

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan July 23, 2002**

**Present:**

Board: Darrel Bunch, Donald Johnson, James Rowland  
Staff: Harlan Warner, Richard Trimble, Derek Miller, Larry Felton, Dick Waddell, Rick Gard, Joe Miller @ 11:30 a.m., Julie Pyper  
Other: Michael Howe - Legal Counsel  
Lael Duncan, Ken Westman, Terry Knapton-Alliance 2005  
Susie Ives - *The Chronicle*  
Public: David Womack, Kitty Reinbold

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. Alliance 2005 Board
7. Power Supply Reserve
8. PPC Special Assessment
9. Establish Self-Funded Medical Plan - Resolution No. 1241
10. Establish 125 Flexible Spending Account - Resolution No. 1242
11. SEPA Appeal Procedure - Resolution No. 1240
12. Fiber Report
13. Surplus Vehicle Report
14. Public Comment
15. Meetings

**1. Approval of Minutes:**

Commissioner Johnson moved to approve the Minutes of the July 9, 2002 regular meeting with the addition of the following language to clarify the motion under Item 9 - Resolution No. 1240 - SEPA Appeal Procedure: ... *and will be retitled as Section 7*; Commissioner Rowland seconded; motion passed.

**2. Approval of Work Orders:**

The following work orders were submitted for approval:

00-0156	George Frank, Riverside-Foggy River Acres Plat	\$6,519
01-0705	Mike Fall, Hwy. 17	4,093

02-02&3	Tami Hilton, 466 Green Lake Rd., Omak	1,137
02-02&3	District, 62 Woods Rd., Omak	700
02-0054	Vicki Harlan, Hwy. 155	5,790
02-0108	Degerstrom Corp., 110 Old Riverside Hwy.	21,347
02-0127	Dennis Whitney, Greenacre Rd.	788
02-0131	Darrell Green, Hosiet Rd.	5,513
02-0301	DOT, Hwy. 97 & Bonaparte Crk. Bridge	1,490
02-0359	Bob Reska, S. Loop Lake Rd.	3,150
02-0362	Chuck Shoemaker, Horse Spring Coulee Rd.	1,925
02-0363	Verizon, Molson Rd. at Mary Ann Creek Rd.	622
02-0364	Verizon, Aeneas Valley Rd. at Ell Lake	1,675
02-0365	Rowton Brothers Farms, Mary Ann Crk. Rd.	1,062
02-0366	District, Juniper St., Oroville	2,650
02-0367	David Danforth, Nine-Mile Ranches Division VIII, Lot 44	2,525
02-0368	Shannon Pock, Stalder Rd.	9,750
02-0370	Garold & Tina Sleeth, Okanogan River Ranches, Lot 117	3,350
02-0372	Cathy Crabtree, Antwyne Lane	3,200
02-0373	Gale Noel, Hwy. 7 S. of Oroville	720
02-0659	James Melton, 2284B Hwy. 153	941
02-0661	Dick & Sandy Barnett/House Service, Vinton Rd., Carlton	8,286
	Total	\$87,233

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

### 3. Approval of Vouchers:

Vouchers No.'s 72320 through 72350 in the amount of \$169,746.70, No.'s 72351 through 72480 in the amount of \$93,083.49, and No.'s 72481 through 72588 in the amount of \$1,409,360.10 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:

Belerra, Bricio	\$68.32
Blue Spruce Motel	\$572.53
Evans, Connie	\$249.47
Glass, Craig A.	\$51.19
Hatton, Deborah S.	\$74.72
Holt, Ron	\$597.54
Izazaga, Jose L.	\$228.06
Jimenez, Leonel	\$435.60
Morales, Sally J.	\$208.19

Pearson, Allan R., Jr.	\$4.82
Pipkin, Virginia B.	\$312.26
Schmitt, Gary T. (Estate)	\$28.19
Strickland, Sherry	\$303.03
Taylor, Adeline	\$290.20
Zachman, Mike	\$220.89
TOTAL	\$3,645.01

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

#### 5. Public Comment:

Manager Warner introduced the employees invited to attend the Commission meeting: Rick Gard, Line Foreman at Oroville; and Dick Waddell, who was recently promoted to Distribution Engineer.

#### 6. Alliance 2005 Board:

Lael Duncan, Terry Knapton and Ken Westman of the Alliance 2005 Board addressed the PUD Board regarding a request for funding to help support Alliance 2005 operations for 2003. They requested the PUD contribute \$2,500 per year for five years. The Alliance 2005 Board members noted efforts they were making that supported PUD activities, including agreements with Colville Indian Power & Veneer and NCTeleserve.

The PUD Board directed staff to prepare a report detailing the dues and purpose of organizations/memberships the District participates in on a regular basis. The PUD Board will consider the funding request after reviewing this information.

#### 7. Power Supply Reserve:

Larry Felton reported that he recently toured the Nine Canyon Wind Project. Okanogan PUD has received 34 megawatt hours of "test power" from the project.

Mr. Felton presented information on the District's exposure with power supply costs, with the goal of identifying what a realistic financial reserve might be. As a Slice customer, the District has a flat percentage of BPA's output that does not necessarily match our load. With our Wells resource, this will typically be a more cost-effective arrangement. However, we'll face higher costs during periods of lower stream flows since BPA Slice and Okanogan PUD's Wells Dam power are all hydropower. Because of this, it is prudent to incrementally build up a reserve over a number of years. The current reserve account is \$1.5 million. Mr. Felton recommended a power supply reserve fund of \$2.5 million.

Mr. Felton said the money for the reserve fund could come from excess revenue in average or high water years. The PUD's annual budget is based on power supply from its hydropower resources at halfway between low and median water. A handout showed the PUD's wholesale sales revenue for 2002 through June (a median year) equals \$2.4 million, where the 2002 budget assumed \$2.0 million.

The Board discussed building the reserve incrementally \$250,000 per year out of surplus power sales, with the balance applied to financial obligations. In the alternative, they also discussed applying all surplus power sales to reduce rates. The Board does not plan to raise rates to build the reserve, but directed that a resolution be drafted to create a reserve out of excess revenue generated.

Mr. Felton discussed a proposal to contract for energy market forecasting with PwrCast, Inc. The cost for four years of studies is \$2,000. The studies will be run under two scenarios - median water and half to median. The District will have surplus power and will need to identify a reasonable price for that power. Power deemed to be federal power must be offered to any utility before it is sold outside of the northwest.

Commissioner Johnson moved to support Larry Felton's proposal for a four-year forecast;

Commissioner Rowland seconded; motion passed.

#### **8. PPC Special Assessment:**

The Board reviewed information from Rob Walton of the Public Power Council (PPC) regarding a special assessment project of the PPC and Pacific Northwest Utilities Conference Committee (PNUCC) to achieve important changes in salmon policy and spending under the guidance of a joint steering committee, of which Mr. Walton is a member. The three customer groups (public power, IOUs and DSIs) are being asked to fund the effort, which is expected to benefit all of public power in the region. The total cost of the proposal is \$185,000 for the rest of 2002 and carry-over into 2003, with an emphasis on river operations and cost effectiveness, role of hatcheries, long-term strategy and coordinating FERC efforts. Okanogan PUD's assessment for the project is \$765.00.

The Manager noted that Okanogan County is spending \$6 million for fish through power costs, and that amount is expected to increase to \$8 million by the end of 2006. Commissioner Johnson noted that he doesn't think we ought to focus on not spilling at the dams, but rather on a more efficient expenditure of funds. He also expressed the need to know how PPC will be spending the funds and requested that the Board be kept updated.

Commissioner Rowland moved to pay the special assessment of \$765.00 to PPC; Commissioner Johnson seconded with a notation of his comments; motion passed.

**9. Establish Self-Funded Medical Plan - Resolution No. 1241:**

Manager Warner presented Resolution No. 1241 authorizing implementation of a Self-Insurance Program for the District's Group Employee Medical Insurance Plan through the Central Washington Public Utilities Unified Insurance Program (CWPU-UIP) Trust. The existing fully insured group plan terminates July 31, 2002. The Trust retained Marsh Advantage America to provide an analysis of a Self-Funded Medical Program, including recommended reserve levels. The study concluded that a Self-Funded Medical Program would be more cost effective and provide more control. The study also included a review of the plan Pacific Underwriters offers through PURMS with the First Choice Network insurance carrier. The vote of the seven utilities at the CWPU level was to stay with the Premera insurance carrier and establish a Self-Funded Medical Program.

Commissioner Rowland moved to adopt Resolution No. 1241; Commissioner Johnson seconded; motion passed.

**10. Establish Section 125 Flexible Spending Account - Resolution No. 1242:**

Manager Warner presented Resolution No. 1242 establishing a Section 125 Medical and Dependent Care Savings Plan under the Central Washington Public Utilities Unified Insurance Program (CWPU-UIP) Trust. During joint bargaining with the IBEW Local 77, the District agreed to offer a Section 125 'tax-exempt' Medical and Dependent Care Savings Plan to its employees. The Plan will allow employees to allocate part of their earnings toward these expenses on a pretax basis. Rehn & Associates will administer the Plan.

Commissioner Rowland moved to adopt Resolution No. 1242; Commissioner Johnson seconded; motion passed.

**11. SEPA Appeal Procedure - Resolution No. 1240:**

Resolution No. 1240 was revised from the July 9, 2002 meeting to clarify that the District is repealing Section 7 of Part Seven of Resolution No. 980, and that Section 7 is not changed. The entirety of Section 7.1 will remain as 7.1.

Commissioner Rowland moved to adopt Resolution No. 1240 as amended and presented, which is in lieu of Resolution No. 1240 presented at the July 9, 2002 meeting; Commissioner Johnson seconded; motion passed.

**12. Fiber Report:**

Rich Trimble discussed a co-location agreement with Verestar. In exchange for \$1 per year, Verestar would provide the District a location in their facility for PUD equipment. The agreement requires of the District certain access requirements, and the agreement not to let third parties locate their equipment in our spaces.

Commissioner Johnson moved to approve a co-location agreement with Verestar as presented; Commissioner Rowland seconded; motion passed.

Mr. Trimble also reported that the District is consummating an agreement with NoaNet to provide service to Qwest in Omak and Pateros, with Oroville to follow shortly. The agreement includes a non-recurring charge of \$5,000 and a monthly recurring charge of \$2,177.

Commissioner Rowland moved to approve an agreement with NoaNet as presented; Commissioner Johnson seconded; motion passed.

Commissioner Johnson distributed a handout of proceedings of interest from the Washington PUD Association meetings he attended in Port Angeles, Washington on July 18-19, 2002. He noted there was no NoaNet report at the WPUDA meetings, which led to the request that PUD representation on the NoaNet board nominate a commissioner to serve on that board to assure that PUDs are well informed of NoaNet operations and the financial position. Rich Trimble said that board positions come open annually and two or three board seats will be open in December, at which time he will nominate a commissioner. In the interim, Harlan Warner offered that the WPUDA board could identify a commissioner that they want to attend the NoaNet Board meetings for reporting purposes.

### **13. Surplus Vehicle Report:**

Manager Warner distributed a sales report of the District's surplus vehicles sold at the Chelan County public auction on June 29, 2002.

### **14. Public Comment:**

There was no public comment.

### **15. Meetings:**

Commissioner Johnson reviewed proceedings of interest from the Washington PUD Association meetings he attended in Port Angeles, Washington on July 18-19, 2002.

The next Okanogan PUD Board meeting is scheduled for August 13, 2002.

There being no further business to discuss, the meeting adjourned at 11:40 a.m.

Darrel E. Bunch, President

ATTEST:

Donald W. Johnson, Vice-President

James G. Rowland, Secretary