

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan June 25, 2002**

Present:

Board: Darrel Bunch, Donald Johnson, James Rowland
Staff: Harlan Warner, Richard Trimble, Frederick Burke, Janet
Crossland, Derek Miller, Don Coppock, Scott Giese, Dan
Boettger, Julie Pyper
Other: Michael Howe - Legal Counsel;
Susie Ives - The Chronicle
Public: Dave & Esther Johnson, David Womack, Mike Brooks

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. Approval of Transfer of Accounts
5. Public Comment
6. Treasurer's Report
7. Resolution No. 1237 - Surplus Property
8. Resolution No. 1238 - Collective Bargaining Agreement
9. Similkameen River Access
10. Resolution No. 1239 - RTO West
11. KWELM Insurance Payment
12. Vacancy on APPA Board
13. Public Comment
14. Meetings
15. Executive Session - Litigation

1. Approval of Minutes:

Commissioner Johnson moved to approve the Minutes of the June 11, 2002 regular meeting with the following addition to item 9 - Cutthroat Communications Contract: *Two system customers are currently providing the PUD \$6,531 per month in income;* Commissioner Rowland seconded; motion passed.

2. Approval of Work Orders:

The following work orders were submitted for approval:

02-000	Dave Nixon, Trail Ridge Rd.	\$959
02-002	Toni Lovelady, 33 Green Lake Rd., Omak	846
02-002	Bill Douglas, 59 Omak River Rd.	961
02-0052	Cellular One, Mt. Olive	1,280
02-0101	District, 8 Danker Cutoff Rd.	900
02-0102	District, Epley & Weatherstone, Omak	2,160
02-0107	District, alley between Granite St. & Fir St., Omak	3,550
02-0113	Erickson/Les Schwab, Okoma Dr., Omak	1,308
02-0114	Ken Long, 314 Pharr Rd., Omak	521
02-0115	District, Okanogan office	16,682
02-0118	Atlas Marketing, 325 Omak/Riverside E. Rd.	1,701
02-0120	Chuck Patison, 7727 Hwy. 155, Omak	5,358
02-0121	Gene Matt, Omak Mtn. Rd.	2,914
02-0351	Gerald Cox, Horse Spring Coulee Rd.	4,350
02-0353	District, Highland Dr., Oroville	1,450
02-0354	City of Oroville, Summit Dr.	3,600
02-0356	Allen Moore, No Name Rd. off Swanson Mill Rd.	3,325
02-0357	John Moran, Boundary Point Rd.	910
02-0358	John Herzog, Pine Ck Rd./Lemanasky intersection	4,430
02-0360	District, Horse Spring Coulee	2,800
02-0639	Richard Downey, 101 Valley Rd., Brewster	2,149
02-0645	District/Allen Construction, 332 Starr Rd., Pateros	1,157
02-0647	Douglas Co PUD/City of Pateros, River Park, Pateros	4,955
02-0648	Ray Morrison, Riverside Ave., Twisp	1,063
02-0649	Don Wallis, 339F Poorman Creek Rd., Twisp	2,223
02-0650	District, various locations in Southern division	2,215
02-0651	Verestar, 66C Verestar Dr., Brewster	14,935
02-0652	District, Gold Creek Rd.	1,325
	Total	\$90,027

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

3. Approval of Vouchers:

Vouchers No.'s 72011 through 72041 in the amount of \$168,580.28, No.'s 72042 through 72135 in the amount of \$176,404.29, No. 72136 in the amount of \$5,850.00, and No.'s 72137 through 72207 in the amount of \$467,941.81 were approved for payment from the revenue fund.

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

4. Transfer of Accounts:

The following accounts were submitted for write-off/collection due to nonpayment:

Bates, Charlene	\$309.65
Burnes, Anita M.	337.47
Burris, Coleen Larane	682.08
Castroejon, Sergio	309.20
Davis, Deanna	388.62
Easter, Jerome E.	170.33
Ferrier, Brenda	160.72
Flaherty, Sherri L.	236.79
Gange, Linda	139.05
Gonzalez, Charlotte	304.40
Hadley, Chrystal D.	333.07
Heller, Sarah	203.68
Herriman, Dan L.	187.14
Lingle, Amy	384.96
Lowe, Mary E.	203.04
Martinez, Juan Orozco	102.93
Mendoza, Rosalia	11.00
Morley, Cassie	13.07
Munoz, Nora	21.85
Nelson, Christy L.	270.32
Palmanter, Monte	284.80
Shores, Heather	327.54
Stensgar, Christina L.	80.70
Suder, Ross	244.68
Thomas, Leonard	290.84
Watkins, Cathleen & James	814.11
West, Christopher	229.40
Wiggins, Scott	337.72
Young, Curtis	89.56
TOTAL	\$7,468.72

The following invoices were submitted for transfer to the respective electrical accounts for nonpayment:

Gregg Rothrock	Invoice #2931	\$168.20	Acct. #34586
Jack Kramer	Invoice #3112	\$902.76	Acct. #13713

Commissioner Rowland moved to approve the write-offs and account transfers; Commissioner Johnson seconded; motion passed.

5. Public Comment:

Mike Brooks of North Valley Internet inquired when fiber-optic access would be available in Tonasket. He is interested in internet access at 313 South Whitcomb Avenue in Tonasket and 1402 Main Street in Oroville.

Rich Trimble and Derek Miller responded that the \$144,500 previously approved by the Board for Ethernet did not include Ethernet nodes outside of Omak and Brewster. However, the original SONET budget has been reduced by lower fiber-optic cable costs for the Twisp build and deferring SONET node construction in Tonasket, Oroville and Twisp. Within that original budget, the District plans to install Ethernet nodes in Tonasket and Oroville by January 1, 2003 to serve the PUD offices and qualified retail customers within 3000 feet. Also included now in the original budget are funds for Ethernet nodes at Okanogan, Pateros and Twisp (the Omak Ethernet node was included in the \$144,500 approved by the Board on April 16, and the Brewster Ethernet node was included in the \$20,000 approved by the Board on March 5). It is estimated that 20 connections can be made within the \$144,500 Ethernet budget.

The Manager introduced the employees invited to attend the Commission meeting: Scott Giese, Electro-Mechanic, who also worked last year as the District's generator scrubber expert; and Don Coppock, Accountant.

6. Treasurer's Report:

Janet Crossland presented a cash and investment report for the month of June to date, and a report on the District's reserves over the past five years. The reserves were stable until 2000, when cash and investments rose to \$18 million. Borrowing for the diesel generators increased the reserves to just over \$26 million during the first part of 2001, followed by a decline because of the BPA rate increase. With the rate increases implemented by the District in 2001, the reserves remained fairly stable the first part of 2002. The recent bond issue has increased the reserve level to \$17.5 million, with a year-end balance projected at \$13.8 million. The District's minimum allowable reserve balance is \$8 million.

Fred Burke reported that sales and the cost of purchased power are running fairly neutral, but a little higher than projected. The District had approximately \$1 million in surplus sales through the end of last month.

The Board intends to have a future discussion regarding power resource reserves and dedicated funds.

7. Resolution No. 1237 - Surplus Property:

Manager Warner presented Resolution No. 1237 declaring items of the District surplus and authorizing the sale thereof. The surplus property includes several vehicles that have been replaced and are no longer needed for District

operations. The vehicles will be registered at a public auction at the Chelan County Shop on June 29, 2002, except for a 1952 Tucker Snocat, which will be locally bid.

Commissioner Johnson moved to adopt Resolution No. 1237; Commissioner Rowland seconded; motion passed.

8. Resolution No. 1238 - Collective Bargaining Agreement:

Manager Warner presented Resolution No. 1238 approving the Collective Bargaining Agreement between the District and Local Union No. 77 of the International Brotherhood of Electrical Workers. The parties began working on an Agreement last June for the contract that expired March 31, 2002. The successor Agreement will be in force from April 1, 2002 through March 31, 2005.

Commissioner Johnson moved to adopt Resolution No. 1238; Commissioner Rowland seconded; motion passed.

9. Similkameen River Access:

Manager Warner reported that about 1990, the District purchased several parcels of property that the Burlington Northern Railroad surplused between Oroville and Nighthawk, including the bridge across the Similkameen River (the PUD owns three miles in total length of the eight-mile route). The reason for the purchase was to control access to the Enloe Project to prevent/reduce vandalism and as off-site mitigation for the wildlife impacts in conjunction with the District's FERC license. The District has locked gates at both ends and allows access with a key only after a individual shows proof of the purpose for access, which has either been a grazing lease or mining claim. The Forest Service and Washington Department of Fisheries have revised their mining regulations such that the only requirement to mine in the river is having possession of a "Gold and Fish" pamphlet, which is free. The District is receiving several requests from individuals who want access for any purpose. There are liability concerns with the increased traffic, and the users are causing problems with ranchers' grazing fences and gates.

Following discussion, the Board determined that the District would maintain lease agreements for access to the entry gate at Nighthawk with parties that have grazing rights or property, and with parties that have dredging permits. All other parties that have been issued a key will be given 30 days' notice that the District will be terminating their license, and no new permits will be issued for access.

10. Resolution No. 1239 - RTO West:

Assistant Manager Trimble presented Resolution No. 1239 opposing changes to the Northwest electricity system. The Federal Energy Regulatory Commission (FERC) is calling for changes in the Northwest electricity system, including creation of a Regional Transmission Organization (RTO) and imposition of standard market design. The Bonneville Power Administration has joined with the region's investor-owned utilities to organize RTO West. It is believed that FERC's proposals would result in further rate increases and duplicate California's failed energy restructuring.

The Washington PUD Association is leading an effort to oppose the RTO West. Overseeing this project is the Northwest Power Works steering committee. The WPUDA board approved assessing members \$150,000 based on a dues formula for the contracting of a public relations firm to assist in implementing the strategy to fight RTO West and for the purpose of implementing an advertising campaign specifically aimed at calling on BPA and federal policy makers to prevent additional electricity rate increases. Okanogan PUD's assessment to join the Northwest Power Works coalition would be \$2,969.

Commissioner Johnson moved to adopt Resolution No. 1239; Commissioner Rowland seconded; motion passed.

Commissioner Rowland moved to approve a WPUDA special dues assessment of \$2,969 for Okanogan PUD to join the Northwest Power Works coalition; Commissioner Johnson seconded; motion passed. As part of the coalition endorsement, Okanogan PUD staff will make available a WPUDA press release and will notify the local Cities and Chambers of Commerce that the PUD is available for presentations regarding this issue.

11. KWELM Insurance Payment:

The District received a letter from Attorney Al Malanca announcing the WPUDUS group received another insurance settlement payment from the WPPSS 4 & 5 litigation that was started in 1982. Okanogan's share of the \$55,679.46 payment is \$1,440.09.

12. Vacancy on APPA Board:

Manager Warner reported that the northwest section APPA board position of Paul Elias, the past manager of Snohomish PUD, is open. APPA is seeking nominations by July 15, 2002 to fill the seat for a three-year term.

The Commissioners declined to respond.

13. Public Comment:

There was no additional public comment.

14. Meetings:

Commissioner Johnson reviewed proceedings of interest of the Northwest Energy Coalition - Spring 2002 meeting he attended June 14 - 16, 2002.

The next Okanogan PUD Board meeting is scheduled for July 9, 2002.

15. Executive Session - Litigation:

The Board recessed into executive session at 11:00 a.m. to discuss litigation.

The Board reconvened into regular session at 11:50 a.m. There being no further business to discuss, the meeting adjourned at 11:50 a.m.

Darrel E. Bunch, President

ATTEST:

Donald W. Johnson, Vice-President

James G. Rowland, Secretary