their customers. This Utility has yet to move in that direction. The possibility of encouraging more smaller hydro generation was discussed.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A request has been received from the Republic Regional Visitor and Convention Bureau to again renew membership at the amount of \$100 per year. The Board was in concurrence.

Meetings:

1. A meeting announcement for the Ferry County Chamber of Commerce has been received. The meeting has been scheduled for November 29 and will be held at the Curlew Medical Clinic.
2. The annual PPC meeting will be held December 8 at the Portland Sheraton. Commissioner Kroupa will not attend.
3. The annual WPUA meeting will be held November 30, December 1 and December 2 in Pasco. All Commissioners as well as Manager Friederichs will attend.

General Business:

1. PCS computer system issues continue with the most recent being their estimate of the number of hours to prepare the required conversion data and the associated costs. Upon contacting a utility that has made the conversion away from PCS, it was learned that the documentation can be developed quite quickly and would be of minimal expense not the estimated \$8,900. Have consulted with Attorney Graham regarding the issue. Again, the benefits of having the computer data stored in-house has been proven.
2. The Utility's B.P.A. power billing for the month of October increased 11% from October 2010. There was \$9,391 assessed as excess demand charges per the new billing process. A discussion of what the future may hold for the Utility followed.

The meeting recessed at 12:03 p.m. for lunch reconvening at 1:04p.m.

Manager Friederichs continued his report:

3. Additional information was presented on a recent B.P.A. conference call pertaining to their strategic capital or how they can develop money to meet their needs. The Board discussed at length potential issues the Utility may be facing.

Commissioners:

Commissioner Kroupa:

1. Attended the NRU and PPC meetings. The primary focus of both meetings was B.P.A.'s energy efficiency and their borrowing authority limits.

Commissioner Davis:

1. Spent a day working with pole tester Odegard and photos of the work process were presented. Manager Friederichs advised that the pole testing program is on-going and it takes ten years to test the entire system. A cost analysis was completed before bringing the program in-house and since the work is no longer contracted the District is seeing at least four times more poles tested at one-half of the cost. An average of 1,700 poles are tested during the season. Mr. Odegard also identifies system issues when he is in the field.
2. Has been looking into the Granite Creek Hydro project again. Will schedule a meeting with the City Council to discuss the possible project. Property ownership was discussed and additional information is needed in this regard.

Commissioner Aubertin:

1. Attended an Energy Northwest meeting with an overview of the topics presented.

A brief recess was called at 2:49 p.m. with the meeting reconvening at 3:02 p.m.

Auditor Nush brought the possibility of new primary industrial or commercial large power customers before the Board for discussion. Existing large power customers have separate demand charges for that demand usage up to 105% of their peak demand and a rate for that usage over 105% of their peak demand. The Board discussed possible variations at length. All were in agreement that, until a new large power customer has been with the Utility for a full year and can establish their peak demand, they will be billed at the lower demand charge.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of November 10, 2011 were \$1,368,689.98 with restricted funds of \$1,206,472.64. There were six outages in the month of October for a year-to-date total of one hundred six compared to one hundred forty eight for the same period in 2010. The Revolving

- 2. Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed. Resolution 11-12 "A Resolution to Correct Write-off of Uncollectible Accounts" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
- 3. A High-Cost Loan customer was discussed with the Board and Attorney Graham
- 4. Work Orders Number 366 in the amount of \$45,402.30 and Number 367 in the amount of \$29,761.92 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.

The Auditor's Report was presented by Sue Nush:

- 1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7886 through 7991 direct payroll deposits numbers 9901395 through 9901426, Electronic Fund Transfer number 180 through 182 in the total amount of \$681,339.07 and voided warrant number 7953 in the amount of \$7749.01 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
- 2. The Utility received the B.P.A. Conservation payment in the amount of \$228,417.74 for the Kinross Mill project. A payment to them in the amount of \$192,290.25 has been issued. The balance is to remain with the District for overhead expenses.
- 3. The 2012 Budget was briefly discussed. Resolution 11-11 "A Resolution Authorizing Adoption of Budget for 2012" was adopted by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.

Other Business: Commissioner Kroupa reported that he was able to visit with former District Auditor Rory Miller on his return from the NRU and PPC meetings in Portland.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 4:35 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