

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan June 19, 2001**

Present:

Board:	Darrel Bunch, Donald Johnson, James Rowland
Staff:	Harlan Warner, Richard Trimble, Frederick Burke, Billing/Customer Service: Joy Schultz, Marla Thompson, Carol Wyant, Tabetha Hatfield, Tina Howe, Power/Engineering: Larry Felton, Dan Boettger, Derek Miller; Conservation: Debra Peters, Steve Brown
Other:	Michael Howe, Legal Counsel; Susie Joe, The Chronicle
Public:	Kurt Boesenberg, Jim Detro, Jere Gillespie, Joseph Euzensperger

Commencement: 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. Conservation
7. Budget Pay Plan Review
8. Fiber Update
9. Nine Canyon Wind Project - Resolution 1217
10. BPA Load Reduction Agreement
11. Slice Scheduling
12. Enloe Dam Status Report
13. Diesel Generation Status Report
14. NoaNet Report
15. Attorney General Opinion Status Report
16. Foster-Wheeler Progress Report
17. Magi Proposed Conservation Agreement
18. Public Comment
19. Meetings

**1. Approval of Minutes:** Commissioner Rowland moved to approve the Minutes of the June 5, 2001 regular meeting; Commissioner Johnson seconded, with the following revisions to be made:

Page 3, Telecom Update: Use actual figure of \$1,252,928 off report given by Joe Miller, rather than the phrase "estimated expenditures of 1 million dollars".

Page 3, last paragraph: change reference to comment by Commissioner Johnson from "it is his wish that the Methow arm be given priority..." to "it is his wish that the Methow arm be given a high priority..."

Page 4, Item 7, Paragraph 2: Replace "Gross cost of OC3 service..." with "Gross revenue from OC3 service..." Add the word revenue to the fifth sentence so it now reads "Service revenue with 2 OC3's..."

Page 5, Item 8, Paragraph 2: "The article mentioned Franklin and Benton PUD's...."

While Benton was the PUD mentioned, upon review of the article this comment referenced, Commissioner Johnson advised they had actually meant Pend Oreille PUD.

Page 7, Miscellaneous, Paragraph 2: The third sentence currently reads "Commissioner Johnson would like references to geothermal systems deleted from the letter, as he feels this is not a viable source of energy." Commissioner Johnson would like this sentence amended to read "Commissioner Johnson would like references to geothermal systems deleted from the letter, as he feels this is not a viable source of energy for Okanogan County."

Motion Passed.

**2. Approval of Work Orders:** The following work orders were submitted for approval:

95-0748	Robinson, Larry	\$1800.00
99-0214	Robinson, George	\$2467.00
00-0237	Judd, Eric	\$6399.00
01-0341	District	\$237.00
01-0103	District	\$3479.00
01-0364	District	\$1900.00
01-0365	Goodfellow Construction	\$3166.00
01-0657	Carter Excavation	\$970.00
01-0658	District	\$2856.00
01-0659	District	\$3627.00
01-0660	District	\$1358.00
01-0661	Branding Iron Café	\$545.00
	Total	\$28,804.00

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

**3. Transfer of Accounts:**

30617-5	Berry, Robert	\$ 68.30
25526-5	Leslie, J.R.	\$ 11.62
29115-3	Parker, Linda & Buenfil, Santiago	\$345.55
30119-2	North, Crystal	\$ 44.06
30481-6	Garcia, Jose Luis	\$246.43
30649-8	Cline, Cindy & Lloyd	\$122.27
21743-0	Oliver, Norman & Teresa	\$ 57.44
9485-4	Gelvin, John	\$ 102.42
	Total	\$998.09

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

**4. Vouchers:** Voucher number 66516 in the amount of \$2,233,539.84, numbers 66517 through 66603 in the amount of \$552,507.24, 66604 through 66636 for \$205,321.60 and vouchers 66637 - 66733 in the amount of \$2,884,152.08 were approved for payment from the revenue fund.

**5. Public Comment:** There were no public comments at this time.

**6. Conservation:** Debra Peters introduced Steve Brown, our new Energy Services Assistant. Steve was hired to assist Ms. Peters with various conservation programs on a temporary basis. Mr. Brown gave a brief work experience history and was welcomed by the Board.

**7. Budget Pay Plan Review:** Commissioner Rowland requested Joy Schultz provide a Budget Pay Plan system overview due to complaints from customers who did not understand their statements or were unhappy with recent Budget Pay Plan recalculations. Mrs. Schultz explained that meter reads are taken and actual figures are listed at the bottom of the statement as "Total Amount Due". Although there is a box in the center of the statement as well as a tear-off stub listing the correct budget amount to pay, many customers are still confused. Mr. Burke advised that by law we must show the actual accounts receivable amount on statements. Commissioner Johnson suggested a sentence such as "These figures reflect meter read amounts and will fluctuate based on actual usage--please continue to pay the budget payment amount shown above." to be added further down on the statement to clarify what the amounts represent. Mrs. Schultz will work on developing a suitable addition to the statements.

Many customers have experienced 100% increases or more to their monthly budget payment amount. Factors affecting these increases included a colder winter, increased customer usage, higher carry-over balances and the April rate increase. Handouts were provided by Mrs. Schultz to highlight how these things all add up to a large increase in monthly billings when factored into the recalculation formula.

Larry Felton provides CSR's with a temperature chart to show customers the difference in temperatures over the past two years. He suggested that using a two-year history might help alleviate highs and lows on recalculations. Mrs. Schultz will look into this.

CSR's, Staff and Board members expressed the opinion that the Budget Pay Plan is a very beneficial tool for many of our customers, and it should be continued. Mrs. Schultz advised the Board that this program has alleviated payment problems for many customers. These customers are now able to budget the exact amount needed each month, so collections for their accounts have decreased. Mrs. Schultz also commented that we are seeing more volatile customers due to recent rate increases, and the Budget Pay Plan is one of our best defenses in helping these customers adjust to their higher bills.

Many of the CSR's present expressed concern over how higher rates are impacting senior citizens and fixed income households. Commissioner Johnson requested we look at what other PUD's are doing to alleviate the impact of increased rates on these groups before we initiate another rate increase in October.

Commissioner Bunch told CSR's to feel free to contact the Board if there are any issues affecting them that they would like the Board to review. The CSR's expressed appreciation to the Board for being included in this meeting.

**8. Fiber Update:** Richard Trimble advised we are at Verestar now, with fiber being pulled north. This segment of the project should be completed in approximately two more weeks. There were no actions ready for Board approval at this time.

**9. Nine Canyon Wind Project - Resolution 1217:** Resolution No. 1217 was proposed to the Board for funding of Energy Northwest's Nine Canyon Wind Project near the Tri-Cities. Energy Northwest will issue Wind Farm Revenue Bonds to pay capital costs. The PUD will purchase 24% of the project's output. The estimated construction cost is \$65 million, with \$60 million allocated to capital improvements, four million to fund the 18-month delay in payments from the Renewable Energy Production Incentive (REPI) program and \$1 million allocated for a contingency fund. This resolution as proposed by the Bond Council had a "not to exceed" amount of \$75 million, however the Board felt the resolution should reflect the \$65 million cost estimate by Energy Northwest. Commissioner Rowland moved to amend and approve Resolution number 1217 to read "aggregate principal amount of not to exceed \$65,000,000". Commissioner Johnson seconded the motion as amended. Motion passed.

**10. BPA Load Reduction Agreement:** Larry Felton advised that BPA is asking utilities to voluntarily reduce their purchases from BPA by 10%. This will allow

BPA to keep the expected October rate increase below 100%, as they would not have to purchase as much power on the open market. Okanogan's load reduction amount is 5.2 megawatts. The District has been negotiating a contract with BPA which must be signed by June 22, 2001.

Commissioner Rowland moved to authorize the Manager to sign a 10% Load Reduction Agreement with BPA with terms acceptable to District staff. Commissioner Johnson seconded. Motion passed.

**11. Slice Scheduling:** On August 1, 2001, Slice customers will complete a test run to identify potential problems with the system prior to October 1st. Four other utilities currently do not have the computer systems necessary to run the Slice program. It is Mr. Felton's request that we go in partnership with these utilities to share the costs of this computer software. The program being considered would cost \$14,100, with each utility paying \$3,525. Mr. Felton advised time is of the essence, and we have already tried several consultants. The system he is proposing will be an Excel-style spreadsheet tied directly to BPA's screen.

Commissioner Rowland moved to authorize the Manager to spend an amount not to exceed \$3525 for our share of the cost of Slice software. Commissioner Johnson seconded the motion. Motion passed.

**12. Enloe Dam Status Report:** Larry Felton attended the conference in Kelowna, British Columbia with approximately 100 people, many of whom were Fish Biologists from the United States and Canada. Based on the Coyote legend, the Canadian Indian Tribes firmly believe salmon never went up the Similkameen River. The tribes adamantly oppose fish passage up the Similkameen, and have put forth a great deal of effort to make their oral history and opinion heard on this subject. Commissioner Johnson asked what amount of power the Enloe Dam would generate. Mr. Felton advised that it would be approximately 4 mw peak and 3 mw average. The Tribes expressed appreciation for our assistance in sponsoring this meeting. It was noted by staff at the meeting that the 1990 estimated cost of the project was \$15 million.

**13. Diesel Generation Status Report:** Derek Miller updated the Board on status of the diesel generators. It was noted by staff that the temporary diesel generators have not been running for the past couple of weeks. We currently have 14 units in place. Of the two remaining units, 1 was delivered today and one should be delivered tomorrow. Four units have been run but not connected to the grid yet, however they should be ready to connect by June 29th. The District met with the Union regarding job descriptions, wages and shift schedules. There will be two separate job titles. One will be Diesel Operator/Maintainer I and the other will be Diesel Operator/ Maintainer II. Shift scheduling to cover 24 hour a day operation is being developed. We received 40 applications for these jobs and all positions will be filled from this

list of applicants. There will be a minimum of 4, and a probability of 5, full-time positions needed to cover all shifts.

We contracted with MIG to develop operations and procedure manuals. Their product includes photos of our actual units plus software to accommodate revisions. Commissioner Rowland asked what kinds of safeguards we have in place so we do not experience unforeseen problems. Mr. Miller responded that as with any new system, we do expect some variables to occur, however nothing we can't handle. Mr. Trimble commented that this is a unique application of these types of machines, so some problems are expected.

**14. NoaNet Report:** Two member-utilities have elected not to sign refinancing contracts. Lewis PUD and Skamania PUD have withdrawn rather than extend their debt load. The plan has been re-drafted to show their lack of membership, however we are still within our percentage so the changes do not affect our agreement. Commissioner Darrel Bunch requested a review of member benefits versus non-member status. Mr. Trimble advised that non-member utilities do not have access to the NoaNet network. The two receding utilities backed the debt, but they no longer have to make a cash payment. In the event NoaNet liquidates their assets, these two utilities still have their obligations.

**15. Attorney General Opinion Status Report:** The Manager notified the Board that we received a letter from Senator Bob Morton this morning, advising that he has submitted our request to the Attorney General's Office.

**16. Foster-Wheeler Progress Report:** Foster Wheeler has requested additional funding of \$14,984 to expand their involvement in Twisp-Pateros transmission line alternatives. Attachments handed out by Mr. Warner delineated which entity would be responsible for each category of their Study Outline. Foster-Wheeler will be responsible for the Study Introduction, Potential Solutions, Current and Future Demands on the System, Comparison of Alternatives, Evaluation Matrix, Summary and Recommendations. Okanogan PUD will handle the System Description and System Weaknesses. ECI, an independent consultant, will be responsible for Loup Loup Route Transmission Alternatives.

Commissioner Johnson suggested no action be taken at this time until Board Members have adequate time to review updated materials. This item will be on the Agenda for the July 10, 2001 Board Meeting.

**17. Magi Proposed Conservation Agreement:** A Conservation Agreement is being developed between the Okanogan PUD and Magi, Inc. This agreement is for the PUD to purchase energy conserved in excess of 5% from Magi. Load reduction must be a result of capital improvements, and not due to shifting operations or decreased fruit processing. Magi will provide an annual accounting of bins delivered, and their baseline will be adjusted accordingly.

The PUD will purchase power in excess of 5% conservation, to be paid monthly from October, 2001 through September, 2003 at a proposed rate of .09 cents per kwh.

Given recent power market price declines it is felt that 9 cents may be too high of a number, especially considering that this is a two-year commitment. The Board also felt Magi must notify the PUD of all capital improvements made to achieve their conservation goals. Mr. Trimble and Mr. Felton will revise the Agreement.

**18. Public Comment:** A member of the audience, Kurt Boesenberg, asked the Board if they were aware of any state-mandated rate increase caps for the elderly. Commissioner Rowland advised Mr. Boesenberg that setting this type of policy would be a function of our Board of Commissioners, not a State decision, and we currently do not have this type of policy in place. Commissioner Johnson commented that the PUD should look into these types of programs prior to our October rate increase.

Joseph Euzensperger spoke regarding conservation, residential plumbing and renewable energy sources. He thanked the utility for their conservation programs, specifically the appliance rebate program. Mr. Euzensperger is with Oroville Residential Plumbing. He says he now installs 90% energy efficient water heaters, primarily due to the \$50 appliance rebate program. Mr. Euzensperger is interested in installing and retrofitting solar water heating systems. These systems heat water using heat provided by low-profile, roof-mounted solar panels and supplemented with electric heat. The glycol-based system Mr. Euzensperger recommends costs between \$2,500 and \$3,000 to install. Commissioner Johnson commented that there are people in the County who have used a simpler system without Glycol, and drain them in the winter. He will follow up on locating more information from local people with these types of solar heated water systems for our next Board meeting. Mr. Euzensperger stated there is a pilot program being installed in Tonasket, which should be up and running in 2 - 3 weeks. He will follow up with the Board at a later date on how this project is working.

**Miscellaneous:** Commissioner Johnson requested an update on what power prices were doing this week. Mr. Felton said prices were low. Mr. Trimble advised we did make a light-load purchase to offset a small shortage, and prices were good. Mr. Warner advised that prices went down because we have water in the river due to spring runoff. Once the water levels recede prices are expected to rise again.

**Irrigation Collections:** Frederick Burke reported that Irrigation Customers are starting to appear on the disconnect list. Under our old policy, irrigators had the option of paying monthly but did not have to pay until the end of the

irrigation season in October. A notice stating the new collection policy went to all irrigators in April.

**Air Quality:** Frederick Burke notified the Board that staff members had approached him with concerns over air quality in the building. Various options were discussed, including air quality testing and duct cleaning. Dan Boettger was working to get information from an independent testing firm regarding air quality monitoring. It was agreed that changes to the air-intake system and duct work maintenance should be done, and more information was needed on air monitoring.

**CWPU Meeting:** The Manager reported that the August 1st renewal rates for medical insurance are expected to increase 28%, from \$520.77 to \$671.28 per employee. Life Insurance, Basic Life and Dental rates will not increase. The biggest change will be in Long Term Disability (LTD) rates, which are expected to be raised 95%, from the current rate of \$22.05 to \$42.90 per employee per month. Mr. Warner stated these costs will be a focus in negotiations starting this fall.

**Notice of Meeting:** Mr. Warner reported that Jackie Bradley has requested that the Manager and Commissioners attend a Democratic Committee Meeting to be held Saturday, July 21st, 1:00 pm in the Superior Court Room. Board members will advise of their availability at the next meeting.

**19. Meetings:** There were no meetings to report.

**Executive Session:** The meeting convened at 3:05 p.m. for Executive Session. No actions were taken during this session.

**Adjourned:** Regular meeting was adjourned at 3:15 p.m.