

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan November 18, 2003**

Present:

Board: David Womack, Darrel Bunch, Donald Johnson

Staff: Harlan Warner, Chuck Berrie, Don Coppock, Larry Felton,  
Debra Peters, Dan Boettger, Steve Brown, Julie Pyper

Other: Michael Howe, Legal Counsel

Public: William Colyar, Susie Ives, Maeyowa, Kathleen Hirschstein

President Womack called the meeting to order at 8:35 a.m., and asked for any additional agenda items. Manager Warner submitted 1) Resolution No. 1268 and 2) Proposed BPA Settlement with IOU Litigation.

**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. Conservation Update
7. Board Highlights
8. Resolution No. 1268
9. Proposed BPA Settlement with IOU Litigation
10. Public Comment
11. Meetings
12. Executive Session - Litigation

**1. Approval of Minutes:**

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the November 4, 2003 regular meeting.

Commissioner Johnson submitted for the public record supplemental agenda item information. Discussion ensued regarding the appropriateness of using PUD stationary to represent a position not that of the Commission as a body. Attorney Howe responded that he did not believe the action was illegal, although it was a minority report with a different name -- and a policy decision that needs to be determined. The matter will be researched and readdressed at a future Commission meeting.

Upon the vote, the motion carried.

**2. Approval of Work Orders:**

The following work orders were submitted for approval:

03-0004	Ed Smith, 27 Bentham Rd., Omak	\$568.00
03-0270	Russell Brantner, 69 Cherokee Rd., Omak (Rev. #1)	5,349.00
03-0464	Methow Valley Sanitation, Twisp River Rd. (Rev. #1)	1,745.00
03-0485	Joe Thomas, Hwy. 97	6,621.00
03-0510	James Dunn, 61 Dunn Rd. (Rev. #1)	1,485.00
03-0511	District, 700 Ives St. W., Pateros	1,313.00
03-0513	District, 201A Bill Shaw Rd., Pateros	1,168.00
03-0517	Tacoma Land Co., Bill Shaw Rd.	21,971.00
03-0518	District, 420 Jay Ave. W., Brewster	2,853.00
03-0520	St. Genevieves Catholic Church/Dist., 403 Bugar St., Twisp	675.00
03-0525	Tim Taylor, 164 Mt. View Rd., Brewster	5,425.00
03-0526	District/Phillip Remsberg, 1021 Twisp Carlton Rd.	2,482.00
03-0529	Howard Sonnichsen, Riverside Ave., Twisp	1,954.00
03-0531	Georgine Epley, 118 Crumbacher Rd.	1,791.00
03-0533	April Brady, Coulee Heights	868.00
03-0534	Paragon Washington L.L.C., Oroville Industrial Park	11,506.00
03-0536	District, Pedersen Rd., Pateros	599.00
03-0539	District, Omak River Rd.	2,514.00
03-0540	Columbia River Carbonates, Janis Siding	2,400.00
03-0542	Tyler Marcellay, Cassimer Bar Rd.	1,781.00
03-0543	District, Various	11,600.00
03-0546	District, Cassimer Bar, Squaw Creek Rd.	1,172.00
03-0547	Quality Lube LLC, c/o Clint Estes, 427 Glover St. S., Twisp	1,162.00
	Total	\$89,002.00

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the work orders. The motion carried.

**3. Approval of Vouchers:**

Vouchers No.'s 79373 through 79485 in the amount of \$281,013.37, No.'s 79486 through 79513 in the amount of \$186,021.86, and No.'s 79514 through 79631 in the amount of \$545,382.92 were approved for payment from the revenue fund.

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the vouchers. The motion carried.

**4. Transfer of Accounts:**

The following account was submitted for write-off/collection due to nonpayment:

King, David L.      Conservation Loan C00080      \$1,056.27

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the account transfers. The motion carried.

**5. Public Comment:**

Maeyowa commented that the Methow Transmission Project Public Scoping Notice and Map contained inaccuracies. She requested a copy of BPA's notice to the PUD that states the reliability of the existing transmission system is below standard.

Commissioner Johnson questioned the legality of proper notice announcing the scoping period that begins November 12th (his notice was postmarked on November 10<sup>th</sup> and received on November 13<sup>th</sup>). Attorney Howe will review the matter.

Kathleen Hirschstein commented on inaccuracies of the map and asked questions regarding the route.

**6. Conservation Update:**

Debra Peters and Steve Brown updated the Board on conservation activity, including the BPA funded Conservation and Renewable Discount Program (C&RD). The District currently implements the following BPA approved measures: Super Good Cents Manufactured Home Rebates, Compact Fluorescent Light Bulb Sales, Low-Income Weatherization Program, Appliance Rebate Program, Commercial Lighting Retrofits, and Renewable Energy (Solar) System Installations. Each of the measures on the BPA list has a monetary value based on the amount of conservation that can be expected by implementing the measure. The District receives the monetary value for C&RD credit for each measure implemented in the form of a deduction on the BPA Power Bill. BPA credits the PUD \$18,464/month (\$221,568/year) for approved conservation activities. Under the terms of the agreement, the District must implement enough deemed measures to acquire \$1,107,840 C&RD credits during the period October 1, 2001 through September 30, 2006 (actual utility dollars spent to date total \$630,463.27, and \$477,376.73 remains to be spent).

The Conservation staff recommended reducing the Compact Fluorescent Light Bulb discount from \$3.00 to \$2.00 per bulb due to the cost reduction to purchase the bulbs. In addition, the staff recommended removing Compact Fluorescent Light Bulbs from the Commercial Lighting Retrofit Program to ensure the CF bulbs are not later replaced with incandescent bulbs, thereby reducing the value of the retrofit.

Commissioner Johnson moved, and Commissioner Bunch seconded, to adjust the Conservation and Renewable Discount Program effective January 1, 2004, as recommended by the Conservation Department, by reducing the Compact Fluorescent Light Bulb discount from \$3.00 to \$2.00 per bulb and by removing Compact Fluorescent Light Bulbs from the Commercial Lighting Retrofit Program. The motion carried.

**7. Board Highlights:**

Commissioner Bunch moved, and Commissioner Womack seconded, to reinstate the policy of distributing "Okanogan PUD Board Highlights" to the public and media. The intent of the Board Highlights is for the staff to provide timely information regarding Board actions to the local newspapers, radio stations and District employees. The Board Highlights will be posted to the District's website as an unofficial summary of the PUD Commissioners meeting, as the official Minutes are not approved until the following meeting.

Commissioner Johnson opposed the distribution of Board Highlights because the information is not reviewed or approved by the Commission, and the official document of the Commission is the Meeting Minutes.

Upon the vote, Commissioner Johnson voted nay. The motion carried.

**8. Resolution No. 1268:**

Manager Warner presented Resolution No. 1268 declaring a vehicle surplus and authorizing the sale thereof. The adoption of this Resolution would allow the District to proceed with a salvage sale of Vehicle No. 172, a 1994 Chevrolet S10 Pickup, which was recently wrecked.

Commissioner Johnson moved, and Commissioner Bunch seconded, to adopt Resolution No. 1268. The motion carried.

**9. Proposed BPA Settlement with IOU Litigation:**

Commissioner Johnson, Manager Warner and Assistant Manager Berrie attended Washington PUD Association meetings last week where PUD commissioners, managers and attorneys took a close look at the proposed settlement of public power's lawsuit

concerning the level of BPA benefits afforded the Investor Owned Utilities (IOUs). A settlement agreement between BPA, public customers and IOUs is on the table for a 90 day review period and is contingent upon all parties signing.

Commissioner Johnson reviewed proceedings of interest from the settlement discussion meetings. The Bonneville Project Act of 1937 gave public bodies (PUDs) and cooperatives preference and priorities. The Northwest Power Act of 1980 IOU Residential Exchange Program (REP) shared those benefits with other regional residential users. That act through its rate test [7(b)(2)] limits IOU benefits to ensure that public power rates not increase as a result of REP. In October 2000, BPA offered IOUs contracts in lieu of the exchange calculated on the market price of power. This and the 2001 market prices resulted in a \$390 million IOU benefit at the expense of the PUDs (BPA rate increases). The resultant intent of PUDs to sue BPA to negate the damage produced by their violation of the “rate test” led to the BPA adding \$200 million to the IOU’s benefits (funded by additional rate increases) if PUDs did not settle the lawsuit. PUDs have until January 18, 2004 to sign the settlement agreement. The settlement would defer payment of IOU benefits, resulting in a net 2004 combined Block and Slice rate decrease for Okanogan PUD of 8.3%.

The Board agreed to table the discussion to allow further review of the proposed settlement.

**10. Public Comment:**

Maeyowa reiterated her concerns regarding the Methow Transmission Project Public Scoping Notice. She commended the Conservation Program.

Commissioner Johnson requested that Attorney Howe review the legality of the Public Scoping Notice and Map.

**11. Meetings:**

Commissioner Johnson reviewed proceedings of interest from the Washington PUD Association meetings he attended in Tukwila on November 12-14, 2003.

Commissioner Bunch attended a Legislative/PUD meeting on November 5, 2003 at Kettle Falls.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., December 2, 2003 at the Okanogan PUD Auditorium.

**12. Executive Session – Litigation:**

President Womack recessed the Board into executive session at 11:45 a.m. to discuss litigation.

President Womack reconvened the Board into regular session at 12:10 p.m. There being no further business to discuss, the meeting adjourned at 12:10 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary