

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan February 25, 2003**

Present: Board: Donald Johnson, David Womack, Darrel Bunch  
Staff: Harlan Warner, Don Coppock, Derek Miller, Larry Felton,  
Joe Miller, Debra Peters, Steve Brown, Julie Pyper  
Other: Michael Howe - Legal Counsel  
Public: Dave & Esther Johnson, Roy Webster, Susie Ives

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. Clearing Up Publication
7. Renewable Energy Survey
8. Telecom Report
9. Effect of BPA SN CRAC Increase
10. Resolution No. 1251 – Rate Stabilization Reserve
11. Refinancing Report
12. Energy Conservation Loan Program
13. Oroville-Nighthawk Trail System
14. Public Comment
15. Meetings
16. Executive Session

1. Approval of Minutes:

Commissioner Womack moved to approve the Minutes of the February 11, 2003 regular meeting; Commissioner Bunch seconded. Commissioner Johnson offered the following addition to Item 14 – Oroville-Nighthawk Trail System:

The PUD could block this plan or it could cede its property (and liabilities) to the County in exchange for an easement contract that would assure all PUD interests were preserved. The later course would remove the PUD from the process and allow the County to pursue their project.

The motion passed.

2. Approval of Work Orders:

The following work orders were submitted for approval:

02-0036	John Lafferty, Rodeo Trail Rd. (Rev. #1).....	\$2,102.00
03-0002	District, Various.....	700.00
03-0004	Prime Land, 6 Crystal Pl., Omak.....	857.00
03-0055	Jim Hensarling, 314C Pharr Rd., Riverside.....	4,287.00
03-0063	George Frank, Foggy River Acres Plat, Tunk Creek Rd. ....	3,563.00
03-0070	District, Malott Tap Off – B & O North Rd. ....	925.00
03-0071	District, Indian Dan Canyon Rd., Brewster .....	1,215.00
Total .....		\$13,649.00

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

3. Approval of Vouchers:

Vouchers No.'s 75984 through 76053 in the amount of \$63,398.62, No.'s 76054 through 76082 in the amount of \$152,824.23, and No.'s 76083 through 76128 in the amount of \$2,153,718.51 were approved for payment from the revenue fund.

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

4. Transfer of Accounts:

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

Beck, Brenda L.	.....	\$419.80
Beck, Brenda L.	.....	61.28
Burris, Virgil	.....	200.99
Craig, Michelle R.	.....	282.16
DeLara, Dawn M.	.....	104.92
Delys, Kelli	.....	52.12
Drinkard, James (Bear) A.	.....	191.40
Eckard, Barbara R.	.....	30.12
Eckard, Barbara R.	.....	56.08
Erbele, Karen & Troy	.....	40.26
Farrens, Brian	.....	190.37
Gilmer, Tonya	.....	116.20
Heath, Jason E.	.....	354.51
Hill, Susan (Estate)	.....	49.41
Hines, Carol S.	.....	334.83

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Howard, Wayne D. & Connie L.	103.79
Isaacs, Shiree	79.00
Juarez, Jorge A. & Wendy	24.51
Juarez, Jorge A. & Wendy	230.98
Kundson, Kelly A.	110.73
Kyle, Natalie	62.32
McElhaney, Eva Theresa (Estate)	205.09
McNerney, Dennis J. (Estate)	39.40
Morris, Jaci	134.20
Nixon, Richard	68.04
Nunez, Nelson	86.22
Palmer, Robert E. (Estate)	144.16
Palmer Mountain Restaurant	151.24
Palmer Mountain Restaurant	216.31
Palmer Mountain Restaurant	55.76
Roberts, Logan & Renda	45.00
Vanderschelden, Steve G.	94.37
Watt, Joyce	121.19
Sanchez, Adelma	89.02
Saylor, Andrea	220.71
Searls, Dan	258.24
Shomler, Chris	137.54
Silva, Gerardo & Majia, Helena	28.21
Singh, Tamara	145.84
Whittington, D., Jr. & Plangue, C.	455.25
Total .....	\$5,791.57

Commissioner Bunch moved to approve the account transfers; Commissioner Womack seconded; motion passed.

5. Public Comment:

There was no public comment.

6. Clearing Up Publication:

As a follow-up to last meeting’s discussion regarding the Clearing Up publication, the Manager reported that Andrew Mock of Energy NewsData indicated the District could order a single subscription of the 52-week publication at a cost of \$1,199.00. Distribution would be electronic, whereby the District could distribute internally at no additional charge.

Commissioner Bunch moved to authorize a subscription for one 52-week issue of the Clearing Up publication for \$1,199.00; Commissioner Womack seconded; motion passed.

7. Renewable Energy Survey:

The Board discussed the revised Renewable Energy Survey presented by Debra Peters of the Conservation Department.

Ms. Peters noted that the proposed compact fluorescent light bulb survey exchange program would not be eligible for C&RD funds unless the PUD was accountable for the number of light bulbs exchanged. This would be difficult to track without a name or customer number on the survey form.

There were differing opinions on developing renewable power projects if the sources cannot be produced locally and are not cost effective. The District's 2000 survey summary reflected that 54% of (polled) customers said they would be interested in purchasing wind or solar power if offered by Okanogan PUD. However, staff noted that the summary was not accurate because it did not reflect the number of customers that would be willing to pay for the service.

Following discussion, the Board suggested three revisions to the Survey form.

Commissioner Bunch moved to approve the revised Renewable Energy Survey presented by the Conservation Department as a result of input; Commissioner Womack seconded with the revisions agreed by the Board; the motion passed.

8. Telecom Report:

Joe Miller noted that fiber splicing is taking place in the Tonasket PUD office and the Okanogan PUD 300 crew is installing fiber to customers in the Tonasket area. North Valley Internet, an ISP in the north county area, is now connected and providing service to customers.

The District's meter reading system is now on the network. In the past, the transfer to the Okanogan office took 20 – 30 minutes via long-distance telephone. The downloading process now occurs within a few minutes without the cost of a long-distance call.

The District has received notice that Methow Valley On-Line is not in a position to contract for two OC-3 services as previously proposed. The District staff has spoken with CERB regarding the matter, and although CERB seems willing to offer the loan (\$300,000) and grant (\$300,000), they indicate that this process cannot go on indefinitely.

The Board agreed to hold the Twisp fiber build pending progress by NCTeleserve, while considering other possibilities for fiber to Twisp, i.e. commitments for revenue that would offset the cost without CERB funds.

9. Effect of BPA SN CRAC Increase:

Larry Felton discussed the effect of BPA's proposed October 1, 2003 Safety Net Cost Recovery Adjustment Clause (SN CRAC) increase of 25% over the May 2000 original rates. Slice is not

affected by the SN CRAC or the Financial-Based CRAC that applies to full requirements customers, but does apply to Block purchases. The effect in October 2003 would be a 28% total of Load-Based CRAC, which everyone shares the increase, plus the FB CRAC of 11%, plus the SN CRAC of 25%, for a total of about 64% for Block. This would increase the District's total 2003 wholesale power bill by 1.8% (\$340,000).

The deletion of a proposed \$200 million Public-IOU litigation settlement could result in a LB CRAC reduction of approximately 5%, which would mean that Slice and Block costs could go down 5%.

10. Resolution No. 1251 – Rate Stabilization Reserve:

Manager Warner presented Resolution No. 1251 establishing a Rate Stabilization Reserve, which will be funded with revenues in excess of 1.25 times the annual debt service requirements until such fund equals \$1,500,000. The reserve will be fully funded by December 31, 2006. The Rate Stabilization Reserve will be separate from the Power Reserve Fund of \$1,500,000 established under Resolution No. 1118.

Commissioner Bunch moved to adopt Resolution No. 1251; Commissioner Womack seconded; motion passed.

11. Refinancing Report:

Harlan Warner, Don Coppock, Fred Burke and Financial Advisor Alan Dashen traveled to San Francisco last week to meet with representatives of Standard and Poors Corporation, who will issue a bond rating, and with MBIA and FSA for bond insurance. An insurance quote has also been solicited from Ambac of New York.

A conference call with the Financial Advisor, Bond Counsel and Underwriter is scheduled for February 28<sup>th</sup> to finalize the Official Statement and Bond Resolution. It is the goal of the District to maintain its present bond rating of A-. The bond sale is set for March 11<sup>th</sup>, and a March 13<sup>th</sup> Board meeting is tentatively scheduled to adopt the Bond Resolution approving the sale.

A copy of Resolution No. 1251 establishing the Rate Stabilization Reserve will be provided to Standard and Poors to further identify the District's commitment to maintaining a strong financial position.

12. Energy Conservation Loan Program:

The staff requested concurrence from the Board that a customer is a meter and/or account for PUD purposes. Historically, every metered connection has been considered a customer, however,

Resolution No. 832 does not provide a clear definition.

Following discussion, the Board referred the matter to the District Attorney to research the issues and bring a proposal to consider at the next Board meeting.

13. Oroville-Nighthawk Trail System:

Manager Warner noted that the County plans to move forward with the Oroville-Nighthawk trail project and would like to know what issues the PUD needs to have resolved to move forward.

The Board authorized the Manager to notify the County that if the County is able to reach satisfactory agreement with all adjoining property owners, the PUD would not oppose the trail, providing the County and PUD could negotiate the terms and conditions necessary to assure all PUD interests are preserved.

14. Public Comment:

Roy Webster asked if the PUD intends to deliver telecommunication services to private utility customers within five years. It was explained that Senate Bill 6675 precludes public utilities from offering end-use telecommunication services to individual users. Mr. Webster requested information on the procedure to be followed in petitioning pursuant to RCW 54.16.340 for wholesale telecommunication services. He asked if a television district can be an ISP and therefore a legal authority to provide retail telecommunications obtained from Okanogan PUD as the wholesaler. He also inquired about published rates and transmission over electric lines.

The Commissioners stated they were eager to work with any customer co-op group that might provide retail services at acceptable rates. The District's legal counsel will provide Mr. Webster with the requested information.

15. Meetings:

Commissioner Johnson distributed the Proceedings of Interest that he compiled after attending Washington PUD Association meetings in Olympia on February 13<sup>th</sup> and 14<sup>th</sup>.

The next Okanogan PUD Board meeting is scheduled for March 11<sup>th</sup> at 8:30 a.m. in Okanogan. The March 18<sup>th</sup> meeting to discuss the Methow transmission line mediation report will be held at 6:00 p.m. in Twisp (staff will confirm the location of The Merc Playhouse or the Methow Community Center). The April 1<sup>st</sup> meeting has been cancelled.

16. Executive Session:

The Board recessed into executive session at 12:10 p.m. to discuss litigation.

The Board reconvened into regular session at 12:20 p.m. There being no further business to

discuss, the meeting adjourned at 12:20 p.m.

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Donald W. Johnson, President

ATTEST:

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David A. Womack, Vice-President

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Darrel E. Bunch, Secretary