

**WORKSHOP NOTES
OF KITTITAS COUNTY PUD #1
November 29, 2011**

A workshop was held at 10:00 AM of November 29, 2011.

Present at the Workshop were:

John Hanson, President
Paul Rogers, Vice President
Roger Sparks, Secretary
Chuck Ward, General Manager
Brian Vosburgh, Operations Manager
Matt Boast, Engineering Manager
Mary Clark, Taking Minutes

Purpose of Workshop:

Discussion was held on the following items:

Board Packet Information:

Commissioner Hanson stated he did not think they could read all the documentation handed out by the General Manager before the 1:00 PM meeting. The General Manager reported that he had worked most of his time off before, during, and after the Thanksgiving Holidays to prepare the Board Packet and the information delivered. The General Manager also stated that Genine, the company CPA, had also worked over the holidays to prepare the information. Genine was out of town during the meeting and was not in attendance.

Preliminary Budget Draft:

Staff presented a preliminary budget to the Board of Commissioners for consideration. Commissioner Sparks asked if the budget reports included the 8.15% rate increase. The General Manager stated the rate increase was included and built into the reports. Commissioner Rogers found the note the rate increase was included on one of the reports.

Commissioner Sparks stated that the reports included the wages.

The General Manager proposed 1 or 2 workshops in December when Genine could be present before the December 2011 Board Meeting. Commissioner Rogers stated he had Jury Duty December 6-13, 2011. It was decided by all that the Board would have a Special Board Meeting on December 14, 2011.

Commissioner Rogers brought up the topic of the Bond Funds and Work Orders. He noted the Work Orders were not closed out but the money was spent. The Bonds were sold in late 2009. Construction projects are paid from the General Fund. Projects need to

be capitalized on the budget sheets. Commissioner Rogers stated projects were paid from the General Fund and were not transferred.

Commissioner Sparks stated that Genine had stated the PUD would have approximately \$200,000 cash shortfall for this year.

Commissioner Hanson stated that anything that can be done with a paper change, he thinks should be done.

Commissioner Rogers doesn't want to transfer money from the Construction Fund. He stated it should not have been booked.

Commissioner Sparks asked if the PUD was complying with Federal Law. The PUD needs to be lawful for the audit. "Cash does not lie; it flows in and flows out." If we are going to fully fund, we need to draw from our reserves or cut or borrow.

The General Manager agreed and proposed to cut the budget. He stated currently the budget as presented is not yet balanced. He stated that overhead is charged to all open work orders and that not closing the work orders distorts the inventory. The work orders yet to be closed take money out of the construction fund. The General Manager said he spoke with Alan Dashen about this issue and Mr. Dashen said he was concerned but it was fixable. The PUD can put cash back in. Mr. Dashen said the PUD does not need to pay for past projects from the Bond sale.

It was noted that the former Finance Manager made an even \$500,000 transfer in December 2010 on the General Ledger. It was also noted that this was just found last week and apparently there is no paper trail of this transaction.

Commissioner Sparks stated that the General Manager was not aware of the transfer.

The General Manager confirmed he was not made aware of the transfer.

Commissioner Rogers stated to not transfer the current Bond Funds.

The General Manager stated the PUD may have to dip into the reserves to cover the \$500,000.

Commissioner Rogers stated it does not matter, the money is all here.

Commissioner Rogers asked what is needed to balance the budget.

Commissioner Sparks said the PUD could borrow.

Matt asked if the cash as presented includes the reserves and Commissioner Sparks said yes.

Commissioner Rogers stated the PUD does not need to break the covenants of the current bond sale.

The General Manager stated Mr. Dashen said the PUD may have misused funds.

Commissioner Sparks said we have \$5.9 million including reserves but cash is still short to complete the next year.

Commissioner Hanson stated the Operating budget is up and the operating revenue is also up. He stated there is a proposed budget of \$300,000 - \$400,000 in operating revenue. Where did it come from? He stated we can reduce operating budgets.

The General Manager stated that having an increase in the operating revenue is a positive matter. It is due to the rate increase.

Commissioner Sparks asked if the 8.15% rate increase was applied to just the kWh or the revenue. He stated revenue is the sum of demand, HP, facilities charge, and kWh.

The General Manager said his understanding of the rate increase from the Board was that it is applied to all rate classes across the board. It only affects the energy or kWh. It does not affect the demand charge, facilities charge, or HP charge.

Commissioner Rogers stated the rate increase has not been implemented yet, so they need to check with Genine to determine how it is shown in the budget as presented.

Commissioner Hanson asked where in the budget are the amounts necessary to hire 4 people.

The General Manager stated that there is not any money in the budget to hire 4 people, but there is money (wages and benefits) in the budget to hire 2 people, one inside and one outside, and money for our CPA.

Matt stated that some projects in the budget are from deferred projects from last year. He said the I-90 crossing in Vantage was recommended in 2003 and has been deferred for many years. The underground cable is approximately 30-40 years old and the plan is to replace it with overhead. Matt provided another copy of the summary of 2012 capital projects to the board that was provided at the last meeting.

Brian stated the I-90 crossing is on borrowed time and the plan is to move the crossing. The underground was extended at one time about 800 feet but the casing was not extended.

Commissioner Hanson asked if the underwater cable is energized.

Brian said no. It had failed under the river and when the river crossing was upgraded overhead, the old underwater cable was de-energized and is still under the river.

Commissioner Sparks stated if the salvage company wanted to remove the cable, the PUD could authorize that, but it is not of too much value.

Commissioner Sparks stated the capital project budget can be cut, but then we would have too much cost for employee time. Without the projects, we may not have enough work to keep the current work force busy.

Commissioner Rogers would like to phase the projects over 5 years and possibly fit into the budget.

Commissioner Hanson stated it seemed in the past, the PUD would sell bonds every 4 years instead of 3 years.

Commissioner Sparks stated the PUD has lost track of work orders that were not closed out.

Commissioner Hanson asked if the margins are going to the operating budget.

Commissioner Sparks stated the margins go to the principle. The depreciating number is too small due to the work orders not closed out. He stated he thinks the capital budget is just fine, but the problem is the cash. There is no reason to borrow because the PUD has borrowed enough. There just is not enough cash.

Commissioner Rogers stated he needs to know exactly how much is in the construction fund. What is the size of the bond reserve once we're reimbursed? Right now we are spending twice what we have available than what we have in the construction fund. Construction projects need to be prioritized. Alpine Estates can be completed in phases over two years. What projects have to be done? Maybe we need to spend only the \$140,000 on the overhead project at Vantage. I am just reasoning and thinking.

Brian stated the River bottom project can be split into two projects, but the river crossing is a priority. He wants to identify priority projects so projects do not get pushed out continually. The Vantage overhead project needs to be completed this winter.

Commissioner Rogers stated he thinks the PUD will have some real strengthening with the rate increase to the budget.

Commissioner asked how the loop feed at Vantage compare to Upper County.

Brian said Vantage is a small load, but it is a critical load with no backup. The large load is Auvil Fruit, but they have their own loop feed.

Commissioner Hanson asked if it would be feasible to buy a generator for Vantage as a backup.

Brian stated if the PUD does it for Vantage, the PUD would have to provide a generator for everyone.

Commissioner Rogers stated he would like to build overhead for the Teanaway project.

Brian stated that buying the property from the landowners would be needed.

Commissioner Sparks brought up the problem with thieves and replacing all the stolen neutral wire. He asked if we should be replacing all our copper with aluminum wire. He also asked what kind of work order is used for the replacement.

Brian said the replacement is done on system improvement.

Commissioner Rogers asked when the retirements of poles are done.

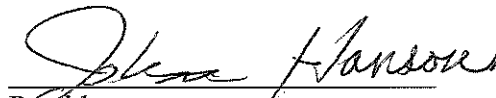
Brian said retirements are done when the work order is closed.


The General Manager confirmed the meeting on Wednesday, December 14, 2011 at 1:00 PM. He stated it is critical for Genine to be present and if she could not be present, he would let the Board know.

The workshop adjourned at 12:00 PM.

ATTEST:


Secretary


President


Vice President

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**MINUTES OF THE BOARD OF COMMISSIONER'S
MEETING
OF KITTITAS COUNTY PUD #1
November 29, 2011**

The meeting of the Board of Commissioners of Public Utility District #1 of Kittitas County was called to order by President John Hanson at 1:00 P.M.

ROLL CALL:

John Hanson, President
Paul Rogers, Vice President
Roger Sparks, Secretary

OTHERS PRESENT:

Charles E. Ward, Jr., General Manager
Brian Vosburgh, Operations Manager
Matt Boast, Engineering Manager
Mary Clark, Taking Notes
Scott Corwin, PPC Executive Director
Tony Cebe, Customer
Del Holter, Customer
Joanne Ward, Customer and wife of the General Manager

PUBLIC COMMENTS

No other comments

APPROVAL OF MINUTES OF PREVIOUS BOARD MEETINGS

The General Manager noted a revision to the November 15, 2011 Special Board Meeting Minutes on page 2 in the last paragraph. The minutes were corrected for the Board signature.

Commissioner Sparks moved to accept the following with the correction to the November 15, 2011 Special Board Meeting minutes as noted:

- Workshop, October 25, 2011
- Regular Board Meeting, October 25, 2011
- Special Board Meeting, November 1, 2011
- Special Board Meeting, November 8, 2011
- Special Board Meeting, November 15, 2011

Commissioner Rogers seconded the motion and it carried unanimously.

ADDITIONS TO THE AGENDA

Commissioner Rogers added to the agenda under new business, Resolution #729 and Discussion of the 2012 Budget.

The General Manager also added an alternate Resolution #729 to the agenda under new business and Resolution #730 under new business.

CLAIMS FOR APPROVAL

Claims from 16783-16908 and 9900028 in the amount of \$220,334.65 were presented for approval. Commissioner Sparks moved for approval of claims, Commissioner Rogers seconded the motion, and it carried unanimously.

MANAGER'S REPORT

MONTHLY UPDATE:

Residential Energy Consumption Chart

Sales for the month of October, 2011	MWh	Revenue	Actual % of Budget	
			MWh	Revenue
Budgeted 2011	3296.05	324,360	91%	90%
Actual 2011	3006.72	\$ 292,321	Actual % of 2010	
Actual 2010	3238.92	\$ 299,539	93%	98%
Year to Date sales			Actual % of Budget	
Cumulative Budget 2011	44045.71	\$ 3,920,614	102%	104%
Cumulative Actual 2011	45011.50	\$ 4,062,964	Actual % of 2010	
Cumulative Actual 2010	42422.12	\$ 3,783,986	106%	107%

Roza Point-of-Delivery

The General Manager spoke with Larry Felton to try and get some assistance in communicating with the Bureau of Reclamation.

Meeting Information – Manager Ward presented information from the following meetings he had attended:

PPC

The following documents were either e-mailed, faxed, or were handed out at the Board meeting to the Commissioners.

- Draft Decision Document: Energy Efficiency Capital Funding November 2011
- BPA Long Term Capital Investments
- PPC In the Loop Issue 50

WPUA

The General Manager did not attend the November WPUA meetings due to a conflict. The following documents were either e-mailed, faxed, or were handed out at the Board meeting to the Commissioners.

- Washington PUD Association Announces 2011 Award Recipients

WPAG

WPAG did not have a meeting in November meeting due to attending the NWWH Annual Meeting. The following documents were either e-mailed, faxed, or were handed out at the Board meeting to the Commissioners.

- None

Other Information

- Northwest RiverPartners' 2011 Public Opinion Poll Results

OLD BUSINESS

Revision and review of Policy #501 Drug and Alcohol Policy: With recent and continuing concerns from Commissioner Hanson and at his suggestion, the General Manager brought the Drug and Alcohol Policy #501 to the Board again for review and possible revision. A copy of the Policy was included in the Board Packet for review. The Policy was marked with a possible revision to remove and exclude the Board Commissioners from the Policy.

The General Manager believes it is one of his responsibilities to recommend policies to the Board that are needed to comply with State and Federal laws and regulations. The General Manager does not have final approval or set policy. The Board has final approval and sets policy for the District. If the Board does not want to approve or set a recommended policy for some reason, that is their right. Therefore, the Board may rescind the Drug and Alcohol Policy #501, or any other policy at any time.

The General Manager was seeking guidance from the Board concerning the Drug and Alcohol Policy #501 and any revisions the Board wishes to make to the policy up to and including rescinding the policy.

Commissioner Hanson tabled the revision and review of Policy #501 Drug and Alcohol Policy again to a future Board workshop. He stated the Board needs time to discuss the revisions. Commissioner Hanson stated the rule of the Board was made "tongue and cheek".

Commissioner Rogers agreed.

Commissioner Hanson stated if the revision was done today, it would need to be brought back the same way.

Commissioner Sparks stated the PUD is not complying with the Federal Law.

Commissioner Hanson asked, "Where does it say we are not". He stated the draft policy is established, how does a revision not comply? If it is illegal now, its' forever been illegal.

Commissioner Sparks stated drug testing has not happened.

Commissioner Rogers stated testing was passed by the Board.

Commissioner Hanson stated he did not think this was not in effect.

Commissioner Rogers stated the policy was passed and testing can be implemented.

Commissioner Hanson stated the PUD is complying with Federal Law. The question was asked to Sarah Wixson (attorney) if it was a problem for the PUD.

Commissioner Sparks asked President Commissioner Hanson if the General Manager should implement the drug testing at this point.

Commissioner Hanson said "NO".

Commissioner Sparks asked Commissioner Hanson if the General Manager performs drug testing, are you going to hold the manager accountable for the results?

Commissioner Hanson said "Probably".

The General Manager asked Commissioner Hanson if drug and alcohol testing was performed, will there be retaliation against me, the General Manager, for performing the testing?

Commissioner Hanson stated "probably so".

The General Manager stated there is no backing from the Board for the General Manager to do any drug testing. That is why the drug and alcohol policy has not been implemented to date.

Commissioner Hanson said "he had not read the policy recently. He said it will take the rest of the day to discuss this so table it."

The General Manager asked if the Board wanted to cover it at the December 14 Special Board meeting?

Commissioner Hanson stated at some future meeting.

The General Manager stated then it is tabled for the Board to decide at another meeting.

Mr. Del Holter (customer) stated the PUD has three Board members. If anyone is driving a public vehicle, drug testing should be done. Employees are driving public vehicles and CDL requires drug testing.

The General Manager stated the policy states it is mandatory for PUD employees to be drug tested.

Mr. Del Holter asked are the three commissioners not wanting drug testing? It should be random and done by a safety manager.

The General Manager stated random testing has not been done in the 75 years the PUD has been in operation.

Commissioner Hanson stated if driving a vehicle, he agrees. "Never mind, we can talk about this all afternoon."

NEW BUSINESS

PPC Membership Dues Increase and other PPC Issues: Mr. Scott Corwin, Executive Director of PPC, discussed the PPC Membership Dues increase and other PPC regional issues. Mr. Corwin said the new 2011 PPC annual report was printing today, November 29, 2011. He gave handouts and spoke generalities of PPC. He said the dues are increasing 8.5% on PPC customers. The dues for Kittitas PUD have been \$3,100 for the last three years but will be \$4,500 for 2012.

Commissioner Rogers committed PPC has done a great job. He said he had a tangle in 2006 though. Commissioner Rogers stated BPA put out debt extensions and a backlog of maintenance. He felt PPC should have challenged BPA's numbers a little bit more. He said he feels PPC has some influence with BPA. He stated he felt the smaller utilities were overwhelmed by the larger utilities.

Commissioner Sparks asked about Tier 2. He said he feels it will be a problem.

Mr. Corwin said he hasn't seen a lot of utilities struggle yet. He stated that is probably due to the economy and not a lot of new growth.

Commissioner Hanson stated FERC is discriminating against this area due to water and dams. Hydro power is not considered renewable.

Mr. Corwin stated Washington State sets hydro power as a renewable resource, but not FERC. Mr. Corwin rarely does state lobbying. Washington State is the leader in renewable energy and conservation.

Commissioner Hanson said it was time to move on with the meeting.

Amendment No. 1 to the REP Settlement Agreement: The General Manager received a notification from Mark Gendron, BPA VP Requirements Marketing, that BPA sent to all utilities that are not parties to the REP Settlement.

In the REP-12 Administrator's Final Record of Decision (REP-12 ROD) dated July 26, 2011, BPA stated that it would work with representatives of the current parties to the REP Settlement to draft an amendment that would allow additional entities to become parties to the REP Settlement. Enclosed in the Board Packet was the Amendment No. 1 to the REP Settlement.

Amendment No. 1 is now being considered by the current parties to the REP Settlement. BPA expects all parties will execute and deliver to BPA Amendment No. 1 on or before January 31, 2012. Assuming current parties do so, entities that are not currently parties to the REP Settlement may become parties by signing the Amendment No. 1 and the REP Settlement, Contract No. 11PB-12322, and return the signed documents to BPA on or before January 31, 2012.

The General Manager recommended the PUD stay the course to the previous commitment and not sign the Amendment No. 1 nor the REP Settlement, Contract No. 11PB-12322, but was seeking the Board's thoughts and recommendation.

Commissioner Rogers moved the PUD not sign the amendment.

Commissioner Hanson seconded the motion.

Commissioner Sparks would not second the motion. He thought the PUD should have supported the area by joining. He said he is not sure why the PUD is hanging out here. He will remain neutral and would abstain.

The motion carried with Commissioner Rogers and Commissioner Hanson voting for and Commissioner Sparks abstaining.

Contract Locating Services: Gerard Wanechek asked a question during the October 2011 Regular Board Meeting concerning the cost of the Contract Locating Service. The information is as follows:

<u>2010 Annual Hours</u>	<u>2011 Annual Hours</u>
443.5 Hours	38.5 Hours

<u>2010 Costs</u>	<u>2011 Costs</u>
\$35,176	\$29,314

<u>Monthly Costs</u>	
January	\$ -
February	\$ 1,295.00
March	\$ 2,142.00
April	\$ 3,423.00
May	\$ 2,982.00
June	\$ 2,849.00
July	\$ 2,820.50
August	\$ 4,475.00
September	\$ 1,841.00
October	\$ 2,868.00
November	\$
December	\$
Total	\$ 24,695.50

Budgeted Amount in 2011 Budget is \$93,987.00

The Hours are less in 2011 than 2010, the costs are less in 2011 than 2010, and the 2011 cost is projected to be approximately \$60,000 under the 2011 budget.

The General Manager stated the driving reason for contracting the locating service was to limit liability for the PUD. The secondary reason was to allow the crew more time to perform needed operations and maintenance. It was never to take work away from the crew.

High Speed Internet: Gerard Wanechek asked a question during the October 2011 Regular Board Meeting concerning the cost of the High Speed Internet. The information is as follows:

On March 17, 2011, Kim Mikkelsen, former PUD Finance Manager, requested changing the T1 line (\$390/month average speed of 1mb) to the 10mb, 5-yr contract with Fairpoint. The recurring monthly charges would increase \$150/month (\$1800 per year). There would be a one-time set-up charge of \$759. The concern was speed issues with Fairpoint.

After the General Manager was not able to get sufficient information from Ms. Mikkelsen, he spoke with Complete Computer Services and with Fairpoint. It was determined that a 5mb, 5-yr contract with Fairpoint would be more than sufficient. The recurring monthly charges would actually decrease from the \$390/month average speed of 1mb to \$329.92 per month saving \$720 per year. The one-time set-up charge of \$759 remained the same.

The General Manager stated the contract was signed to 5 years for 5mb. The 10mb contract was never signed.

Pole Contact Inventory: Gerard Wanechek asked a question during the October 2011 Regular Board Meeting concerning the cost of the Pole Contact Inventory and if it was a duplicate for the mapping Matt does. The information is as follows:

There is and was not any duplication of services. Pole contacts have not been counted in many years and some of the companies that attach to the PUD poles are questioning the number of contacts. Therefore, they are refusing to pay the Pole Contact Fees. The staff sought award of a bid to perform a system pole contact count. In the October Regular Board Meeting, Commissioner Roger Sparks moved to award the lowest bidder Innerpole the contract to perform a system wide pole attachment count, note tree trimming opportunities, note safety issues, and install approximately 350 guy guards furnished by Innerpole and GPS the pole locations at \$2.35 per pole and \$5.00 per guy guard. Commissioner Paul Rogers seconded the motion and it carried unanimously. The GPS portion did not cost the PUD anything. Since Innerpole was going to be at each pole, they said they would GPS the pole for the PUD at no charge. This would assist Matt with locations he may have missed or have not done yet.

Matt said it looks like the PUD will double the attachments so the revenue would also double. He stated the survey did not count power contacts and the PUD would need to get that at some point.

Crescent Bar Condominium Master Association's Letter providing supplement information relating to the Recreation Resource Management Plan, for the Priest Rapids Hydroelectric Project, FERC No. P-2114-209: The General Manager said a document was served on the PUD in accordance with the requirements set forth in Section 385.2010 of the Federal Energy Regulatory Commission's (FERC's) rules (18 C.F.R. 385.2010).

On 11/18/2011, Crescent Bar Homeowners filed a document related to the Priest Rapids Hydroelectric Project, FERC Project No. P-2114-208. It did not require action from the PUD.

Crescent Bar Homeowners' Letter providing supplement information relating to the Shoreline Management Plan, for the Priest Rapids Hydroelectric Project, FERC No. P-2114-208: The General Manager said a document was served on the PUD in accordance with the requirements set forth in Section 385.2010 of the Federal Energy Regulatory Commission's (FERC's) rules (18 C.F.R. 385.2010).

On 11/18/2011, Crescent Bar Homeowners filed a document related to the Priest Rapids Hydroelectric Project, FERC Project No. P-2114-208. It did not require action from the PUD.

Commissioner Rogers asked if the PUD was named in the litigation.

The General Manager said no, just referenced.

Resolution #729: The General Manager stated he was requested by Commissioner Rogers to draft and submit Resolution #729 to remove him as the General Manager. The RCW 54.16.100 requires the Resolution to be introduced in a regular Board meeting and approved at a subsequent Board meeting. The General Manager drafted the resolution and had it reviewed by his attorney. It was read in to record by the General Manager. A copy is included in the minutes.

Commissioner Rogers also drafted a Resolution #729 and had it reviewed by the PUD attorney. It was also read in to record by the General Manager. A copy is also included in the minutes.

Commissioner Rogers stated not all of the employees are happy with the changes the General Manager has implemented. He stated Kim Mikkelsen has filed a complaint for her termination.

Commissioner Sparks said he feels Commissioner Rogers and Commissioner Hanson are using the action of Kim's removal and complaint as the basis for the dismissal of Mr. Ward. Commissioner Sparks prepared and read the following statement to the Board and those present at the meeting. A signed copy is included in the minutes.

Comments on Termination Resolution

A little history. The Commission conducted an extensive nationwide search for a manager with the assistance of executive search consultants Langley and Associates. We interviewed several candidates brought from as far away as Alaska and decided Mr. Ward was the best candidate based on his experience, professional credentials, recommendations and in-person interview.

On the job now for about 1 1/2 years, the first thing Mr. Ward did was to begin examining the organization under criteria of work force efficiency, legal compliance, and service to our customer owners. He was also asked to gain an understanding of all PUD procedures including our office and accounting procedures. This examination seemed to meet with approval from the commissioners.

As the examination moved ahead, Mr. Ward found a number of things that needed correction. Procedures such as changed handling of used poles, drug testing, and reporting of paid time off (PTO) were initiated or implemented in a professional way. He began an examination of our accounting and office practices. Understandably, not all employees were entirely in agreement with these changes and the increased scrutiny.

The dismissal of long time office manager Kim Mikkelsen was a disappointment to all the commissioners and has become the subject of a complaint filed by Ms. Mikkelsen against Mr. Ward, all the commissioners as individuals, and the PUD. This complaint (which is potential litigation) may be the primary reason for this termination resolution.

For my part, I believe Mr. Ward has always acted entirely within his authority and in the best interest of the long term interest of the PUD. In my interactions with Mr. Ward, I have found him to be very knowledgeable, fair and balanced. He looks at all issues from a broad perspective which I much appreciate. He has a plan for good PUD management which appears to me to have the prospect of serving the PUD and all customers very well. He does need more time in position to allow the plan to come to fruition.

I believe the Commission is making a grave error in considering the dismissal of Mr. Ward at this time.

*Roger Sparks, Commissioner
November 29, 2011*

The General Manager read the following document he prepared to the Board and those present at the meeting:

General Manager's Statement to the Board of Commissioners Concerning Resolution 729 Removing Him from His Position
November 2011 Regular Board Meeting

When I came to Kittitas PUD, I came with a set of values, and I still have those values. I was taught to work hard, to try to be the best in whatever I do, and to face and accept the responsibilities given to me. Excellence is "being all you can be" within the bounds of doing what is right for the organization. I was taught to be fair and consistent with the people I work with. I was taught to be honest and to be forward-looking. I know where the PUD needs to go and I have a plan to get us there. I was not going to and have not sacrificed those values.

I have had to make tough choices at Kittitas PUD and in my career, and I was willing to make the tough decisions because that is what was expected of me, that is who I am. I surrounded myself with good people both in and out of the work environment. I carefully consider the advice of those smart, capable people and made tough decisions. To paraphrase a great man I admire, I am confident that I made decisions based on principle and economics, I made the calls as best as I could, and I did not sell my soul for the sake of popularity.

During the last 17 months, I have done what has been asked of me and I have not done anything wrong. The list is substantial for what has been accomplished within that time. Four major accomplishments are as follows:

- 1. Preparation of the first Strategic Plan for the PUD*
- 2. Preparation of a balanced budget*
- 3. Successful negotiation of a new contract with the Union*
- 4. Fighting for and achieving the Contract Tier 1 High Water Mark specifically Anderson Hay's contribution and eliminating the seven wheeling points from the City*

There are many other important items that need to be accomplished as the PUD moves into the future, and these will not happen overnight. It will take time and diligence to accomplish the tasks. An issue I have is the lack of support from the Board to accomplish the things I am asked by the Board to do. I feel not only does the Board at times not enable me to accomplish the work requested, the Board seems to work against me and make it hard or impossible to accomplish what the Board has requested. I feel other times the Board does not provide good guidance of what they want, but they are quick to find fault and blame with what has been done.

One of the tough decisions I think needs to be made is to instill a sense of accountability at the PUD. Accountability is something that is new to Kittitas PUD. I have heard that many times during the last 17 months from just about every employee and from some people that are not employees. The employees are not used to having any accountability in their job. But this is not possible without the backing of the Board.

I will end with this. I am not ready, nor do I want to leave the PUD. As I said, there are many things yet to accomplish to make the PUD a better utility and improve service and reliability to the PUD consumers. I would hope we all, Board, Management, and employees can find a way to work and support each other. I am willing to lead the way, but I must have the Board's support. That is critical to the success.

A house divided against itself cannot stand. That is where we are now. We are divided against ourselves. The PUD will find it harder to find and hire good General Managers when the Board does not support the General Manager and keep removing them every few years, sometimes for no apparent reason. I agree with Commissioner Sparks in that what you are doing is wrong and does not have to be done. I ask that you reconsider this action and let's start working together for the best of the PUD employees and the PUD customers.

Thank you.

Board Meeting, November 29, 2011 By General Manager, Chuck Ward

Commissioner Sparks stated he hopes the Resolution #729 dies because it has not been introduced.

Commissioner Rogers moved that his version of Resolution #729 be read into the record per RCW 54.16.100.

Commissioner Rogers stated he would like to have an Executive Session at this time.

Commissioner Sparks stated Resolution #729 would be decided on and possibly passed on December 27, 2011. He said it is not appropriate for an Executive Session.

Commissioner Rogers said he wants to have more meetings.

Commissioner Sparks stated the Manager after Mr. Ward will have a terrible time. The PUD has no plans.

The General Manager asked what is the real reason for the termination?

Commissioner Rogers stated "Can't comment. We need new Leadership. It is not working out."

Commissioner Hanson said it is not working out.

Commissioner Sparks said we have no one to step in as Manager. You are attacking Mr. Ward. I am very disappointed.

Commissioner Rogers said this is not an attack on Mr. Ward.

Commissioner Sparks stated the PUD would need to do another nationwide search or Commissioner Hanson as President could act as Manager. What is the plan to complete the budget? How will Mr. Ward conduct himself as Manager. Ready to vote Mr. Ward out of office on December 27 with no one to replace him would really be bad.

Commissioner Hanson said the discussion has gone on far enough. We do not need plans. It is read into the minutes. It is not something to discuss at this time.

Commissioner Hanson called for a vote. Commissioner Rogers and Commissioner Hanson voted for Resolution #729 and Commissioner Sparks voted against Resolution #729.

Resolution #730:

The General Manager presented the following signed request to the Board:

*Charles E. Ward Jr.
General Manager
Kittitas County Public Utility District No. 1*

*To: Board of Commissioners, Kittitas County PUD #1
From Charles E. Ward, Jr., General Manager
Date: November 29, 2011*

Re: Request for Defense and Indemnification

Pursuant to RCW 54.16.097, the undersigned, Charles E. Ward, Jr., General Manager of Kittitas County PUD #1, hereby requests defense by the attorney chosen by the Board of Commissioners to defend a claim and lawsuit filed by Kim Mikkelsen against the PUD, the Board of Commissioners and the General Manager arising out of the termination of Kim Mikkelsen. This request includes that the costs of defense, attorney's fees and any obligation for payment arising from such action be paid by the District or any applicable insurance coverage.

Charles E. Ward, Jr.
General Manager

The General Manager also presented Resolution #730 to the Board which states the following:

Mr. Ward be granted the same consideration, rights, privileges, and defense provided to the Board of Commissioners in the potential lawsuit by Ms. Kim Mikkelsen to include defense by the attorney chosen by the Board of Commissioners to defend such claim, suit, or proceeding, and the costs of defense, attorney's fees, and any obligation for payment arising from such action be paid from the District's funds.

A complete copy of Resolution #730 is included in the minutes.

Commissioner Sparks moved Resolution #730 to be introduced.

Commissioner Rogers said he does not object and he does not have a problem with Resolution #730, but wants to refer it to the attorney for advice and recommendation. Commissioner Rogers made a motion to take action on Resolution #730 at the December 27, 2011 Board meeting.

Commissioner Sparks said the Board should pass it now and noted there is a motion on the table to do so. The motion failed due to lack of a second.

Commissioner Rogers wants legal counsel to give advice and moves to give it to the legal counsel for the PUD. Commissioner Sparks seconds the motion.

No vote was taken.

Commissioner Rogers said the Board will take action at the December 14 Special Board Meeting. Commissioner Hanson makes the motion and Commissioner Rogers seconds.

No vote was taken.

The General Manager handed out a letter from Federated Rural Electric Insurance Exchange outlining concerns at the PUD to include drug testing, maintenance programs, and etc. The letter is included in the minutes.

Commissioner Sparks stated the General Manager requested a person for safety programs. He said it seems the PUD is about to get a stiff reminder from the insurance company we are failing our safety programs.

Commissioner Rogers said that is not true. He would like to look at personnel in the budget.

Commissioner Sparks stated the positions were funded in the current budget and the past budget.

Commissioner Rogers said the PUD used to have safety training by Ruralite and asked if that was still the case.

Brian said the PUD uses ESCI right now for safety training once a month.

The General Manager said ESCI stands for Electrical Safety Consultants International

Commissioner Rogers wants to go into an Executive Session now.

Commissioner Sparks said there is no need to right now.

Commissioner Rogers said move on with the meeting.

Commissioner Hanson said then they would have an Executive Session after the meeting is done.

Commissioner Rogers stated he would like to have in the 2012 budget money to retain an attorney to sit in on the monthly meetings and give legal advice. He said all other utilities have them present. He knows of an attorney who is not a friend and wants to look into the cost.

Commissioner Sparks said no objection and the General Manager agrees. Commissioner Sparks asks "the attorney runs the meeting"?

Commissioner Hanson said "that's the problem".

Commissioner Rogers requests an attorney to be at the December 14 meeting.

The General Manager said that is a good suggestion.

Commissioner Rogers suggested the General Manager talk to Erin Anderson, a municipal attorney. He said he did not know how much time would the attorney be needed.

The General Manager asks how 3 hours per month and hourly over that sounded.

Commissioner Rogers said he would like the attorney to attend every regular meeting and the Special Meetings would be extra.

Commissioner Hanson said he heard good things about her.

RESOLUTION #729

A Resolution of the Board of Commissioners of Kittitas County Public Utility District No. 1 to remove Mr. Charles (Chuck) E. Ward, Jr., P.E. as the District's General Manager.

WHEREAS, two of the three Board of Commissioners of the PUD #1 of Kittitas County have chosen to remove Mr. Charles (Chuck) E. Ward, Jr., P.E. as the District's General Manager.

WHEREAS, the Board of Commissioners of the PUD #1 of Kittitas County recognize and acknowledge the Board has not given Mr. Ward the full support and backing due to Mr. Ward and needed to move the PUD into the future.

WHEREAS, the Board of Commissioners of the PUD #1 of Kittitas County recognize and acknowledge the lack of support from the Board to Mr. Ward has limited Mr. Ward and his staff, from reaching the goals and objectives for the PUD customers, compliance of state and federal laws and regulations, and ensuring accountability for the PUD employees.

WHEREAS, Mr. Ward has fulfilled his duties to the fullest as detailed in RCW 54.16.100, performed his duties as General Manager as requested by the Board of Commissioners, and Mr. Ward has not done anything wrong relating to his position as General Manager or his work performance.

NOW, THEREFORE BE IT RESOLVED THAT, Mr. Ward will be placed on Administrative Leave with full pay and all benefits, or act as interim General Manager under an employment contract with full pay and all benefits until a settlement and severance package is reached between Mr. Ward, Kittitas County PUD #1 Board of Commissioners, and other parties.

IN WITNESS WHEREOF, the undersigned members of the Board of Commissioners of Public Utility District No. 1 of Kittitas County, have executed this Resolution of the Board of Commissioners on this 27th day of December, 2011.

President

Attest:

Secretary

Vice President

RESOLUTION No. 729

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE KITTITAS COUNTY PUBLIC UTILITY DISTRICT NO. 1 REMOVING THE DISTRICT MANAGER AS AN AT WILL EMPLOYEE

WHEREAS, pursuant to RCW 54.16.100 Commissioners of Kittitas County Public Utility District No. 1 ("PUD"), a municipal corporation, may by resolution at a regular meeting remove a district manager at will; and

WHEREAS, Charles E. ward, Jr. currently serves as the district manager for the Kittitas County Public Utility District No. 1; and

WHEREAS, the a majority of the Board of Commissioners of the PUD desire to terminate the employment relationship between Mr. Ward and the Kittitas County Public Utility District No. 1 ("PUD") effective December 31, 2011.

WHEREAS, this resolution shall be introduced at the regular commission meeting November 29, 2011 and be adopted at the regular commission meeting December 27th, 2011.

NOW, THEREFORE, BE IT RESOLVED, by the Commission of the Public Utility District No. 1 thatthe current general manager Charles Ward Jr. be removed and his employment terminate December 31, 2011.

ADOPTED by the Commission of Public Utility District No. 1 of Kittitas County at its regular meeting held on the 27th day of December, 2011.

PUBLIC UTILITY DISTRICT No. 1 OF KITTITAS COUNTY

President/Commissioner

Vice President /Commissioner

Secretary/Commissioner

Comments on Termination Resolution

A little history. The Commission conducted an extensive nation wide search for a manager with the assistance of executive search consultants Langley and Associates, . We interviewed several candidates brought from as far away as Alaska and decided Mr. Ward was the best candidate based on his experience, professional credentials, recommendations and in-person interview.


On the job now for about 1 1/2 years, the first thing Mr. Ward did was to begin examining the organization under criteria of work force efficiency, legal compliance, and service to our customer owners. He was also asked to gain an understanding of all PUD procedures including our office and accounting procedures. This examination seemed to meet with approval from the commissioners.

As the examination moved ahead, Mr. Ward found a number of things that needed correction. Procedures such as changed handling of used poles, drug testing, and reporting of paid time off (PTO) were initiated or implemented in a professional way. He began an examination of our accounting and office practices. Understandably, not all employees were entirely in agreement with these changes and the increased scrutiny.

The dismissal of long time office manager Kim Mikkelsen was a disappointment to all the commissioners and has become the subject of a complaint filed by Ms. Mikkelsen against Mr. Ward, all the commissioners as individuals, and the PUD. This complaint (which is potential litigation) may be the primary reason for this termination resolution.

For my part, I believe Mr. Ward has always acted entirely within his authority and in the best interest of the long term interest of the PUD. In my interactions with Mr. Ward, I have found him to be very knowledgeable, fair and balanced. He looks at all issues from a broad perspective which I much appreciate. He has a plan for good PUD management which appears to me to have the prospect of serving the PUD and all customers very well. He does need more time in position to allow the plan to come to fruition.

I believe the Commission is making a grave error in considering the dismissal of Mr. Ward at this time.


Roger Sparks, Commissioner
November 29, 2011

RESOLUTION #730

A Resolution of the Board of Commissioners of Kittitas County Public Utility District No. 1 to grant Mr. Charles (Chuck) E. Ward, Jr., P.E. as the District's General Manager defense by the attorney chosen by the Board of Commissioners and the costs of such defense, attorney's fees, and any obligation for payment arising.

WHEREAS, the three Board of Commissioners of the PUD #1 of Kittitas County (John Hanson, President; Paul Rogers, Vice President; and Roger Sparks, Secretary) along with Mr. Charles (Chuck) E. Ward, Jr., P.E. the District's General Manager, have been served papers on September 27, 2011 from Lofland and Associates, attorney for Ms. Kim Mikkelsen (former PUD Finance Manager), with a potential lawsuit for wrongful termination.

WHEREAS, the Board of Commissioners have acknowledged that Mr. Charles (Chuck) E. Ward, Jr. was acting in good faith and within the scope of his employment with or duties of the Kittitas County Public Utility District #1.

WHEREAS, Mr. Charles (Chuck) E. Ward, Jr. requests per RCW 54.16.097 the same consideration, rights, privileges, and defense provided to the Board of Commissioners to include defense by the attorney chosen by the Board of Commissioners to defend such claim, suit, or proceeding, and the costs of defense, attorney's fees, and any obligation for payment arising from such action be paid from the District's funds.

WHEREAS, Mr. Ward has fulfilled his duties to the fullest as detailed in RCW 54.16.100, performed his duties to the fullest as General Manager as requested by the Board of Commissioners, and Mr. Ward has not done anything wrong relating to his position as General Manager or his work performance.

NOW, THEREFORE BE IT RESOLVED THAT, Mr. Ward be granted the same consideration, rights, privileges, and defense provided to the Board of Commissioners in the potential lawsuit by Ms. Kim Mikkelsen to include defense by the attorney chosen by the Board of Commissioners to defend such claim, suit, or proceeding, and the costs of defense, attorney's fees, and any obligation for payment arising from such action be paid from the District's funds.

IN WITNESS WHEREOF, the undersigned members of the Board of Commissioners of Public Utility District No. 1 of Kittitas County, have executed this Resolution of the Board of Commissioners on this 14th day of December, 2011.

President

Attest:

Secretary

Vice President

November 18, 2011

Mr. Charles Ward, General Manager
Kittitas County Public Utility District
1400 E Vantage Hwy.
Ellensburg, WA 98926

RE: 11/10/2011 Safety and Loss Prevention Assessment

Mr. Ward:

Thank you for the cooperation and assistance extended by you and your staff during my recent visit. The primary purpose of my visit was to make a safety and loss prevention assessment of your operations and system.

A review of Kittitas's loss record from 11-05-2008 through 11-05-2011 shows \$56,797 for claims in property damage and auto related losses.

Discussions, review of records, and observations made at the time of my visit have resulted in recommendations in the following areas:

- **Hazard Recognition**

The major elements of a hazard recognition program include implementation and documentation of employee training, recognition of possible hazards, and follow-up corrective action. This program is a day-to-day function of all outside and inside employees. A review of this program and additional training for all employees is recommended at this time and may help combat some of these areas.

- **Line Inspection**

Documentation and follow-up of a line inspection program is important. This is an area in which you may wish to make a few revisions in order to update current methods of documentation. Possibly including maps along with documentation, to reflect correlation between line inspection and follow-up, dates, locations, also making it easy to follow and lay out. This would tie together both the line, pole inspection and the repair process.

- **Equipment Maintenance**

Continuity of service and system reliability can be improved with a regular maintenance and change out program for your regulators. This is a program Kittitas County may want to review. Most systems schedule this every three to five years, or by frequency of operations.

- **Employee Training**

Kittitas encourages its first-line supervisors to perform their job in a manner that ensures that all employees in their charge are adhering to the adopted operating procedures and safety rules of the PUD. Training related to the responsibilities of a supervisor is also recommended.

- **Commercial Drivers License**

The Federal Motor Carrier Safety Regulation Title 49 Code establishes the rules and regulations that must be implemented to comply. This standard contains the guidelines that your organization must follow to operate its commercial motor vehicle fleet. This would include the CDL holders that you employ to operate your fleet. Some of the items required are:

- Annual checks on your CDL driver's records
- Random drug and alcohol testing procedures
- Establishment of a driver's file for each driver including pre-employment physical, results of the written test and the practical skills evaluation, annual driving record review, and a copy of the biennial medical certificate
- Daily vehicle inspection record
- Annual inspection of all commercial vehicles including trailers
- Pre-employment physical
- Written test documentation
- Practical skills evaluation

- **Loss Control Activities**

As evidenced by the continued emphasis on the "Culture of Safety" Federated Rural Electric Insurance continues to be concerned with the occurrence of serious employee injuries across the nation. Muscular skeletal injuries and electrical contacts continue to occur. Please take the time to review Kittitas's total safety program and ensure that it is providing results that will keep safety at the forefront and that all employees are adhering to adopted safety rules and procedures.

- **Public Safety**

Federated is a supporter of Safe Electricity, a public education and outreach program of the Energy Education Council. Safe Electricity is designed to complement existing electrical safety education programs. Membership includes access to news releases and articles, television and radio public service announcements (PSAs), billboard and print PSA designs, a photo library, educational resources, and much more. To enhance your public safety awareness program Federated recommends your organization utilize the benefits of membership in Safe Electricity. For more information please contact Molly Hall, Executive Director, or Erin Hollinshead, Assistant Director, at (217) 546-6815.

The goal of Federated's Safety and Loss Prevention Department is to provide you and your staff with information and assistance to help in the reduction of losses. If I can be of assistance, or if there are any questions, please contact me at (800)356-8360 ext. 175, or by email at wcullinane@federatedrural.com

Sincerely,

William Cullinane, CLCP
Safety and Loss Prevention Consultant

Federated's system reviews are not made to evaluate your compliance with federal, state, or local occupational, environmental and safety laws or regulations. Therefore, Federated makes no representations or guarantees that any corrective action you may take in reliance on Federated's recommendations will ensure compliance with these laws.

FINANCIAL REPORT:

- Delinquency Report (with Delinquent Accounts Graph)
- Comparison Year-to-Date, January 1 through October 31, 2011
- Profit and Loss Statement, October 31, 2011
- Balance Sheet October 31, 2011
- Consumer Sales & Revenue Data, October 31, 2011
- Summary of Cash Activity, 2011

Resolution #727 Transfer of Funds: The General Manager noted a correction to the Resolution #727 Transfer of Funds. The figure for "To Electric Fund 649038" should be \$85,284.38 instead of \$85,284.37. It is 1 cent off. A copy of Resolution #727 is included in the minutes.

Commissioner Rogers asked what is the General Fund for this year's projects?

The General Manager said on December 14, 2011, the staff would present the numbers, which is a snapshot in time, for the Board, but the transfer of funds needs to be taken care of now.

Commissioner Rogers moved to approve Resolution #727 Transfer of Funds. Commissioner Sparks seconded the motion and it carried unanimously.

Resolution #728 Investment of Funds: Commissioner Rogers moved to approve Resolution #728 Investment of Funds. Commissioner Sparks seconded the motion and it carried unanimously. A copy of Resolution #727 is included in the minutes.

RESOLUTION #727

A Resolution of the Board of Commissioners of Kittitas County Public Utility District No. 1 to transfer funds.

WHEREAS, the District needs to transfer funds as follows:

From General Fund 649010		\$230,690.28
To PUD 2002 Bond Fund 649030	\$22,760.29	
From Construction Fund 649022		\$586,723.75
To General Fund 649010	\$586,723.75	
From Refunding Fund 649037		\$51,840.38
To Electric Fund 649038	\$85,284.38	
To PUD 1999 Bond Fund 6490396	\$174,486.00	
	\$869,254.41	\$869,254.41

WHEREAS, the County Treasurer needs to make Bond Payments due December 1, 2011

NOW, THEREFORE BE IT RESOLVED THAT, the Board of Commissioners of the District hereby approve the transfer of funds and the Bond Payments as noted.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Kittitas County this 29th day of November, 2011.

President

Attest:

Secretary

Vice President

RESOLUTION #728

A Resolution of the Board of Commissioners of Kittitas County Public Utility District No. 1 to invest funds.

WHEREAS, the District request the Kittitas County Treasurer to invest funds as follows:

Fund Name	Fund Number	Date Matured	Amount Matured	Date To Invest	Amount of New Investment	New Mature Date
PUD General Fund	649010			11/30/2011	\$ 2,500,000.00	12/27/2011
PUD Bond Fund	649030					
PUD Bond Reserve	649031			11/30/2011	\$ 664,692.35	12/27/2011
PUD Construction Fund 2010-2012	649022			11/30/2011	\$ 540,000.00	12/27/2011
Electric Revenue Refunding Bond	649038					
PUD Refund Bond 2005	649037					
PUD Bond 1999 A/B	6490396					

NOW, THEREFORE BE IT RESOLVED THAT, the Board of Commissioners of the District hereby approve the investment of funds by the Kittitas County Treasurer as noted.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Kittitas County this 29th day of November, 2011.

President

Attest:

Secretary

Vice President

OPERATIONS REPORT

Monthly Operations Report: The operations summary for October shows 4 new services, 3 altered services, 2 relocations/removals, and 1 system improvement.

Job Orders: The crew has been doing a lot of tree trimming and replacing stolen wire.

Contractor Project Update (Operations): No contractors are on the property at this time. Innerpole has completed the pole audit and we are in the process of compiling the information.

Future Work Orders: Currently there are 39 service requests, of which 28 are for new services, 2 altered services, 7 new plats, and 2 pole replacements.

System Improvements: Nothing at this time.

Out to Bid: Nothing at this time.

Bids Awarded: Nothing at this time.

Commissioner Sparks stated the PUD will be short \$200,000 next year. With a slow economy, we will probably not have aid to construction. Tier 2 is going to really hammer us next year.

The General Manager stated in the past, the PUD assets have been overstated and the liabilities have been understated. This is per Genine and we just found this recently.

ENGINEERING REPORT

GIS Mapping Project:

The following is a list of the status of the mapping;

34kV Trans - Complete

E1	-----	Complete
E2	-----	Complete
S1	-----	Complete
S2	-----	Complete
P1	-----	Complete
P2	-----	Complete
P3	-----	Complete
J1	-----	Complete
T1	-----	Complete
T2	-----	GPS Complete, 75% Drafted
R1	-----	Complete
M1	-----	Complete
V1	-----	GPS Complete, 85% Drafted
A1	-----	GPS Complete, 65% Drafted

Work Orders 2007 to Present – 70% GPS, 25% Drafted

Dolarway Road: Conduit installation is in progress (east/west portion is complete, conduits under the large storm drain system are complete, and the road crossing is all that remains).

ACX Haypress Facility: Staff is working with ACX to plan the cut-over of the remaining services currently provided by PSE. Staff is also working on a facility maintenance agreement for the board and ACX to consider.

Automated Meter Infrastructure (AMI) Business Case: Staff gave a presentation to the board of commissioners, which recommended that the PUD continue with the AMR implementation in 2012 on a limited basis and delay the move to AMI until after a COSA is completed.

Pole Joint-use Inventory: Innerpole Investigations has completed the field survey of pole contacts on PUD poles by foreign power, cable, telephone and communication companies. Staff has overlaid the data into our maps and will be working with the companies to update the pole contact count and invoice them accordingly. Staff recognizes the possibility of the companies disputing the contact counts.

Oil Testing: SD Meyers has completed the oil testing of the large power transformers recommended for retest (5 qty). Staff is waiting for the results of the testing.

Water Treatment Facility: Twin City Foods has requested three phase electrical service for a possible water treatment facility south of the City of Ellensburg near the old Schaake property. The request includes approximately 1100 Hp of motor load.

Commissioner Rogers stated he is surprised they are putting in a treatment facility at that location.

Matt commented there will be two lagoons and we have sized for water load right now.

Commissioner Rogers asked about reasoning for PUD to serve.

Matt said the City respected that is the PUD service territory.

Commissioner Sparks said he thinks Tier 2 is behind the reason.

Commissioner Hanson was having a conversation with Del Holter and was not involved in the Twin Cities discussion or Matt's report.

E2 Regulators: E2 Regulators need to be upgraded and relocated (currently inside the new flood plain levy area - rebuilt last year). Staff has selected the new location and is preparing the job for construction.

Right of Way / Easements / Permits:

Poulsen Easement
Nicholas Easement
Washington State Parks/John Wayne Trail Crossing Permit (7 qty)
USBR Record of Survey
ACX Record of Survey
Distributed Generation Update

PUD currently has (19) Residential Net Meter Customers

(61.22 kW Total Rated Generating Capacity)

- (1) Residential Solar Net Metering with Batteries – Lower Green Canyon
- (1) Residential Solar Net Metering – Manastash
- (25) Wind Net Metering Phase 1 – City of Vantage customer inquiry
- (390) Wind Net Metering Phase 2 – City of Vantage customer inquiry
- (1) Commercial Solar Project – 1 MW - City of Vantage customer inquiry

Engineering (look ahead and projects in progress)

- 1) System one-line map
- 2) Strategic Plan/ quarterly budget review/ 2012 budget
- 3) Futura GIS staking and WO management demo
- 4) BPA Interconnection Report (early December)
- 5) AMR meter route study – meter reading options/recommendations
- 6) Commissioner Redistricting
- 7) Replace recloser controls (FXB and Form 4C with Form 6)

Commissioner Sparks asked how did the feeder burn on the Parke Creek Feeder?

Brian stated the hand tie on the insulator broke along Kittitas Hwy.

Commissioner Rogers asked if it was preform ties breaking?

Brian said it was aluminum tie wires breaking.

Commissioner Sparks commented the average outage was 2 hours 17 minutes and the PUD had 11 outages for October.

The General Manager stated that the average time was the time from the customer call to restoration crew until the time the power was restored.

Commissioner Sparks stated the PUD should prepare for the Press on the budget and our Manager. If we do not issue a press release, then Commissioner Hanson should prepare for phone calls.

Commissioner Hanson asked “Are we through with the regular meeting and should we go into Executive Session?”

Commissioner Sparks stated he is concerned about going into an Executive Session with no plans of a Manager. He said we are down 4 employees – Kim, Gerard, Tyler, and Chuck. He said Commissioner Hanson and Commissioner Rogers can meet themselves.

Commissioner Rogers said “fine, no Executive Session”.

Mr. Del Holter stated the ACX contract total cost was \$322,575 and \$84,370 was paid upfront and \$238,205 was waived. Do they pay the \$238,205 over the next 10 years? Would they be obligated to pay the \$238,205 only if sold out?

Commissioner Hanson stated “that’s what it says”.

Mr. Holter said if the contract recognizes they will pay over 10 years, is that

wholesale? How is the payback?

Matt said the credit was given for the size of the load requested.

Mr. Holter asked how does the \$238,205 get paid back?

Matt said through the rate paid by the customer at the time the wholesale rate was given for Tier 1 by the finance manager. 1 year credit.

Mr. Holter asked how paid?

Matt stated the project was in two halves. The PUD installed a line extension to the meter and ACX is paying for 100% of the work on-site. The PUD added capacity for a loop.

Mr. Holter asked if ACX goes defunct, is that a deeded property?

Matt said part of the project is an access for the PUD. The entire easement has not been recorded.

Mr. Holter said he feels it's a loosely worded contract. Should have a bonding to cover the contract.

Commissioner Sparks asked how much support do we do for local load?

Mr. Holter said if ACX forces us into Tier 2, will all customers share?

Commissioner Sparks said the current policy looks at different classes.

Mr. Holter said he does not feel it is the residential obligation to share in Tier 2.

Commissioner Sparks said there is no easy answer. Doesn't like Tier 2.

Commissioner Rogers said every utility is facing this Tier 2, not just us. The Board is still considering policy and looking at what other utilities are doing.

COMMISSIONER'S REPORT

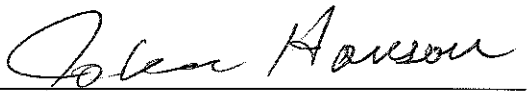
No report.

FUTURE MEETINGS

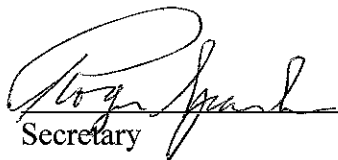
November 30, 2011 – December 2, 2011	WPUDA Annual Meeting	Pasco, WA
December 2, 2011	Christmas/Safety Meeting	Rodeo City BBQ
December 7, 2011	PPC Forum	Portland, OR
December 8, 2011	PPC Annual Meeting	Portland, OR
December 15, 2011	WPAG Meeting	Lakewood, WA
TBD	Board Workshop	TBD
December 27, 2011	Board Workshop	10:00 Building B
December 27, 2011	Regular Board Meeting	1:00 Building B

The Regular Board Session adjourned at 4:18 P.M.

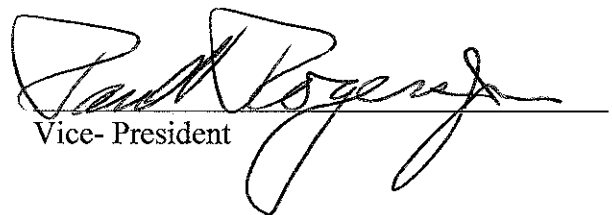
ATTEST:



President



Secretary



Vice- President

RESOLUTION No. 729

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE KITTITAS COUNTY PUBLIC UTILITY DISTRICT NO. 1 REMOVING THE DISTRICT MANAGER AS AN AT WILL EMPLOYEE

WHEREAS, pursuant to RCW 54.16.100 Commissioners of Kittitas County Public Utility District No. 1 ("PUD"), a municipal corporation, may by resolution at a regular meeting remove a district manager at will; and

WHEREAS, Charles E. Ward, Jr. currently serves as the district manager for the Kittitas County Public Utility District No. 1; and

WHEREAS, the a majority of the Board of Commissioners of the PUD desire to terminate the employment relationship between Mr. Ward and the Kittitas County Public Utility District No. 1 ("PUD") effective December 31, 2011.


WHEREAS, this resolution shall be introduced at the regular commission meeting November 29, 2011 and be adopted at the regular commission meeting December 27th, 2011.

NOW, THEREFORE, BE IT RESOLVED, by the Commission of the Public Utility District No. 1 that the current general manager Charles Ward Jr. be removed and his employment terminate December 31, 2011.

ADOPTED by the Commission of Public Utility District No. 1 of Kittitas County at its regular meeting held on the 27th day of December, 2011.

PUBLIC UTILITY DISTRICT No. 1 OF KITTITAS COUNTY


President/Commissioner


Vice President /Commissioner

Secretary/Commissioner

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RESOLUTION #731

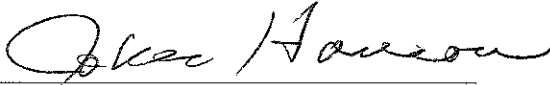
A Resolution of the Board of Commissioners of Kittitas County Public Utility District No. 1 to invest funds.

WHEREAS, the District request the Kittitas County Treasurer to invest funds as follows:

Fund Name	Fund Number	Date Matured	Amount Matured	Date To Invest	Amount of New Investment	New Mature Date
PUD General Fund	649010			12/29/2011	\$2,500,000.00	1/31/2012
PUD Bond Fund	649030					
PUD Bond Reserve	649031			12/29/2011	\$664,692.35	1/31/2012
PUD Construction Fund 2010-2012	649022					
Electric Revenue Refunding Bond	649038					
PUD Refund Bond 2005	649037					
PUD Bond 1999 A/B	6490396					

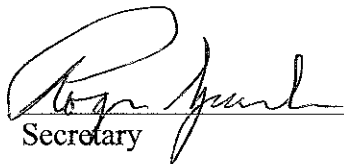
NOW, THEREFORE BE IT RESOLVED THAT, the Board of Commissioners of the District hereby approve the investment of funds by the Kittitas County Treasurer as noted.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Kittitas County this 27th day of December, 2011.

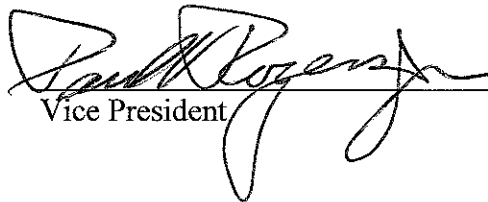


President

Attest:



Secretary



Vice President

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