

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

January 17th, 2011

A regular meeting of the Board of Commissioners was called to order by President Dennis Gale at 9:00 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, WO/HR Coordinator, Shonna Taylor; Attorney, Ken Woodrich; Public Members, Betty Daubenspeck, Liz Green and Daniel Tucker.

MINUTES

Commissioner Leach made a **motion** to approve the January 3, 2011 minutes as corrected. Commissioner Esch **seconded** the motion and the minutes were **approved unanimously**.

NEW BUSINESS

- **Public Member Daniel Tucker** - Mr. Tucker is a resident of the Swift Reservoir area and approached the Commission on the possibility of providing permanent power. Swift Reservoir is located in Skamania County, but off the grid and solar panels or generators provide power to the residences. Manager Wittenberg explained that this project would be very expensive even though Cowlitz had installed a transformer and breaker. Approximately three miles of distribution line would have to be installed to serve the first house. Commissioner Gale inquired if the District had checked with Cowlitz County recently about serving this area. The area is primarily summer and weekend homes. Commissioner Leach did not feel this would be a feasible project for the District. Commissioner Esch agrees we need to speak with Cowlitz and mentioned that there are some people whom want to be off the grid. Commissioner Gale is in favor of doing a release to Cowlitz to serve Swift Reservoir area. Manager Wittenberg will contact Cowlitz County regarding this matter and report to the Board by March 7, 2011.

OLD BUSINESS

- **Resolution No. 2353, Adjusting Compensation Benefits for District Manager** – Commissioner Leach made a **motion** to approve Resolution #2353. Commissioner Gale stepped down and **seconded** the motion to hear discussion. Commissioner Esch asked for clarification on the numbers of days included in the additional vacation. Manager Wittenberg explained that the two weeks would be 10 extra days per year. Commissioner Gale mentioned that this would be an approximate 4% increase. Commissioner Leach explained the difference is this would be time, not money. Commissioner Gale disagreed; the vacation could be either taken or banked and no matter which way you look at it, it will cost the District. Commissioner Gale also thought nonunion personnel of the District were not to get any salary adjustments in 2010. Manager Wittenberg apologized for any miscommunication and during the budget process; it was the Auditor and Manager, not all five salaried employees, whose salaries were frozen. Commissioner Gale wants to see a history on all salaried employees before any adjustments are given. After discussion Commissioner Gale called for a vote. Commissioner Leach voted yes, Commissioner Gale voted no, Commissioner Esch voted no.

NEW BUSINESS Cont.

- **Water Billing Error** - Manager Wittenberg asked for clarification from Attorney Woodrich; this matter is about a particular account that has been under billed and in terms of request for public documents, we do not give out account usage and billing information. Attorney Woodrich mentioned how we go about collecting if there is any type of dispute about the charges, the collection element of this could potentially be litigation and in that sense, this could be appropriate for Executive Session. Attorney Woodrich explained public record law allows exemption of private information such as addresses, telephone numbers, social security numbers and anything applicable to an account, but was not very confident usage is exempt. Commissioner Esch questioned if the District has the right to refuse usage on an account because after having conversations with the Sheriff's Office; they have the right to the information without a warrant. Commissioner Esch asked for clarification on this matter. Attorney Woodrich explained that the Sheriff has to produce a letter stating that they have probable cause to request the information. Manager Wittenberg further explained that the letter cites a certain RCW and if it does not, the information is not given.

Attorney Woodrich would like a few minutes to take a look at public records exemptions to see if there is something applicable, there are exemptions for financial records. He will determine two questions, is this matter appropriate for executive session and is the District subject to producing public records if requested in reference to this matter. Attorney Woodrich would like 10 to 15 minutes to research this.

Commissioner Gale inquired about bad debt write-offs and wondered how this differed. The bad debts are discussed in the open session of the meeting. Attorney Woodrich thinks this would be public information. Generally, the state wants to err on the side of producing documents, not the other way around, but there is potential liability if there is something that should be exempted.

Break at 10:25 a.m.

Meeting reconvened at 10:30 a.m.

Attorney Woodrich responded to the question of Manager Wittenberg to the issue regarding confidentiality of personal records of a business and account information on a business, noting no exemption allowing to withhold anything other than private information, however, the Board can enter into executive under 42.30.110 (1) (i) to discuss agency enforcement action. This does not mean there is threatened litigation, but it has to do with enforcement and in this instance, that is what we are talking about. Attorney Woodrich recommends executive session relating to this topic. Agency enforcement would be collecting the bills.

Entered into **Executive Session** relating to agency enforcement at 10:35 a.m. for 15 minutes.

Executive Session extended to 11:05 a.m.

Executive Session extended to 11:15 a.m.

Executive Session ended at 11:15 a.m. No action was taken.

Meeting reconvened at 11:23 a.m.

- **Resolution No. 2360 – Authorizing Personnel of the District to Make Investment Decisions** – Commissioner Esch made a **motion** to accept Resolution No. 2360. Commissioner Leach **seconded** the motion and the **motion was approved unanimously**.
- **Bad Debts** – After review and discussion Commissioner Esch made a **motion** to approve the Bad Debts in the amount of \$1,351.62. The motion was **seconded** by Commissioner Leach and the **motion was approved unanimously**.

OLD BUSINESS Cont.

- **Residential Exchange Settlement Agreement** – Commissioner Esch inquired about the letter NRU sent out from Chuck Dawsey, although NRU is in favor of the settlement agreement, he wants to make sure they should not necessarily assume that they are talking on behalf of all their membership; Chuck Dawsey is not in favor of it. Commissioner Gale noted that it doesn't matter if NRU, WPAG, or PPC vote in favor, but it is the number of BPA customers that sign on the line. Commissioner Gale explained that the opposing group primarily is the WPAG members, specifically Terry Murdorf. Manager Wittenberg explained his fear of the principle of chipping away at preference and this is a risk management decision, not totally known yet. Wittenberg also mentioned the concern of not just losing preference, but market based rates as well which would be very bad for public power and our customers. Commissioner Gale inquired if Humaira Falkenberg is tracking the residential exchange. Wittenberg explained that she has been, but not as closely this past month due to other duties.

Commissioner Gale spoke about the District's continued participation in NRU. The Commissioners reviewed the membership dues of the different associations the District is a member of. Commissioner Gale wondered if the District discontinued the association with NRU, would we still maintain our relationship with River Partners. Manager Wittenberg explained that our dues would go directly to River Partners instead of through NRU. Commissioner Leach inquired as to what River Partners does. Wittenberg explained this group works to control the cost of salmon restoration. Commissioner Gale mentioned besides residential exchange issues, are there any other benefits NRU provides, possibly weatherization, and he is not aware of the impact this group has with BPA. Wittenberg explained that the District can learn almost everything from PPC that we do from NRU; this is a more diverse group. Manager Wittenberg recommended we stay with PPC and drop NRU. Manager Wittenberg also recommends we stay with NWPPA for at least another year and evaluate again. Curt Esch inquired about mission statements from the different organizations the District belongs to. Manager Wittenberg knows that NWPPA does have one.

Commissioner Leach made a **motion** to drop out of NRU and to continue with other existing memberships. Commissioner Esch **seconded** the motion and the **motion was approved unanimously**.

ATTORNEY'S REPORT:

- Attorney Woodrich reported that he had the signed Separation and Release Agreement and a waiver signed for the cooling off period of a public employee. After discussion Commissioner Leach made a **motion** to approve the vouchers pertaining to this Agreement. Commissioner Gale stepped down and

seconded the motion. A vote was taken, Commissioner Leach, yes; Commissioner Esch, no; Commissioner Gale yes. This motion was **carried** with a vote 2-1.

Public Member Liz Green asked the Commission for an explanation to the public for exactly what the compensation was for.

Commissioner Leach explained that it was a settlement to keep the District from being sued.

Commissioner Gale also added that the District was faced with a lawsuit in excess of \$700,000. The insurance company paid \$50,000 to resolve. The District had originally agreed to a 3 month severance pay and felt another \$25,000 was justified, even though the Commission did not want to, but the District could not risk the issue carrying on for up to a year, according to counsel, and has been damaging and distracting enough and did not want to take those chances.

Break for lunch at 12:30 p.m.

Meeting reconvened at 1:34 p.m.

OLD BUSINESS Cont.

- **Carson Water Rate Structure** – Project Manager, Humaira Falkenberg did a power point presentation for the Board, showing different rate structure scenarios. The presentation is a compilation of work done by Humaira, Salvie Stevens and Manager Wittenberg in looking at the Carson Water rate structure, looking at revenue, and looking at revenues according to customer usage category to determine how best to meet the needs that the water system has for future capital costs and added operational maintenance expenses. The Commissioners were shown 5 different scenarios using actual customer usage history.

Commissioner Gale spoke about increasing fees from the Department of Ecology and the Department of Health and this could be costly to the District. Commissioner Esch inquired if payments can be made on the water connects.

A consulting engineer is driving the work on the Carson Water Plan Improvements that is due in March 2011. The plan will suggest system improvements for a 6-year period and a 20-year period and our financial forecast to achieve the capital projects. The plan must be approved by the Department of Health. Three agencies review the plan, Skamania County, Department of Ecology and Department of Health. Commissioner Esch wanted to know if many of the current plan projects remained unfinished. Project Manager, Humaira Falkenberg explained that over 90% of the projects are complete thanks to Water Distribution Manager, Tom Vance.

Commissioner Esch will not support more than a 5% rate increase and against any further increase to the basic. Commissioner Leach feels consistent small raises in rates is better than a very large raise all at once. Commissioner Gale suggested a 10% raise this year and take a hard look at all projects we are doing.

Humaira Falkenberg explained that after March 2011 the Carson Water System Plan will be complete and we will be able to take a hard look next November and use the very same graph, but with new numbers to see how ratios have changed.

Break at 3:10 to 3:15 a.m.

Commissioner Leach made a **motion** to accept Option #3 of the proposed rate structure, 10% rate increase across the board. Commissioner Gale stepped down to **second** the motion. The **motion** passed with a 2-1 vote. Commissioner Leach, yes; Commissioner Gale, yes; Commissioner Esch, no.

This rate increase will be effective with the February 2011 billing.

INVESTMENTS

No investments.

MANAGER'S REPORT

None.

AUDITOR'S REPORT

None.

COMMISSIONER'S REPORT: Commissioner Leach gave a report on the work that he has done on the Governance Policy. He looked at policies from other utilities and has drafted a policy for review by the board to be presented at the next meeting.

VOUCHER APPROVAL

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

Voucher	Number	Amount
Electric System	45854-45917	\$ 368,162.61
Carson Water	5721-5733	\$ 18,916.27
Underwood Water	3406-3410	\$ 11,005.64

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

Meeting adjourned at 3:35 p.m.

Dennis Gale, President

Curt Esch, Secretary

The next regular scheduled Board of Commissioner's Meeting will be:
Monday, February 7th, 2011 at 9:00 a.m.