

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan August 7, 2001**

Present: Board: Darrel Bunch, Donald Johnson, James Rowland;  
Staff: Harlan Warner, Richard Trimble, Frederick Burke, Derek Miller, Joe Miller,  
Larry Felton, Tina DeLap  
WAPUDA: Steve Johnson, President; Paul Rogers, Board Member-Kittitas PUD, Dan Peterson, Board Member-Pend Oreille PUD;  
Other: Susie Buchert, Chronicle; Lew Blakeney, NCTeleserve, Howard Zosel

Commenced: 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. Public Comment
5. Washington PUD Association
6. BPA Point-to-Point Transmission Agreement
7. Power Purchase Agreement for Renewables
8. Purchase Bucket Truck - Resolution No. 1219
9. Fiber Report
10. Billed Energy Usage, 2000 / 2001
11. Washington Ag Forestry Foundation
12. Personnel Report
13. Future Board Meeting Schedule
14. Public Comment
15. Meetings:
16. Executive Session - Litigation

**1. Approval of Minutes:** Commissioner Rowland motioned to approve the minutes of the July 10, 2001 Board Meeting as written. Auditor Fred Burke requested the minutes be amended to include Commissioner Bunch's attendance at the WAPUDA Meeting July 18, 19 and 20. Commissioner Johnson moved to approve the minutes as amended. Commissioner Rowland seconded; the motion passed.

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

01-0681	Eric Zahn 1114 Hwy 153, Methow	\$ 837.00
01-0383	Richard Dart Hwy 7 S of Oroville	\$1380.00
01-0385	Kevin Griffen Lot #41 Div 5 Nine Mile Ranches	\$4575.00
00-0688	Jamie Ebbert Twisp Airport Rd, Twisp	\$3268.00
99-0779	Haven 193C Poorman Crk Rd, Twisp	\$4283.00
01-0382	Caryll Fields Westview Ranchettes	\$ 760.00
01-0688	Dist. / Ruff 36 Hadley Rd, Brewster	\$ 767.00
01-0687	District 24/3 Upper Beaver Creek Road	\$2238.00
01-0689	A. Garcia 201D Star Rd, Brewster	\$1175.00
01-0384	Bob Bauer Cape Labelle	\$3925.00
01-0381	District Cape Labelle	\$1650.00
01-0389	Mark Allen Swanson Mill near Fancher Dam	\$2825.00
01-0141	D. Covey Miller Road, Omak	\$ 769.00
01-0126	Stampede Omak	\$2921.00
01-004	C. Goodwin Dixon Road	\$ 872.00
01-0652	District North Star Rd	\$3682.00
01-0379	G. Otte 1131 Hwy #7, Tonasket	\$2748.00
01-2&4	Les Schwab Replace overhead transformers;	\$1357.00
01-0377	Silvrns/Boag Ponderosa Ranches	\$2300.00
01-0343	McDaniel Whitestone Lake	\$4780.00
01-0683	District Highway 97, Brewster	\$ 981.00
01-0679	Peter Day Vinton Road	\$4975.00
01-0680	C. Lawler 1450 Vintin Road, Carlton	\$6192.00
01-0678	District Hwy 97 and Monse River Rd.	\$ 597.00
01-0380	T. Olson Hwy 97 South of Oroville	\$1950.00
01-0391	G. Peterson Wannacut Lake	\$4000.00
01-0618	District/DOT Methow Valley Highway, Twisp	\$ 585.00
01-0390	District Whitestone Lake	\$1250.00
01-0665	Dist/McKenny-15 Locust Way, Brewster	\$ 665.00
	Total Work Orders Submitted for Approval	\$68,307.00

Commissioner Rowland motioned to approve completion of the work orders listed. Commissioner Johnson seconded; the motion passed.

### 3. Transfer of Accounts:

Hyatt, Leslee	Moved, no response to closing bill.	\$ 86.45
Dixon, Sara	Moved, no response to closing bill.	\$ 1.73
Kehr, David S.	Moved, no response to closing bill.	\$ 237.47
Lee, Jason	Skipped, no response to closing bill.	\$ 370.09
Mathis, Kimberley K.	Moved, no response to closing bill.	\$ 395.81
McElhaney, Mike	Moved, no response to closing bill.	\$ 122.94
Morge, Jesus	Moved, no response to closing bill.	\$ 77.22

Potter, Dorothy	Moved, no response to closing bill.	\$ 37.85
Mejia, Benjamin	Moved, no response to closing bill.	\$ 149.41
Oakes, Jeff & Michelle	Moved, no response to closing bill.	\$ 8.45
Stiles, Gary	Moved, no response to closing bill.	\$ 309.72
Tefertiller, Bonnie	Moved, no response to closing bill.	\$ 261.12
Santana, Carol	Skipped, no response to closing bill.	\$ 146.60
Matthews Estate ,	Betty & No response to closing bill from estate.	\$ 13.56
Flores-Belz, Lori	Skipped.	\$ 124.29
Florez, Rita J.	Skipped, no response to closing bill.	\$ 410.96
Porter, Angie	Moved, no response to closing bill.	\$ 101.61
Whittaker, Angela	No response to closing bill.	\$ 67.42
Wilson, Lenora	No response to closing bill.	\$ 97.60
Zumwalt, Doris & Floye	Moved, no response to closing bill.	\$ 71.29
Coleman, Melissa & Trevor	Moved, no response to closing bill.	\$ 226.31
Curtis, Terry	No response to closing bill; Disputed	\$ 219.96
Fulcher, Robert & Terri	Moved, no response to closing bill.	\$ 186.44
Kent, Brian K.	Skipped, no response to closing bill.	\$ 159.80
Lee, Ruth	Moved, no response to closing bill.	\$ 436.19
Nickell, James C.	Skipped, no response to closing bill.	\$ 145.47
Nickell, James C.	Skipped, no response to closing bill.	\$ 50.52
	Total Uncollectable Accounts:	\$4,516.28

A bill disputed by Terry Curtis was discussed. The customer reported in April that he had sold his home in February. He had not responded to bills since January, the PUD had received no returned mail and no new home owners had signed up for power. Mr. Curtis was the home owner of record. It was agreed that the charges are his responsibility. Auditor Fred Burke reported to the Board that delinquent accounts have gone through extensive effort and research by staff prior to being considered a write-off.

**Vouchers:**

Voucher numbers 67189 through 67222 in the amount of \$162,947.48, numbers 67223 through 67334 in the amount of \$807,189.70 and 67335 through 67421 in the amount of \$571,819.84 were approved for payment from the revenue fund.

**4. Public Comment:** Carl Van Hoff of Energy Northwest gave a brief update on wind generation projects. Mr. Van Hoff held a meeting at the Okanogan PUD auditorium with Larry Felton and interested parties owning potential wind generation sites. Most of the sites were not large enough, however one east of Oroville has good potential. Mr. Van Hoff and Rod Leavell are going to meet with landowners whose properties border this site. If the site can be expanded it would increase its viability. Energy Northwest has 3 or 4 other sites under

consideration in the northern part of the county, and 4 or 5 potential sites in the Tri-cities area.

It was reported that Snohomish County is still undecided on their participation in the Nine Canyon Wind Project. It is beginning to look like a 32 megawatt project, rather than 50 megawatts.

**5. Washington PUD Association:** Steve Johnson, Paul Rogers and Dan Peterson spoke to the Board regarding the Washington PUD Association and how they can better serve their members. Issues brought up included timeliness of news, how the Attorney General's Opinion on Telecomm affected utilities, the WAPUD Office relocation and the Association's effectiveness as a governing body. The WAPUD is in the process of compiling a written summation of their view on the Attorney General's Opinion on Telecomm and Utilities. Their yearly Source Book has been published and distributed to member utilities, and they are looking at improving the timeliness of information distributed in their Friday Fax publication. The Association will be making a presentation to their board in September on plans to relocate their offices to Olympia. This item will then be on the October business Agenda. The governing structure of the Association was discussed, and its effectiveness in enforcing Board actions. There is no provision for enforcement of assessments in the By-Laws of the Association. Representatives agreed that it is a weakness in their organization, but hopefully using an Executive Committee and better strategic planning procedures will help.

**6. BPA Point-to-Point Transmission Agreement:** A power resources report was given by Larry Felton. The average output we receive from the Slice program is 35 megawatts, and the average from Block is 17mw. Slice has a peak capacity of 90mw and Block has a peak of 25, for a total peak transmission capacity of 115mw. This is the maximum transmission we need to buy from BPA. There are two ways we can purchase this. One method is called Point to Point (PTP), and the other is Network Transmission (NT). PTP is a flat, year-round fee of \$1.04 per megawatt. NT charges are slightly lower, but carry a shaping charge of .41 cents per megawatt regardless of the source. This means even our power generated from Wells Dam would be charged the .41 cent transmission fee. The total cost for 115 mw of power under the PTP program would be \$1.4 million. The same power under the NT program would be \$2 million. Point to point is more reliable, cheaper, and gives us possible excess transmission to sell to other utilities who bought short in peak use seasons. In the event that we also fall short, our diesel generators can be started to make up the difference if additional short-term transmission is unavailable from BPA.

**7. Power Purchase Agreement for Renewables:** Larry Felton gave some background on his proposal for a Renewables Power Purchase Contract. This contract would be used for PUD customers who wish to sell excess generation to the PUD. After October 1st we will be buying and selling power on the

market daily. It was proposed that we calculate a daily average market price, then subtract the retail rate from this amount. Half of this amount would then be added to our retail rate and paid to these co-generators for their excess output. In the event the market price is lower than our retail rate, co-generators would be guaranteed to receive our retail rate. With Wells and Slice our prices have historically been lower than, or close to, market rates. Given extreme market fluctuations it would be critical to establish a base line average to work from. Howard Zosel pointed out that most individuals putting in wind generators would need bank loans to finance them. It is his opinion that he would need 6 - 7 cents/kwh guaranteed for at least 4 - 5 years in order to make capital costs. He feels the contract we are considering would not give them enough money to make their bank payments. Larry Felton advised Mr. Zosel that we are seeing surprisingly low prices on the market lately (3-6 cents/kwh), and for this reason it is not fiscally responsible for the PUD to sign a contract of this duration where we are possibly paying prices higher than the current market.

It was suggested that we get a clear definition of what sources are considered renewables prior to moving forward with the contracts. Legislation is pending that would require utilities to establish plans encouraging "green rates". This means customers could elect to pay a premium price for power generated from renewable resources. This would require extensive study into metering and scheduling. Larry Felton will look into these issues.

**8. Purchase Bucket Truck - Resolution No. 1219:** Manager Harlan Warner gave a brief explanation of the reasons behind Resolution #1219. By buying used equipment the District saves a considerable amount of money. Suppliers do not take bids on used equipment due to the length of time waiting for bids and the possible risk of losing a sale. Due to special market conditions it is proposed that the bidding requirement be waived and the PUD be authorized to purchase a Telelect TL38P on a 2000 Ford F550 chassis from Pacific Utility Equipment Company for \$64,298.00. Derek Miller mentioned we used a demo bucket truck. It worked well with fiber and electrical lines, and was up to 75% faster. The demo unit had 2-wheel drive, so there were problems with it getting stuck. The unit we are proposing to buy is 4 wheel drive, eliminating that concern. Mr. Miller advised this would be a very valuable tool. Commissioner Rowland moved to approve adoption of Resolution 1219 for the purchase of a used bucket truck from Pacific Utility Equipment Company for \$64,298.00. Commissioner Johnson seconded; the motion passed.

**9. Fiber Report:** The Sonet nodes we purchased were more expensive than originally anticipated, but they are high in quality and reliability. To carry dial tone and have the reliability we want, more infrastructure is needed. We will have 9 Sonet nodes, located at Verestar, Chief Joseph Dam, Brewster, Omak (2), Oroville, Tonasket, Twisp and Pateros. Depending on construction, this could cost in the range of \$90,000 - \$240,000 for each Sonet node. We are also

running into time constraints. Nortel is hesitant about our ability to keep up with their schedule. We had adequate staff and resources at the onset of our fiber project, however the energy crisis stretched our resources to the limit. We can get the system built, but will need to put more effort into marketing and customer service. The PUD is currently on an Ethernet system, where their computers are networked together and they lease outside phone lines. When fiber is completed we will need a way to reach other Ethernet companies. Our fiber system backbone includes 48 Ethernet ports in Omak/Okanogan, and 20 each in Brewster, Pateros, Oroville, Tonasket and Twisp. This should cover projected growth for at least 2 - 3 years. Our data network will be expanded to include our offices as the system is built. Fiber between Chief Joe and Omak should be completed by December. Service to Twisp should be in operation by June, 2002 and Pateros should be lit by September, 2002. Fiber to Tonasket and Oroville is scheduled for completion in Spring, 2003. A line extension agreement will need to be created for fiber customers wishing to extend off the main backbone.

Lew Blakeney of NCTeleserve once again thanked the PUD for their efforts in getting the CERB grant for fiber up to Twisp. Mr. Blakeney reported that an architectural delay has thrown his project off schedule. They do not see permitting going through until September or October, delaying their building permit until November or December. This would make it too late to break ground until Spring. Mr. Blakeney estimates their building being ready for occupancy between August and September, 2002.

Meeting Dismissed for lunch at 12:10. Meeting Reconvened at 1:25.

**10. Billed Energy Usage, 2000 / 2001:** Auditor Frederick Burke presented an outline of information compiled by our Information Systems Supervisor, Dan Van Arsdale, comparing this year's billed usage against last year's. Billed residential use is up, commercial and industrial use are slightly lower and our overall billed usage is up. Some customers who actively conserved will qualify for a rebate under the Summer Rewards Program, however effects of conservation won't be known until a comparison of seasonal temperatures is made.

**11. Washington Ag Forestry Foundation:** An outline of the benefits of membership in the Washington Agriculture and Forestry Education Foundation was made. This organization runs the Ag and Forestry Leadership Program, providing intensive study and travel for leaders in agriculture, forestry, fishing and rural communities. We belonged to this organization last year, and our membership is now up for renewal. Program objectives include education and training in renewable natural resources, promoting understanding of the effects of natural resources to the general economic welfare of the state, developing leadership through experience and promoting understanding between urban and rural sectors. Our membership in this program would cost

\$500 per year. Commissioner Johnson motioned to decline membership in the financial interests of the PUD. Commissioner Bunch agreed to suspend membership for one year. It was decided by the Board to not renew our membership at this time, but to reconsider it in one year's time.

**12. Personnel Report:** Frederick Burke updated the Board on finding a replacement for the Information Systems Supervisor position currently held by Dan VanArsdale. An applicant had been hired and scheduled to begin on August 1, 2001. Just prior to his start date the applicant sent an e-mail to Auditor Burke declining the position. Given current time constraints it was decided to re-interview candidates who had previously submitted applications for this position. Jerry Day has been hired to fill this position. He currently works for NCIData.com and will begin full-time training at the PUD on August 15th.

An engineering staffing report was given by Rich Trimble and Derek Miller. Two openings in the engineering department are currently open. One opening was created when Jack Kolze left the PUD. The second opening was created with the retirement of Don Brantner and subsequent promotion of Derek Miller to the position of Chief Engineer. Neither of these positions have been filled. Joe Miller was promoted to Telecomm Engineer and Rich Trimble assumed many of the duties which would have been assigned to a Telecomm Manager. While beneficial, this has taken a great deal of time away from Mr. Trimble's duties as Assistant Manager. It was proposed that we hire two Distribution engineers, who would assist the area Managers and help with large projects. One Network Engineer would also be hired to deploy and market our Fiber and Ethernet services.

**13. Future Board Meeting Schedule:** The following schedule has been approved for future Board Meetings: August 21, September 11 and 18, October 2, 16 and 30. Commissioner Johnson would like at least one of these meetings to take place in the Methow. It was suggested that either the October 2 or 16 meeting will be held there and would be decided at a later date.

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

Miscellaneous. Bids were taken for Project #292-01, for excavation and addition to the Twisp substation area. Two bids were received and publicly opened. Carter Excavation turned in a bid of \$29,375 with a 10-day completion time. Lloyd Logging bid \$6,400, with completion in four days. The contract was awarded to Lloyd Logging, and work will begin this week.

We were notified by Angela Becker-Dippmann that Senator Maria Cantwell will be in Grand Coulee tomorrow morning, meeting with four local utilities and two Mayors. PUD Managers have been requested to attend. Manager Harlan Warner expressed interest in having Commissioners attend as well. It was suggested that Commissioner Rowland attend, as this is his area.

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

Regular session dismissed at 3:20 p.m.

**16. Executive Session - Litigation:** Executive session convened at 3:22 p.m. for a discussion of litigation issues.

Executive Session adjourned and regular session reconvened at 3:40 p.m.

**Permit Appeals:** Commissioner Rowland moved to retain the legal firm of Marten-Brown to represent the District before the Pollution Control Hearing Board on the appeal of the air quality permit from the Department of Ecology. Commissioner Bunch seconded; Commissioner Johnson opposed; the motion passed.

There being no further business the meeting adjourned at 3:45 p.m.