

Skamania County Public Utility District #1
Regular Meeting of the Board of Commissioners

October 4th, 2010

A regular meeting of the Board of Commissioners was called to order by President Curt Esch at 9:05 a.m. at the PUD office in Carson, WA. The following persons were present: Commissioner Curt Esch; Commissioner Clyde Leach; Commissioner Dennis Gale; Manager, Bob Wittenberg; Project Manager, Humaira Falkenberg; Work Order Specialist, Shonna Taylor; Attorney, Ken Woodrich; Auditor, Chris Iobst, absent due to illness and Jim Oakley, Energy Northwest.

Several Public Members attended, the following had comments during the meeting: Floyd Richards, Jerry Harrington, William Yee, Rick Jessel, Edward Callahan, Liz Green, Larry Krug, Susan Krug, Betty Daubenspeck, Mark Hughey, Robert Stevens, and Dan Boyes.

MINUTES

The Commissioner's reviewed the Minutes of the September 7th, 2010 Meeting. Commissioner Gale made a motion to approve the Minutes. Motion was seconded by Commissioner Leach and the motion was carried unanimously. Minutes of the September 20th, 2010 Meeting were reviewed. Commissioner Leach made a motion to approve the Minutes. Motion was seconded by Commissioner Gale and the motion was carried unanimously. Minutes of the September 23rd, 2010 Special Meeting were reviewed. Commissioner Gale made a motion to approve the Minutes. Motion was seconded by Commissioner Leach and the motion was carried unanimously.

OLD BUSINESS

- **Whistleblower Report-** Several members from the public were in attendance to the meeting in response to the Whistleblower Report that was printed in the local newspaper. Commissioner Dennis Gale and Commissioner Curt Esch both presented their response to the September 24, 2010 Whistleblower Report from Attorney Tracy M. Miller and their responses will become a part of the minutes hereof. It was announced this document is public record and copies are available upon request.

Break at 10:20 a.m.

Meeting reconvened at 10:35 a.m.

- **2011Budget, Third Draft Presentation**
 - **Electric System Budget 2011**

Commissioner Esch opened a Public Hearing of the proposed 2011 Budget. Manager Wittenberg presented the Third Draft of the 2011Budget.

Wittenberg explained that he had contacted BPA to present projected wholesale power billings for 2011. The projection is approximate and done with less than a 10% rate increase. Commissioner Gale questioned if the Look Back Credits were included in the BPA estimation and it was noted that the Look Back Credits were included.

Gale also noted that Line 56 needed to include the \$10,000 Management Consultant, change from \$109,000 to \$119,000. Wittenberg explained the need for the management consultant so we have clear direction, communication, and focus.

Liz Green questioned the cost of service study. Manager Wittenberg explained the need of a study due to the dramatic changes with the BPA rates. Wittenberg explained that the rates could change month to month and discussed Tier 2. He noted that D. Hittle and Associates or EEC would probably do this study.

Public member, Larry Krug concurred with Manager Wittenberg that the BPA rates were a big problem and this money should be spent wisely.

Manager Wittenberg noted future items that are not included in the 2011 Budget, such as a backhoe, truck & trailer and the need for additional material storage sheds, automated meter reading and mapping.

The 2011 Budget was set up on the projector. Wittenberg explained that Skamania PUD has the second lowest rates in the state for a non-generating utility. He cautioned not to keep rates too low. He explained the need to maintain balance. Tree trimming costs are high, but this maintenance is important for reliable service. Overtime and outages have been reduced drastically due to preventative maintenance.

Public member, Liz Green, questioned Line 45 to 51 and mentioned that the salaried employees should have a freeze on wages. Ms. Green noted that she had done a comparison of wages to county workers.

Public member, William Yee, explained the need to keep the wages for the electric industry uniform in comparison to other small utilities in the state.

Break at 11:30 a.m. to set up different scenarios of the 2011 Budget.

Reconvened at noon.

Commissioner Gale presented minor changes to the format of the 2011 Budget prepared by Auditor Iobst.

Public Member, Susan Krug commented that a small electric rate increase now would be better than a large rate increase all at once and that the ratepayers could not expect power to stay the same rate with all other costs going up. Mrs. Krug wondered if grants were available to help with bills.

Public Member Yee noted that it was hard to get federal help because of such low electric rates in the Northwest.

Attorney Woodrich recommended Commissioners approve the budget today and amend, if needed, at a later date.

Break for lunch at 12:55 p.m.

Meeting reconvened at 2:13 p.m.

Manager Wittenberg does not agree with freezing all salary jobs. Commissioner Gale does not want to single out salaried employees.

Commissioner Leach noted that we need to be consistent and wants a break down.

Commissioner Esch wanted input again from Attorney Woodrich on the timing of passing the budget. Attorney Woodrich read the statute out loud and recommended the Commission pass a budget.

Overview of changes:

1. Manager and Auditor will have salary freeze for 2011.
2. Part time summer help for front office instead of half time position
3. Correction on \$10,000 Outside Services
4. Electric increase of 3%
5. Rate Stabilization Fund Transfers

The Public Hearing portion of the meeting was closed to public comment at 3:00 p.m. by Commissioner Esch. After closing of public comment the Commission discussed the process. The entire budget including the water systems would be approved at one time. Water Distribution Manager, Tom Vance joined the public meeting.

- **Carson Water Budget 2011**

Commissioner Esch opened the meeting for a Public Hearing and comment on the Carson Water 2011 Budget at 3:35 p.m.

Both Woodrich and Falkenberg noted the state is cracking down on leak detection and allowable water loss. Manager Wittenberg spoke about the water rate increase of 10% that was passed with the last water rate increase. The extra dollars need to go to reservoir construction and replacement of leaking pipes, but we need labor for these projects.

Commissioner Gale raised questions about Line 47 on the budget. After discussion, line 47 will show total of \$37,500 instead of \$12,500.

Tom Vance explained that we had completed approximately 80% of water system improvements listed in the 20-Year Water System Plan.

Project Manager, Humaira Falkenberg, noted that staff is preparing the 6-year Update to the Plan.

Commissioner Esch closed the Public Hearing portion of the meeting. Commissioner Leach made a **motion** to accept the rate increase that Manager Wittenberg demonstrated starting with 0 that goes up to 8.5% for the Carson Water System. Commissioner Gale **seconded** and the motion was **carried unanimously**.

- **Underwood Water Budget 2011**

Commissioner Esch opened a Public Hearing of the Underwood Water System 2011 proposed Budget. After review of the Underwood Water Budget, Commissioner Gale noted that Line 41 and Line 44 need to be increased by \$14,000.00.

Tom Vance commented that the money allocated on Line 41 can be used for the Pressure Reducing Valve at Hood Road and the line replacement is included in this.

Commissioner Gale had no additional comments.

Commissioner Esch asked for any other comments.

Budget Hearing Process closed to public at 4:50 p.m.

Commissioner Gale commented this board is trying to be fiscally responsible and he feels they have done due diligence. Commissioner Gale made a **motion** to approve **Resolution 2348** to adopt the 2011 Budget, but wants any raises given to salaried personnel to be approved by the commission following a review of salary history. Commissioner Leach **seconded** the motion and the motion was **carried unanimously**.

- **CFL Update and Questions** – Manager Wittenberg noted that most customers like the project, very few dislike.

NEW BUSINESS

- **2011 Senior Rebate** – Will be presented at the next meeting.

MANAGER'S REPORT

- **Extra CFL's** – Wittenberg would like the Commission to give him direction on what should be done with extra bulbs that are returned.

Wittenberg also reported that Judy Clark would be at the next meeting, October 18, 2010.

VOUCHER APPROVAL

The following vouchers were approved for payment by a **motion** made by Commissioner Gale.

Voucher	Number	Amount
Electric System	45444-45500	\$ 194,873.54
Carson Water	5666-5671	\$ 18,240.25
Underwood Water	3375-3378	\$ 38,668.75

Commissioner Leach **seconded**, and the motion was **carried unanimously**.

The Meeting Adjourned at 5:10 p.m.

Curt C. Esch, President

Clyde D. Leach, Secretary

The next regular scheduled Board of Commissioner's Meeting will be:
Monday, October 18th, 2010, at 9:00 a.m.