

PUBLIC UTILITY DISTRICT NO. 1 OF FERRY COUNTY  
REGULAR MEETING OF COMMISSIONERS  
December 19, 2011

The regular meeting of the Board of Commissioners was called to order by President Doug Aubertin at 9:01 a.m. Present were Commissioners Aubertin and Nathan Davis, and Manager John Friederichs, Auditor Sue Nush, Engineer/Superintendent Steve VanSlyke; Attorney Steve Graham who entered the meeting at 9:03 a.m. and Secretary/Treasurer Jayne Jurgensen.

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

Visitors: Pete Remington

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

Mr. Remington spoke with the Board at length regarding the "Coordination" requirement of the NEPA process. He encouraged the Board to move forward with the process by contacting the consultant he has been in contact with. The Board advised that they would consider the recommendations and Mr. Remington was thanked for his time and he exited the meeting at 9:21 a.m.

The Board spoke regarding information Manager Friederichs provided them pertaining to B.P.A. contract demand quantities (CDQ) information.

The Board inquired as to Attorney Graham's opinion of the "Coordination" process. Attorney Graham advised that the Utility projects do not fall under NEPA governance. He further advised against contacting the outside consultant/attorney as this could result in unnecessary expenditures for the Utility. All were in agreement that B.P.A. does contact the Utility regarding any of their upcoming changes well in advance of any actual change. Attorney Graham added that he has not researched the Utility's authority in relation to the "Coordination" process and does know that counties and cities have different authorities.

Reports:

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

1. The substation maintenance issues in the Keller and Wauconda substations have yet to be fully resolved. An outage will be taken in the Keller area in July due to the length of time needed for repairs. At this time the outage is planned for the day following the B.P.A. outage. Additional testing of the Howard (Wauconda) substation transformers have found them to be not repairable. Options are being explored to correct the matter. The Windsor Substation (Republic) is feeding the Wauconda area.
2. SEDC/Futura computer training has been held for the mapping conversion. The trainer was very knowledgeable and easy to work with.
3. Ed and Glenna Forsman are the proud parents of a new baby girl. Ed was able to be at home for her first week in the family.
4. The crew is replacing poles on Toroda Creek and Bunch Road. When this project is completed work will begin on Kuehne Road. There will be two projects in the Swawilla Basin are for the rerouting of existing lines.
5. Planning is in progress for two possible high energy cost projects.
6. A metering problem was identified at the old Hitch n'Post building. The meter then in place was slowing and a new correct style meter has now been installed. The service will be monitored for a few months for accuracy. Auditor Nush added that the meter that was replaced had been slowing for quite some time with very low billings provided to the customer.
7. One of the journeyman linemen is enrolled in a metering correspondence course which will bring much needed knowledge to the District. The third party metering audits will continue but all meters are not inspected when this work is completed.
8. A number of employment applications were received in response to the advertisement for the engineering aid position. Review has begun with three individuals having actual GIS experience. The review process will continue.

Commissioner Kroupa questioned how to have energy audits completed on several of the fire stations in his District. A discussion followed with Mr. VanSlyke will contact Jerry Graser at the County Extension Office.

Mr. VanSlyke thanked the Board for their time and exited the meeting at 10:08 a.m.

A recess was called at 10:09 a.m. reconvening at 10:22 a.m.

The Attorney's Report was presented by Attorney Graham:

1. Attended the Washington Society of Municipal and P.U.D. lawyers meeting and found it to be very informative. Information relative to the Utility was presented. i.e., public records requests and pole contact billings.

A recent request for public records received electronically was discussed.

An outstanding pole contact billing was discussed at length. The beneficial effects of the Pacific County lawsuit on our Utility were also discussed.

The Board went into Executive Session as per RCW 42.30.100(1)(I) to discuss potential litigation for twenty minutes beginning at 10:43 a.m., returning to Regular Session at 11:05 a.m.

Auditor Nush presented current billing costs for pole attachments. Two attachments are billed at \$18.90 each and three are billed at \$13.10 per attachment. A detailed annual calculation is now used to determine the costs. The amounts billed have been increased due to Legislative direction. Attorney Graham advised that the Utility wait to see what comes from the lawsuit decision before taking further action to collect the unpaid monies.

The Manager's Report was presented by John Friederichs:

Correspondence:

1. A note has been received from Ms. Burnett, Republic TEDD, advising that the office will be closing.
2. Information has been received regarding B.P.A.'s over billing of Energy Northwest for such things as the 9-Canyon and Packwood projects. B.P.A. has agreed that the billings were in error.
3. Information regarding Grays Harbor P.U.D.s' SWOT (Strengths, Weakness and Other Opportunities) program for telecom options for utilities is available.

Meetings:

1. Attended the Annual WPUA Meeting. The January meeting will be held on the 11<sup>th</sup> and 12<sup>th</sup>.

Commissioner Kroupa inquired as to the schedules for the 2012 NRU & PPC meetings. Manager Friederichs will provide as soon as available.

General Business:

1. The job advertisement for the Engineering Aid position has been posted with the final date being December 16. A number of applications were received and Superintendent/Engineer Steve VanSlyke has begun the review. It was explained that Mr. Masingale's contract will come to an end on December 31 and the duties he is performing are unfinished and, with the change to the new computer system, very important. His computer skills are enabling Mr. VanSlyke to devote more time to field work with the Crew. The Board discussed at length the need to establish another permanent position, the Union's position on the matter and salary range. No decision was made at this time.

The meeting recessed at 12:03 p.m. for lunch, reconvening at 1:08 p.m.

Manager Friederichs continued his report:

2. The discussion of the Engineering Aid position was continued with no decision made at this time. The SEDC billing conversion to meet the March 1 date may be delayed as PCS has failed to provide the necessary files. Mr. Bonney is working the PCS to obtain the data. Manager Friederichs has visited with Mr. Ingerslev and he has been assured that PCS will do nothing to cause any delay or increased expenses. An issue has been identified with the pricing proposal and what the Utility will actually be receiving in the Futura portion of the upgrade. The pricing was believed to include all of the programs necessary to integrate Future with the SEDC billing program and it has now been learned that this is not the case. Work continues with the sales representative and the Utility to resolve the issue.
3. B.P.A. billings continue to be monitored closely. It still isn't possible to see what the impact of their new billing process will have on the District. There is the possibility that the Utility's B.P.A. Account Representative, Ken Hustad, can visit the February Board meeting.

The Conservation Report was presented by Manager Friederichs:

1. B.P.A.'s new computer program is not working as anticipated and conservation data input is not possible at the present. Conservation Tech., Ed Forsman, is working the B.P.A. on the issues.

Commissioners:

Commissioner Davis:

1. Provided printed material to fellow Board members regarding the proposed Granite Creek Hydro Project. Commissioner Davis has met with City Council regarding the project and has spoken with the adjacent landowner as well. He has yet to schedule a meeting with the Ferry County Commissioners. TEDD has been contacted regarding possible financing for the City. Additional information is still needed before the project can move forward. The Board was in concurrence that Commissioner Davis should continue with the project.
2. Attended a TEDD meeting. The financing for the organization have decreased dramatically and the exact future is uncertain. The railway abandonment in eastern Ferry County has been curtailed. TEDD was involved with the new Republic Visitor's center which has been located in Paterson Park. Kinross mine provided a significant portion of the funds for the project. The Republic PDA has been able to lease their Torboy Industrial Park to ACI Trucking for a five year period. The TEDD planner position for the Colville office has been advertised. The business specialist position has not been advertised pending financing.

Commissioner Aubertin:

1. Attended the Annual WPUA meeting.

Commissioner Kroupa:

1. Attended the Annual WPUA meeting.

The Treasurer's Report was presented by Jayne Jurgensen:

1. Operating Funds available as of December 10, 2011 were \$1,224,519.40 with restricted funds of \$1,324,527.87. There were seven outages in the month of November for a year-to-date total of one hundred thirteen compared to one hundred fifty four for the same period in 2010. The Revolving

- Loan/Grant Fund and the High Energy Cost Loan repayment reports were reviewed.
2. A High Energy Cost customer was discussed. The couple has divorced and the individual residing on the property has requested that the other person's name be removed from the contract documents. Attorney Graham advised that the contract documents should remain in both names as this assures the Utility a better opportunity to receive payments.
  3. The Annual Awards Dinner has been scheduled for January 23 beginning at 6:00 p.m. at the Carousel Building.

The meeting recessed at 2:30 p.m. reconvening at 2:39 p.m. with Mr. William Scott joining the meeting.

The Auditor's Report was presented by Sue Nush:

1. The voucher listing was reviewed with the Board and questions answered. Warrants Numbers 7992 through 8098 direct payroll deposits numbers 9901427 through 9901458, Electronic Fund Transfer number 183 through 185 in the total amount of \$692,899.22 and voided warrant number 8059 in the amount of \$79,369 were approved by a motion made by Commissioner Davis, seconded by Commissioner Kroupa and unanimously carried.
2. It is anticipated that the 2011 Budget will close at approximately 107% for expenditures with revenues at 99% as of November 30, 2011.
3. The State Financial Audit has yet to be finalized. It is anticipated that suggestions will be made to smooth the budgeting process. The Auditors have advised that there were no major issues identified. Commissioner Aubertin advised that he would like the Utility to obtain the name of the individual who filed the complaint.

Mrs. Gail Kuehne entered the meeting at 2:57 p.m.

The Board again discussed the advertised Engineering Aid position. Manager Friederichs was directed to contact Mr. Steve Hendrickson, IBEW Local #77 Representative to present the Board's wishes.

The meeting recessed at 3:11 p.m. reconvening at 3:39 p.m. for the purpose of the Revolving Loan/Grant Meeting.

Those present were Commissioners Aubertin, Kroupa, and Davis, Board members Steve Graham and Gail Kuehne, and Manager John Friederichs. Board Secretary Jayne Jurgensen acted as scribe.

Mr. Scott presented his proposal to the Board for the manufacture of small hydro generators. The proposal was discussed at length with questions asked and answered. Additional information regarding the ability to actually use/permit the turbines by private individuals was requested. A motion was made by Commissioner Aubertin to set aside \$75,000 for Mr. Bill Scott reserving said funds for him alone. Discussion continued with Mr. Scott exiting the meeting at 5:03 p.m. The Board continued to discuss the proposal with Commissioner Aubertin amending his motion to state that the Utility will hold \$75,000 for a forty-five day period for Mr. Scott. The motion was seconded by Mrs. Kuehne and unanimously carried.

Board President Aubertin asked Manager Friederichs to contact Mr. Scott to discuss the additional questions and possibly assist in obtaining the necessary information.

Lobbying: None

With nothing further to come before the Board, the meeting was adjourned at 5:10 p.m.

A Special Meeting was called for the purpose of a Revolving Loan/Grant Meeting on Friday, January 6, 2012 beginning at 3:00 p.m.

Those present were Commissioners Aubertin, Kroupa and Davis, Board members Steve Graham and Gail Kuehne and Manager Friederichs. ~~Mr. Miller participated in the meeting via telephone.~~ ***Not present***

Mr. Bill Scott was also present to discuss his loan proposal.

The Revolving Loan Board voted to approve Mr. Scott's request for a loan in the amount of \$75,000 to be repaid over ten years. ***All but Board Member, Mr. Graham, voted in favor of the loan.***

***With nothing further to come before the Board, the meeting adjourned at 4:30 p.m.***

***Italicized notations are corrections made at 01/16/12 Board Meeting.***

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