

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan January 23, 2001**

**Present:**

**Board:**

Darrel Bunch, Donald Johnson, James Rowland telephonically 9:10 am-11:47 am

**Staff:**

Richard Trimble, Frederick Burke, Donald Brantner, Larry Felton, Derek Miller,  
Janet Crossland, Joy Schultz, Dan Van Arsdale, Julie Pyper

**Other:**

Michael Howe, Legal Counsel; Ellen Hall, Foster-Wheeler Environmental  
Corporation; Kurt Danison, Highland Associates; Susie Buchert, The Chronicle

**Public:**

Bob Clark, Dana Visalli, Kathleen Hirschstein, Teresa Allen, 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. Staff Presentation - Don Brantner
7. Methow EIS - Ellen Hall
8. Methow Grant Update - Kurt Danison
9. Water Line Damage Claim
10. Resolution No. 1204 - Authorizing District Credit Cards
11. Resolution No. 1205 - Telecom Rate Setting
12. Legislative Report
13. Rate Study
14. Audit Exit Conference Report
15. Staff Presentation - Larry Felton
16. Customer Billing Complaint
17. Backhoe Purchase
18. Public Comment
19. Staff Presentations - Fred Burke, Joy Schultz,  
Janet Crossland, Dan Van Arsdale
20. PUD Association Budget
21. CWPU Report
22. Meetings

**1. Approval of Minutes:**

Commissioner Johnson moved to approve the Minutes of the January 9, 2001 regular meeting with a request that the second paragraph of section 10 - Methow EIS Consultant read as follows: "The Foster-Wheeler Corporation will be invited to attend a future Board meeting to discuss options prior to a decision whether to proceed with an EIS"; Commissioner Bunch seconded; motion passed.

**2. Approval of Work Orders:**

The following work orders were submitted for approval:

00-0267 Rick Roberts, 530 Okanogan St., Okanogan	790
00-0268 Alvis Davidson, Old Hwy. 97, Okanogan	3,098
00-0495 District, Aeneas Valley	3,582
00-0753 District, Twisp	2,738
00-0763 Twisp Feed Store, 111 2nd Ave. E., Twisp	1,789
00-0765 District, Hwy. 17	1,150
01-0021 District, Conconully	4,709
01-0025 District, Old Hwy. 97 S. of Okanogan	4,225
Total	\$22,081.00

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

**3. Transfer of Accounts:**

Drake, Desa A.  
\$70.94  
Hatfield, Casey & Tabetha  
\$1,831.29  
Michael, Robert A., Jr.  
\$49.70  
Total  
\$1,951.93

Frederick Burke requested that David Daniels' residential conservation loan balance of \$1,670.82 be transferred to his electrical account for nonpayment.

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

#### **4. Vouchers:**

Vouchers No.'s 64371 through 64405 in the amount of \$152,426.72, No.'s 64406 through 64422 in the amount of \$5,167.20, No.'s 64423 through 64529 in the amount of \$44,927.12, and No.'s 64530 through 64629 in the amount of \$385,833.30 were approved for payment from the revenue fund.

#### **5. Public Comment:**

Dana Visalli discussed the energy crisis, and said the country is in a rapidly changing energy landscape primarily because supply can no longer keep up with demand. He also said he felt the PUD should study the topography of energy and educate toward the coming of the new world rather than spend \$200,000 on an environmental impact statement.

#### **6. Staff Presentation - Don Brantner:**

Don Brantner discussed his career with the District and his duties as Chief Engineer, which include reviewing all work orders for consistency with policy. He addressed his state and region-wide involvement with other utilities on issues such as electrical safety and system design. Assistant Manager Trimble noted that Mr. Brantner received Northwest Public Power Association's 2000 Excellence in Engineering and Operations Award in memory of Milton Hunt McGuire.

#### **7. Methow EIS - Ellen Hall:**

(Commissioner Rowland joined the meeting telephonically at 9:10 a.m.)

Ellen Hall of Foster-Wheeler Environmental Corporation attended the meeting at the request of the Board to discuss options prior to a decision whether to proceed with an Environmental Impact Statement (EIS).

The discussion focused on the need for a pre-scoping/study process to address the problems and objectives of all options. Commissioner Johnson said he would like the study process to include the options of rebuilding the existing transmission line, demand side management and distributed energy as possibilities of solving the voltage drop in the Methow Valley and the inefficiencies of certain transmission lines. Ellen Hall commented that other options are not without the need for environmental approaches. Commissioner Rowland noted that water and air quality issues may need to be addressed concerning distributed energy. He also mentioned the concern of utility resources. Commissioner Rowland suggested that there may be other utilities that the District could interface with. It was agreed that potential cooperating

agencies, primarily Bonneville Power Association and the Forest Service, need to be contacted to determine their level of participation.

Commissioner Johnson moved to authorize Foster-Wheeler Corporation to expand their scope of work to include consideration of other options and present the District with a proposal to go forth with the items discussed today; Commissioner Rowland seconded; motion passed. The Board plans to consider this expanded scope of work at a future meeting.

Don Brantner asked the Commissioners if they wanted to proceed with the Eagle study this winter. Ellen Hall said the end of the winter period for surveying Eagles is February 15, 2001. Because the peak time would be missed and the validity of the study could be questioned, it was agreed not to commence an Eagle study this winter.

#### **8. Methow Grant Update - Kurt Danison:**

Kurt Danison of Highland Associates updated the Board on the status of the District's grant application for funding to install fiber cable up the Methow to Twisp. The District's pre-application to the Washington State Community Economic Revitalization Board for \$1.3 million Qwest Settlement Telecommunications Project Assistant funding will be subject to an Okanogan County economic priority review process on February 5, 2001. Mr. Danison will review the final application with the PUD Board prior to its due date of February 12, 2001.

#### **9. Water Line Damage Claim:**

The Board addressed a letter from Richard Ries requesting \$437.91 reimbursement from the District for funds he paid to have a broken water line repaired on his property north of the PUD. Mr. Ries' letter stated that the water line broke at the same place it previously did when the District's shop building was being constructed. Mr. Ries feels that the District should reimburse him because the original repair was defective in both materials used and installation.

Following discussion, Commissioner Johnson moved to authorize the District to reimburse Richard Ries in the amount of \$437.91 for his water line damage claim; Commissioner Rowland seconded; motion passed.

#### **10. Resolution No. 1204 - Authorizing District Credit Cards:**

The Director of Finance, Frederick Burke, presented Resolution No. 1204 authorizing procurement and use of District credit cards. He said there was agreement at the last staff meeting to proceed to acquire credit cards because companies frequently specify credit card payment as the only acceptable method of payment for purchased goods and services. There are different levels of credit card purchasing, and it is Mr. Burke's recommendation to investigate the commercial card.

Commissioner Rowland moved to approve Resolution No. 1204 authorizing the District's Director of Finance/Auditor to investigate service provider and product offerings, select a vendor and contract for credit card services on behalf of the District; Commissioner Johnson seconded; motion passed.

#### **11. Resolution No. 1205 - Telecom Rate Setting:**

The Assistant Manager, Richard Trimble, presented Resolution No. 1205 establishing rates for SONET transport within the District network up to the Chief Joseph NoaNet Point of Presence for a minimum three-year term. Mr. Trimble said various retail parties have requested quotations for SONET transport. The proposed rates are as follows: OC-12 \$8,708 per month; OC-3 \$2,177 per month; and Non-Recurring (initial) charge \$7,500.

Following discussion and Attorney Howe's recommendation to insert the words "retail" and "wholesale" into the Resolution, Commissioner Rowland moved to approve Resolution No. 1205; Commissioner Johnson seconded; motion passed.

#### **12. Legislative Report:**

Commissioner Rowland's legislative report included information on the utility tax issue that will need to be dealt with as a result of the regional electrical supply shortage; the Verizon bill which challenges the sale of retail telecom services and interlocal agreements; conservation issues in local utilities; and tiered rates as a way to conserve energy.

#### **13. Rate Study:**

Commissioner Johnson submitted for consideration rate study information in support of a new rate structure which holds down rates for those who limit power used and regulate periods of use to non-peak hours. He recommended investigating the use of an "inverted" tier rate, and requested the Director of Finance/Auditor determine what basic services cost and then figure out how to allocate them. Commissioner Rowland responded that the concept needs to be discussed, but he is not sure the District is ready to change rate structures. Commissioner Rowland said if we reopen and change large users first, we need to be very open with them and allow a good dialog as to what kinds of problems may be presented and should consider the economy as a whole. He also said that in the past there has been more variance in the rates for differing classes, but the District has worked diligently to get them closer in line. Larry Felton commented that his studies show consumption rates and expected growth higher than what Commissioner Johnson suggested.

Following discussion, it was agreed that the Commissioners would obtain information on other utilities' rate structures. Frederick Burke will produce a cost of service study and information on basic charges for the Board's further consideration.

Commissioner Rowland departed the meeting discussion at 11:47 p.m.

#### **14. Audit Exit Conference Report:**

Frederick Burke reported that the District's audit exit conference for the 1999 audit period was held on January 18, 2001 at the District offices. Present on behalf of the District were Commissioner Johnson, Manager Warner, Assistant Manager Trimble, Director of Finance/Auditor Burke and Treasurer Crossland. There were no findings or management letter items issued, and the District was complimented on having good internal controls. There were exit item comments made regarding cash receipts, payroll and competitive bidding requirements. The comment regarding payroll leave activity needing to be independently reviewed was stricken because it is already being complied with. The auditor recommended that the District properly document its reference review process when it results in not contracting with the lowest bid submitted. Payment composition of the utility receipts should be periodically, independently reconciled to the deposits, and adjustments made to customer accounts should be reviewed and approved in a timely manner.

#### **15. Staff Presentation - Larry Felton:**

Larry Felton periodically updates the Board on his duties as Power Resource Engineer. Because of agenda time constraints, he submitted his resume/job description in writing and said he would defer to the other presenters unless there were questions of him.

#### **16. Customer Billing Complaint:**

The Board reviewed a customer billing complaint addressed to the Commissioners and mailed to former Commissioner Polly Johnson with a copy to Governor Locke. The customer, Marian Thomas of Bothell, Washington, was unhappy about receiving a late notice letter and being assessed a \$10 late charge. Frederick Burke said that normally he or Joy Schultz respond to billing complaints. Commissioner Johnson, however, said he would take the responsibility of writing the letter since it was mailed to the former Commissioner of his District.

#### **17. Backhoe Purchase:**

Assistant Manager Trimble reported that the District had budgeted \$65,000 to replace the utility's 1980 Case 480c backhoe. A used 1996 Caterpillar 4x4 with 1500 hours of use is available for purchase. Mark Pritchard has looked at other used backhoes and said the 1996 Caterpillar is a good value at \$39,500. The dealer will allow a \$9,500 trade-in for the District's existing backhoe.

Commissioner Johnson moved to accept the backhoe purchase of \$39,500 less a \$9,500 trade-in allowance; Commissioner Bunch seconded; motion passed. Attorney Howe questioned a purchase over \$35,000 without calling for bids and suggested the Board may need to pass a Resolution allowing the District to purchase under special market conditions. Following discussion and reviewing a previous PUD Resolution, it was determined the Commission may waive the

competitive bidding requirement to purchase equipment subject to special market conditions because equipment dealers will not hold used units or bid used units under formal bid contracts. The Board approved the purchase by Resolution, which will be available for signature at the February 6, 2001 meeting.

**18. Public Comment:**

Maeyowa requested that an audio record of the PUD Board meetings be made available to the public. She encouraged Okanogan PUD to put efforts into finding creative and diverse avenues of public education regarding the needs of conservation and ways the public can contribute and participate in conservation, and to create incentives which will encourage conservation with consumers. She also requested that Board Minutes be made available through the Twisp office.

Commissioner Johnson asked Larry Felton to address Maeyowa's comments regarding conservation. Mr. Felton said the District's Energy Services Coordinator, Debra Peters, has information available and together they are in the process of developing a program for implementation by October 2001. Commissioner Johnson suggested the District make conservation packet information available and submit a Press Release to the local papers regarding the program that will be introduced in the fall. Kathleen Hirschstein asked if conservation information could be printed on the District's bills. Frederick Burke responded that there is a 4-line space available for additional information.

The Board recessed for lunch from 12:22 p.m. to 1:35 p.m.

**19. Staff Presentations - Fred Burke, Joy Schultz, Janet Crossland, Dan Van Arsdale:**

Frederick Burke discussed the finance department staff assignments and the complexity of issues he addresses as Director of Finance/Auditor, including external committee representation.

Janet Crossland, Treasurer, discussed her role in managing the PUD's investments and providing reports to the Board.

Joy Schultz, Customer Service Supervisor, noted the volume and variety of customer transactions being handled. To improve customer service, she discussed her desire to implement electronic fund transfers and a credit card payment program. There was discussion on these programs and interest in implementing electronic fund transfers. The cost of a credit card payment program would need to be further researched. Ms. Schultz said she would also like to replace customer information service cards with computerized information. Mr. Burke commented that doing away with the customer

information service cards would require the utility to obtain social security and driver license numbers or collect a deposit .

Dan Van Arsdale, Data Processing Supervisor, discussed administration of the District's network to insure availability and function. He also discussed projects he is working on and the risks and opportunities of information systems.

**20. PUD Association Budget:**

Assistant Manager Trimble distributed for the Board's information the Washington PUD Association 2001 budget and dues calculation.

**21. CWPU Report:**

Assistant Manager Trimble announced that Chelan PUD gave notice at the last Central Washington Public Utilities (CWPU) meeting of its withdrawal from CWPU. The withdrawal represents implications for the remaining seven utilities since Chelan PUD represents about one-third of the pooled insurance. Thus, higher premiums are expected for the insurance package, possibly as high as 30% including a 10 - 15% general increase. There may also be future complications regarding contract negotiations.

**22. Meetings:**

Commissioners Bunch and Rowland had no meetings to report.

Commissioner Johnson reported that he attended the audit exit conference on January 18, 2001.

The next PUD Board meeting is scheduled for February 6, 2001.

There being no further business to discuss, the meeting adjourned at 3:09 p.m.