

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY
REGULAR MEETING OF COMMISSIONERS
December 15, 2008

The regular meeting of the Board of Commissioners was called to order by President Chris Kroupa at 9:04 a.m. Present were Commissioners Chris Kroupa and Nathan Davis, Manager John Friederichs, Auditor Rory Miller, and Secretary/Treasurer Jayne Jurgensen. Attorney Steve Graham joined the meeting at 9:06 a.m. with Commissioner Caudell joining the meeting at 9:15 a.m.

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

Public Comment Period: None.

Visitors: Sam Jenkins and Bobbi Weller.

The minutes of the previous meeting were approved.

The meeting was turned to Mr. Jenkins. Mr. Jenkins explained that he was the Ferry County Amateur Radio Emergency Services (ARES) coordinator and had also been appointed Radio Amateur Communications Emergency Service (RACES) Coordinator by Sheriff Warner. He explained that the area amateur radio operators previously had a repeater installed in the P.U.D.'s radio building on Klondike Mountain. This repeater has ceased to be operational and the group has been reorganized and are in need of a repeater at this location again. The Board was asked to allow the group to reinstall a repeater and radio antennae in the previous locations and to provide a letter granting such permission. Retired Manager Weller interjected that, if the group were to install a repeater inside the P.U.D.'s radio building it would be necessary to have a contract in place for such and the normal yearly fee is \$150. It was questioned whether the group could be included with the Ferry County agreement. Due to the lack of sufficient information to make a determination, the matter was tabled until the January meeting. Mr. Jenkins advised that he was in need of a letter immediately indicating that the Utility was in agreement that the radio group could again use the radio building and install an antennae. Further discussion followed with Attorney Graham recommending that the Board delegate the matter to the sound discretion of the Manager. The Board was in concurrence with this recommendation. Mr. Jenkins thanked the Board for their time and he exited the meeting at 9:35 a.m.

Bobbi Weller advised that she was in attendance for the purpose of the 10:00 a.m. public hearing on the Commissioner Boundaries.

Reports:

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

1. All contracts have been completed for the year.
2. The work accomplished on Lambert Creek qualified for the Department of Natural Resources fuels reduction program. The appropriate documentation has been completed and the work will generate \$2,900 for the DNR.
3. The pole testing work has been completed for the year.
4. The crew has completed and energized two long line extensions on the Wauconda Summit.
5. The crew will begin pole and arm replacement work.
6. The crew has begun inventory of all meters and transformers in order that the computer system may be updated.
7. An outage occurred late Friday night in the Curlew Kai area. A faulty lightning arrester was the cause and was quickly repaired.

Commissioners:

Commissioner Caudell:

1. No report. Was visiting family in North Dakota.

Commissioner Davis:

1. Attended the Annual WPUA meeting. Found the speakers very informative.

Commissioner Kroupa:

1. Also attended the Annual WPUA meeting. Expects either Federal or State legislation on the carbon issues. Steve Wright with B.P.A. spoke regarding the completion of the new 20-year contract

process. He is still desirous of obtaining the ability to pay the B.P.A. debt to the Treasury early. Senator Murray also spoke and explained how she had stopped the B.P.A. early debt payment. It is hoped that this decision will not be taken lightly and will come before the P.U.D. community.

Commissioner Caudell inquired whether Retire Manager Weller had been in attendance to receive the WPUDA Heritage Lifetime Award. She indicated that she had been able to attend and was pleased to receive the honor.

The Conservation report was presented by Manager Friederichs:

1. There is the possibility that the Utility will be partnering with the WSU Extension Office and possibly Rural Resources. WSU Extension Agent Dan Fagerlie is developing a project that will allow for the purchase of an infrared imaging camera to be used to detect heat loss in residences. The program would allow for consumer energy audits, training and the purchase of a camera which would become and remain the property of the Utility. Employees of both the Utility and the Conservation Office would be trained in performing energy audits. Rural Resources would become involved by correcting the issues found during the energy audits. It would also be possible for the Utility to survey its substations and transformers as is currently being accomplished by ~~S.D. Meyers~~ Pyro-Scan. This would allow for a cost savings to the Utility.

The meeting was opened at 10:00 a.m. for a public hearing for the purpose of discussing proposed Commissioner District Boundaries. Mr. and Mrs. Frank Rounds, Jr. joined the meeting at 10:05 a.m. A discussion followed regarding the splitting of voter precincts and how this had been allowed, how the precinct names were to be changed and the proposed changes to P.U.D. Commissioner Districts Numbers 1 and 2. Attorney Graham advised that the Okanogan County Auditor has the ability to determine which voters are within the annexed portion of Okanogan County and that none of the voter precincts will be renamed due to the annexation. The meeting was recessed at 10:17 a.m. reconvening at 10:28 a.m. Copies of proposed Resolution 08-23, a summary of the proposed District changes and a precinct map were provided to those present. A discussion followed regarding the material presented. Resolution 08-23 "A Resolution to Change Commissioner District Boundaries" was adopted by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously approved. A lengthy discussion followed regarding the legal description associated with the annexation and voting precincts. Commissioner Caudell advised that, when Manager Weller was Manager, it was very difficult for her to learn what had taken place during meetings as the minutes were not kept adequately. He stressed the need for thorough, accurate minutes. Resolution 08-23 was then amended with the help of Retired Manager Weller. The Public Hearing was closed at 11:10 a.m. Mr. and Mrs. Rounds thanked the Board for their time and exited the meeting.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A thank you has been received from the City of Republic for the Utility's help in putting the Christmas lights up again.
2. A request for sponsorship of the Republic Regional Visitor and Convention Bureau has been received. Commissioner Caudell proposed that the group apply to the Revolving Loan Fund for a grant. Attorney Graham advised that generally non-profit organizations are not a governmental entity and would not qualify to receive a grant. He further explained that the County does have specific funds generated from the hotel/motel tax. Such funds are specifically designated for the purpose of promoting tourism in the County. A motion was made by Commissioner Kroupa to again sponsor the Republic Regional Visitor and Convention Bureau in the amount of \$150 with the Utility to be listed on their website. The motion was seconded by Commissioner Davis and unanimously carried.
3. A thank you has been received from Mr. Ken Hustad for the District's signing of the 20-year contract.
4. A copy of the completed Cluster Analysis has been received from TEDD. The report identifies existing clusters of businesses in Ferry County and explains how to promote them, their current interaction and how to improve that as well.

Meetings:

1. 2009 WPUDA schedule provided to the Board. Commissioner Davis will be attending the January WPUDA meeting in Olympia. Commissioner Kroupa advised that he will also be attending a PPC meeting in January.

General Business:

1. An Official Statement of Canvass has been received from the Okanogan County Auditor. One hundred sixty one votes were cast with one hundred twenty-three in favor of the annexation and thirty-eight against. The billing for the cost of the vote has yet to be received.
2. Information has been received from B.P.A. advising that an error was made in the residential exchange repayment and true-up calculations. The Utility will be assessed \$893 on the next Power bill. The error occurred on all of the calculations for all utilities.
3. Was contacted by consumer Terry Bryant regarding the damage to one of his water wells. Mr. Bryant was to have met with the Board to discuss the matter. On November 14, 2008 Mr. Bryant signed a Federated Insurance Company provided property damage release / waiver of liability releasing the Utility from any future liability. At the time he signed the waiver, he indicated that the value of his property had been diminished due to the accident and asked for compensation to cover his loss. Upon further research, Federated Insurance has paid Mr. Bryant \$2,286.45 against his initial claim and the case has been closed. The insurance company has indicated that they can re-open the claim at any time and that Mr. Bryant must prove his claim of diminished property value.

Retired Manager Weller interjected that at the time of the incident, Mr. Bryant demanded that all three of his water wells be tested. Federated Insurance would cover the testing of only the well that was damaged. Mr. Bryant refused this offer and offered to not sue the Utility if power would be put in to another piece of his property. The Utility declined his offer to provide him with a line extension.

4. An upgrade to the current PCS cashiering and billing portions of the system is available. PCS has provided an estimate of \$6,000 for the cost of training. They will provide an on-line demonstration to allow the Utility to determine if the upgrade will be beneficial. An unanswered concern is whether the specific "fixes" made to our current program will remain in place if the upgrade is made.

Manager Friederichs presented an Award of Recognition to out-going Commissioner Gregg Caudell. Commissioner Caudell was thanked for his time with the Utility and wished the best in his future endeavors.

The Attorney's Report was presented by Attorney Graham:

1. Nothing to report.

The meeting recessed at 11:47 for lunch reconvening at 1:00 p.m. Commissioner Caudell did not return to the meeting for the balance of the day.

The Auditor's Report was presented by Rory Miller:

1. The voucher listing was reviewed with the Board and questions answered. The listing was brought current as omissions had been made due to imperfections in the report writing program. Warrants Numbers 3774 through 3903, direct payroll deposits numbers 9900328 through 9900354 and wire transfer numbers 45, 46, 52 and 53 in the total amount of \$473,445.41 were approved by a motion made by Commissioner Kroupa, seconded by Commissioner Davis and unanimously carried.
2. The Financial and Statistical Report was presented. As of November 30, 2008, the Utility is approximately \$251,000 over budget.
3. Recommended that the anticipated surplus monies be prioritized by staff to be presented to the Board. Possible needs already identified include continuation of the High Cost Line Extension Program, paying down a portion of the RUS debt, conservation program expansion, and reinvesting to build reserves.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of December 10, 2008 were \$962,982.57 with restricted funds of \$1,342,846.89. There were six outages in the month of November for a year-to-date total of one hundred seventy-four compared to one hundred thirty-three for the same period in 2007. The Revolving Loan/Grant Fund and the High Cost Grant repayment reports were reviewed.
2. Delinquent accounts in both the Revolving Loan and High Cost Grant programs were discussed. Attorney Graham advised that the Board wait on all instances. The High Cost program participants signed a mortgage which will allow the Utility to collect the outstanding debt at the time the property is sold. Manager Friederichs will visit with the loan holders under the Revolving Loan Program.

Lobbying: None

Manager Friederichs proposed a change in the Length of Service Award Program. An analysis has been completed on the cost of the traditional pins presented for 5, 10, 15, 20 and 25 years of employment with the Utility. He proposed a more meaningful award such as a cup with the Utility logo, a certificate and a gift certificate for an appropriate dollar value. Once each year, in January, the awards for the previous year will be presented at an Employee Recognition Dinner held for all employees, spouses and children. It is acceptable for the Utility to cover the cost of each employees meal with the employees to be responsible for their spouse and children. The Board concurred with Manager Friederichs. Auditor Miller cautioned that the only one member of the Board, or none of the Board could attend due to the Public Meetings Act. Attorney Graham advised that the Board could all attend so long as they refrained from discussing business with one another.

Commissioner Kroupa advised that he would be interested in a billing survey to learn how the consumers view the Utility and an employee survey to help detect unrest or dissatisfaction.

With nothing further to come before the Board, the meeting was adjourned at 2:35 p.m .

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

President

ATTEST:

Vice-President

Secretary

APPROVED:

Manager