

**Minutes of Regular Commission Meeting of
Public Utility District No. 1 of Okanogan County**

**Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
September 22, 2009
1:30 PM**

Present: Board: Trish Butler, David Womack, Ernest Bolz
Staff: John Grubich, Doug Adams, Tina DeLap
Attorney: Michael Howe
Public: Sheila Corson - The Chronicle

Summary Agenda

- I. Call to Order
- II. Business Meeting – 1:30 p.m.
 - 1. Approval of Agenda
 - 2. Approval of Consent Agenda
 - a) Minutes of 9-1-09
 - b) Vouchers
 - c) Transfer of Accounts
 - 3. Public Comment
 - 4. Unfinished Business
 - 5. New Business
 - a) NoaNet Bond Repayments
 - 6. Manager’s Report
 - 7. Power Report
 - 8. Treasurer’s Report
 - 9. Other Business
 - 10. Future Planning
 - 11. Meetings
- III. Executive Session
- IV. Adjournment

I. Call to Order – Pledge of Allegiance

President Butler called the Regular meeting to order at 1:30 p.m. and the Pledge of Allegiance was recited.

II. Business Meeting, 1:30 p.m.

1. Approval of Agenda:

Commissioner Womack moved to approve the agenda as presented. Commissioner Bolz offered a second to the motion, which carried unanimously.

2. Approval of Consent Agenda Items:

a) Minutes:

Minutes of the September 1, 2009 regular meeting were submitted for approval.

b) Vouchers:

Vouchers in the amount of \$1,635,069.98 were submitted for approval.

c) **Transfers of Accounts:**

Transfers of accounts in the amount of \$6,392.35 and a delinquent invoice transfer in the amount of \$64.38 were submitted for approval.

Commissioner Bolz moved to approve the Consent Agenda. Commissioner Womack seconded the motion. Upon the vote, the motion received unanimous approval.

3. **Public Comment:**

No public comments were offered.

4. **Unfinished Business:**

No unfinished business items were presented.

5. **New Business:**

a) **NoaNet Bond Repayments:**

Commissioner Bolz presented information from the last NoaNet Board Meeting outlining their desire to build cash reserves. Although they will have sufficient funds to pay all of the 2001 bond debt service, NoaNet determined they would have insufficient working capital after the debt service was paid. Consequently, NoaNet's Board authorized its staff to bill guarantors for one half of the 2001 bond debt services.

The need for NoaNet to maintain sufficient working capital was acknowledged; however concerns were expressed pertaining to NoaNet's continued reliance on guarantors to meet debt obligations, their deviation from the terms of the 2001 bond repayment agreement and the lack of oversight on future expenditures from reserves. The Board will draft a letter to NoaNet outlining their concerns.

6. **Manager's Report:**

Power Rates: General Manager John Grubich reported the 5.75% BPA rate increase effective October 1, 2009 will increase District purchased power costs by \$900,000 next year. Douglas County PUD will implement a 12% rate increase effective January 1, 2010, which will cost the District an additional \$300,000 per year. Staff recommends utilizing monies from the Rate Stabilization Fund to offset the \$1.2 million increase in purchased power costs through the winter months and delay the impacts of a rate increase on customers until June 2010.

Equity Management Plan: The first draft of R.W. Beck's Equity Management Plan is under review by staff. A Board workshop will be scheduled to present the results once the plan is finalized.

Headquarters Building: An application to modify the District's Conditional Use Permit has been filed with the City of Okanogan. An additional entrance off Greta Street was requested to provide better access on the west side of the building for installation of mechanical components during construction. This area will serve as a staging platform for materials during construction and provide additional employee parking and access to the machine room for the computer system after construction.

Conservation Retrofit: The Pateros School District will be receiving a check from the PUD in the amount of \$32,060 as a result of their participation in a conservation lighting retrofit program.

Tonasket Power Outage: A bird in the Tonasket substation caused two fuses to trip and a recloser to open, interrupting power to the 2000 circuit. District staff was able to locate the problem and restore power in less than an hour.

Okanogan County Fair: Commissioners and staff commended all of the District employees who volunteered their time to make this year's County Fair a success. Many positive comments were heard during and after the event regarding the PUD information booth, Lineman demonstrations and the community support offered by PUD staff during the recent Oden Road fire.

7. Power Report:

General Manager John Grubich presented the August Power Report. Water supply shortfalls and a decline in residential sales continue to negatively impact power sale revenues. Water levels for 2009 initially forecasted at 90% have steadily declined, with the current estimate at 79% of normal.

Decreased water volume translated to a decrease in power available to meet load requirements in the month of August, requiring the District to purchase power on the wholesale market. The District historically sells surplus power throughout the summer months and into November, when colder temperatures increase customer load demands.

Renewable Energy Credits, also called "Green Tags", were sold from the Nine Canyon Wind Farm at prices up to \$6.75 apiece, resulting in a \$121,000 sale.

8. Treasurer's Report:

General Manager John Grubich presented the August, 2009 Treasurer's Report. Expenditures continue to exceed revenues, however capital projects such as Automated Metering Infrastructure (AMI) and the new office building account for a majority of this disparity. Interest rates on investments are below 1%, making it financially practical to use funds for interim financing as opposed to borrowing funds at higher interest rates.

The District has in excess of \$30 million in cash reserves.

9. Other Business:

No other business items were presented.

10. Future Planning:

Energy Northwest will hold its annual Members' Forum October 22 - 23, 2009 in Richland.

The annual meeting with neighboring utilities and state delegates has tentatively been scheduled for November 4, 2009 in Colville.

11. Meetings:

Commissioner Bolz traveled to Seattle September 8, 2009 to attend a NoaNet meeting on September 9, 2009. Bolz also attended WPUDA meetings in Olympia September 16 - 18, 2009.

Commissioner Womack attended WPUDA meetings in Olympia September 16 - 18, 2009.

Commissioner Butler attended WPUDA meetings in Olympia September 16 - 18, 2009.

The next regularly scheduled Board Meeting will take place Tuesday, October 6, 2009 in the Okanogan PUD auditorium beginning at 1:30 p.m.

III. Executive Session:

No items were presented for discussion in executive session.

IV. Adjournment:

The regular meeting recessed at 2:29 p.m. and reconvened at 3:00 p.m. in the Okanogan County Commissioners' Hearing Room at 123 - 5th Avenue North in Okanogan for the purpose of hearing comments by Department of Natural Resources Commissioner of Public Lands Peter Goldmark.

There being no further business to discuss, the meeting was adjourned at 4:20 p.m.

Trish Butler, President

David Womack, Vice-President

ATTEST:

Ernest Bolz, Secretary