

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan November 27, 2001**

**Present:** Board: Darrel Bunch, Donald Johnson, James Rowland  
Staff: Harlan Warner, Richard Trimble, Frederick Burke,  
Joy Schultz, Don Brantner, Lois Reed, Tina Howe, Julie Pyper  
Other: Michael Howe, Legal Counsel  
Dee Camp & Susie Buchert, The Chronicle  
Public: Lorah Waters, Mike Warfield, Maeyowa

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. 1208
7. Summer Rewards Program Report
8. Winter Rewards Program Proposal
9. Methow EIS
10. Organizational Chart - Resolution No. 1227
11. Energy Assistance Programs
12. Fiber System Report
13. PURMS Report
14. Minutes
15. Public Comment
16. Meetings

**1. Approval of Minutes:**

Commissioner Johnson moved to approve the Minutes of the November 13, 2001 regular meeting with amendments; Commissioner Rowland seconded.

Commissioner Johnson presented proposed additions to agenda item 6 - Foster Wheeler Report. President Bunch questioned the changes, and a discussion followed on whether the Minutes should be revised to include information that may or may not have been discussed at the meeting. Attorney Howe was asked to respond. He said it is a requirement of the Minutes to include the decisions of the Board, and that we make our own policy/rules of order as there are no binding statutes. A policy needs to be adopted for how broad the Minutes are, and that historically we have included the major points of discussion.

Commissioner Johnson felt a function of the Minutes should be to make information available to people who can't attend the meetings. Manager

Warner said the function of the Minutes was to record the action conducted at the meeting, and the Foster Wheeler report was pretty broad. Commissioners Bunch and Rowland opposed changes in the Minutes. Commissioner Rowland moved to adopt the Minutes as originally drafted by the secretary; Commissioner Bunch seconded. Fred Burke commented on a name and spelling error in the Minutes. Commissioner Johnson asked if signing of the vouchers should be an agenda item, and the attorney said yes. The motion passed.

## **2. Approval of Work Orders:**

The following work order was submitted for approval:

01-0050 ACE Hardware, Riverside Dr., Omak \$10,659

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

## **3. Transfer of Accounts:**

J & S Construction (Jeffrey A. Barrows) Invoice #3018 \$340.34

Commissioner Rowland moved to approve the account transfer; Commissioner Bunch seconded; motion passed.

## **4. Vouchers:**

Vouchers No.'s 68935 through 68968 in the amount of \$171,335.30, No.'s 68969 through 69091 in the amount of \$410,791.75, and No.'s 69092 through 69171 in the amount of \$1,503,988.22 were approved for payment from the revenue fund.

## **5. Public Comment:**

Maeyowa asked what could be done to bring closure to Resolution 1208 that the Board passed on March 13, 2001, declaring an emergency exists and authorizing the Manager to take immediate action to address the energy shortage.

The Resolution authorized the Manager to: 1) acquire additional generation sources as needed to provide District customers with reliable and cost-effective service; 2) develop and implement programs that reduce electric energy use; 3) review District policies and identify areas to reduce cost and provide incentives to conserve electricity; and 4) actively pursue all opportunities to reduce costs to District customers. Commissioner Johnson said he objected to the Resolution in the first place because of item 1, and that he thinks it is the Commissioners' responsibility to decide on expenditures. Commissioner Johnson

moved to cancel Resolution 1208, or at least item 1 of the Resolution. Commissioner Rowland said he felt the matter should be an agenda item.

Maeyowa asked to receive a copy of the District's bill regarding ECI costs associated with the Methow improvements. She also asked where the Board would meet when the PUD auditorium was converted to offices. The Manager told her that the Board would meet in the former Board room. Commissioner Rowland added that the additional space was needed for employees. Maeyowa thanked the Board for the public comment period and for holding a meeting in Twisp.

Lorah Waters said she appreciated the PUD coming to Twisp, and asked if there were any plans to rotate meetings in the future. She said she was concerned with rebuilding the Loup Loup line on the same right-of-way, and felt it should be re-examined because of what was brought up in the meeting. She reiterated Maeyowa's concern regarding Resolution 1208.

The Manager introduced the staff invited to the Commission meeting: Lois Reed, the Data Entry/System Operator in Okanogan who sends out the utility bills, and Tina Howe, the Customer Service Representative in Tonasket.

#### **6. Resolution No. 1208:**

Commissioner Rowland moved to rescind Resolution No. 1208 in its entirety under Resolution No. 1228; Commissioner Johnson seconded; motion passed.

#### **7. Summer Rewards Program Report:**

Joy Schultz reviewed the provisions of the Summer Rewards Program as adopted by Resolution No. 1211, which included that qualifying rate class accounts would be audited against last year's usage levels, and those that met or exceeded a 10% reduction would receive a 10% credit of their 2001 six-month usage as a reward. Custom software was developed by the PUD for posting on November 1, 2001. The list of customers who saved 10% or more were sorted by rate schedules:

3,165 bi-monthly residential customers	1,740,005 usage	\$ 62,640.42
31 bi-monthly commercial customers	17,272 usage	\$ 759.86
166 monthly residential customers	82,329 usage	\$ 2,963.86
659 monthly commercial customers	1,820,340 usage	\$ 74,332.50
398 budget pay residential customers	281,364 usage	\$ 10,129.09
1 budget pay commercial customer	239 usage	\$ 10.51
Totals: 4,420 customers	3,941,549 usage	\$150,836.24

Savings in kilowatt hours of more than 10% were not included in the total.

The rewards ranged from 4 cents to \$2,235.26 for a packing shed based on one meter. Over 1,100 customers received less than a \$10 reward.

The staff encountered problems in applying the discount to customers with estimated meter reads, on the budget pay plan or on certain meter reading routes. Many accounts had to be manually adjusted, and approximately 1,400 accounts have not yet been analyzed. The value of the energy savings achieved through this program was discussed, but was difficult to quantify due to a downturn in the economy and the rate increase. There were customers who specifically reduced their electrical usage as a result of this program, although many were thought to have received rewards due to special circumstances rather than deliberate conservation efforts.

#### **8. Winter Rewards Program Proposal:**

Manager Warner said a Winter Rewards Program would have similar administrative complexities as the Summer Rewards Program. In view of where the market for power supply is now and the retail rate, it would not be appropriate to adjust an account on the retail rate or to apply an adjustment for power saved or purchased over what the utility is paying. Additional issues include a need for more customer information to identify customers already going to have a reduction, i.e. a closed warehouse. An evaluation would also need to be temperature adjusted from last year to this year. With high winter usage winter, the 10% bar would need to be higher, with a 20% range more appropriate. There is also a concern that a reduction in the winter is easier for customers with electric heat to qualify. Additional staff time would be required, and Fred Burke voiced concern with the utility's ability to handle such a program with the current staff. He said outside programming would be needed in the range of \$20,000, and that Avenir is 30 - 60 days out for starting customer jobs. In view of the issues and what the benefits may be, it is the staff recommendation not to adopt a Winter Rewards Program.

Commissioner Johnson said the primary objective of the program is energy assistance, and that he would like to defer the discussion until the agenda item on energy assistance was addressed. Commissioner Rowland favored a dedicated program that requires sign up participation by the ratepayers and provides education for changing consumption habits. He would like the utility to look at the savings and capital investment that can be provided through the loan program. Commissioner Johnson felt there were easier ways to provide energy assistance, and that inverted block rates provide the same incentive without the need for contracts and rebates. Commissioner Bunch felt energy assistance and public rates were different.

It was agreed that Debra Peters and Steve Brown of the Energy Conservation Department would report to the Board at the next meeting on the conservation loan program and available funding.

## 9. Methow EIS:

The Methow Environmental Impact Statement was discussed as a follow-up to the Foster Wheeler alternatives study for service into the Methow. The District has contracted with Foster Wheeler Environmental for an EIS, but has not authorized the commencement nor provided Foster Wheeler with the Duke Engineering studies. Manager Warner noted the problem of service into the Methow Valley, with the most critical area being Twisp and Pateros where the distribution and two circuits are. With the present load on the circuits, if the line goes out because of a cold spell, it could be quite a while before energy could be restored in the Methow Valley. The District is seeing extended outages for customers in the lower Methow Valley, which are expected to worsen. With the actual expenditures for Methow Valley budgeted for 2004, a decision needs to be made whether to accept new load growth for the next three years. The Manager noted that the District has done all it can to the transmission system, except for construction. He asked for direction from the Board with the Foster Wheeler Environmental study.

Commissioner Johnson felt an EIS might be avoided by rebuilding the existing line cold using the District's diesels in Twisp during construction. He also wanted to look at wood waste generation, and said more information was needed because Foster Wheeler did not look at how our generators could contribute, did not provide a cost for environmental impacts, nor address the timeliness issue. Fred Burke noted that using the existing diesels does not decrease the cost of the project. Commissioner Johnson pointed out that the PUD presently owns sufficient generators for the job and the additional \$5 million budgeted for leasing diesel generators would not be required. Regarding biomass generation, Commissioner Bunch asked if the Forest Service would give written commitment regarding supplying biomass clearing for a number of years. Commissioner Rowland felt a complete EIS was needed that included all options.

The Board requested the Manager to obtain proposals from Foster Wheeler to include an additional evaluation of rebuilding the Loup Loup transmission line cold instead of parallel using the District's existing diesel generation, including the issues of timeliness and the value of environmental impacts. A cost estimate is needed in sufficient detail so there is a good comparison of parallel and cold and Twisp/Pateros. The Board also requested additional consideration of distributed generation in the Methow (specifically biomass) combined with the potential role of conservation. The District will obtain a copy of BPA's documentation in support of the Twisp/Pateros line. The staff will review cost issues and seek a proposal on other issues from Foster Wheeler

Environmental.

Attorney Howe was absent from the afternoon session of the meeting. The Board recessed for lunch from 12:10 p.m. to 1:25 p.m.

#### **10. Organizational Chart - Resolution No. 1227:**

Rich Trimble presented Resolution No. 1227 detailing the responsibilities of the Board appointed positions of Manager, Treasurer, Auditor, and Attorney. This Resolution supersedes Resolution No. 1139. In compliance with strategic planning objectives, the staff will develop in more detail an Organizational Chart.

A clarification was made to the Resolution, changing "these positions" to "the other appointed positions."

Commissioner Rowland moved to adopt Resolution No. 1227; Commissioner Johnson seconded; motion passed.

#### **11. Energy Assistance Programs:**

Commissioner Johnson distributed a handout on potential Okanogan PUD energy assistance programs. He listed three objectives: 1) Provision of low-income assistance to reduce family hardship associated with rate increases; 2) Avoidance of payment defaults and related expenses (i.e., disconnects, reconnects, notices); and 3) Limitation of requests for assistance and related bureaucratic involvement. Commissioner Rowland questioned objective #1 as he felt the objective should be to provide energy at the lowest cost. The Board agreed to revise objective #1 to read as follows: "Provision of assistance to facilitate payment of energy bills."

Commissioner Johnson also provided information on discount programs offered by other utilities. He was interested in having Community Action Council initiate an individually-tailored program after exhaustion of LIHEAP funding, and raised the option of limiting billing to a specific percentage of income for qualifying households. Commissioner Rowland favored providing a senior discount program that included an energy usage audit procedure and conservation loan program availability. Commissioner Johnson discussed an inverted-block rate program, but Commissioners Bunch and Rowland said they were not comfortable with a tiered rate schedule for all classes.

The Board directed staff to provide Okanogan PUD utility averages on particular usage classifications, i.e. 1500 kWh, 3000 kWh and over 3000 kWh. This information will be available for review at the next Board meeting.

#### **12. Fiber System Report:**

Rich Trimble reported that the District has been working toward an August 1 commitment to have the network up and running in the Twisp area. The District has advertised a bid for the purchase of fiber, with a bid opening date of November 30, 2001. The bid award will be discussed at the December 11 meeting. Included is additional fiber for the Pateros build and Oroville area.

The District has not entered into a contract with CenturyTel because NCTeleserve has not secured financing for its call center in Twisp. The District will not award fiber for Twisp until there is a contract backing the financial commitment. Therefore, the District has not received its CERB funding for the project. The District must meet special conditions included in the offer of financial assistance from CERB by January 31, 2002, or the CERB Contract will be subject to a provision that makes disbursement of funds contingent on if and when funding is available for disbursement.

The annual NoaNet meeting is scheduled for December 4, 2001. Two of the seven NoaNet board positions open for re-election are held by Bill Dobbins and Dick Johnson, who have been nominated for the positions. Mr. Trimble said he plans to vote for Dobbins and Johnson unless the PUD Board feels differently.

### **13. PURMS Report:**

Fred Burke reported on the Public Utility Risk Management Services (PURMS), which is a statewide insurance pool that the District is a member for liability and property insurance. He distributed a handout showing the terrorist attack of September 11, 2001 as the largest single-event insurance loss, estimated between \$30 billion and \$58 billion. The two lines of insurance most affected by the loss are commercial property and liability. The District's insurance group self-insures the first \$1 million in claims with other members of the group and then buys excess. The excess policy increased 30% last year, and is projected to increase this year by 50%. The liability insurance was not affected last year, but is expected to increase 30% this year. Some insurance companies are not renewing plans, and all new policies will exclude coverage for terrorist activities. The PURMS received a letter from Whatcom PUD wanting to come into the pool because their liability insurance is non-renewable. The PURMS was also notified its excess property policy would be non-renewable, and will be negotiating a policy between now and April. The PURMS coverage last year on the property side had \$137 million coverage split into two levels of \$100 million and \$37 million, which was needed by the dam owners of Pend Oreille and Lewis PUDs. This year's policy may be split into smaller levels. The District's self-retention portion of property coverage is currently \$250,000 and may be raised to \$500,000 or \$1 million to see if a premium reduction can be realized. The liability carrier, Aegis, will be asked to quote a property policy.

The PURMS annual meeting will be December 7, 2001.

#### **14. Minutes:**

Manager Warner asked for direction from the Board regarding the Commissioner Meeting Minutes. He suggested the Minutes show the subject matter and general outline of the issues, and the action taken by the Board. Other information presented at the meetings is used to make a decision, but does not need to be an official record. Commissioner Johnson said he felt the additional information informs the public what the Commission is talking about. He favored finding out what other people in the county who offer comments are thinking and talking about. The Manager said that Rich Trimble prepares Board highlights following the meetings for posting on the website, and provides a copy to the media. Commissioner Bunch said he had no problem with a brief note regarding comments, but he is concerned with the detail of the comments. Commissioner Johnson felt that if the comments of others are to be included, Commissioner comments should also be included. Commissioner Rowland said he had no problem with the public comment portion of the meeting as long as individuals identify themselves and address the Board at the lectern.

Following discussion, it was agreed that the Minutes would include a brief description of the subject matter and the action or vote taken. Comments from the public will be recorded in the public comment section only. The individuals commenting must identify themselves and address the Board at the lectern.

#### **15. Public Comment:**

Maeyowa asked for a copy of the cost breakdown for all proposals for the Methow transmission line upgrade, and BPA's report on what they looked at regarding the Methow Valley system improvements.

#### **16. Meetings:**

Commissioner Johnson distributed highlights of the Washington PUD Association meeting he attended in Everett on November 15 - 16, 2001. Included was information the Issues Committee is dealing with regarding renewal of the FERC permit for Priest Rapid Dam contested by the Yakama Nation. Commissioner Johnson canceled his attendance at the WPUDA annual meeting because the Board will have representation by Commissioner Bunch.

The next Okanogan PUD Board meeting is scheduled for December 11, 2001.

There being no further business to discuss, the meeting adjourned at 3:25 p.m.

