

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan September 24, 2002**

Present:

Board: Darrel Bunch, Donald Johnson, James Rowland

Staff: Harlan Warner, Richard Trimble, Frederick Burke,
John Norman, Debra Peters, Joe Miller, Derek Miller,
Dan Boettger, Janet Crossland, Don Coppock, Julie Pyper

Other: Michael Howe, Legal Counsel

Guests: Sara Pedrick, David Womack, Dave & Esther Johnson, Glenn
Schmekel, Vicky Welch, Lorah Waters, Ken Westman, Lori Kiesz,
Maeyowa, John Andrist, Susie Ives, Becky Harwood

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. Mediation Report - Sara Pedrick
7. PUD Association Special Assessment - Northwest Power Works
8. KVLR Advertising - Lori Kiesz
9. Preliminary Budget - Resolution No. 1244
10. Managers Meeting Report
11. Meetings
12. Public Comment

1. Approval of Minutes:

Commissioner Johnson moved to approve the Minutes of the September 3, 2002 regular meeting; Commissioner Rowland seconded. Commissioner Johnson requested the following language be added:

Item 7 - Conservation Advertising (motion): "... *in all of the local newspapers...*"

Item 13 - NoaNet Assessment Options: "*The Commissioners did not support a continuation of the existing assessment process.*"

The motion passed.

2. Approval of Work Orders:

The following work orders were submitted for approval:

00-0617	Howard Carlson, Hwy. 97 (Rev.)	\$897
01-0648	Ken Hooper, E. Mtn. Point Rd., Harmony Heights (Rev. #1)	2,817
02-0148	Iron Straw/Jim Freese, 80 Hendrick Rd.	4,608
02-0149	Ronda Marchand, Omak/Eastside River Rd.	4,966
02-0150	Justin Tverberg, 1551B Old Hwy. 97, Okanogan	981
02-0378	Charles McWhorter, Lot 1073, Okanogan River Ranches	8,900

02-0396	Richard Dart, Hwy. 7 S. of Oroville	1,400
02-0397	Don Bensing, Hwy. 97 S. of Oroville	1,850
02-0398	District, Horse Spring Coulee Rd.	1,125
02-0399	Bryan McMillan, Hwy. 97 N. of Tonasket	2,300
02-0400	Dept. of Trans., Intersection of Aeneas Vly. Rd. & Hwy. 20	1,200
02-0674	District, Hadley Rd., Brewster	1,800
02-0676	Dale Konrad, Twisp-Carlton Rd.	1,266
	Total	\$34,110

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

3. Approval of Vouchers:

Vouchers No.'s 73166 through 73193 in the amount of \$186,238.17, No.'s 73194 through 73244 in the amount of \$157,169.29, No.'s 73245 through 73344 in the amount of \$145,493.72, No.'s 73345 through 73372 in the amount of \$159,933.15, and No.'s 73373 through 73430 in the amount of \$1,474,625.51 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:

Adams, Alice S.	\$364.75
Alvarez, Omar	\$310.75
Andrews, Monica	\$106.76
Argueta, Hanz Omar	\$233.87
Armstrong, Billy E.	\$615.16
Baher, Jim D.	\$240.96
Best, Christine	\$360.87
Bigelow, Debra L.	\$153.80
Birdtail, Vincent, Sr.	\$1.17
Boatman, Kari	\$175.76
Bodkins, John	\$426.10
Bond, Tammy	\$452.36
Cannon, Colt & Jennie Lee	\$494.70
Carncross, Linda	434.87
Cohen, Susette	279.70
Colin, Griselda	275.13
Condon, Chrystal	167.73
Cook, Richard L. (Estate)	455.20
Cortes, Arnulfo A.	441.13
Erks, Cheryl	28.29
Estrada, Renee	1,029.40
Fall, Michael	610.57
Finsen, Connie	338.67
Fletcher, Crystal	40.92
Gelvin, Sarah A.	169.21
Giron-Cortes, Jose	486.54

Harmon, Marie	332.37
Harris, Marilyn J.	277.44
Helms, Tenley	249.70
Hirst, Jody R.	38.84
Iverson, Vennie	304.98
Ives, Vanessa	126.50
Jones, Tami & Gray, Darrel	122.42
Kinkade, Belinda	182.10
LaPlante, Anna May	233.29
Lara, Mary	138.02
Lezard, Noreene E.	311.40
Limas, Martin	92.00
Marchard, Lewis	247.17
Maynard, Gregory & Judy	166.07
McCoy, Mindy	177.08
Mealey, Justin Todd	211.15
Miller, Amanda	371.01
Nelson, Dan & Patricia Lynn	599.42
Olsen, Joseph	62.64
Otis, Jessica	796.20
Ouimette, Sandy	\$31.74
Peters, Evelyn	\$53.33
Pow-Wow RV Campground, c/o Mick Munson	\$97.44
Quezada, Rosario	\$225.48
Ramirez, Esteban	\$108.48
Richards, Jeffery R.	\$120.45
Robbins, Tommy	\$460.20
Roberts, Lee A.	\$44.27
Rodriquez, Stacy	\$442.57
Ryan, Haunani	\$415.43
Shawl, Kareen	\$608.42
Shirley, Tiffany	\$455.16
Smith, Jack & James	\$273.11
St. Peter, Mable	\$58.68
Starkenburg, Ken	\$168.44
Surber, Sarah	\$46.61
Timentwa, Donna M.	\$140.00
Tomlin, Sherrill L.	\$100.23
Weekly, Trisha	\$130.70
Williams, David	\$132.47
Williams, Lawrence III	\$36.16
Wilson, Manuelita	\$20.42
Winter, Raeanna K.	\$111.82
Worthington, Sherry	\$245.37
YellowWolf, Adrienna	\$259.01
Young, Curtis	\$133.73
Zacherle, Donna M.	\$75.08
Ziegler, Ruth	\$50.57
Zodrow, Connie & Mike	\$628.18
Total	\$19,042.97

Fred Burke noted that the balance owed by Alice S. Adams in the amount of \$364.75 has been paid. Commissioner Johnson moved to approve the account transfers; Commissioner Rowland seconded; motion passed.

5. Public Comment:

Manager Warner introduced the employees invited to attend the Commission meeting: Debra Peters, Energy Services Coordinator; and John Norman, Serviceman out of the Tonasket office.

Glenn Schmekel and Becky Harwood of The Cove requested the PUD allocate a portion of Project Help funds to The Cove for disbursement to people in emergent need in the Methow Valley. The Cove is a nonprofit, tax exempt organization that provides emergency services to citizens of Okanogan County who reside in the Methow Valley down to Pateros. The PUD's Project Help funds are administered by the Okanogan County Community Action Council in accordance with established criteria to assist customers in emergency circumstances. The available balance in the Project Help account is approximately \$71,000.

Mr. Schmekel noted that nearly half of The Cove applicants are people needing help with electrical bills. The Cove responded last year to 30 requests up to \$200 each for emergency electrical assistance by distributing \$3,374 in funds. Schmekel and Harwood believe the Project Help criteria is too stringent and needs to be changed so more funds can be disbursed. The Cove requests that it be designated as the distribution point of \$3,500 of the donated funds collected each year by the PUD under the Project Help program. In addition, it requests that it be granted \$30,000 from the undistributed funds held by the PUD.

The Board instructed the PUD staff to work with The Cove and Community Action Council in developing criteria for agencies to assist with an emergency relief program that addresses an electrical customer's specific, immediate need. The matter will be discussed further at the October 22, 2002 Board meeting.

Lorah Waters asked the Board for direction on the location of the first solar demonstration project, which had been proposed for the Okanogan PUD building. It had been expressed that another location would bring better public participation and appreciation of the project. The Community Center in Twisp was suggested as a possible location.

The Commissioners approved one solar demonstration project at a public facility in the Omak-Okanogan area and one at the Twisp Community Center. The PUD will monitor the projects and make them accessible to the public.

Ms. Waters suggested that voluntary funds could be sought to support the solar projects, such as Chelan PUD has done with its Sustainable Natural Alternative

Power (SNAP) Program. The Board approved seeking voluntary, supporting funds.

6. Mediation Report - Sara Pedrick:

Sara Pedrick updated the Board on the Methow transmission mediation. An average of 18 attendees have participated in weekly meetings since July 10, 2002. The participants have built an agenda and a list to be negotiated, and are currently fact finding in readiness for the negotiation stage. She estimates a time period of four to six months for the entire process, and expects to conclude by January 2003.

7. PUD Association Special Assessment-Northwest Power Works:

The Board reviewed a special assessment of \$140,000 from the Washington PUD Association for the Northwest Power Works Phase II campaign to lobby against federal energy restructuring in the northwest electricity system that would cause electricity rate increases. The funds will be used to stop the imposition of Standard Market Design by the Federal Energy Regulatory Commission in the northwest. If Standard Market Design were to be imposed on the northwest, leaders of the Northwest Power Works believe the result would be not only loss of northwest control over its transmission and generation assets, but very large rate increases. Okanogan PUD's portion of the special assessment is \$3,570. The campaign is now endorsed by over a hundred cities, counties, Chambers of Commerce, public utilities and a variety of other private and public agencies. In our area, the cities of Omak and Pateros have recently endorsed the campaign.

Commissioner Johnson moved to authorize the special assessment of the Washington PUD Association for the Northwest Power Works Phase II campaign in the amount of \$140,000, with Okanogan PUD's portion being \$3,570; Commissioner Rowland seconded; motion passed.

8. KVLR Advertising - Lori Kiesz:

Lori Kiesz presented information for the District to consider advertising conservation tips on KVLR Radio. The Commissioners recommended that Ms. Kiesz meet with Debra Peters to develop a proposal for the Board's consideration.

9. Preliminary Budget - Resolution No. 1244:

Fred Burke presented a proposed budget for 2003 and Resolution No. 1244 adopting the budget. Gross revenue is projected to be \$34,160,000 while total expenditures are estimated at \$38,862,000, resulting in a deficit of \$4.7 million. The 2003 budget was compared to the 2000 budget, which was the last year of normal operations and the District had a budget surplus of \$2.5 million. The recap showed a difference of \$9.6 million between 2000 and 2003 for purchased power due to BPA rate increases.

The Commissioners will review the 2003 preliminary budget at a budget work session meeting on October 1, 2002. Mr. Burke was asked to separate the electric and telecom sales under cash receipts for the Board's review. The final adoption of the budget is scheduled for October 22, 2002.

Commissioner Rowland moved to adopt Resolution No. 1244; Commissioner Johnson seconded; motion passed.

10. Managers Meeting Report:

The Manager and Assistant Manager attended the meetings of the Managers Section on September 18 and 19, 2002 in Clarkston, Washington. The PUD Association board approved proceeding with a \$500,000 office purchase on Union Street in Olympia. The next step is a 120-day property evaluation process.

The Managers discussed the special assessment to fund Phase II of the Northwest Power Works campaign regarding the RTO issue.

The Washington PUD Association is working with state lawmakers to develop legislative language that addresses public water supply. The Managers agreed to encourage all PUDs, whether or not they provide water service, to pass a model Resolution in support of the PUD Association campaign. The Okanogan PUD Board will discuss the matter and consider a Resolution at the October 22, 2002 meeting.

The State Supreme Court's recent decision in Pend Oreille PUD vs. Department of Ecology (the Sullivan Creek case) was discussed. It was found that DOE had a right to modify existing water rights to meet in-stream water flows. This also relates to the Methow Valley Irrigation District, wherein DOE is requiring MVID to reduce their demand from pre-existing water rights. There was little support for continued legal appeals, however, the Managers Section strongly supported the PUD Association board consider legislation that would amend the law to stipulate that Ecology cannot take actions to protect water quality that would affect existing water rights.

The Managers also discussed a concern with public records and public disclosure laws regarding water or electric systems owned by PUDs. There is interest in pursuing an exemption under Washington State law that would allow PUDs to withhold sensitive information, similar to the Homeland Security Act. The topic will be discussed at a future PUD Association meeting.

11. Meetings:

Commissioners Johnson and Bunch reviewed proceedings of interest from the Washington PUD Association meeting they attended in Clarkston, Washington September 19 and 20, 2002.

The next Okanogan PUD Board meeting, which will be a budget work session, is scheduled for October 1, 2002.

12. Public Comment:

David Womack asked if the District anticipates a rate increase from wholesale power.

As an electric/telecom customer, John Andrist said he would like to see electric and telecom separated in the budget.

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

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Darrel E. Bunch, President

ATTEST:

Donald W. Johnson, Vice-President

James G. Rowland, Secretary