

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan January 20, 2004**

Present:

Board:	David Womack, Darrel Bunch, Donald Johnson
Staff:	Harlan Warner, Chuck Berrie, Don Coppock, Dan Boettger, Steve Brown, Julie Pyper
Other:	Michael Howe, Legal Counsel
Public:	Chad Marchand, Elizabeth Marchand, Brian Kirchner, Roberta Donnor

President Womack called the meeting to order at 8:30 a.m., and asked for any additional agenda items. Commissioner Johnson requested the following items be added after agenda item five: 1) Board Reorganization; 2) Energy Costs, Rates, Conservation and Assistance; and 3) Washington PUD Association Report. Manager Warner added the Transformer Room Heater Bid Award.

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. Reorganization of Board
7. Energy Costs, Rates, Conservation & Assistance
8. Washington PUD Association Report
9. BPA Settlement Agreement - Resolution No. 1270
10. PUD Association Olympia Office
11. NoaNet Assessment
12. Transformer Room Heater Bid Award
13. Public Comment
14. Meetings
15. Executive Session - Litigation

1. Approval of Minutes:

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the January 6, 2004 regular meeting. The motion carried.

2. Approval of Work Orders:

The following work order was submitted for approval:

04-0051 District, Oroville Pole Yard \$40,209.00

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

3. Approval of Vouchers:

Vouchers No.'s 80259 through 80286 in the amount of \$180,221.80, No.'s 80306 through 80307 in the amount of \$10,765.00, No.'s 80308 through 80429 in the amount of \$226,648.27, and No.'s 80430 through 80509 in the amount of \$1,170,786.05 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:

Abrahamson, Rachel	\$170.50
Alexander, Jacob	\$129.93
Allbee, Richard & Diane	\$78.75
Anderson-Hall, Debra R.	\$79.57
Ballesteros, Jessilee I.	\$139.87
Bellotti, Pamela	\$29.96
Beltran, Claudia I.	\$2.62
Bertram, Lois & Neal	\$944.59
Bigwolf, Frank & Kammie	\$229.29
Brewer, Christine	\$46.50
Brockelsby, Janice	\$149.88
Brooks, Terry	\$148.72
Burkett, Karen & Wayne	\$224.52
Butterfly, Anne	\$179.20
Cabiddu, Monica M.	\$98.75
Camelin, Eugenia E.	\$161.67
Castaeda, Jimmy Gomez	\$17.29
Clemans, Louann	\$121.89
Coffman, Richard D. & Jody L.	\$30.41
Comeslast, Dorian D.	\$43.89
Davis, Janell	\$99.37
Fain, George E.	\$477.63
Felix, Michelle	\$303.27
Foreman, Janet	\$37.31

Gamez, Joe C.	\$51.67
Gentry, Barbara	\$286.49
Graves, Mae	\$265.47
Harbin, Klint Kevin	\$130.60
Haywood, Mark	\$232.01
Hedahl, Cathy M.	\$92.33
Hellard, Maria	\$54.71
Hernandez, Adriana	\$17.92
Holbert, Donald	\$288.84
Holbert, Donald	\$169.16
Holden, Leon	\$189.95
Holloway, Richard	\$82.50
Johnston, Brock	\$41.29
Jones, David D.	\$23.76
Jones, David D.	\$7.16
Kainth, Dawn M.	\$183.83
Kaiser, Larry	\$96.29
Koplin, Janie	\$132.30
LaMotte, Mike & Shelly	\$169.76
LaMotte, Mike & Shelly	\$80.83
Larson, Thomis	\$347.04
Lebanno, Marian	\$183.44
Long, Jim & Trina	\$244.17
Lyonais, David Philip	\$111.33
Mainord, Barbara	\$46.68
Marchand, Ann	\$80.79
McCraigie, Cindy	\$131.07
McGilvra, Dan & Elloise	\$133.91
McGilvra, Dan & Elloise	\$44.45
McGimpsey, Tami	\$117.50
McGowan, Lisa & Robert	\$106.53
McVay, Cele O.	\$8.87
McVay, Cele O.	\$109.78
Methow Wireless, c/o Tracy Ebbert	\$117.05
Miller, Donna & Sloan, Rachel	\$137.08
Misner, Michelle & Timothy	\$23.90
Montiel, Bonifacio	\$58.26
Mosher, William	\$92.21
Olson, Dale	\$88.37
Palagi, Raquell	\$229.18
Raub, Raymond (Estate)	\$18.20
Ray, Raylene	\$32.84
Roberts, Angela & Best, Shawn	\$44.71
Romero, Veronica	\$55.81

Rosales, Luis A.	\$17.18
Sam, John W. & Linda	\$67.06
Sanders, Karen & Travis	\$30.54
Schmitt, Billie	\$341.65
Schuck, Hendrika	\$959.31
Sewell, Steve	\$5.60
Sexton, David	\$197.48
Simons, Robert & Laurie	\$40.56
Smith, Michael	\$2.20
Solomon, Merton	\$14.22
St. Pierre, Reynee	\$115.07
Strom, Wilma	\$16.66
Thompson, John & Linda	\$117.33
Tiley, Amanda	\$278.26
Timentwa, Christine	\$17.59
Tonasket, Roberta	\$181.28
Torres-Brown, Virginia	\$188.63
Utigard, Norman C., Jr.	\$45.18
Valencio, Francisco J.	\$42.52
Velasco, Jose	\$61.14
Vincent, Elsie (Estate)	\$161.25
Watt, Patrick	\$80.11
Watts, Shauna	\$149.62
West, Wendy S.	\$69.70
Williams, Daniece	\$39.13
Willmon, Alana	\$134.28
Yepez, Tracie A.	\$27.38
Yoakum, Steven J.	\$142.49
Zodrow, John A.	\$223.10
Total	\$12,710.69

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

5. Public Comment:

Manager Warner noted that two Wenatchee Valley College students were in attendance at today's Commission meeting.

6. Reorganization of Board:

Commissioner Johnson moved to establish by resolution a process for regular reorganization of the Board and a fixed term for elected officers. He noted that the Board has historically reorganized on an annual basis, although reorganization did not occur in 2002.

Commissioners Womack and Bunch indicated a willingness to address such a resolution on an annual basis; however, they were opposed to a fixed procedure as the practice to review is at the discretion of the Board. Commissioner Johnson opposed Commissioner Womack's request to entertain an amendment to his motion. The motion failed for lack of a second.

7. Energy Costs, Rates, Conservation and Assistance:

Commissioner Johnson requested that staff provide financial reports in a timely manner to enable his review of PUD power purchases and sales.

Commissioner Johnson noted there is a large demand for energy assistance, as reflected in the accounts submitted today for write-off/collection due to nonpayment. Information he obtained from Okanogan County Community Action Council indicated that beginning December 8, 2003, 126 households received energy assistance at a cost of \$62,651.00, and 875 households were on a waiting list for funding as of January 14, 2004. Johnson supported a rate schedule review between now and the next budget period.

Commissioner Johnson reported that several bills are being considered in the legislature regarding conservation and energy efficiency, including a proposal to establish renewable energy portfolio standards. It was noted that Okanogan PUD is involved in the utilization of renewable energy as the largest purchaser of output from the Nine Canyon Wind Project. The Nine Canyon Wind Project has a capacity of 63 MW, which includes an expansion completed on December 31, 2003.

8. Washington PUD Association Report:

Commissioner Johnson presented information from the Washington PUD Association January 15-16, 2004 meetings for consideration prior to the Board's discussion on the BPA Settlement Agreement and the PUD Association Olympia office.

9. BPA Settlement Agreement - Resolution No. 1270:

The Commission addressed Resolution No. 1270, which expresses the District's position on Bonneville Power Administration's proposed Settlement Agreement

of lawsuits brought by public utility customers regarding the level of benefits going to investor-owned utility customers.

Commissioner Bunch moved, and Commissioner Johnson seconded, to adopt Resolution No.1270 as presented, and to authorize the Manager to sign the Stipulation and Agreement for Settlement, Waiver and Covenant Not to Sue, and the Slice Settlement Agreement. The motion carried.

A Washington PUD Association "Fair Settlement Position Statement" was approved by the WPUDA Board of Directors with regard to the BPA Settlement Agreement. The WPUDA is considering a BPA Rate Relief Campaign plan, which would include contracting with Don Godard, the current Manager of Grant County PUD (\$98,000.00/yr. @ \$98.00/hr.) and a total budget of \$180,000.00 in 2004 with a special assessment to members of \$102,000.00. This will be further discussed and voted on at a special WPUDA board meeting on February 6, 2004. Following discussion, it was noted that Mr. Godard is familiar with the Regional Power Act; however, it would be Okanogan PUD's position at this time to vote against the contract and funding.

10. PUD Association Olympia Office:

The WPUDA Board of Directors postponed until February 6, 2004 the discussion and action on the Building Development Committee's recommendation to construct a new WPUDA office building that would provide optimal use of the Olympia property.

The Okanogan PUD Commissioners deferred action on the recommendation as the Committee's report was not available for review. The report will be requested prior to Commissioner Johnson's and Commissioner Womack's attendance at the February 6th meeting.

11. NoaNet Assessment:

For informational purposes, the NoaNet Invoice #4128 in the amount of \$167,890.00 was reviewed, along with the accompanying Notice of Membership Assessment and Notice of Billing under Third Repayment Agreement. Despite significant efforts to cut costs and generate sufficient revenues to avoid assessments, the NoaNet Board concluded it was appropriate to approve a member assessment to meet the short-term operating expense cash flow needs during the first quarter of 2004 in the amount of \$768,000.00, payable in two equal monthly increments due no later than the 10th day of the months of February and March 2004. Okanogan PUD's portion of the assessment is \$42,240.00. As part of the 2004 funding and pursuant to the Third Repayment Agreement, members will be billed \$2,305,500.00 for the purpose of paying the

principal and interest on the 2001 NoaNet bonds. Okanogan PUD's portion of the loan repayment guarantee is \$125,650.00. The Commissioners preferred the option of paying the District's total amount due in eight equal monthly installments beginning April 10, 2004.

The Commissioners discussed whether it was possible to provide a comparison of individual NoaNet member revenues versus assessments.

12. Transformer Room Heater Bid Award:

Manager Warner reported that three bids were received for the purchase and installation of a waste oil burner in the transformer room. It is the staff's recommendation to award the bid to the lowest bidder, Mallett Sheet Metal and Roofing, in the amount of \$6,356.00 excluding sales tax. The District had budgeted \$7,000.00 for the waste oil burner.

Commissioner Bunch moved, and Commissioner Johnson seconded, to authorize the bid award for purchase and installation of a waste oil burner to Mallett Sheet Metal and Roofing in the amount of \$6,356.00. The motion carried.

13. Public Comment:

There was no public comment.

14. Meetings:

Commissioner Johnson attended Washington PUD Association meetings in Olympia on January 15 - 16, 2004.

A Washington PUD Association Special Board Meeting and Commissioners Round Table are scheduled for February 6, 2004.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., February 10, 2004 at the Okanogan PUD Auditorium.

15. Executive Session - Litigation:

President Womack recessed the Commission into executive session at 10:30 a.m. to discuss litigation.

President Womack reconvened the Commission into regular session at 10:47 a.m.

There being no further business to discuss, the meeting adjourned at 10:47 a.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary