

**MINUTES OF THE BOARD OF COMMISSIONER'S  
MEETING  
OF KITTITAS COUNTY PUD #1  
January 25, 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 1:04 P.M.

**ROLL CALL:**

John Hanson, President  
Paul Rogers, Vice President (left meeting at 2:15 P.M.)  
Roger Sparks, Secretary

**OTHERS PRESENT:**

Charles E. Ward, General Manager  
Kim Mikkelsen, Finance Manager  
Brian Vosburgh, Engineering Manager  
Matt Boast, System Engineer  
Tom Chini, PUD Customer

**APPROVAL OF MINUTES OF PREVIOUS BOARD MEETING:**

Commissioner Paul Rogers moved to accept the minutes/notes of the following:

- Regular Board Meeting Minutes, December 21, 2010

Commissioner Roger Sparks seconded the motion and it carried unanimously.

**PUBLIC COMMENTS:**

There was none.

**CLAIMS FOR APPROVAL:**

Claims from 15344-15603 and 9900018 in the amount of \$1,126,494.69 were presented for approval. Commissioner Roger Sparks moved for approval of claims, Commissioner Paul Rogers seconded the motion, and it carried unanimously.

**MANAGER'S REPORT:**

**Monthly Update:**

*Clallam PUD Packwood Agreement* – Manager Ward is waiting for Clallam to forward a Power Purchase Agreement.

***Residential Energy Consumption Chart*** – December proved to be the deciding month for revenue. Budgeted revenue for the year was \$6,825,747 and the actual sales with the cold weather brought revenue to within 1% of the actual sales of \$6,874,197.

***Roza Point-of-Delivery*** – Manager Ward will be working with Terry Kent from the Bureau of Reclamation to schedule a meeting regarding this point of delivery.

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

***PPC*** – a meeting regarding Federal Hydro Program Updates; an executive committee meeting (including a “High Wind/High Water Policy presentation from Nancy Baker); and a meeting before the executive committee regarding BPA fiscal year 2012-13 rate cases; a monthly Columbia update provided by Energy Northwest to the PPC

***WPUDA*** – a billing tracking list as of 1/21/2011; a 2011 high priority bill review comments with descriptions, analysis and impacts; a draft prepared by Morgan Meguire suggesting issues the WPUDA may want to discuss with congressional delegation during the 2011 APPA Rally

***WPAG/BPA*** – a timeline for the Contract High Water Mark process was distributed for Board of Commissioner update and review. Manager Ward mentioned WPAG and BPA had presented two very different rate increase amounts for the October 1 increase from BPA. He will have the EES representative review the BPA statistics to determine why the differences.

***CWPA*** – Manager Ward told the Board he had recently received the information regarding formation and representation from the CWPA participant Grant PUD.

## **Old Business**

***Ruralite as a Communications Tool*** – Management and staff are currently reviewing options.

***Impact on Bond Rating of Financial Ratios*** – Management and staff are working on this question.

***PNUCC*** – The Board of Commissioners reviewed the history of the Pacific Northwest Utilities Conference Committee and determined it would be in the best interest of the District to remain a member for 2011 and review this decision during the 2012 budget preparation.

***Credit Card Policy*** – A completed draft policy will be presented at the next Board meeting for Commissioner review.

## **New Business**

**75<sup>th</sup> Anniversary** – August 19, 2011 will be the District’s 75<sup>th</sup> anniversary. Manager Ward suggested some of the methods of communicating this occasion with our customers and the area. Suggestions were given to use the Ellensburg and Cle Elum newspapers, add a banner to the letterhead, and perhaps some handout with the anniversary noted.

**NW River Partners Dues** – The Commissioners reviewed the history and purposes of the group. Commissioner Rogers indicated he would research membership and asked the invoice be held for another month and revisited in the February meeting.

**BPA, New Utilities Tier 1** – Commissioner Rogers requested information regarding allocation of Tier 1 power to new utilities. BPA Account Executive Mike Normandeau emailed the following information to the District. “The TRM has provisions for new publics, up to 250MWs. 40MWs is carved out for Tribal Utility load growth in the first 10 years of the delivery period (2012-2022). No more than 50MWs can be brought on in a single rate period. The cost is melded with Tier 1 costs, therefore all customers will pay for this through the Tier 1 cost allocation (TOCA). There is a 3-year notice requirement on the formation of a new public. For load put on BPA prior to meeting the 3-year requirement the utility would pay the TAC charge or a similar market based rate for the term in question. It is in the best interest for a new utility to work closely with BPA to ensure they have access to the cost based rates as soon as possible... we're actually going through this right now with Jefferson PUD. They recently formed out of Puget Sound Energy's service area.”

**Public Comment – Facilities Charge** – A PUD customer, Pat Kelleher had requested a copy of his letter regarding the increase to the facilities charge be included in the Board packet. The Commissioners reviewed Mr. Kelleher’s letter.

**Public Comment – Horsepower Charge for less than 10 HP pumps** – A PUD customer, Tom Chini requested the District review the minimum size of 10 HP as the base for small irrigators. Mr. Chini has a 5 HP pump and would like to see the HP size based on actual pump size. The Board of Commissioners asked staff to review when a new Cost of Service Analysis is completed.

**BPA Rate Meeting** – Manager Ward informed the Board of Commissioners of the recent meeting with BPA regarding the October 1 cost of power increase. BPA is suggesting a 15% increase with the possibility of CRAC adjustments as well.

**Audit Exit Conference** – Manager Ward informed the Board of Commissioners of the exit conference which will be schedule for the February 22 Regular Board Meeting.

**Kittitas County Criminal Justice Questionnaire** – Manager Ward shared with the Board of Commissioners a request to include a 2 page questionnaire in PUD’s

monthly mailer. The Board indicated they would have no opposition to same provided the Criminal Justice individuals pay the full cost.

***Probationary Period of Manager Ward*** – Commissioner Paul Rogers moved the minutes reflect a recent evaluation of Manager Ward, and that the Board of Commissioners ratifies a successful completion of a six-month (6) month probationary period. Commissioner Sparks seconded the motion and it carried unanimously.

## **FINANCIAL REPORTS:**

The following financial reports were presented:

- Delinquency Report, December, 2010; Delinquent Accounts graph
- Financial Report, December, 2010
- Revenue Analysis, December, 2010
- Quarterly Budget Analysis, December, 2010
- Quarterly Employee Earnings Analysis, December, 2010
- Quarterly Write-offs of Doubtful Accounts: Commissioner Roger Sparks moved to accept the write-off amount of \$2,033.10. President John Hanson seconded the motion. Commissioner Paul Rogers had departed from the meeting at this time. The motion carried unanimously.
- **Resolution #722** – Canceling Warrants – Commissioner Roger Sparks moved to cancel warrants in the amount of \$7,284.37. President John Hanson seconded the motion and it carried unanimously.

## **OPERATIONS REPORT:**

***Monthly Operations Report*** – The operations summary for December shows 5 new services, 3 altered services, 1 light, 3 system improvements, 1 new plat and 2 pole change outs.

### ***Contractor Project Update (Operations)***

- Michels Power is working on completing the rebuild of the Horizon Wind farm feeder. They should be complete by the end of January, 2011.

***Future Operations Work*** – Currently there are 61 service requests, of which 36 are for new services, 2 altered service, 9 new plats, and 14 pole replacements.

## **MONTHLY ENGINEERING REPORT:**

### ***GIS Mapping project:***

The following is a list of the status of the mapping;  
34kV Trans – Complete

E1 – Complete  
 E2 – Complete  
 S1 -- GPS Complete, 75% Drafted  
 S2 -- GPS Complete, 75% Drafted  
 P1 – Complete  
 P2 – Complete  
 P3 – GPS Complete, 25% Drafted  
 J1 – Complete  
 T1 – GPS Complete, 55% Drafted  
 T2 – GPS Complete, 25% Drafted  
 R1 – GPS Complete, 50% Drafted  
 M1 – GPS Complete, 10% Drafted  
 V1 – GPS Complete, 0% Drafted  
 A1 – GPS Complete, 0% Drafted  
 WESCO Tap – 0% GPS, 0% Drafted  
 Work Orders during mapping transition – 70% GPS, 25%  
 Drafted

Futura GIS is scheduled to upgrade the mapping software in March 2011. Engineering is planning to publish map books and digital maps shortly after the upgrade of the software.

***Large Project Update (Engineering)***

- Bowers Road – The PUD was not able to complete the removal of the last 26 services from the City of Ellensburg due to recent flooding.
- City of Ellensburg – The District has contacted the City Public Works department to request some cost sharing in the labor to move the regulator rack and regulators to a more accessible location. The District has not received a response.

***Outages*** – For the month of December, 2010 the District had 15 total outages, affecting 55 customers for a total time out of 7,486 minutes. Fifteen were for overhead equipment failure.

**OTHER ISSUES:**

There were none.

**COMMISSIONER’S REPORTS:**

Commissioner Sparks brought to the attention of Manager, Staff, and fellow Commissioners the following:

- Concerns and recent legislation dealing with the impact of high wind and high water generation hitting transmission lines simultaneously. Unfortunately, the capacities of the transmission lines for BPA are unable to handle this load.

**FUTURE MEETINGS:**

February 2, 2011	PPC Member Forum	Portland
February 3, 2011	PPC Meeting	Portland
February 4, 2011	Drug/Alcohol Awareness Training	Building B
February 10-11, 2011	WPAG	Tacoma
February 16 - 18, 2011	WPUA	Olympia
February 22, 2011	Regular Board Meeting	1:00 Building B
February 28 - March 1, 2011	WAPA Legislative Rally	Washington DC

**The Regular Session adjourned at 2:40 P.M.**

ATTEST:

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President

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Secretary

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Vice President