

**Minutes of the Regular Commission Meeting of
Public Utility District No. 1 of Okanogan County**

Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
December 16, 2008
1:30 PM

Present: Board: Ernest Bolz, Trish Butler, David Womack
Staff: John Grubich, Doug Adams, Don Coppock, Derek Miller,
John MacDonald, Tina DeLap
Legal: Michael Howe
Public: Sheila Corson, The Chronicle
Darrel Bunch, Judy Bunch

Summary Agenda

- I. Call to Order
- II. Business Meeting – 1:30 p.m.
 - 1. Approval of Agenda
 - 2. Approval of Consent Agenda
 - a) Minutes of 12-2-08
 - b) Vouchers
 - c) Transfer of Accounts
 - 3. Public Comment
 - 4. Unfinished Business
 - a) 2009 Budget Hearing
 - b) Holiday Office Schedules
 - 5. New Business
 - a) Resolution No. 1472 Adopting 2009 Budget
 - b) Resolution No. 1473 Establishing Deferred Compensation Plans
 - c) Resolution No. 1474 Authorizing Financing for Capital Projects
 - d) Resolution No. 1475 Initiating Investigation of Smart Grid
 - 6. Manager's Report
 - 7. Other Business
 - 8. Future Planning
 - 9. Meetings
- III. Executive Session
- IV. Adjournment

I. Call to Order – Pledge of Allegiance

President Bolz called the Regular meeting to order at 1:30 p.m. The Pledge of Allegiance was recited.

II. Business Meeting, 1:30 p.m.

1. Approval of Agenda:

Commissioner Bolz requested the addition of Residential Exchange Refunds under Unfinished Business. Unfinished Business item b) Holiday Office Schedules will be moved to New Business.

Commissioner Butler moved to approve the agenda as amended. Commissioner Womack seconded the motion, which passed with unanimous approval.

2. Approval of Consent Agenda Items:

a) Minutes:

Minutes of the December 2, 2008 regular meeting were submitted for approval.

b) Vouchers:

Vouchers in the amount of \$1,429,966.58 were submitted for approval.

c) Transfers of Accounts:

No account transfers were submitted for approval.

Commissioner Womack moved to approve the Consent Agenda. Commissioner Butler seconded the motion. Upon the vote, the motion received unanimous approval.

3. Public Comment:

No Public Comments were offered.

4. Unfinished Business:

a) 2009 Budget Hearing

Director of Finance/Auditor Don Coppock presented an updated 2009 Budget Summary and Detail report for review. A discussion on the financial implications of refunding the residential exchange credit to customers ensued.

Commissioner Butler entered a motion to close the 2009 budget hearing. Commissioner Womack seconded the motion, which received unanimous approval.

b) Motion to Refund Residential Exchange Credits

Director of Finance/Auditor Don Coppock presented examples of how residential credit refunds would be calculated and would appear on customer statements.

Staff recommended approving a \$.006 per kilowatt-hour credit payable during the January, February, March and April 2009 billing cycles. Any remaining funds from the Residential Exchange Refund received from BPA under the Standstill and Interim Relief Payment Agreement would be deposited into a rate stabilization fund.

Commissioner Womack moved to approve staff’s recommended methodology for refunding residential exchange credits. Commissioner Bolz seconded the motion. Commissioner Butler reiterated her belief that the entire amount should be placed in a rate stabilization fund to offset future industry uncertainties.

Upon the vote, the motion passed with two in favor and one opposed.

5. New Business:

a) Resolution No. 1472 Adopting the 2009 Budget

Commissioner Butler moved to approve Resolution No. 1472 Adopting the 2009 Budget. Commissioner Womack seconded the motion. A brief discussion of budget items ensued.

The motion to approve Budget Resolution No. 1472 was unanimously approved.

b) Resolution No. 1473 Establishing Deferred Compensation Plans

General Manager John Grubich explained that Resolution No. 1473 authorizes the establishment of a new deferred compensation plan through John Hancock Retirement Services and a new 401(a) plan through ICMA. This addition allows employees a choice of administrators for contributions into District 401(a) and 457(b) retirement plans. The addition of new administrators was necessary due to the closure of Corporate Gold Benefits operations.

Commissioner Womack moved approval of Resolution No. 1473 Establishing Deferred Compensation Plans. Commissioner Butler seconded the motion, which received unanimous approval.

c) **Resolution No. 1474 Authorizing Financing for Capital Projects**

Manager Grubich explained that Resolution No. 1474 provides a 38-month window (a 2 month look back and a 36 month look forward) to issue bonds for the Pateros to Twisp transmission line, the new headquarters building and the automated meter information system project. Grubich noted current interest rates are high. The District could benefit by using reserve funds for these projects and issuing bonds to replace those reserve funds at a later date when interest rates are expected to return to normal levels.

Commissioner Womack moved to adopt Resolution No. 1474 Authorizing Financing for Capital Projects. Commissioner Butler seconded the motion. Upon the vote, the motion passed with unanimous approval.

d) **Resolution No. 1475 Initiating an Investigation of Smart Grid**

Director of Operations Doug Adams presented background information on Public Utility Regulatory Policies Act (PURPA) requirements for investigating smart grid standards. Regulations require the District to study and report on four new PURPA standards by the end of 2009, and to make recommendations to the Board on whether or not the standards should be adopted. Studies will be completed by District staff during 2009.

Commissioner Butler moved to approve Resolution No. 1475 Initiating an Investigation of Smart Grid. Commissioner Womack seconded the motion. Commissioner Bolz noted additional research, recordkeeping and reporting requirements are a primary cause of increased staff workloads and a necessity to hire additional staff.

Upon the vote, the motion passed with unanimous approval.

e) **Holiday schedules**

Manager Grubich requested the Board authorize all District offices to close at 2:00 p.m. on Wednesday, December 24, 2008 in observance of the Christmas holiday.

Commissioner Butler entered a motion to authorize all District offices to close at 2:00 p.m. on Christmas Eve. Commissioner Bolz seconded the motion, which received unanimous approval.

6. **Manager's Report:**

General Manager John Grubich informed Commissioners that the Federal Energy Regulatory Commission (FERC) will be holding its agency's scoping meetings on Enloe Dam January 14th and 15th in Oroville.

Manager Grubich noted that pages 14 and 15 of the December, 2008 *NWPPA Bulletin* feature an article on Okanogan County PUD.

Manager of Operations Doug Adams updated the Board on an outage affecting almost 1,000 customers from Pateros to the lower Methow Valley. The outage began at about 5:30 a.m. today. Power was restored by 7:30 a.m., but went down again an hour later. Customers in the Alta Lake area would be without power until reconductoring of the main line between Methow River Road and Alta Lake could be completed. Staff estimated repairs to be completed by 9:00 in the evening. The outage is attributed to overloading on the aging Methow transmission line.

Telecom Network Engineer John MacDonald reported on new Federal Communications Commission (FCC) standards requiring that private radio communication equipment comply with narrow band-width requirements by 2012. MacDonald noted that the narrow broad-band requirement will necessitate additional radio towers. MacDonald’s presentation demonstrated the increase in radio coverage that could be achieved by installing additional towers in strategic locations in the county. Radio communications are essential to PUD operations, especially during outages and emergency situations.

7. Other Business:

No Other Business was presented.

8. Future Planning:

Board meetings previously scheduled for December 23rd and 30th have been cancelled. The next regularly scheduled Board meeting will take place January 6, 2009.

9. Meetings:

Commissioner Womack attended a WPUDA conference call at the Okanogan PUD headquarters building in Okanogan on December 12th.

All Commissioners attended the Washington PUD Association (WPUDA) Annual Meeting December 3rd – 5th in Seattle.

Commissioner Bolz traveled on Tuesday, December 9th to attend a NoaNet meeting on December 10th.

III. Executive Session

The Regular Meeting was recessed at 3:40 p.m. and reconvened into Executive Session at 3:45 p.m. to review the performance of a public employee pursuant to RCW 42.30.110 (1) (g) and to discuss with legal counsel representing the District litigation or potential litigation to which the District, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the District, pursuant to RCW 42.30.110(1)(i).

The Executive Session was expected to last ninety (90) minutes, with no action anticipated.

At 5:15 p.m. the Executive Session was recessed and the Regular Session resumed.

IV. Adjournment:

There being no further business to discuss, the meeting was adjourned at 5:15 p.m.

Ernest J. Bolz, President

Trish Butler, Vice-President

ATTEST:

David Womack, Secretary