

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan August 12, 2003**

**Present:**

|         |  |
|---------|--|
| Board:  | David Womack, Darrel Bunch, Donald Johnson   |
| Staff:  | Harlan Warner, Don Coppock, Derek Miller, Larry Felton, Janet Crossland, Joe Miller, Debra Peters, Steve Brown, Julie Pyper  |
| Other:  | Michael Howe, Legal Counsel  |
| Public: | Jim Martin, Bob Clark, Brian Kirchner, Roger Sylvanus, Lael Duncan, Becky Hightower, John Andrist, Susie Ives, Roy Webster, Lorah Waters, Ann McCreary, Heidi Schmidt, Karl Schmidt, Philip Whiting, Rod Whiting |

President Womack called the meeting to order at 8:30 a.m. He asked if there were any additions to the Agenda other than the second public comment period, which was inadvertently not listed on the Agenda.

**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. Treasurer's Report
7. Community Action Weatherization Contract
8. Student Scholarship Presentations
9. Enabling Agreements for Wholesale Power Purchases and Sales
10. Adopt New Internet Rates – Resolution No. 1260
11. Review Net Metering Policy
12. Board Meeting Schedule
13. Customer Survey Results
14. Public Comment
15. Meetings
16. Executive Session: Litigation/Personnel

**1. Approval of Minutes:**

Commissioner Bunch moved to approve the Minutes of the July 29, 2003 regular meeting; Commissioner Johnson seconded.

Commissioner Johnson presented the following clarifications, additions and/or corrections: (Italic print reflects the additions/changes following Board discussion.)

Since the Commission is required by State statutes to elect a Secretary, Commissioner Johnson questioned the lack of responsibility for the position. The consensus was that the only responsibility was as a signatory.

7. – Community Action:

.... That work has been reviewed ~~audited~~ and ~~appeared shown~~ to have been effective.

8. – Wireless Network Discussion:

Commissioner Johnson questioned the \$117,000 since it was 50% more than the \$75,000 project cost presented by Manager Warner. Johnson pointed out that this will provide new retail servers the opportunity to compete, without capital investment in infrastructure, with the two retailers currently providing this service. Johnson also pointed out that although four retail providers are currently competing for wireless business in the Methow Valley, without PUD involvement it was thought that PUD investment in infrastructure was necessary to *expand the telecom system and to increase competition in the Okanogan Valley.* Johnson ~~some~~ thought of PUD involvement as “subsidization”, while others thought denial of PUD investment would be an act to “limit competition.” Johnson presented information that Grant County PUD is currently being investigated for improperly using PUD money to subsidize start-up costs for telecom providers. Joe Miller’s current estimate is that 99% of PUD customers ~~will~~ *may* never have home access to the fiber-optic (telecom) network *because of the cost.* The investment in wireless infrastructure will allow new retail servers to provide access to those who live within 10 miles (in line-of-sight) of the new access points. John Andrist stated that the proposed PUD wireless project will not increase the availability of service to new areas. It will shift the financial risk from new retail providers to all PUD electric ratepayers.

11. – Don Johnson Information Requests:

Staff responses indicated that rebuilding a section of transmission line between Foster Creek and Brewster substations saved PUD ratepayers about \$150,000/year from reduced losses. Criteria for replacing transmission lines gave priority to starting early with factors considered, including age of the circuit, its physical condition, location relative to load centers, load growth, costs, and environmental effects of various solutions. *The two primary components of any power line, whether transmission or distribution, are capacity and reliability.*

12. – Tetra Tech FW EIS Proposal:

Commissioner Johnson pointed out his concern that a number of questions remain to be dealt with by the proposal regarding needs, responsibilities and costs. Line-item cost comparisons for alternatives will be needed and will be the PUD’s responsibility. Although the Tetra Tech FW proposal states that the project will remain within budget (\$420,842), there are more than 20 stated opportunities within it for increased costs. Proposed road locations, which will determine the location, extent, and costs of field studies, have yet to be determined.

13. – Public Comment:

**Presentations of 15 – 30 minutes should be made as Agenda items.**

Upon the vote, Commissioner Bunch opposed the modifications to item 8 – Wireless Network Discussion. The motion passed.

**2. Approval of Work Orders:**

The following work orders were submitted for approval:

|         |   |            |
|---------|---|------------|
| 99-0801 | John Thornberry, 4 Golf Course Dr., Alta Lake (Rev. #1)         | \$2,861.00 |
| 03-02&3 | Richard Wilson, Wannacut Lake (Rev. #1)                         | 675.00     |
| 03-0207 | Jack Bain, Cherokee Rd., Omak (Rev. #1)                         | 5,505.00   |
| 03-0239 | Jack Breedlove/Jere Sequin/Steve Brickley, Peters Rd., Twisp    | 11,663.00  |
| 03-0247 | Colville Indian Power & Veneer, Omak                            | 37,864.00  |
| 03-0316 | Gebbers Farms, Inc., Monse Bridge Rd., Monse                    | 664.00     |
| 03-0325 | Darrell Sapp, North Fork, Conconully                            | 2,412.00   |
| 03-0341 | District, Richlyn Ave.  | 1,258.00   |
| 03-0346 | Ken & Toni Fenley, Lot 21, Div. IV, Nine Mile Ranches           | 4,900.00   |
| 03-0356 | John Rolls, MP 20.5, Hwy. 153                                   | 2,957.00   |
| 03-0357 | David Anderson, Lot 1002, Div. V, Okanogan River Ranches        | 4,100.00   |
| 03-0361 | Rick Lewis, Lot 25, Div. VII, Nine Mile Ranches                 | 4,150.00   |
| 03-0363 | Buzz Ely, Old Orchard Lane, Carlton                             | 606.00     |
| 03-0363 | Buzz Ely, Old Orchard Lane, Carlton                             | 580.00     |
| 03-0363 | Buzz Ely, Old Orchard Lane, Carlton                             | 1,361.00   |
| 03-0366 | Charlene Gilge, 569 JH Green Rd.                                | 1,124.00   |
| 03-0367 | Colville Indian Housing Authority, 5th & Edmonds, St., Omak     | 12,468.00  |
| 03-0368 | Dale Williams, Eberle Rd.                                       | 558.00     |
| 03-0369 | District, Lemanasky Rd.   | 2,250.00   |
| 03-0370 | District, Omak Substation                                       | 4,456.00   |
| 03-0373 | Brett Knechtel, Harmony Heights                                 | 3,279.00   |
| 03-0374 | District, Eastside Malott Rd.                                   | 1,014.00   |
| 03-0375 | Meadow Valley Ranch Supply (Rod Lunn), Crofoot Lane off Hwy. 97 | 5,475.00   |
| 03-0377 | District, Various   | 1,900.00   |
| 03-0378 | District, Hungry Hollow Rd.                                     | 2,450.00   |
| 03-0379 | Erin Thomasson, Palmer Lake                                     | 2,075.00   |
| 03-0380 | Jim Attwood, Whitestone Lake                                    | 1,012.00   |
| 03-0381 | Chris Lawrence, 1337 Hwy. 153, Methow                           | 4,144.00   |
| 03-0382 | Devin Darwood, Texas Creek Rd.                                  | 4,272.00   |
| 03-0384 | Gary Jefferson, Hwy. 153, Carlton                               | 3,949.00   |

|         |   |              |
|---------|---|--------------|
| 03-0385 | Dave Anderson, 2609 Hwy. 153                            | 2,265.00     |
| 03-0387 | James Trepanier, Cougar Canyon Rd. off Swanson Mill Rd. | 11,125.00    |
| 03-0393 | District, Eastside Park, Omak                           | 4,127.00     |
| 03-0396 | Brian Rise, 522 Chesaw Rd.                              | 1,805.00     |
| 03-0399 | Paul Scott, Glover Lane                                 | 1,537.00     |
|         | Total   | \$152,841.00 |

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

**3. Approval of Vouchers:**

Vouchers No.'s 78078 through 78123 in the amount of \$432,330.10, No.'s 78124 through 78152 in the amount of \$169,471.76, and No.'s 78153 through 78259 in the amount of \$312,396.78 were approved for payment from the revenue fund.

Commissioner Bunch moved to approve the vouchers. Commissioner Johnson seconded the motion, but questioned the payment to Okanogan Flight Center and the cost effectiveness of District staff traveling in that manner. The motion passed.

**4. Transfer of Accounts:**

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

|                               |          |
|-------------------------------|----------|
| Allie, Josh W.                | \$438.00 |
| Bautista, Guadalupe           | 16.05    |
| Carlson, Leroy                | 530.68   |
| Carlson, Monte                | 273.64   |
| Everett, Barbara              | 340.93   |
| Glover, Charlotte & Daniel A. | 166.14   |
| Grant, Ed                     | 312.24   |
| Johnson, Bob                  | 153.75   |
| Jones, Wilma                  | 311.51   |
| Lutje, Dorothy                | 233.81   |
| Mears, Charolotte & Sharina   | 386.93   |
| Mears, Charolotte & Sharina   | 41.97    |
| Moore, Chris T.               | 141.84   |
| Nilles, Veronica              | 43.34    |
| Pease, Cecil M. (Estate)      | 56.24    |
| Posey, Patsy                  | 427.85   |
| Posey, Patsy                  | 366.37   |
| Richards, Joyce C. & Karl A.  | 396.95   |
| Smith, Eva M. (Estate)        | 124.50   |
| Watkins, Vanessa M.           | 303.17   |
| Zabreznik, Krista             | 114.92   |

|       |            |
|-------|------------|
| Total | \$5,180.83 |
|-------|------------|

Invoice #3389 in the amount of \$279.90 was submitted for transfer to Don Jacobson's electrical Account No. 10481-0. The invoice dated March 14, 2003 was for the cost to remove plastic sheeting from a street light service. The after-hours callout occurred on February 22, 2003.

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

**5. Public Comment:**

Brian Kirchner expressed concern regarding the lengthy process of approving the Minutes.

**6. Treasurer's Report:**

Treasurer Janet Crossland presented a report for the period ending July 31, 2003. The District had a balance of cash and investments on July 1, 2003 of \$18,932,984.72. On July 31, 2003, the balance stood at \$19,724,869.18. The allocated funds, bond principal and interest, and 2002 and 2003 reimbursable bond construction funds reduced the amount available for operations to \$8,742,488.79.

Commissioner Johnson requested more timely monthly financial statements, and information on the amount of District power purchased and sold. Following discussion, the Accounting Department staff acknowledged the delay in submitting financial reports, and noted their endeavor to provide timely reports. The April, May and June Statistical Reports will be available at the next Board meeting.

**7. Community Action Weatherization Contract:**

Executive Director Lael Duncan and Housing Manager Becky Hightower of Okanogan County Community Action Council presented a Contract effective July 1, 2003 through June 30, 2005 to install cost-effective weatherization and conservation measures to qualifying PUD customers under the State of Washington Energy Matchmakers Program.

The current State funding for the next biennium which expires June 30, 2005 is projected at \$123,443. Okanogan PUD's contribution up to this amount (utilizing C&RD funds) would be matched by an equal amount under the Energy Matchmakers Program. Match money cannot be spent until the PUD's funds are received by the State. The District's total authorized funding for the 2003/2004 fiscal years would be paid half in September 2003 and half in January 2004. Both the PUD's contribution and the State match should be spent by the termination of the Contract on June 30, 2005.

Community Action staff noted that while the State has historically accepted the PUD's restrictions on use of their own funds, it will not typically accept restrictions on the

Energy Matchmaker funds. Under the Contract, prospective applicants must heat their homes with electric heat and use a minimum of 18,000 kilowatt hours per year or meet Federal guidelines for weatherization and home repair. Weatherization measures that qualify for reimbursement shall conform with applicable standards used by Community Action in the Low Income Housing Energy Assistance Program and Bonneville Power Administration State funded Weatherization Programs.

Commissioner Bunch moved to authorize the District to enter into a Contract in the amount of \$123,443 with Okanogan County Community Action Council effective July 1, 2003 through June 30, 2005 to install cost-effective weatherization and conservation measures under the State of Washington Energy Matchmakers Program, with one half to be paid to the State in September 2003 and the second half to be paid in January 2004; Commissioner Johnson seconded; motion passed.

A Resolution adopting the Weatherization Contract will be presented for signature at the next Board meeting.

#### **8. Student Scholarship Presentations:**

Two of the three students selected to receive Okanogan PUD scholarships to attend the Adventures in Science and Arts program at Western Washington University presented reports. The one-week camp open to 7<sup>th</sup> and 8<sup>th</sup> graders has an energy, environmental or conservation component attached to the curriculum. Karl Schmidt and Philip Whiting, both of Omak, participated in the Engineering Design program. They recounted their camp experiences, which included problem solving, building simple electromagnetic motors, water powered rockets and CO<sub>2</sub> powered model race cars. Ian Thompson of Tonasket will present his report in September.

#### **9. Enabling Agreements for Wholesale Power Purchases and Sales:**

At the July 29<sup>th</sup> meeting Power Resource Engineer Larry Felton presented for the Board's review a proposed Enabling Agreement for wholesale power purchases and sales. The Commission previously authorized that short-term surplus contracts of 30 days or less be determined by staff and longer agreements be brought before the Board. The Enabling Agreement will cover the terms of short-term (less than 30 days) and long-term (over 30 days) transactions.

Commissioner Bunch moved to accept Enabling Agreements for wholesale power purchases and sales, and authorized staff to sign the Agreements on behalf of the District, but to make periodic reports and keep the Board informed on long-term agreements; Commissioner Johnson seconded; motion passed.

#### **10. Adopt New Internet Rates – Resolution No. 1260:**

Telecommunications Manager Joe Miller presented Resolution No. 1260, which rescinds the telecommunication system's existing Wholesale Internet rate and adopts the

Wholesale Internet Rate Schedule dated 8-12-03. The District's existing Internet rate is based on a fixed quantity. It has been determined the District needs to offer smaller fixed bandwidth levels for small Internet service and establish new rates for large demand Internet customers. The new Rate Schedule offers a fixed bandwidth level starting at 100 KB and also provides a rate for larger users based on minimum commitment. Due to rate reductions from NoaNet and a very competitive Internet market level, the District has reduced rates because Internet sales are a cost-based product in the District's Telecommunications Business Plan.

Commissioner Bunch moved to adopt Resolution No. 1260; Commissioner Womack seconded; motion passed.

#### **11. Review Net Metering Policy:**

Chief Engineer Derek Miller presented a proposed policy and customer information packet on Net Metering. State law requires utilities with more than 25,000 customers to implement a Net Metering policy that allows customers to connect electric generating systems of 25 kilowatts AC output or less to a utility's electrical system using solar, wind, small hydro, or fuel cells. The District has an informal agreement with one customer producing power from a wind generator, and another customer with a solar system is interested in a formal agreement with the District. Okanogan PUD is not required to implement a Net Metering policy due to its customer base, however, staff feels it is in the best interest of the District to implement a standardized policy for system security.

Renewables (solar and wind) are qualifying energy conservation measures through the District's Conservation Loan Program. The District also offers a \$500 rebate for installing a grid-tied PV or solar hot water system. In addition, customers are eligible to purchase solar/wind equipment at a discount from Western SUN Cooperative through Okanogan PUD's membership.

Once Okanogan PUD approved a customer-owned electric generation system, Net Metering would allow a customer to be connected to the utility's distribution system. On a bi-monthly basis, any excess electricity generated by a customer could then be credited to the customer's next bill at the same rate they are charged for electricity. This would occur over an annual cycle beginning January 1 and ending December 31. The proposed Net Metering Agreement provides that at the end of each calendar year, any and all of the kilowatt hour electric energy credit(s) remaining on the customer's account shall be returned to the District. The customer's account would then start with a zero balance effective January 1. Jim Martin of Solar Wind Energy Systems asked the Commission to consider not zeroing the balance, but reimbursing the Net Metering customer if they carried a credit balance. Derek Miller stated that the process of Net Metering would require an investment of \$290 per Net Metering customer to facilitate their connection to the grid. This investment could be offset by absorbing any remaining annual credit.

The Board requested that Attorney Howe review the Net Metering Policy. The matter will be readdressed at the August 26<sup>th</sup> meeting.

## **12. Board Meeting Schedule:**

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., August 26, 2003 at the Okanogan PUD Auditorium.

The Board set the following meeting dates: September 2, 16, 30, and October 14, 28.

## **13. Customer Survey Results:**

Energy Services Coordinators Debra Peters and Steve Brown presented results of the 2003 Renewable Energy Survey that the District conducted to determine customer interest in purchasing a portion of electricity from a renewable source. Of the 12,813 surveys mailed, 2,028 (16%) were returned, which was an excellent response by industry standards. A total of 1,433 customers (72%) indicated with a “yes” response their interest in purchasing a portion of their electricity from a renewable energy source. The remaining customers (28%) did not complete the survey correctly or indicated they were not interested.

Interest for renewables and response to the survey was fairly consistent throughout the District. The highest level of customers interested in renewable energy came from the Southern area at 323 yes [77%] and 99 no [23%], followed by the Northern area at 470 yes [74%] and 164 no [26%], and the Central area at 586 yes [70%] and 251 no [30%].

The survey participation by area reflected a consistent level of participation with 41% of the responses from the Central area (where 46% of the customers live), 31% of the responses from the Northern area (where 32% of the customers live), 21% of the responses from the Southern area (where 22% of the customers live), and 7% of the responses were incomplete or did not include a zip code.

The 1,433 customers interested in purchasing a portion of electricity from a renewable source if it were offered by Okanogan PUD indicated their financial level of support as follows: 256 (18%) said they did not know the extra amount they would be willing to add to their electric bill; 25 (2%) indicated they would pay up to \$30/month; 56 (4%) indicated they would pay up to \$20/month; 203 (14%) indicated they would pay up to \$10/month; 217 (15%) indicated they would pay up to \$3/month; and 676 (47%) indicated they would be willing to pay nothing. The total financial support could be at least \$4,551 bi-monthly or \$27,306 annually.

Commissioner Johnson noted that the returns would have been better with more information presented, as a large number of customers said not enough information was provided to make a decision.

The Conservation staff was directed to begin outlining a Green Power Program for the Board's consideration and, in addition, to prepare a Press Release on the survey results and include a statement on the PUD bills that a summary of the survey results can be obtained from the PUD offices and will be available on the PUD website. The PUD will also provide survey information at the Okanogan County Fair.

**14. Public Comment:**

Roy Webster requested information on the District's present agricultural irrigation billing system.

Brian Kirchner apologized to Commissioner Johnson for his earlier complaint about the approval of the Minutes. He had not understood that the Secretary of the Board was not responsible for the final draft of the Minutes submitted for approval.

**15. Meetings:**

There were no meetings to report.

**16. Executive Session – Litigation/Personnel:**

President Womack recessed the meeting into executive session at 12:15 p.m. to discuss litigation and personnel.

President Womack reconvened the meeting at 1:15 p.m. There being no further business to discuss, the meeting adjourned at 1:15 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary