

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan April 29, 2003**

Present:

Board:	Donald Johnson, David Womack, Darrel Bunch
Staff:	Harlan Warner, Don Coppock, Derek Miller, Larry Felton, Joe Miller, Debra Peters, Steve Brown, Don Clutter, Dan Boettger, Julie Pyper
Other:	Michael Howe, Legal Counsel
Public:	Jim Divis - Magi, Garry Thompson - BPA, Susie Ives, Verne Donnet, Kathleen Hirschstein, Dave & Esther Johnson, John Umberger, Ann McCreary, Joyce Bergen

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 Transfer of Accounts
4. Approval of Vouchers
5. Public Comment
6. Review Conservation Loan Policy
7. Magi Con-Aug Project
8. Power Supply Report – First Quarter Recap
9. Response to Commissioner Johnson’s Conclusions on Methow Valley Power Supply
10. Executive Session – Litigation
11. Telecom Report
12. Employment of Relief Customer Service Representatives
13. Hanging Banners
14. Public Comment
15. Meetings

1. Approval of Minutes:

Commissioner Womack moved to approve the Minutes of the April 15, 2003 regular meeting and the April 22, 2003 special meeting; Commissioner Bunch seconded; motion passed.

2. Approval of Work Orders:

The following work orders were submitted for approval:

02-0077	Ken Little, Tunk Valley Rd. (Rev. #1)
02-0184	District/City of Omak, 4 th St.

02-0195	District/City of Okanogan, Oak St.
03-0002	District, Chesaw Rd. at Jens Thompson Corner
03-0033	U.S. Forest Service, Loup Loup
03-0068	Elmo Cook, 1743 Old Hwy. 97
03-0079	Mark Morris, 65 West Lake Rd. (Rev. #1)
03-0081	District, Cedar St., Omak
03-0104	Tom Rosling, Pine Creek Rd.
03-0112	District, 11 Vintin Rd., Carlton
03-0113	KFC/Taco Bell, Omache Dr., Omak
03-0123	Mark Raymond, Benson Creek Rd., Twisp
03-0139	Ben Jeffris, 775 Ives St. W., Pateros
03-0140	Paul Freese, Old Riverside Hwy.
03-0142	District, U.S. Border Crossing
03-0143	Eric Zandel, Miller Lane
03-0144	David Taber, Hwy. 97 N. of Oroville
03-0149	Donald Miller, 111A Twisp-River Rd.
03-0150	District, 95 Libby Creek Rd., Carlton
03-0151	Shep Kuester, 2244 Hwy. 153, Carlton
03-0152	Bob Temple, Gold Mine Trail Rd.
03-0153	Joe Dripps, Hansen Rd.
03-0155	District, Rocky River Rd. Hud Site (on E. River Rd.)
03-0157	Brad Bylin, Ross Rd.
03-0158	District, Hospital Way, Brewster
03-0160	Sandra Sutton, Lost Lake Rd. near Havillah
03-0161	District, Champerty Shores
03-0163	District/Assembly of God Church, Hwy. 97 N., Tonasket
03-0164	District/Gebbers Cattle, Hwy. 97, Pateros
03-0167	Sheri Mortimer, 32 Fish Hatchery Rd., Pateros
03-0168	District, Ellemeham Mtn.
03-0170	Colville Tribe Public Works, Moccasin Flat Trailer Court
03-0171	District, 26280 Hwy. 97, Brewster
03-0172	District/Sloan, Conconully Rd.
03-0174	Virgil Newton, off Third St., Loomis
03-0175	Gebbers Cattle, Inc., 85 N. Star Rd., Brewster
03-0176	Bob Bourne, Deerpath Ave., Oroville
03-0177	Tonasket School District, Tonasket School near YAC
03-0179	Eileen Emerson, Hwy. 97, Monse
03-0181	District, Hwy. 153
03-0205	Old Flour Mill/Davis, 96 Pine St. E., Okanogan
	Total

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

3. Transfer of Accounts:

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

Bainard, Rachel A.	\$122.95
Benson, Elfrieda	286.83
Brudevold, Cheri	230.65
Clark, Kerry M.	57.29
Clark, Kerry M.	92.20
Desautel, Tony	364.60
Divird, Diane	1.38
Farmer, Darren	212.85
Flores, Romelia	50.80
Gonzalez, Tammy	77.48
Hamilton, Wilbur (Estate)	238.09
Hansen, Robin	256.48
Harvill, Jeff	330.07
Hernandez, Manuel	31.90
J & H Equipment (Balance of unpaid invoice #3212) c/o J. Mortensen	1,540.66
Jones, Stan	725.76
Kesti, Susan	73.55
McDearmon, Carl	40.61
Moore, Michael M.	5.54
Morigeau, Dawn	87.90
Oldham, Shirley	228.44
Orozco, Maria	108.08
Palomino Orozco, Martin	66.40
Price, Pauline & Dawson, Gregg	446.22
Roldan, Omar Diaz	9.08
Sellars, Stuart	157.01
Smith, Cal	5.77
Smith, Raymond	52.76
Stout, Amy & Ira	374.50
Trevino, Joe	110.46
Waugh, Misty D.	69.17
Weekly, Penny	134.85
Wilkins, Bonita Rae	378.03
Yarborough, Rodger & April	156.39
Total	\$7,124.7

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

4. Approval of Vouchers:

Vouchers No.'s 76748 through 76777 in the amount of \$159,554.75, No.'s 76778 through 76829 in the amount of \$915,602.58, and No.'s 76830 through 76915 in the amount of \$1,998,088.51 were approved for payment from the revenue fund.

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

5. Public Comment:

Commissioner Johnson clarified his April 15th meeting comments that were misstated in the *Chronicle's* April 23rd article on the PUD's loan policy with regard to the Conservation Department. He said it is his position that a customer is a legal entity with a meter, and a second loan should not be authorized without Commission approval.

6. Review Conservation Loan Policy:

Commissioner Johnson moved to reintroduce his previous motion that any person or legal entity, regardless of the number of meters, is entitled to one conservation loan unless an exception is granted by the Commissioners. In support of his motion, he noted it is the Commissioners' responsibility to oversee budgetary matters, and that a second loan should not be granted without Commission approval. The motion failed for lack of a second.

Steve Brown addressed the issues raised in the *Chronicle's* April 23rd article, and clarified the Conservation Department's effective and professional operation of the loan program. Debra Peters noted the utility's ongoing commitment to helping customers efficiently utilize electrical energy.

Since the definition of "customer" is an industry-wide definition, Attorney Howe suggested changing the Conservation Department policy so that any person or legal entity would be entitled to one conservation loan per meter.

Commissioner Womack moved that any person or legal entity shall be entitled to one conservation loan per meter; Commissioner Bunch seconded. Commissioner Johnson opposed the motion, noting that the policy would give the capability outside a public meeting of loaning a disproportionate share to someone with multiple meters. The motion passed.

7. Magi Con-Aug Project:

Jim Divis, President of Magi, Inc., was presented with a \$480,000 check for completion of an extensive energy efficiency upgrade at Magi's three packing facilities at Brewster, Okanogan and Pateros. Mr. Divis distributed a summary of Magi's \$1.2 million energy efficiency measures, and noted the large KWh savings since January 1, 2003. The final payment to Magi will be based on verification of savings after one year. Funding for this project came from BPA's Conservation-Augmentation program. BPA, in an effort to

reduce its need to purchase power in the open market, offered its customers an opportunity to reduce load through conservation by participating in the Con-Aug program.

Manager Warner recognized Garry Thompson, the District's BPA Account Executive, for his experience and dedication in understanding customer concerns on numerous complex issues. Mr. Thompson has accepted the position of BPA Eastern Power Business Area Manager, and has assigned Nancy Schimmels as Okanogan PUD's interim Account Executive.

8. Power Supply Report – First Quarter Recap:

Larry Felton presented the first quarter 2003 power supply report, which is on target with the 2003 power sales budget of \$4 million. He noted total sales at the end of the first quarter were about \$1.9 million, which represented a pretty good price in the market (\$39 mills). After scheduling fees, the net result was \$38.3 mills. The net sales without Colville Indian Power & Veneer were \$1.6 million (\$38 mills after Douglas PUD service fees). The District pays Douglas PUD a scheduling charge of .50 mills/KWh for every Okanogan PUD KWh sold or purchased from the market. The District also pays Douglas PUD a monthly base charge for scheduling BPA and Wells Dam power of \$7,925 and a load regulation charge of \$8,533 per month. Mr. Felton also noted that the Nine Canyon Wind Farm made \$3 mills (10%) the first quarter.

Mr. Felton presented non-weatherized substation average energy data from 1989 to 2002, which showed the lowest load growth in the Northern system (Tonasket to Oroville), with the Methow area (Twisp substation and Winthrop substation) growing the most followed by the Central (Malott to Omak) and Southern areas (Ophir to Pateros).

9. Response to Commissioner Johnson's Conclusions on Methow Valley Power Supply:

Chief Engineer Derek Miller presented a response to 4 of the 31 conclusions reached by Commissioner Johnson on the mediation group's conclusions to the Methow Valley power supply issue. In regards to the information presented by Verne Donnet, Mr. Miller said the numbers are incorrect as you cannot use conductor *resistance* in ohms per mile to calculate voltage drop and then in turn use those results to derive losses. Mr. Miller noted that a complete review of Mr. Donnet's system analysis will require additional time. Commissioner Johnson requested further information from Mr. Miller as to whether Mr. Donnet's recommendations have validity and whether any priority should be set based on those recommendations.

After attending PUD Board meetings for a year and reading articles and information and listening to testimonials, Commissioner Womack presented the conclusions he has drawn regarding the Methow Valley transmission line issue. Commissioner Womack then moved that the District proceed with an Environmental Impact Statement on the Pateros/Twisp transmission line to the Methow, as ordered by Judge Burchard in March

2000, and that the District obtain a cost estimate by the next meeting from the previously selected consultant, Tetra Tech (formerly Foster Wheeler); Commissioner Bunch seconded. Commissioner Johnson opposed the motion, noting that he is opposed to using the present consultant and that he is opposed to committing \$350,000 to \$500,000 for an EIS that may not be required. The motion passed. The Manager was instructed to contact Tetra Tech for a cost estimate presentation at the next Board meeting.

10. Executive Session – Litigation:

The Board recessed into executive session at 11:00 a.m. to discuss litigation.

The Board reconvened into regular session at 1:15 p.m.

11. Telecom Report:

Joe Miller noted that the District recently signed a contract with TNT Internet for co-location, wholesale Internet. TNT Internet is now in the process of setting up an Internet Service Provider business in the Omak Rogers Mills Building and plans to begin operations sometime in June or July.

K-20 (the division of the Department of Information Services that provides video and data to all the schools in Washington) will complete their pilot project of six schools in Washington using fiber-optic connections on April 30, 2003. The Okanogan and Omak schools will be ready to connect early this summer, and it is anticipated that Tonasket, Oroville and Pateros schools will be connected by the end of the year. Wenatchee Valley College should be connected by early June, as well as a half-dozen other new customers.

Manager Warner reported on the April 2nd NoaNet board meeting. He noted the May 7th NoaNet board meeting was cancelled, and the next scheduled meeting is in June. A conference call recently addressed SSB 5899 and the affect it could have on PUD telecommunications activities. A work session for NoaNet members is scheduled for May 21st at Grant PUD's Kilroy Airport Center office in Seattle.

Manager Warner also noted that NoaNet accessed its first line of credit draw since it was required that draws be verified with revenue data. A draw in the amount of \$200,000 occurred on April 1st, which was verified with \$330,000 in new revenue.

12. Employment of Relief Customer Service Representatives:

Manager Warner noted that several applicants were recently interviewed for two relief Customer Service Representative positions. Kelly Gunn of Omak and Verla McVey of Malott were hired to fill the vacancies created by staff replacements due to Joy Schultz's retirement. Ms. Gunn is presently in training, and Ms. McVey will begin training the week of May 5th.

13. Hanging Banners:

Manager Warner addressed a letter from Basil Day of Omak regarding dissatisfaction with the PUD hanging a banner on paid time and with PUD equipment at 7:30 a.m. on April 22nd in Omak. The Manager noted as a community service, it has been District practice to support community and school events by providing equipment to facilitate the hanging of banners. For other events, the District's employees volunteer to hang banners or the District charges a fee to cover the cost of hanging and removing the banners. The most recent banner hung by the PUD, which generated the letter from Mr. Day, was regarding the upcoming School Vote.

The Board approved the District hanging banners for community and school events within reason, provided the banners do not contain consumer advertising.

14. Public Comment:

Joyce Bergen of Winthrop submitted written comments regarding the Methow Valley transmission line issue. She asked the Board to reconsider its decision and to remember that the Methow Valley makes most of its money on tourism and that people come to the area because of how it looks. She urged to not let the line, roads and weeds rip through the southern part of the valley.

15. Meetings:

Commissioner Bunch gave an update on the Energy Northwest board meeting regarding the Nine Canyon Wind Farm expansion. He said the bonds are being sold April 29th, and approval of the bond sale is scheduled for April 30th. Energy Northwest received a bond rating of A-.

Commissioner Johnson noted that he will be attending a Washington PUD Association Legislative Committee/Board Meeting on May 16th in Coeur d'Alene and a Reach meeting on low income hosted by Chelan PUD on May 14th.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., May 13, 2003 at the Okanogan PUD Auditorium.

There being no further business to discuss, the meeting adjourned at 1:56 p.m.

Donald W. Johnson, President

ATTEST:

David A. Womack, Vice-President

Darrel E. Bunch, Secretary