

BOARD OF COMMISSIONERS  
REGULAR MEETING

June 10, 2008

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Franklin County was held at 1411 West Clark, Pasco, Washington, June 10, 2008, at 1:00 p.m.

Those present from the District were: Bill Gordon, President; Stuart Nelson, Vice President; Chuck Hall, Secretary; Ed Brost, Interim Manager; Susan Paysse, Director of Human Resources; Tim Nies, Director of Administrative Services; Dale Gutmann, Director of Engineering & Operations; Steve Palmer, General Counsel; Debbie Bone-Harris, Community and Government Relations Manager; and Colleen Kimsey, Administrative Assistant.

Staff present for part of the meeting were: Linda Boomer, Power Manager

Commissioner Gordon called the regular meeting to order at 1:00 p.m.

**COMMENTS FROM THE PUBLIC**

Commissioner Gordon welcomed comments from the public at anytime.

**COMMISSIONER REPORTS**

Commissioner Nelson reported that he attended the PPC/PNUCC meetings in Portland where there was discussion concerning the Columbia Generating Station's proposed cost increases as well as other increases to BPA's budgets.

Commissioner Hall reported that he will attend a tour, along with District staff, of an existing digester/generation project belonging to the DeRuyter family, located in Outlook, Washington. Commissioner Hall agreed to pass along questions from Commissioner Gordon while at the tour. Commissioner Hall will also represent the Board at the District's Audit Exit Conference on June 12, 2008.

Commissioner Gordon shared pictures of the siding replacement project at Energy Northwest's nuclear plant.

**CONSENT AGENDA**

Commissioner Hall moved and Commissioner Nelson seconded to accept the consent agenda as follows:

1. To approve the minutes of the May 27, 2008, regular meeting.
2. To approve payment of expenditures amounting to \$1,302,119.79, as audited and certified by the auditing officer as required by RCW 42.24.080, and expense reimbursement claims certified as required by RCW 42.24.090 and as listed and made available to the Board for inspection prior to this action, as follows:
  - a.) Automated Warrants of \$1,305,297.88; Voucher Nos. 39485 through 39553; and
  - b.) Voids in the amount of \$3,178.09;
3. To approve for write-offs of uncollectible accounts a total amount of \$22,108.02.

Motion passed unanimously.

### **AWARD BID NO. 5298 – RE-ROOFING OF OPERATIONS**

Mr. Gutmann explained that Bid No. 5298 – Re-roofing of Operations main building was to cover the existing roof. The bid opening occurred on Friday June 6, but only one bidder responded. The high bid received and the lack of bidders apparently was due to the discovery that it will require extra materials and labor in attaching to the current roof, as it is covered with aluminum. The District's bid estimate was \$229,000, but the bid came in at \$262,000 which is over the District's limit of acceptance per RCW 54.04.080. Commissioner Gordon asked if it would be more cost effective to take the aluminum off and re-build a new roof and discussion followed concerning the re-roofing options.

After discussion, Commissioner Nelson made a motion to hire a consultant to identify the most cost effective option to fix the roof on Operation's main building. Commissioner Hall seconded the motion and the motion passed unanimously.

### **DISTRICT'S 2008-09 OPERATING PLAN**

Mr. Brost gave an update to the Board concerning the current status of the District's Operating Plan/Goals process. He handed out a draft of the Operating Plan/Goals and discussed highlights with the Board. Mr. Brost concluded by asking the Board for any clarification or input. Commissioner Gordon asked to see the final draft at the July Board meeting.

### **MANAGERS REPORT**

Mr. Brost:

1. Updated the Board on the District's draft power sales proposal to Columbia Basin Bio-Fuel. The company has decided to shelve the project for now because the contract for refuse didn't work out as planned.
2. Reported that while attending PPC meetings in Portland last week, he was appointed as the delegate for Franklin PUD on PPC's Executive Committee. He also attended PPC's Strategic Planning Session where all utilities agreed to work together to put the plan into action.
3. Reported that the District will send a comment letter to the Northwest Power and Conservation Council concerning the Council's proposed amendments to their fish and wildlife program and the District is in favor of the amendments.
4. Will participate in a conference call tomorrow with BPA and other utility managers regarding BPA's increasing FY 2009 -2010 budgets.
5. Regional Power and Conservation Council has begun work on its 6<sup>th</sup> Power Plan. I-937 has adopted the Power Plan's conservation targets and the loads/reserves section will be more important as we move to the new Tier 1/Tier 2 world. PNUCC and PPC are looking for more involvement from utilities and we will likely get involved in those discussions.
6. Will participate in a Labor/Management meeting tomorrow to have further discussions with Union representatives and District staff concerning labor contract issues as the last proposed contract was voted down. He went on to say the outcome of the next vote was uncertain and that mediation was a possible next step. Mr. Brost noted the need for Board approval of the Collective Bargaining Agreement in the event that the contract passes on the next vote. If needed, Mr. Brost would request authorization from individual Commissioners to begin new wages in the July payroll and request formal authorization to sign the CBA at the July 22 meeting.
7. Made a request to the Board for a Building Remodel Workshop to take place the morning of the July 22 Board meeting. The Board agreed and the meeting will take place at 9:00 a.m.
8. Reported that he completed and sent to Energy Northwest the survey regarding the District's power and services needs that Energy Northwest might address. Mr. Brost

- said he emphasized the importance of nuclear power being a part of power portfolios.
9. Reported that he will be on personal leave Thursday and Friday of this week to attend a family reunion.

## **STAFF REPORTS**

Ms. Bone-Harris:

1. Will be attending a disaster relief drill conducted by Franklin County Emergency Management on June 19<sup>th</sup> as she is preparing an emergency plan for the District.
2. Attended the Northwest RiverPartners meeting where she heard from the Colville tribe about the harvest bi-op.
3. Reported that she would be accompanying Terry Flores, Executive Director of Northwest RiverPartners, as Terry will be giving presentations to the Port of Kennewick, Port of Benton, Port of Pasco and the American Public Works Directors Association on the values and benefits of hydro power.
4. Reported that Scott Corwin, Executive Director of PPC, and Tim Culbertson, Grant County PUD Manager, would be testifying in Washington DC on June 12 concerning hydro power as a renewable energy source.
5. Reminded the Board and staff of the Connell town hall meeting on Monday June 16<sup>th</sup> in which Mr. Brost will give a presentation on the "State of the PUD".

Ms. Paysse:

1. Gave an update to the Board concerning the District's current position openings and reported the following: an offer was made and accepted for the Connell Area Representative; the Network Engineer position has been filled; an offer was extended for the position of Broadband Engineer; interviews will start next week for the Mechanic position; and testing will start next week for the Executive Assistant position.
2. Reported that Larry Staker, ICMA representative, will be at the PUD June 29 through July 1, to meet with employees interested in reviewing or discussing their ICMA retirement account and encouraged staff and the Board to make appointments.

Mr. Nies:

1. Reported that staff has been analyzing the responses to our Request for Qualifications for consultant assistance to evaluate potential AMR options and he will keep the Board updated on the process/progress.
2. Reported that, depending on negotiations, there may be a software contract available from Cogsdale at the July 22 Board meeting.
3. Explained to the Commissioners that the accounting dept would like to start reimbursing staff and Commissioner's travel expenses through direct deposit. Mr. Nies asked if this was acceptable to the Board and they approved the idea.

Mr. Gutmann:

1. Reported that staff has not heard from The Staubach Company/ Commercial Realty concerning the easement with the Railroad for the 34. 5 kV Connell-Kahlotus line.

At this time Commissioner Hall asked Mr. Gutmann about the progress of the new High School on Argent. Mr. Gutmann reported that staff is corresponding with a consultant about the design for the transmission line and this design will be in the 2009 budget and Mr. Gutmann emphasized that this will be a large project for the District.

Mr. Palmer:

1. Reported that he has been attending the BPA WP-07 Rate Case Hearings, and the

- deadline for filing the District's brief has been extended until next month.
2. Reported that the BPA Taylor Flats transmission line easement dispute is still on-going. There is one home owner who has not moved his fence after repeated requests. BPA is in the process of filing a lawsuit against the home owner, and will be asking the Court for permission to remove the encroaching fence.
  3. Reported that recent Legislative amendments are becoming effective this week. One such change provides a raise in Commissioner salaries. District Resolution No. 805 states the District will pay Commissioners a monthly salary at the maximum allowed by state law. Mr. Palmer discussed the reason why Resolution No. 805 was adopted, which was to tie the timing of future Commissioner salary increases at Franklin PUD to the actions of the State Legislature. Resolution 805 provides that any such increase in Commissioner salaries at Franklin PUD becomes effective automatically, and without the need for any action by Commissioners, at such time as the legislation increasing Commissioner salaries becomes effective. Since several interpretations as to the effective date of the salary increase exist, the risks related to each option were discussed. No action to change Resolution No. 805 was taken by the Board. Mr. Palmer also reported there are several additional legislative changes which take effect this month to the bidding/purchasing laws that affect the District, and that staff has taken steps to ensure compliance with these new rules.

With no further business to come before the Board, Commissioner Gordon adjourned the meeting at 3:25 p.m.

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William Gordon, President

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Stuart Nelson, Vice President

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Charles D. Hall, Secretary