

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan December 10, 2002**

Present:

Board: Darrel Bunch, Donald Johnson

Staff: Harlan Warner, Donald Coppock, Derek Miller, Joe Miller, Debra Peters, Steve Brown, Reid Rubert, Stacy Clough, Dan Boettger, Julie Pyper

Other: Michael Howe, Legal Counsel

Public: David Womack, John Andrist, Lorah Waters, Susie Ives

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. 2003 Budget - Resolution No. 1248
7. Heat Pump Rebate Termination
8. Resolution No. 1249 Honoring the Service of Commissioner Jim Rowland
9. PPC Assessment
10. Employee Day
11. Managers Section Report
12. Lorah Waters - Renewable Energy Access Project
13. Public Comment
14. Meetings
15. Telecom Report

1. Approval of Minutes:

Commissioner Johnson moved to approve the Minutes of the November 19, 2002 regular meeting; Commissioner Bunch seconded; motion passed.

2. Approval of Work Orders:

The following work orders were submitted for approval:

01-0065	Virgil Gunn, Eastside-Riverside Rd.	\$1,826.00
02-0152	Ray Beller, 1341 Old Hwy. 97	\$2,646.00
02-0176	District, Grape Ave., Omak	\$51,333.00
02-0179	Mike Halsen, Lot 25-9, Twin Creeks	\$10,485.00
02-0192	George Dickinson, 141 Nichols Rd., Omak (Rev. #1)	\$2,034.00
02-0205	Gene Allen, Moomaw Rd., Omak	\$1,616.00
02-0206	Al Burrows, 45 Hopfer Rd., Omak	\$708.00
02-0211	District, Old Riverside Hwy.	\$4,584.00
02-0402	Mike Hallett, Lot 143, Okanogan River Ranches (Rev. #1)	\$4,492.00
02-0433	Mike Olmstead, near Tonasket Sub.	\$770.00

02-0435	Jacque Lotz, Old Railroad Rd., Oroville	\$6,629.00
02-0436	Lee Woelke, 707 Cape Labelle Rd.	\$8,299.00
02-0437	District, Pine Creek	\$975.00
02-0438	District, Lemansky Rd.	\$1,400.00
02-0439	Canaan Boys Ranch, Cape Labelle	\$1,150.00
02-0440	U.S. Forest Service, Tonasket headquarters	\$600.00
02-0442	District, Fletcher Mtn.	\$2,200.00
02-0444	Duane Thompson, Summitt Lake Rd.	\$8,812.00
02-0446	Double A Logging, Frosty Creek Rd.	\$1,100.00
02-0663	McCandlish Electric, MP 18.6, Hwy. 153 (Rev. #1)	\$1,501.00
02-0711	Gaery Rutherford, Riverside Dr., Twisp	\$1,285.00
02-0712	Ryan Surface, 24 Surface Lane, Twisp	\$1,533.00
02-0714	Lynn Sipe/District, 250 N. Starr Rd., Pateros	\$741.00
02-0716	LaMilpa, 324 Main Ave. E., Brewster	\$2,554.00
	Total	\$119,273.00

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

3. Approval of Vouchers:

Vouchers No.'s 74233 through 74307 in the amount of \$1,044,792.01, No. 74308 in the amount of \$178,979.31, No.'s 74309 through 74340 in the amount of \$156,914.53, No.'s 74341 through 74373 in the amount of \$338,671.53, and No.'s 74374 through 74486 in the amount of \$735,451.13 were approved for payment from the revenue fund.

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

4. Transfer of Accounts:

There were no accounts submitted for transfer or write-off.

5. Public Comment:

Manager Warner introduced the employee guests: Stacy Clough, Engineering Aid, and Reid Rubert, Okanogan Lineman.

6. 2003 Budget - Resolution No. 1248:

Don Coppock presented revised budget and cash analysis documents reflecting the previous discussions, and Resolution No. 1248 adopting the final 2003 budget. The final budget includes \$37,131,000 in total revenue and \$40,003,000 in total expenses, for a deficit of \$2,872,000. The deficit will be funded from bonds sold in 2002 to fund capital construction projects. There is no rate increase incorporated in the final budget, although the District's financial advisor has recommended rate increases in 2004-2008. The \$10 million loan to install the diesel plant in 2001 will be refinanced with long-term bonds.

Commissioner Johnson noted that normal operating expenses are down by over a million dollars this year, purchased power is down by \$1.3 million, and the primary reason for the increased budget is debt service requirements. In addition, cash receipts are down because the District will not be borrowing \$7.8 million in 2003.

The Board reinstated \$14,000 in the budget for the purchase of defibrillators for the crews. Commissioner Johnson moved to adopt Resolution No. 1248; Commissioner Bunch seconded; motion passed.

7. Heat Pump Rebate Termination:

Debra Peters and Steve Brown asked for clarification regarding the heat pump rebate termination process as the motion made at the previous meeting to eliminate heat pump rebates on any applications received after November 19, 2002 was not clear. Clarification is needed to determine if "application" should refer to the date of the loan application, the date the customer signed an agreement with the contractor intending to install a heat pump, or the date on the rebate application form.

Following discussion with Attorney Howe, the Board agreed that to receive a heat pump rebate, a customer must have made application to the District's Conservation Department or have signed a document to purchase a heat pump on or before November 19, 2002.

Commissioner Johnson moved to amend the motion as presented by legal counsel; Commissioner Bunch seconded; motion passed.

8. Resolution No. 1249 Honoring the Service of Commissioner Jim Rowland:

Manager Warner presented Resolution No. 1249 honoring James G. Rowland for providing over 20 years of dedicated public service to the residents of Okanogan County by serving as PUD Commissioner, District No. 1.

Commissioner Johnson moved to adopt Resolution No. 1249; Commissioner Bunch seconded; motion passed.

9. PPC Assessment:

There was discussion on Public Power Council's 2003 dues assessment. In addition to a 2% dues increase, the assessment formula proposed by PPC to calculate the annual member assessments gives retail MWh sales a 40% weighting; the number of retail customers a 40% weighting; and retail revenues a 20% weighting. Commissioner Johnson noted that the formula affected Okanogan PUD disproportionately as the District's dues have increased 38% while only three others had an increase more than 2 - 5%.

The staff will discuss the dues assessment with PPC.

10. Employee Day:

Manager Warner noted that last year's Employee Day was held on Martin Luther King day, which is not a holiday for the District but is for others. Because of a scheduling problem, he suggested the District offices be closed on January 17, 2003 for this year's Employee Day, which would be the Friday before the holiday. He also noted that Employee Day was well received last year, and it allows all employees to meet for departmental updates. The Board approved the closure of District offices on January 17, 2003 for Employee Day.

11. Managers Section Report:

The Manager reported on the Managers Section meeting at the PUD Association annual meeting that:

- Alan Burns with BPA reported on RTO activities and was confronted about exactly what issues an RTO would solve. His only response was transmission congestion construction, however, the RTO could not construct as now proposed;
- Dick Watson presented issues regarding the Council's power plan, stating that a repeat of the 2001 drought will cause a repeat of the power shortage in 2004. He said a new power plan is needed with more emphasis on risk;
- Benton PUD's Attorney General Opinion on Commissioner District boundaries was discussed; and
- New NoaNet Board members are Bill Dobbins from Douglas PUD and Ed Williams from Grant PUD. Officers are Bill Dobbins, President; Ed Williams, Vice President; and Dick Johnson of Energy Northwest, Secretary.

12. Lorah Waters - Renewable Energy Access Project:

Lorah Waters reported on the status of the Renewable Energy Access Project (REAP) and the development of a Green Power Program. She presented an invoice for November, which included an increase in her hourly rate from \$15.00 to \$25.00 to reflect the transition in activities from Phase One of the Solar Demonstration Project into Phase Two. Where Phase One was primarily concerned with fundraising activities and preliminary meetings to establish the foundation for the Project, Phase Two is concerned with active implementation of the Project. Ms. Waters has exhausted the PUD's contribution of \$3,000 for proceeding with Phase One, and proposed utilizing the research and development funding of \$20,000 available through the C&RD Program for her fees. Debra Peters will obtain clarification from BPA as to the use of that funding, as it is her understanding the funding must be used for a visible project that can be monitored on a monthly basis. Ms. Waters encouraged the PUD to contact BPA regarding collaborative participation in the Projects, and said she is making inquiry with the Renewable Northwest Project. Commissioner Johnson noted that Energy Northwest also has a solar program and offers consulting services.

13. Public Comment:

There was no public comment.

14. Meetings:

Commissioner Bunch attended the District's Audit Exit Conference in Okanogan November 25, 2002, and the Washington PUD Association annual meeting in Seattle December 4 - 6, 2002.

Commissioner Johnson attended the District's Audit Exit Conference in Okanogan November 25, 2002, and the Energy Northwest member forum in Richland on November 22, 2002.

The next Okanogan PUD Board meeting is scheduled for December 17, 2002.

15. Telecom Report:

Joe Miller reported the Qwest connection to the fiber system at Oroville is complete and operating. In addition, the District's Oroville office has been connected to the network.

He reported on a demonstration project with Chelan County PUD in cooperation with the Office of Homeland Security for using the fiber system to provide video monitoring. A camera has been installed at the Oroville substation and is monitored at Wenatchee.

Mr. Miller also reported that the Brewster school has been connected to the K-20 network through a Century Telephone contract with the State DIS. The several month delay was caused by Qwest not installing a 40-foot piece of fiber in Yakima.

There being no further business to discuss, the meeting adjourned at 10:00 a.m.

Darrel E. Bunch, President

ATTEST:

Donald W. Johnson, Vice-President

James G. Rowland, Secretary