

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Oroville February 6, 2001**

Present:

Board:

Darrel Bunch, Donald Johnson, James Rowland

Staff:

Harlan Warner, Frederick Burke, Larry Felton, Ed Parker, Debra Peters, Rod Leavell, Julie Pyper

Other:

Michael Howe, Legal Counsel; Susie Buchert, The Chronicle

Public:

Chris Branch, Tom Caton

President Bunch called the meeting to order at 9:36 a.m.

Summary Agenda

1. Approval of Minutes
2. Approval of Work Orders
3. Transfer of Accounts
4. Vouchers
5. Public Comment
6. Surplus Property/Chris Branch
7. Customer Service Handbook
8. Methow EIS Update
9. Methow Fiber Grant Update
10. Resolution No. 1206 - Backhoe Purchase
11. Rate Study
12. Solar & Wind Information Package
13. BPA Announcement Re: Rate Increases
14. Washington Veneer Generation Agreement
15. Public Comment
16. Meetings
17. Staff Presentation - Rod Leavell
18. Executive Session - Surplus Property

1. Approval of Minutes:

Commissioner Rowland moved to approve the Minutes of the January 23, 2001 regular meeting; Commissioner Johnson seconded; motion passed.

2. Approval of Work Orders:

The following work orders were submitted for approval:

| | |
|--|--------|
| 00-0035 District, Okanogan | 35,300 |
| 00-0264 Okanogan County Mental Health, 107 W. Apple Ave., Omak (Rev. #1) | 1,022 |
| 00-0271 District, Hwy. 20 - Pleasant Valley | 754 |
| 01-0300 Dan Newton, Oroville-Nighthawk Rd. | 1,537 |
| 01-0301 David Farrar, Lot 31, Okanogan River Ranches | 2,150 |

| | |
|--|-------------|
| 01-0302 Oroville Housing Authority, Hwy. 97, Oroville | 2,900 |
| 01-0602 District, Hwy. 17 & Washburn Island | 1,247 |
| 01-0603 Allison Ciancibelli & J. Newman, 240 Twisp River Rd. | 1,074 |
| Total | \$45,984.00 |

Commissioner Rowland moved to approve the work orders; Commissioner Johnson seconded; motion passed.

3. Transfer of Accounts:

Ellis, Robert G. Jr. 16.66
 Fisiitalia, Barbara 220.01
 Mathis, Ruby 47.05
 Ray, Donald L. 131.12

Total \$414.84

Frederick Burke requested that Gregory Edwards' delinquent irrigation account #12115-2 in the amount of \$318.71 be transferred to Mr. Edwards' residential account #14514-4.

Commissioner Johnson moved to approve the transfer of accounts; Commissioner Rowland seconded; motion passed.

4. Vouchers:

Vouchers No.'s 64630 through 64664 in the amount of \$144,069.04, No.'s 64665 through 64714 in the amount of \$1,339,328.72, and No.'s 64715 through 64778 in the amount of \$374,138.48 were approved for payment from the revenue fund.

5. Public Comment:

Tom Caton, who owns a solar shop in Tonasket, expressed his interest in the PUD's direction regarding renewable energy sources. He also discussed the difficulty he had obtaining a cost estimate from the District to have power brought to his property in the Mount Hull - Okanogan River Ranch area.

Rod Leavell, the Northern Area Manager, said he was approached by Mr. Caton's neighbor, Mr. Greer, on behalf of Greer and Caton. Mr. Leavell said the preliminary survey work was completed, but problems were encountered with easements.

Mr. Caton asked for a more strategic approach from the PUD in working with all neighbors and not just a single customer since a power line came within 900 feet of his property. The Manager and Board discussed the problems with subdivisions and county guidelines.

6. Surplus Property/Chris Branch:

Chris Branch, the Planning and Community Development Director for the City of Oroville, addressed the Board on behalf of Jeri Krampetz of the Pacific Northwest Trail Association (PNWTA). Mr. Branch asked the Board to extend the bid for the surplus property owned by the PUD in Oroville to allow PNWTA time to prepare a bid. The property is part of the same property PNWTA proposed to the PUD Board a year ago for a segment of the Pacific Northwest Trail.

Following discussion, Commissioner Johnson moved to reject all bids and call for new bids. Manager Warner requested an executive session before the Board took action since the matter was regarding surplus property. The executive session was moved to the end of the agenda at Commissioner Johnson's suggestion.

7. Customer Service Handbook:

Ed Parker distributed copies of the District's Service and Meter Requirements handbook that he was instrumental in developing. The handbook contains helpful information for contractors and customers. The Board commended Mr. Parker for a job well done.

8. Methow EIS Update:

Harlan Warner reported that the District did not have a proposal from Ellen Hall of Foster Wheeler Environmental Corporation, but one should be available for discussion at the February 27, 2001 Board meeting.

Manager Warner commented that he was absent from the last Board meeting, however, he felt certain areas of work requested of Foster Wheeler involved engineering issues. He recommended that if Foster Wheeler considers subcontracting engineering work, that they work directly with Electrical Consultants, Inc., who is very familiar with the project.

The District staff will advise Ellen Hall of the information that is available for review, which may be considered in the Foster Wheeler proposal.

9. Methow Fiber Grant Update:

Manager Warner reported that a meeting on February 5, 2001 at the County Commissioners' office resulted in the District's Methow fiber grant being rated number one in the economic priority review process. The application will be submitted to Qwest for further consideration.

10. Resolution No. 1206 - Backhoe Purchase:

The Board agreed to rescind its January 23, 2001 motion approving the purchase of a used 1996 416B Caterpillar backhoe to allow by Resolution the purchase under special market conditions. Attorney Howe recommended adding to the Resolution that the purchase was subject to a trade in of \$9,500.00.

Commissioner Rowland moved to rescind the action taken by the Board at the last meeting and approved Resolution No. 1206; Commissioner Johnson seconded; motion passed.

11. Rate Study:

Frederick Burke distributed energy distribution information of various rate classes and a hypothetical allocation of operation and maintenance costs based on October 1999 through September 2000.

There was discussion on the impact of seasonal residents and a conservation-incentive rate structure. Manager Warner said that with respect to seasonal rates, Okanogan PUD is different from others that recover revenue through retail sales. With BPA and Wells, Okanogan PUD's retail rate is less than BPA, so the more power sold the worse the financial picture.

Commissioner Johnson felt it was important that no customers are subsidized by not paying the appropriate basic charge and that the rate schedules provide for an inclining

rate structure so that the more energy a customer uses the higher the cost, which will encourage more conservation.

Mr. Burke will present at the next meeting a comparison of various rate schedules/structures, including a staff recommendation for implementing the 7.5% rate increase.

The Board recessed for lunch from 12:04 p.m. to 1:10 p.m.

12. Solar & Wind Information Package:

Debra Peters presented solar and wind information packets that could be developed for the District's own use.

There was discussion on conservation and the different ways to reach customers with information. Some suggestions were to develop a pamphlet/brochure that would include a list of sales representatives and installers in Okanogan County; offer education and introduction to products; deliver conservation tips through the four-line space available on the billings; hire a contractor to promote conservation and educate vendors; and conduct evening workshops.

The Board requested that Ms. Peters develop a solar/wind/lighting pamphlet for Okanogan PUD and develop conservation tips to include on the billings. She was also requested to research available workshops.

13. BPA Announcement:

Larry Felton distributed the most recent executive summary of the BPA rate case he received at a Public Power Council meeting on February 1, 2001. BPA's supplemental rate proposal will be available February 8, 2001. Assuming a no-load loss, the District could face a 140% increase the first year, with 70% over five years.

With a low water year, the District is expecting firm energy shortages April through August. Mr. Felton said he is figuring ways to support that firm amount for the District's load instead of buying on the market. He will be providing the Board with an integrated resource plan to consider the following three alternatives: 1) using standard fossil fuel and co-generation to supplement Wells and BPA; 2) using all renewables and capacity contracts to back them up; or 3 - his recommendation) an optimal cost mix of the above with an emphasis on buying from our own customers.

14. Washington Veneer Generation Agreement:

Manager Warner reported that the Bankruptcy Court has ruled that Washington Veneer will not be the trustee of its bankruptcy proceedings.

Larry Felton reported that Assistant Manager Trimble had a conversation with GE Capital on a proposal for the District and GE to partner for a short-term generation project at the Washington veneer plant in Omak. It does not appear any progress will be possible until the Court appoints a trustee.

15. Public Comment:

There was no public comment.

16. Meetings:

Commissioner Johnson reported that he attended the new Commissioner orientation in Olympia on January 25 and 26, 2001. In addition, he traveled to Spokane on January 28 to attend the Harvest Clean Air seminar on January 29 and 30.

Commissioner Rowland attended the PUD Association legislative meeting on January 25 and 26, 2001.

Commissioner Bunch reported that he attended an Energy Northwest meeting at which the Nine Canyon Wind Project was discussed.

The next Okanogan PUD Board meeting is scheduled for February 27, 2001.

17. Staff Presentation - Rod Leavell:

Rod Leavell explained his job duties as Northern Area Manager, a position he has held for the past nine years. He said the northern division comprises half of the distribution line and 30% of the District's customers. Mr. Leavell also gave a review on capacity charge calculations and showed why the charge was higher in the northern area than most other areas of the District's service area.

18. Executive Session - Surplus Property:

The Board recessed into executive session at 3:39 p.m. for approximately 20 minutes to discuss the surplus property matter.

The Board reconvened into regular session at 3:50 p.m. Commissioner Rowland moved to accept the high bid of \$31,100 from D/J Land and Cattle Company of Oroville for all three parcels of Bid No. 291-01; Commissioner Johnson seconded; motion passed.

There being no further business to discuss, the meeting adjourned at 3:53 p.m.