

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan January 6, 2004**

Present:

Board:	David Womack, Darrel Bunch, Donald Johnson
Staff:	Harlan Warner, Chuck Berrie, Don Coppock, Derek Miller, Larry Felton, Janet Crossland, Joe Miller, Dan Boettger, Jerry Day, Debra Peters, Steve Brown, Julie Pyper
Other:	Michael Howe, Legal Counsel
Public:	Brian Kirchner, John Andrist, Kathleen Hirschstein, Maeyowa, Ann McCreary, Roberta Donnor, Bill Swayze

President Womack called the meeting to order at 8:30 a.m., and asked for any additional agenda items. Manager Warner requested a discussion on the Twisp Community Center Contract. Commissioner Johnson submitted a request to briefly revisit Resolution No. 1269.

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. Wireless Pilot Project
7. BPA Settlement Agreement
8. Treasurer's Report
9. PUD Association Olympia Office
10. 2004 Salaries
11. Twisp Community Center Contract
12. Resolution No. 1269
13. Public Comment
14. Meetings
15. Executive Session - Litigation & Personnel

1. Approval of Minutes:

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the December 16, 2003 regular meeting and the December 29, 2003 special meeting. The motion carried.

2. Approval of Work Orders:

The following work orders were submitted for approval:

02-0210	Dist./Okanogan Co Public Wks, Old Hwy 97-Phase 3	\$28,546.00
03-0531	Georgine Epley, 118 Crumbacher Rd. (Rev. #1)	1,055.00
03-0561	Norm Weddle, 860 Hwy. 7	3,916.00
03-0583	District, Pateros Lake Shore Dr.	1,967.00
03-0584	Mid Valley Hospital, 810 Jasmine St., Omak	7,493.00
03-0586	District, Old Hwy. 97	530.00
03-0587	Snohomish County PUD	17,759.00
03-0588	District, Riverside Ave., Twisp	2,470.00
03-0590	Gary Christensen, 105 Viewmont Dr., Okanogan	591.00
03-0591	District, 39 Old Carlton Rd.	634.00
03-0594	District/Bellar, 673 Old Hwy. 97	2,119.00
03-0598	District, Paradise Hill Rd.	523.00
03-0602	District, Okanogan	2,237.00
03-0613	District, Sand Flat Substation	1,068.00
	Total	\$70,908.00

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

3. Approval of Vouchers:

Vouchers No.'s 80083 through 80140 in the amount of \$258,872.39, No.'s 80141 through 80167 in the amount of \$190,509.13, No.'s 80168 through 80218 in the amount of \$934,080.88, and No.'s 80219 through 80258 in the amount of \$268,335.30 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 accounts/invoices were submitted for write-off/collection due to nonpayment:

Abenroth, Steve	Invoice #3447	\$1,916.05
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Palm Construction	Invoice #3406	2,458.72
Total:		\$4,374.77

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

5. Public Comment:

Bill Swayze of Community Net noted that there is tremendous interest for the Wireless Network, although location is an issue for some customers. He encouraged the District to move from the Pilot Project to full operation.

6. Wireless Pilot Project:

Assistant Manager Chuck Berrie and Telecom Manager Joe Miller provided a detailed review of the Wireless Pilot Project, which currently consists of five retailers providing service to 104 end users at two access points. The Shellrock Point node has approximately 100 radios installed with revenue of \$2,200.00 per month, and the demand for continued growth appears very strong. The Oroville node became operational on December 16th with five radios installed to date. As of December 26, 2003, the District had \$286,557.00 capitalized cost invested in the Wireless Pilot Project. Utilizing actual data and new assumptions, the estimated revenue for the Business Plan was revised to more conservatively reflect revenue from actual radios installed, and deployment of the access points was slowed to keep capital and operation and maintenance under \$400,000.00 annually. Under this scenario, it is anticipated that the project would be cash positive by 2007, with payoff expected by 2010. With the goal of providing infrastructure and an opportunity for Broadband development in Okanogan County to businesses, residents, Governmental agencies and for PUD operations, the staff recommends ending the Pilot Project and expending up to \$384,000.00 in the 2004 capital budget on wireless deployment.

Commissioner Bunch moved, and Commissioner Womack seconded, to end the Wireless Pilot Project effective January 6, 2004, and to authorize expenditure of \$384,000.00 in the 2004 budget for continued deployment of the Wireless Project, with any expenditures over that amount to come before the Commission for approval. Commissioner Johnson favored continuing with the Pilot Project as it exists, and noted concern with outside competition coming into the area and with private enterprise investing in the same service that he believes the PUD is subsidizing. Upon the vote, Commissioner Johnson voted nay. The motion carried.

7. BPA Settlement Agreement:

The Commission reviewed draft Resolution No. 1270, which expresses the District's position on Bonneville Power Administration's proposed settlement of pending litigation between public utilities, investor-owned utilities and BPA. Okanogan PUD believes the return on resources invested would be better utilized in working together with all parties on major issues ahead such as Regional Transmission Organization and Standard Market Design, BPA increased operational efficiencies, economic river operations, and post 2006 long-term power purchase contracts and the allocation of the federal system benefits. The proposed benefit of settlement could provide approximately 10% reduction in the BPA power purchase costs for fiscal year 2004 as well as additional BPA rate relief from the status quo in fiscal year 2005.

The Commission agreed to defer action on draft Resolution No. 1270 until after the Public Power Council meets on January 8th and the Washington PUD Association releases a position statement on January 16th regarding the proposed settlement. The matter will be readdressed at the January 20th Okanogan PUD meeting.

8. Treasurer's Report:

Treasurer Janet Crossland reported that the District's balance of cash and investments stood at \$19,950,059.67 as of December 31, 2003. This year-end cash position was \$3,850,122.33 above the cash management goal of \$16,099,937.34. After investing the allocated funds, bond principal and interest, and the 2002 and 2003 bond construction funds, the amount available for operations on December 31st was \$9,850,122.33.

With the positive financial position, the Commission indicated that no rate increase would be required in 2004.

9. PUD Association Olympia Office:

The Washington PUD Association's Board of Directors, at its January 16, 2004 meeting, will act on the Building Development Committee's recommendation to construct a new office building that would provide for optimal use of the Olympia property. The member utilities have been asked to discuss this action item prior to the January 16th WPUDA Board of Directors meeting.

The Commission deferred action on the recommendation as the Committee's report on constructing a new office building was not yet available for review. Commissioner Johnson will convey Okanogan PUD's position at the January 16th

Board of Directors meeting. This matter will be an agenda item at the District's January 20th meeting.

10. 2004 Salaries:

The discussion on 2004 salaries was deferred to executive session.

11. Twisp Community Center Contract:

Manager Warner reported that the Methow Valley Community Center was recently provided written notice of the District's desire to renegotiate the terms of the current contract agreement for services performed on the District's behalf. The Community Center leases space to the District and acts as a customer service office for the District in Twisp. With a change in staffing occurring at the Methow Valley Community Center, the District will be evaluating its customer base and needs. The information obtained will be provided to the Commissioners for consideration at a future meeting.

12. Resolution No. 1269:

At Commissioner Johnson's request, Resolution No. 1269 was revisited with regard to Rule #3, which provides that written statements of an individual Commissioner shall not be on official letterhead of the District or recorded in the Minute Books or with the official Minutes of Board of Commissioners meetings. Johnson questioned if Rule #3 was beyond statute after reading a letter to the editor that questioned if the PUD Commissioners were conducting their meetings in accordance with their role as public servants. Attorney Howe pointed out that RCW 42 referenced by the letter writer pertains to the Open Public Meetings Act, and Resolution No. 1269 is not in violation of that RCW. With the Commission acting only as a majority and with all official acts recorded in the Minutes, there is no provision in RCW 54 or 42 for a minority report.

Commissioner Johnson moved to rewrite Resolution No. 1269 to eliminate Rule #3. The motion failed for lack of a second.

13. Public Comment:

Kathleen Hirschstein inquired as to the procedure for public review of the Methow Transmission Line Project EIS public and agency scoping comments. (The letters are undergoing content review. Information on the availability of the comments will be provided at the January 20th meeting.)

On behalf of PACE, Maeyowa submitted a formal request for review and copy of all Methow Transmission Line Project EIS scoping comments. In addition, she requested that the Forest Service, as co-lead agency, also have copies of all submitted comments available for review and copy.

14. Meetings:

The next Okanogan PUD Board meeting is 8:30 a.m., January 20, 2004 at the Okanogan PUD Auditorium.

The Commission recessed for lunch from 12:50 p.m. to 1:15 p.m.

15. Executive Session - Litigation and Personnel:

President Womack recessed the Commission into executive session at 1:15 p.m. to discuss litigation and personnel.

President Womack reconvened the Commission into regular session at 2:40 p.m.

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Salary Schedule for Non-Union employees effective January 1, 2004 as presented. The motion carried.

Commissioner Bunch also advised that Energy Northwest would be making a presentation on the biomass project at the February Managers Section meeting. They will be asking utilities to review their power needs and will request members to express an interest in purchasing a specific amount.

There being no further business to discuss, the meeting adjourned at 2:52 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary