

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan May 7, 2002**

**Present:**

Board: Darrel Bunch, Donald Johnson, James Rowland  
Staff: Harlan Warner, Richard Trimble, Frederick Burke, Janet Crossland,  
Don Coppock, Joy Schultz, Joe Miller, Gerald Seaver, Bill Johnson,  
Debra Peters, Steve Brown, Derek Miller, Julie Pyper  
Other: Michael Howe, Legal Counsel; Alan Dashen - A. Dashen &  
Associates; Jane Towery - Banc of America; Nancy Neraas - Preston  
Gates & Ellis via conference call; Susie Ives - The Chronicle; Sara  
Pedrick - Pedrick Mediation Services  
Public: Tina DeLap, Vicky Welch, Debby Curren, David Schultz, David  
Womack, Dave & Esther Johnson, Ken & Elaine Westman, Wade  
Pinson, John & Lorraine Clees

President Bunch called the meeting to order at 1:00 p.m.

**Summary Agenda**

1. Approval of Minutes
2. Approval of Work Orders
3. Approval of Vouchers
4. Approval of Transfer of Accounts
5. Public Comment
6. Debby Curren - Tonasket Tavern (Conservation Loan)
7. Approve Bond Sale - Resolution No. 1236
8. Mediation Proposal - Sara Pedrick
9. Solar Demonstration Project
10. Public Comment
11. Meetings
12. Executive Session - Litigation

**1. Approval of Minutes:**

Commissioner Johnson moved to approve the Minutes of the April 16, 2002 regular meeting; Commissioner Rowland seconded. In reference to the second paragraph of Item 5 - Public Comment, Commissioner Johnson noted that many of the petitioners were not "Citizens of the Methow Valley" as specified in the petition. Commissioner Johnson requested the following additions and clarifications to the Minutes:

Item 6 - Financing Status Report: Add after sentence 5: Debt service in 2002 will be \$0.7 million and \$3.1 million/year from 2003 through 2006, when it will be reduced to 0.8 million/year through 2021. Current projections include a rate increase in 2005.

Item 7 - Okanogan Irrigation District: Add after sentence 2: It has been on standby for most of its 25 year existence and saved the Irrigation District over \$22,000/year while on Schedule 3. The Schedule 3 power charge for 2002 was anticipated to be \$84,321 more on Schedule 3 versus Schedule 6.

Item 8 - Renewable Energy Access Project: In the first paragraph in the next to last sentence after investment add (\$40,000).

The motion passed.

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

The following work orders were submitted for approval:

00-0681	District/Howard Carlson, 25323 S. Hwy. 97	\$1,269
02-004	Rita Thomas, 124 Hendrix Rd., Omak	1,376
02-004	Sheriff's Dept., JackAss Butte	872
02-0058	District, Okanogan Sewer Treatment Plant	1,603
02-0061	District, Jackass Butte	8,973
02-0062	Dave Eighme, Riverside Cutoff Rd.	2,612
02-0063	Bureau of Reclamation, Broadway St., Conconully	826
02-0065	Buzz Berney, Conconully Rd.	2,287
02-0067	District, Scotch Creek Basin off Conconully Hwy.	4,520
02-0068	District, Hwy. 97 1/4 mi. S. of Okanogan	1,489
02-0069	Clayton Scott, 526 Ironwood St., Omak	1,379
02-0071	Rory Gilliland, Danker Cut-Off Rd.	1,112
02-0073	District, Weatherstone & Pogue Rd., Omak	2,055
02-0075	District, E. River Rd.	557
02-0077	Ken Little, Tunk Valley Rd.	2,811
02-0078	Dan Sanford, 550 Evans Lake Rd. (Alkali Lake)	19,180
02-0087	Joe Curry, 25 Haussler Rd., Omak	1,103
02-0304	Mathew Haydon, Chief Tonasket Plant #3	600
02-0325	District, Sinlahekin Rd.	1,300
02-0327	District, Nighthawk Rd. & Railroad Trestle	700
02-0328	Gary Lesamiz, Tonasket Airport Rd.	8,212
02-0330	Michels/Catlin, Mtn. View Short Plat	1,750
02-0332	Ron Thomas, Fish Lake Rd. at Hidden Hills	8,190
02-0334	Joseph Miller, Loomis Highway	2,475
02-0335	Sherko Construction, DeMerchant Rd.	837
02-0336	Bonaparte Peat Co., Havillah Rd.	1,450
02-0337	John French, off Summit Lake Rd. near Chetwood Lodge	4,225
02-0604	Family Health Centers, 525 W. Jay Ave., Brewster (Rev. #1)	2,183
02-0616	City of Brewster/District, 7th St. S., Brewster	1,438
02-0621	Bar TH Ranch/District, E. of Hwy. 153	3,556
02-0622	Gordon Reynaud, Twisp-Carlton Rd.	1,753

02-0623	District/Roy's Orchard, 624 Monse River Rd.	624
02-0624	District, 811 N. Star Rd.	3,453
02-0625	Don Haas & Mary Donges, 630 Riverside, Pateros	739
02-0626	Donn Hollenbeck, S. Fork Gold Creek Rd.	3,983
	Total	\$101,492.00

Commissioner Rowland moved to approve the work orders; Commissioner Johnson seconded. Commissioner Bunch noted that a capacity charge should not be assessed for work order 02-0062 because it is service to a 1 H.P. well for stock water. The motion passed.

### 3. Approval of Vouchers:

Vouchers No.'s 71321 through 71350 in the amount of \$161,252.38, No.'s 71351 through 71366 in the amount of \$134,846.97, No.'s 71367 through 71458 in the amount of \$1,642,151.49, No. 71460 in the amount of \$225,000.01, No.'s 71461 through 71490 in the amount of \$179,599.40, and No.'s 71491 through 71554 in the amount of \$437,165.93 were approved for payment from the revenue fund.

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

### 4. Transfer of Accounts:

The following accounts were submitted for transfer:

Adkinson, Joyce M. (Estate)	\$228.24
Albro, Vicki	28.46
Ash, Leah	123.22
Ash, Seth	185.14
Batton, Charles	140.96
Batton, Sylvia	89.65
Bauer, Gustavo A.	51.03
Berg, Kerry A.	67.89
Bigelow, Frank E.	247.70
Brock, Jack (Estate)	42.66
Brown, Chris	339.01
Broyles, Delores J.	146.83
Burns, David E. (Estate)	21.72
Campbell, Kimberly	182.65
Dashiell, Frank R.	10.23
Elmer, Michael E.	153.63
Galindo, Ramon	186.09
Gregg, Bill (Estate)	153.18
Harlow, William E.	317.51

Harry, Willene	345.39
Leyra, Enrique Arturo	136.28
Marchand, Ann E.	830.52
Middleton, Gordon	178.52
Petrozzi, Dominic A.	8.61
Richardson, Rusty	221.08
Stanger, Kim	76.64
White, Brian	147.15
Total	\$4,659.99

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

#### 5. Public Comment:

Manager Warner introduced the employees invited to the Commission meeting:  
Gerald Seaver, Supervisor of Purchasing; and Bill Johnson, Fleet Mechanic.

Esther Johnson presented 24 additional petition signatures in support of  
proceeding with the power line from Pateros to Twisp.

John Clees requested to pay his irrigation bill at the end of the season due to  
the rate increase. He asked that the PUD drop the horsepower charge because  
he said the sheds could also pass that charge on to the growers. He said the  
power costs are putting people like himself out of business.

Vicky Welch said she hopes a strong interest in distributive energy will increase  
the percentage of power that comes from local sources to give us  
independence from BPA rate hikes. She said she is excited about the  
Renewable Energy Access Project. She also said she spoke to Sara Pedrick and  
that she believes mediation would be highly beneficial.

#### 6. Debby Curren - Tonasket Tavern (Conservation Loan):

Debby Curren addressed the Board regarding the late payments that she has  
brought current on her conservation loan. She requested reinstatement of her  
loan agreement, which outstanding balance was transferred by Board action on  
April 16, 2002 to her electrical account.

Commissioner Rowland moved to reinstate the Debby Curren - Tonasket Tavern  
conservation loan to active status, and for staff to negotiate the terms and  
conditions acceptable to both parties; Commissioner Johnson seconded; motion  
passed.

#### 7. Approve Bond Sale - Resolution No. 1236:

Alan Dashen, financial adviser; Jane Towery, underwriter; and Nancy Neraas, bond counsel, briefed the Board regarding the District's May 6, 2002 \$7,175,000 bond sale that is scheduled to close on May 20, 2002. The District's "A-" underlying bond rating from Standard & Poor's was very valuable in attracting investors. The District also applied for and received three bids for bond insurance from which the Financial Security Assurance quote was accepted. The insurance results in an automatic upgrade in bond rating to "AAA", further reducing interest rates. The savings (\$80,000) in interest rates from the bond insurance more than offset the cost of the insurance. The bonds, which will mature in 2007 through 2021, sold at a net interest cost of 4.75%. Most of the bonds sold to national financial institutions as "bank qualified" bonds (under \$10,000,000 total issuance). The bonds were also available in the State of Washington on a retail basis, with \$25,000 being sold locally. Banc of America's underwriter services are .692% (\$49,000 - \$50,000) of the total bond issue. Mr. Dashen said that Banc of America did a very good job marketing the bonds, and he recommended that the District accept their purchase offer and complete the bond sale.

Commissioner Rowland moved to adopt Resolution No. 1236 authorizing the issuance of electric system revenue bonds in the principal amount of \$7,175,000 to finance improvements to the District's electric system, providing the terms of the bonds, and approving the sale of the bonds; Commissioner Johnson seconded; motion passed.

#### **8. Mediation Proposal - Sara Pedrick:**

Sara Pedrick of Pedrick Mediation Services presented a Scope of Work for a facilitated dialogue regarding the Methow Valley power supply. Ms. Pedrick has proceeded into developing Stage One by contacting interested parties and assessing their interest in participating, for a total of \$100. She estimates \$1,000 for the 20+ remaining potential contacts. In regards to scheduling, Ms. Pedrick indicated the entire process should take four to six months, at which time she would report back to the Board.

Commissioner Rowland said he felt that if an agency person participates in mediation, his or her participation should be with the authority of the agency and not as an individual. He then moved to contract with Sara Pedrick of Pedrick Mediation Services for Stage One of a facilitated dialogue regarding the Methow Valley power supply not to exceed \$1,100; Commissioner Johnson seconded; motion passed.

#### **9. Solar Demonstration Project:**

As a follow-up to the last meeting, the staff reviewed SSB 6658 to verify the changes allowed for renewable resources. It appears the only change was to

allow a PUD to help finance cost-effective energy systems installed by a customer in an existing structure for their own use.

The Board reviewed a draft letter from Lorah Waters to the Bonneville Environmental Foundation regarding the PUD partnering with the Renewable Energy Access Project to purchase and install solar systems. The letter proposes a two-phase project, which entails a \$40,000 investment by the PUD. It was noted that entering into a partnership is outside the scope of the PUD's authority, and the letter will need to be reworded as the District would only have the authority to sign a contract to purchase the output of those solar systems.

The Board directed staff to seek ways in which the District could assist with the project either as an educational endeavor or as owners of the generation facilities.

#### **10. Public Comment:**

There was no additional public comment.

#### **11. Meetings:**

Commissioner Johnson gave a report on the Washington PUD Association Board of Directors meeting he attended in East Wenatchee on April 19, 2002.

Commissioner Rowland attended the Washington PUD Association Board meeting in East Wenatchee on April 18, 2002.

The next Okanogan PUD Board meeting is scheduled for May 28, 2002.

#### **12. Executive Session - Litigation:**

The Board recessed into executive session at 3:30 p.m. to discuss litigation.

The Board reconvened into open session at 4:15 p.m. Commissioner Rowland moved to retain David Sonn of the Jeffers, Danielson, Sonn & Aylward law firm to represent the District on legal issues involving the Ophir diesel generation plant; Commissioner Johnson seconded; motion passed.

There being no further business to discuss, the meeting adjourned at 4:16 p.m.

Darrel E. Bunch, President

Donald W. Johnson, Vice-President

James G. Rowland, Secretary