

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan May 8, 2001**

Present: Board: Darrel Bunch, Donald Johnson, James Rowland
 Staff: Harlan Warner, Richard Trimble, Frederick Burke, Don Brantner,
 Debra Peters,
 Joe Miller, Dan Boettger, Julie Pyper
 Other: Michael Howe, Legal Counsel; Maeyowa, Bob Clark, Brian Monnin,
 Susie Joe,
 Chronicle; Rod Haeberle, Matt Lorz

President Bunch called the meeting to order at 8:30 a.m.

Summary Agenda

1. Approval of Minutes
2. Approval of Work Orders
3. Transfer of Accounts
4. Vouchers
5. Public Comment
6. Resolution No. 1212 - Conservation Loans
7. Resolution No. 1213 - Building Purchase
8. Fiber Report
9. Subscription to Nine Canyon Wind Project
10. Attorney General Opinion Letter
11. Third Party Generator Contract
12. Assessment for Washington2Advocates Contract
13. Resolution No. 1214 - Energy Northwest
14. Public Comment
15. Meetings
16. Executive Session - Litigation

1. Approval of Minutes:

Commissioner Rowland moved to approve the Minutes of the April 24, 2001 regular meeting; Commissioner Johnson seconded; motion passed.

2. Approval of Work Orders:

The following work orders were submitted for approval:

01-0055	Morey Wilken, Old Hwy. 97, Okanogan	\$1,746
01-0078	District, Okanogan	1,215
01-0086	Frank Bigelow, 180 Nichols Rd., Omak	1,021
01-0325	Jim Wells, Wannacut Lake	4,450
01-0328	Harold Boyd, Aeneas Valley	1,100

01-0329	Robert & Marty Barker, Eagles Nest	1,877
01-0330	Mike Angel, Loomis Hwy.	3,775
01-0334	District, Loomis-Palmer Lake Rd.	800
01-0337	Jody Reece, O'Neal Rd.	3,850
01-0338	Rob Stone, Nighthawk	2,637
01-0625	Donald Tatley, Watson Draw Rd., Pateros	3,850
01-0631	District, Ophir Substation	19,951
01-0634	Earl Cotner, Riverside Ave., Twisp	1,016
01-0635	District, Ophir Substation	1,495
01-0636	Nelson Betty, Twisp-Carlton Rd.	1,673
	Total	\$50,456

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

3. Transfer of Accounts:

Amaya, Jose Miguel	179.50
Bair, Casey	1.66
Bales, Susan	2.75
Barbre, Paul	1.86
Belgarde, Brandi	60.94
Best, Dave R.	11.89
Bill's Video Exchange	95.65
Black, Clint	407.88
Blake, Julie A.	15.40
Bliss, Charles W.	215.38
Bourgeau, Victoria	57.47
Braunschweig, Jeffrey	86.20
Brooks, Carolyn E.	174.25
Burk, Lucille (Chris)	17.91
Burk, Lucille (Chris)	33.15
Bustos, Aniceto	26.05
Cahill, Shannon	239.14
Cahill, Shannon	185.96
Canfield, Dale	87.72
Carpenter, Joann	108.13
Cisneos, Angel	55.37
Diaz, Jose	20.46
Donohue, Mark A.	99.94
Drake, Debra A.	96.96
Farley, W. Craig	14.86
Farley, W. Craig	4.78
Farmer, James	213.83
Foss, Ken	20.42
Freeman, Lynda Kay	20.24
Fuller, Julie L.	347.40

Garcia, Linda	133.78
Gardner, John S.	223.73
Goujon, Kimberly	220.10
Harris, Elizabeth	392.19
Hernandez, Delores G.	143.16
Hollingshed, Michelle	164.86
Hough, Max	57.75
Johnson, Jason	27.81
Johnson, John A.	158.61
Johnson, Robert D.	238.49
Joseph, William G., Jr.	56.42
Krupkat, Charlotte G.	151.73
Largent, Casey & Susie	92.27
Larsen, Vivian	34.18
Larsh, Richard	14.44
Liebrecht, Mike	252.32
Lindstrand, Larry	96.33
Louie, Ruth	86.54
Maravilla, Carlos	121.55
Marchant, William	94.01
McCoy, Sheila K.	19.36
McKinney, Steve	35.85
McNeely, Patricia	18.56
Mills, Alexander James, Jr.	210.55
Nunez, Marcelino	18.94
Orejel, Jesus C.	186.30
Parker, Teri I.	241.47
Petersen, Marianne	209.93
Petry, Bonnie Adele	34.87
Plummer, Michael & Tracy	109.16
Proch, Kristen	53.09
Richardson, Glenn	158.04
Richardson, Glenn	388.16
Rodriguez, Martin	223.71
Sam, Connie	37.70
Shafer, Kelly R.	113.20
Smith, Jeremy John	24.18
Smith, Jeremy John	18.72
Stormy River Fruit Grower	7.75
Sura, Michael & Carlson, Pauline	60.29
Tsatsakis-Stacey, Sandra	74.68
Walker, Nancy	170.73
Washington Veneer	36.24
Watson, William C., Jr.	62.57
Yellow Horse, Violet	149.12
Total	\$8,326.59

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

4. Vouchers:

Vouchers No.'s 65878 through 65975 in the amount of \$1,137,034.13, No. 65976 in the amount of \$160,636.44, No.'s 65977 through 66008 in the amount of \$169,082.90, and No.'s 66009 through 66109 in the amount of \$458,422.34 were approved for payment from the revenue fund.

5. Public Comment:

There was no public comment.

6. Resolution No. 1212 - Conservation Loans:

The Board readdressed Resolution No. 1212 - Revising the Conservation Loan Program Offered to District Customers.

Commissioner Johnson said he spoke with Dave Warren of the Governor's office and an individual from the Attorney General's office at a meeting he recently attended. They did not think the loaning of public funds for the qualifying measures in question would be affected by the 1997 amendment, and said they would try to expedite an opinion from the Attorney General's office. Attorney Howe recommended that the Board not send the drafted letter to the Attorney General, but follow an Assistant Attorney General's suggestion that the Manager request an opinion from the local State Auditor's office. Commissioner Rowland said the Governor's office could be of assistance because a statewide decision would help all utilities that have the same concerns.

Attorney Howe recommended that the Resolution state that it is adopted pursuant to RCW 54.16.280. Commissioner Johnson moved to adopt Resolution No. 1212, adding the original qualifying energy conservation measures including lighting that were omitted (solar, wind, geothermal, pellet stoves, mini-hydro), and increasing the initial budget of \$1,000,000 by an additional \$250,000 to reserve \$250,000 specifically for renewable energy sources (solar, wind, geothermal, pellet stoves, mini-hydro) contingent upon receiving an opinion from the State Auditor, Attorney General, a court ruling or legislation clarifying authority to offer such loans; Commissioner Rowland seconded; motion passed.

7. Resolution No. 1213 - Building Purchase:

The Board signed Resolution No. 1213, which was authorized on April 24, 2001 for the purchase of real property commonly known as the Interwest Bank Building.

8. Fiber Report:

Manager Warner said it is the staff's recommendation that the recently purchased network building in Omak be identified as an Omak office and include a pay station staffed with a Customer Service Representative (CSR), which will involve an increase of one CSR. It is expected that remodeling will commence by June 1st, with occupancy of a CSR by mid to late July. The Board approved the plans for the Omak office.

Joe Miller suggested that a banner be placed at the network building at a cost of \$99 to announce the future home of Okanogan PUD's telecommunications center. He also distributed a copy of the proposed permanent sign. The Board approved the signs.

Mr. Miller also reported that he has met with the Brewster School and North Central Education Service District (ESD) regarding network connection plans. The ESD has temporarily staffed the technology coordinator position until a permanent placement is found.

Okanogan PUD has fiber into the Verestar upper building from Old Highway 97, and is currently installing fiber across the Columbia River bridge and north from Brewster towards Verestar. Representatives of Cutthroat Communications will be visiting the District on May 24th. Nortel Network will meet with the District staff on May 10th. Nortel's revised quotation is \$582,627.97. The quotation does not include the Meridian phone proposal, which will be quoted separately by United Communications, the company that currently supplies the District's Nortel telephone equipment.

Rich Trimble reported that the District has received a few requests for smaller wholesale third party rates and will be designing additional rates.

There was discussion on the new attorney general opinion that further defines the PUD role as a wholesale provider of telecommunications.

The attorney general opinion was discussed at the NoaNet board meeting. The NoaNet board is in the process of putting together the long-term bond documents for execution. The documentation will be available for Okanogan PUD to act on at its May 22nd meeting. The NoaNet board passed a resolution for operations and maintenance assessments beginning January 2002, however, it is hoped that traffic on the system will increase so assessments will not be necessary.

9. Subscription to Nine Canyon Wind Project:

Harlan Warner reported that the District has been asked to modify its subscription application to the Nine Canyon Wind Project so as to not exceed 25% of the installed capacity at the site due to restrictions in the financing documents. The Board approved the request.

10. Attorney General Opinion Letter:

Harlan Warner reported that the attorney general's office published a legal opinion regarding the authority of PUDs to provide telecommunications services or facilities. This opinion was published in response to a request from Verizon to State Representative Jeff Morris. Manager Warner said an issue regarding this matter would be addressed in executive session. Attorney Howe added that the PUD attorneys will be discussing the opinion in a conference call this week.

11. Third Party Generator Contract:

Harlan Warner and Don Brantner briefed the Board on the third party generator contracts. The initial contract has been signed by two parties that will be locating generators at the Malott substation and near the landfill south of Okanogan. Six others also requested contracts and are pursuing arrangements. A revision to the third party generator contract requires the third party to pay all connection costs, and provides for an increased fee for District services due to increased costs of system operations and BPA issues in delivering power to the market.

12. Assessment for Washington2Advocates Contract:

Harlan Warner distributed a special assessment formula from the Washington PUD Association (WPUDA) for funding the Washington2Advocates Contract, which was approved by the WPUDA and is being sent to individual PUDs for approval. Okanogan's share of the \$208,000 contract is \$6,335, which could be reduced depending upon additional contributors participating.

Commissioner Johnson moved to cover the assessment for the PUD contract with Washington2Advocates; Commissioner Rowland seconded; motion passed.

13. Resolution No. 1214 - Energy Northwest:

Harlan Warner reported that Energy Northwest has asked for its members' support to place temporary diesel powered generators at the WNP-1 site. Phase 1 of the project would involve entering into a revenue sharing contract with Northwest Regional Power for a 30 megawatt (MW) diesel farm on the WNP-1 site adjacent to the currently existing transformer yard. The excess revenue from power generation would be shared 30% by Energy Northwest and 70% by Northwest Regional Power. Phase 2 would involve an additional 30 MW entirely with Energy Northwest resources.

Commissioner Rowland moved to approve Resolution No. 1214 approving Energy Northwest undertaking a temporary diesel generation project; Commissioner Bunch seconded; Commissioner Johnson opposed; motion passed.

14. Public Comment:

There was no public comment.

15. Meetings:

Commissioner Johnson reported that he attended an Energy Northwest meeting at SeaTac on April 25, 2001; a Public Power Council meeting at Idaho Falls on May 2 - 3, 2001; and a Northwest Energy Coalition at Boise on May 4 - 5, 2001.

Commissioners Bunch and Rowland had no meetings to report.

The next Okanogan PUD Board meeting is scheduled for May 22, 2001.

16. Executive Session - Litigation:

The Board recessed into executive session at 11:25 a.m. to discuss litigation. The Board reconvened into regular session at 12:20 p.m.

Commissioner Rowland moved to authorize a \$1,000 payment in support of preparing an amicus curiae brief in support of Pend Oreille PUD litigation with the Department of Ecology over water rights issues with the Sullivan Creek Project; Commissioner Johnson seconded; motion passed.

There being no further business to discuss, the meeting adjourned at 12:21 p.m.