

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan March 5, 2002**

Present:

Board: Darrel Bunch, Donald Johnson, James Rowland
Staff: Harlan Warner, Richard Trimble, Frederick Burke, Larry Felton,
Joe Miller, Debra Peters, Steve Brown,
Don Brantner, Janet Crossland, Don Coppock, Glenn Huber,
George Hendrickson, Joe Miller, Derek Miller,
Dan Boettger, Joy Schultz, Jerry Day, Julie Pyper
Other: Michael Howe, Legal Counsel
Public: Lorah Waters, Vicky Welch, Kathleen Hirschstein,
Mickery Woolley, Tina DeLap, Steve Bartleson, Doug Sheets, Pete
Moyer, Bob Moyer

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

Summary Agenda

1. Approval of Minutes
2. Approval of Work Orders
3. Approval of Vouchers
4. Transfer of Accounts
5. Public Comment
6. Tiered Rate Discussion
7. Conservation Program Report
8. Fiber Report - ESD
9. Brewster Ethernet Service
10. Energy Northwest Zintel Wind Project
11. Transmission Line Road Report
12. Meetings
13. Board Meeting Schedule
14. Executive Session - Personnel

1. Approval of Minutes:

Commissioner Rowland moved to approve the Minutes of the February 19, 2002 regular meeting; Commissioner Johnson seconded with the following amendments to agenda item 6 - Tiered Rate Report:

In response.... The inverted tiered structure tested was a charge of....
.... The need to combine such a schedule with a seasonal rate and/or an increased base rate combined with decreased unit (kWh) rates to provide

equity between permanent and temporary residents was discussed.

The motion passed as amended.

2. Approval of Work Orders:

The following work orders were submitted for approval:

01-0216	North Omak Investment, Senna St., Omak	\$6,571
02-002	Gene Spear, Horse Spring Coulee	1,180
02-0032	District, Ross Canyon & Grape St., Omak	4,855
02-0034	District, Hwy. 20 S. of Okanogan	5,007
02-0036	John Lafferty, Rodeo Trail Rd., Okanogan	1,506
02-0039	Richard Benjamin, 130 Ross Canyon Rd., Omak	849
02-0603	District, Hwy. 153	1,371
02-0604	Family Health Centers, 525 W. Jay Ave., Brewster	2,505
02-0606	District, Hwy. 97, Brewster	672
	Total:	\$24,516

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

3. Approval of Vouchers:

Vouchers No.'s 70541 through 70572 in the amount of \$157,111.75, No.'s 70573 through 70640 in the amount of \$1,276,340.82, and No.'s 70641 through 70676 in the amount of \$714,920.71 were approved for payment from the revenue fund.

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

4. Approval of Transfer of Accounts:

Felipe R. Jimenez Invoice No. 3109. . . . \$2,200.98

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

5. Public Comment:

Manager Warner introduced the employees invited to attend the Commission meeting: Glenn Huber, Meterman, and George Hendrickson, Oroville Meter Reader.

There was no public comment.

6. Tiered Rate Discussion:

Fred Burke provided additional information for the Board's discussion of the 2000-2001 Residential Customer and Energy Distribution Analysis, which is based on energy usage blocks of ≤ 1500 kWh, 1501-3000 kWh and > 3000 kWh/month.

A chart was distributed showing the increase impacts on customers with varying usage patterns based on rates prior to April 2001, current, and with the tiered proposal.

The staff noted an approximate cost of \$7 million to purchase electronic meters for all residential accounts. Billing under a time-of-day use may involve acquiring different reading devices for all meter readers and accounting software for billing. The use of tiered rates would require no change of equipment.

Commissioner Johnson supported tiered rates based on usage, and suggested a future meeting in the form of a workshop to discuss rate schedules. Commissioner Rowland said he disagreed with tiered rates, but supported a voluntary time-of-day rate. Commissioner Rowland would only consider supporting a time-of-day rate if the customer participated in the acquisition of equipment. Commissioner Bunch was concerned with the rate affect for customers that already have combined meters, and said he did not support a tiered rate program.

Following discussion, the staff was requested to not further study tiered rates. The Board agreed to look into a program of voluntary time-of-use rates for all users -- residential, industrial, commercial and agricultural. Larry Felton will discuss power supply and capacity issues at a future meeting, and then the Board will look at available programs.

7. Conservation Program Report:

Debbie Peters addressed the questions in Lorah Waters February 19, 2002 letter regarding PUD programs for conservation and efficiency.

Ms. Peters reported that the District has allocated \$150,000 over the next five years for commercial lighting retrofits, and will offer 50% of the maximum C&RD credit for these measures. She also announced that the District has scheduled a Torchiere Turn-In Day on April 27, 2002 for disposal of halogen torchiere floor lamps.

More than 10,000 compact fluorescent light bulbs have been sold at a \$3 discount. Five-year, no-interest loans have been available for conservation measures such as insulation and efficient heat pumps. They will soon be available for solar and wind installations. Rebates (\$50) continue to be

available for energy-efficient appliances. An outreach program has been very active.

Steve Brown noted success stories of customers achieving significant energy savings through conservation.

8. Fiber Report - ESD:

Pete Phillips, Fiber Project Director for the North Central Educational Service District, addressed the Board regarding the North Central Washington Fiber Co-op. The Co-op is a partnership between the NCESD, the statewide network - K-20, and the Okanogan, Grant, Douglas and Chelan PUDs to coordinate efforts for public school access to telecommunications facilities.

Six organizations in NCW have been selected to pilot a project known as the Proof of Concept for the next generation of K-20. The Brewster School District will be one of the first sites to begin exploration of high bandwidth services. The project will be implemented in mid-April, and the testing, assessment and evaluation will continue through September of 2002. At that time, it is expected this model will be replicated in all schools in NCW as well as the entire state.

9. Brewster Ethernet Service:

Joe Miller reported that the District is using backbone fiber as distribution fiber to connect the first small number of customers to the Brewster network. The current method of splicing in the distribution fiber to the customer exposes the backbone fiber to damage. The preferred method is to provide an enclosure on the ground and bring the fiber down off the backbone to the enclosure. This would avoid having to get into the backbone fiber each time a customer is hooked up, and it would lower the per-port cost for each customer connection. All future changes would be made from this location. The electronically powered enclosure (shelter) costs approximately \$20,000. The enclosure would also be used in the future to house network equipment.

Mr. Miller also discussed rates for equipment co-location in the Omak network center. The proposed rate for one cabinet with an AC circuit is \$513.00 per month.

The Board approved the proposed co-location rates and the purchase of a shelter for the Brewster Ethernet service.

The Board recessed for lunch from 12:00 p.m. to 1:35 p.m.

10. Energy Northwest Zintel Wind Project:

Larry Felton reported that Energy Northwest, with the District's assistance, erected two meteorological towers at a prospective wind farm site in the Nine-Mile area east of Oroville. The wind speed has averaged nine miles per hour over the first month or two of testing, so there is consideration of moving the towers to a better location. Mr. Felton does not foresee enough local wind for a future project, as an average of 15 miles per hour is the minimum required wind speed.

Energy Northwest is proposing development of the Zintel Canyon wind project. Mr. Felton does not recommend investing in this project because the District's existing resources are expected to exceed its needs. In addition, Okanogan PUD is purchasing 24% of the Nine Canyon project output, which is adjacent to Zintel Canyon, and it will supply 5% of the total PUD energy load.

Mr. Felton distributed a handout on how Green Tags provide an opportunity to support electricity generation from renewable energy sources regardless of whether the local utility or competitive electricity provider offers "green" power products. The PUD might be able to market its Nine Canyon wind resource as green power, however, it is Mr. Felton's recommendation to account the true cost and then see what interest there is.

Commissioner Johnson moved for the District to not participate in the Zintel Canyon wind project, with the idea that we will hopefully find ways to invest in renewables down the path; Commissioner Rowland seconded; motion passed.

11. Transmission Line Road Report:

Don Brantner provided background information on road costs for the Pateros-Twisp transmission line project. Until issues are resolved and an actual road plan is developed, no defensible cost estimate can be made.

Available road data remains with Duke Engineering. Commissioner Johnson said that it has previously been reported that 24.3 miles of existing roads would require improvements and 20.8 miles of new roads would be required. Those roads would cross at least 24 streams.

12. Meetings:

Commissioner Bunch reported that he attended the Washington PUD Association Commissioners Roundtable in Olympia on March 1, 2002.

13. Board Meeting Schedule:

The next Okanogan PUD Board meeting is scheduled for March 26, 2002. The following dates were also scheduled for Board meetings: April 9, April 16, May 7, and May 21.

14. Executive Session - Personnel:

The Board recessed into executive session at 2:40 p.m. to discuss personnel.

The Board reconvened into regular session at 3:00 p.m. and there being no further business to discuss, the meeting adjourned at 3:00 p.m.

Darrel E. Bunch, President
Donald W. Johnson, Vice-President
James G. Rowland, Secretary