

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan August 13, 2002**

**Present:**

Board: Donald Johnson, James Rowland  
Staff: Harlan Warner, Richard Trimble, Frederick Burke,  
Derek Miller, Joe Miller, Debra Peters, Steve Brown, Steve  
McClellan, Bill Ingram, Julie Pyper  
Legal Counsel: Michael Howe  
Guests: Susie Ives, David Womack, Dave & Esther Johnson

Vice President Johnson 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. Review of Organization Memberships
7. Student Reports - Adventures in Science
8. Conservation Activity Report
9. Power Resource Reserves - Resolution No. 1243
10. Magi Con-Aug Contract
11. Telecom Report
12. Public Comment
13. Meetings
14. Power Transformer Bid
15. Executive Session - Litigation

**1. Approval of Minutes:**

Commissioner Rowland moved to approve the Minutes of the July 23, 2002 regular meeting; Commissioner Johnson seconded with the following amendments to Item 7 - Power Supply Reserve: Delete reference to \$3 million. Add: *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 motion passed.

**2. Approval of Work Orders:**

The following work orders were submitted for approval:

01-0216	North Omak Investment, Senna St., Omak (Rev. #2)	\$3,421
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02-0002	Mike Schons, 261 Old Riverside Hwy., Omak	621
02-0003	District, alley off 3rd Ave. between Douglas & Elm St., Omak	2,413
02-0100	District, Old 97 Malott	2,214
02-0140	District, Okanogan Substation	4,649
02-0341	Tacoma Land Co., 2nd Phase Division VIII, 9-Mile Ranches	16,400
02-0343	District, Cape Labelle	575
02-0374	District, Havillah	900
02-0376	Mae Hooper & Ray Bumgarner, 14 Eagleview Rd. off Bolster Rd.	11,825
02-0377	Dist./City of Tonasket, alley between 2nd/3rd - Joseph/Antwine	1,750
02-0379	Kloppel-Gipson-Busch, Mary Ann Creek Rd.	9,900
02-0380	Richard Rough, Havillah Rd.	3,600
02-0381	Leigh Thomas, 10 Red Feather Rd., Tonasket	3,858
02-0382	District, 7th St. Mobile Home Park	2,050
02-0384	Darlene Cook, Loomis	1,250
02-0385	District, Mt. Hull	2,500
02-0386	Bruce & Deena Morton, Aeneas Valley Rd.	2,550
02-0388	District, corner of 4th Ave. & Golden St., Oroville	1,584
02-0613	McCandlish Electric, Carlton Bridge, Hwy. 153 (Rev. #1)	570
02-0620	District, Brewster	6,358
02-0628	Robert Newell, 171 Gold Creek Rd., Carlton (Rev. #1)	8,113
02-0662	Travis G. Powell, 157 N. Star Rd., Brewster	565
02-0663	McCandlish Electric, MP 18.6, Hwy. 153	883
02-0665	District, 249 Twisp River Rd.	2,644
02-0666	District, Bill Shaw Rd.	8,967
02-0667	Jay T. Hough, 454 Twisp Carlton Rd.	6,545
02-0668	District, N. Star Rd. & Mountain View Dr., Brewster	2,938
02-0670	Bill Hanson, Vinton Rd., Carlton	4,102
02-0671	Mike & Terry Hackenmiller, 95B Bill Shaw Rd., Pateros	1,504
	Total	\$115,249

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

### 3. Approval of Vouchers:

Vouchers No.'s 72589 through No.'s 72619 in the amount of \$162,056.51, No.'s 72620 through 72664 in the amount of \$165,141.22, No.'s 72665 through 72767 in the amount of \$461,780.21, No.'s 72768 through 72796 in the amount of \$170,592.26, and No.'s 72797 through 72892 in the amount of \$222,988.91 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:

Axtell, Amanda	\$245.46
Camacho Selelo, Juliana	186.97
Chappell, Sharon Allen	71.18

Condon, Debi L.	263.83
Dunkin, Rosalie	73.12
Ferguson, Robin	98.44
Garcia, Venessa	461.11
Hines, Starlina M.	35.92
Horwath, Andrew G. Conservation Loan	1,822.00
Ince, Charlene	533.35
Ingle, Darla	217.12
Maher, James B. Conservation Loan	2,499.60
Marzano, Nicholas	284.46
McAllister, Robert	70.89
Meade, William	170.17
Moyes, Brad	5.53
Naclerio, Jerry & Michelle	736.97
Oppenheimer, Cheryl	283.22
Perez, Maximino	186.25
Peterson, Teri	243.26
Semoe, Rhonda	42.24
Shrader, Mike	171.23
Smith, Willard E.	646.62
Turner, Ward	603.49
Wakan, Nikki	80.49
Wiegand, Lynell	264.23
Williamson, Robert E.	353.25
Yates, Miriam	158.91
Young, Traysha	33.95
Total	\$10,843.26

Commissioner Rowland moved to approve the account transfers; Commissioner Johnson seconded. Commissioner Rowland questioned the delinquent conservation loans. It was explained that the District filed a Notice of Claim of Lien against the properties that the energy conservation loans were provided, however, the owners are involved in bankruptcy. The motion passed. As a review, Commissioner Rowland requested a handout on the conservation loan process.

#### 5. Public Comment:

Manager Warner introduced the employees invited to attend the Commission meeting: Steve McClellan, Okanogan Lineman; and Bill Ingram, Brewster Apprentice Lineman.

Esther Johnson presented an additional 27 signatures in support of the transmission line from Pateros to Twisp.

## **6. Review of Organization Memberships:**

The Board reviewed a report detailing the District's funding to organization memberships. The report included educational and utility organizations with annual funding varying from \$45,000 to \$500.

The Board authorized continued membership with the Washington PUD Association, Northwest Irrigation Utilities, Northwest Public Power Association, Northwest Regional Transmission Association, and Chambers of Commerce. Further consideration will be given to supporting the Public Power Council, American Public Power Association, Pacific Northwest Utilities Conference Committee, Northwest Hydroelectric Association (Washgap), Foundation for Water and Energy Education, Okanogan County Economic Development (Alliance 2005), and the North Central Educational Service District. The obsolete memberships are Columbia River Alliance (last payment 1999) and the UTC (last payment 2000).

## **7. Student Reports - Adventures in Science:**

The student scholarship winners addressed the Board regarding their experience at the *Adventures in Science and Arts* camp at Western Washington University in Bellingham. The District sponsored three students to attend the camp, which has an energy, environmental or conservation component attached to the curriculum. Kristin White of Okanogan created a scrapbook of her memories of the Engineering Design program. Karl Kristensen of Oroville reported on the Physics and Astronomy program. Colby Howe of Pateros discussed his interest in the Engineering Design program.

## **8. Conservation Activity Report:**

Steve Brown provided a program update on conservation efforts eligible for BPA's Conservation and Renewable Discount credit for the reporting period October 1, 2001 through October 30, 2002. The projects include 21 rebates for Super Good Cents manufactured housing, 53 heat pump rebates, and 525 appliance rebates (240 for water heaters). The project also includes two years of low-income weatherization by Community Action Council for electrically heated homes. In addition, five commercial businesses retrofitted lighting, 7,517 compact fluorescent lights have been sold, and there has been an exchange of 427 torchiere lamps. A renewables credit of \$899.20 was utilized by Lorah Waters for a proposed solar project. The actual BPA credit received over the past year is \$392,531.68. The PUD's investment in these programs is \$185,798.09, with 1,532,501 kilowatt hours saved. BPA allowed the utility to implement the program prior to October. The BPA credit received from April 24, 2001 through September 30, 2001 was \$19,491.89. The utility cost for that period was \$13,732, with a savings of 89,631 kilowatt hours.

Debra Peters reported on the use of \$3,500 budgeted for advertising, which included four radio ads (200 spots) on two stations and eleven ads in four newspapers. She requested an additional \$3,500 in advertising funds for the remainder of 2002 for announcing torchiere turn-in days at branch offices and continuing the C&RD program advertisement. The Board requested a written proposal before authorizing additional advertisement funds.

**9. Power Resource Reserves - Resolution No. 1243:**

The Board considered Resolution No. 1243, which would authorize the power resource reserve be increased from \$1,500,000 to \$3,000,000, and that such reserve be funded each year only with funds received from surplus power sales that exceed the amount budgeted for such sales, and that the reserve be fully funded by December 31, 2006, with the interest earned on the power resource reserve to be credited to the District's revenue fund as investments mature.

Following discussion with Auditor Burke about the need for surplus sales revenues to stave off the existing budget deficit for this year, the Board agreed to defer action until later in the budget process.

**10. Magi Con-Aug Contract:**

The Purchase of Conservation Agreement negotiated with BPA and the Conservation Augmentation Agreement proposed to Magi were presented for approval. Rich Trimble responded to the Board's concern if conservation does not occur over the four-year audit period, and noted that the Agreement provides that Magi would be assessed a penalty for energy savings less than 80%. The Board felt \$0.02 per kWh was a reasonable amount to assess in that case. It was noted any funds withheld or penalties collected from Magi would be returned to BPA. In regards to negotiation of a return of the District's Block entitlement in the event of contract termination, the Agreement provides that the Block would be adjusted by revising the amount of the decrease in the net requirement load, if necessary, to reflect the estimated savings from the measures that are completed and paid for by BPA. In addition, Larry Felton has projected that the District will have a surplus power supply through 2006. It was Mr. Trimble's recommendation to sign both contracts in the form presented.

Commissioner Rowland moved to enter into contracts with BPA and Magi in the form presented based on Mr. Trimble's recommendation; Commissioner Johnson seconded; motion passed.

**11. Telecom Report:**

Joe Miller reported that the District is expecting to connect Brewster High School to the K-20 network this month. If unable to execute the contract with K-20 before school begins, the backup plan is to contract with the ESD.

Execution of a contract with North Valley Internet is expected shortly for fiber connection to locations in Oroville and Tonasket.

The District has received a request for dark fiber access to the Roger Mills building. The staff is also in negotiation with Charter Communications for a dark fiber lease. The Commissioners noted their concerns with leasing dark fiber, and agreed to discuss the matter further in executive session.

Derek Miller reported that the backbone fiber build from Brewster to Oroville is complete.

Fred Burke reported that the District has received \$70,000 from NoaNet for one year of services to Qwest's Omak and Pateros central offices.

Manager Warner reported that he and Joe Miller attended a meeting the PUD was invited to last Wednesday in Tonasket with Senator Cantwell regarding rural healthcare. Joe Miller addressed how the District's telecom system supports rural healthcare, with fiber now into the Brewster hospital. The Manager noted there was a tremendous amount of support for what the PUD is doing.

#### **12. Public Comment:**

There was no public comment.

#### **13. Meetings:**

The August 27, 2002 Board meeting was rescheduled to September 3, 2002. Additional meetings were scheduled for September 24, October 22, November 5, November 19 and December 10.

#### **14. Power Transformer Bid:**

Manager Warner announced that the District will be receiving bids for two power transformers -- one is for a substation the District will be building for the Tribe. The estimated cost for each transformer is \$210,000. Additional information will be presented when the bidding process is complete.

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

The Board recessed into executive session at 11:35 a.m. to discuss litigation. The Board reconvened into open session at 12:25 p.m., and took no action.

There being no further business to discuss, the meeting adjourned at 12:25 p.m.

Darrel E. Bunch, President

ATTEST:

Donald W. Johnson, Vice-President

James G. Rowland, Secretary