

**Minutes of the Regular Commission Meeting of
Public Utility District No. 1 of Okanogan County
Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
April 6, 2010
12:00 p.m.**

Present: Board: David Womack, Ernest Bolz, Trish Butler
Staff: John Grubich, Doug Adams, Don Coppock,
Ron Gadeberg, Derek Miller, Julie Pyper
Other: Michael Howe - Legal Counsel
Public: Sheila Corson - The Chronicle
Workshop Only:
Richard Cuthbert, Timothy Baars – R.W. Beck
Dan Boettger, Tina DeLap

Summary Agenda

- I. Rate Presentation Workshop – 12:00 p.m.
- II. Call to Order – 2:30 p.m.
- III. Pledge of Allegiance
- IV. Business Meeting
 - 1. Review of Agenda
 - 2. Approval of Consent Agenda
 - a) Minutes of 3-23-10
 - b) Vouchers
 - c) Transfer of Accounts
 - 3. Public Comment
 - 4. Unfinished Business
 - a) Energy Northwest Executive Board Elections
 - 5. New Business
 - a) Resolution No. 1504 – Surplus Property
 - b) Contract for 2010 Pole Replacement Project
 - c) Statement of Support for the Guard and Reserve
 - 6. Manager’s Report
 - 7. Power Report
 - 8. Other Business
 - 9. Future Planning
 - 10. Meetings
- V. Executive Session
- VI. Adjournment

I. Rate Presentation Workshop

Commission President David Womack called the workshop period to order at 12:00 p.m.

General Manager John Grubich, Director of Finance Don Coppock, and R.W. Beck consultants Richard Cuthbert and Timothy Baars outlined components of the District’s rate setting process. Information presented included economic trends since 2001, a review of the Equity

Management Plan and Rate Study completed by R.W. Beck, and the impacts of proposed rate scenarios on customer accounts.

II. Call to Order

Commission President David Womack called the regular meeting to order at 2:30 p.m.

III. Pledge of Allegiance

Commissioner Womack led the Pledge of Allegiance.

IV. Business Meeting

1. Review of Agenda

Commissioner Womack requested the addition of “Statement of Support for the Guard and Reserve” as a discussion item under New Business.

Womack also noted a 90 minute executive session would be held immediately following the regular business meeting for the purpose of discussing pending litigation and review of performance of a District employee, with no action anticipated.

2. Approval of Consent Agenda Items

a) Minutes

Minutes of the March 23, 2010 regular meeting were submitted for approval.

b) Vouchers

Vouchers in the amount of \$3,650,983.83 were submitted for approval.

c) Transfers of Accounts

No account transfers were submitted for approval.

Commissioner Bolz moved to approve the consent agenda as presented. Commissioner Butler offered a second to the motion, which passed with unanimous approval.

3. Public Comment

No public comments were offered.

4. Unfinished Business**a) Energy Northwest Executive Board Elections**

Commissioner Womack led a discussion on the District's voting position with regard to the ten candidates vying for the five open positions on the Energy Northwest Executive Board.

Following a review of the nominees, the Commissioners reached consensus on supporting Tom Casey, Linda Gott, Jack Janda, Roger Sparks and Bill Gordon in the April 21, 2010 election.

5. New Business**a) Resolution No. 1504 – Surplus Property**

Manager of Operations Doug Adams introduced Resolution No. 1504 for the purpose of declaring certain transformer items as surplus property to the District's needs and requesting authorization for the sale or disposal thereof.

Commissioner Butler moved to approve Resolution No. 1504 declaring certain equipment surplus and authorizing the sale or disposal thereof. Commissioner Bolz offered a second to the motion, which carried unanimously.

b) Contract for 2010 Pole Replacement Project

Manager of Operations Doug Adams reported that seven northwest electric contractors provided qualified construction-unit bids ranging from \$92,358.48 to \$213,926.23 in response to the District's request for proposals for pole replacement in 2010. The pole replacement project will upgrade system reliability and is anticipated to last several years. The District has budgeted \$200,000 in 2010 to change out approximately 150 poles.

Adams requested authorization to award the 2010 contract to the low bidder, International Line Builders, Inc., in an amount not to exceed \$200,000 plus applicable taxes.

Commissioner Bolz moved to approve the award of the 2010 pole replacement project to International Line Builders, Inc. for a not to exceed 2010 dollar amount of \$200,000 plus applicable taxes. Commissioner Butler offered a second to the motion, which carried unanimously following discussion.

c) Statement of Support for the Guard and Reserve

Commissioner Womack provided information he received from Frank Anderson, a local committee member of the Department of Defense program titled *Employer Support of the Guard and Reserve*. The PUD and other businesses are being asked to sign a statement pledging support to National Guard and Reserve employees. The program is a free resource to assist employers with managing employment rights and other issues involving service member employees.

Commissioner Butler moved for the District to participate in the *Employer Support of the Guard and Reserve*. Commissioner Bolz seconded the motion on the basis that the General Manager be authorized to sign, with approval of the Human Resources Director, a Statement of Support for the Guard and Reserve program. The motion as amended carried unanimously.

6. Manager's Report

General Manager John Grubich reported:

- As the workshop illustrated, staff has been working to prepare the rate adjustment presentations. Grubich and Don Coppock have made presentations to the Kiwanis organization, retirees, and employee groups on two occasions.
- The District's insurance company, Public Utilities Risk Management Services (PURMS), has settled the Adams fire claim against the District's recommendation.

Manager of Operations Doug Adams reported:

- The headquarters building project remains on schedule for the building to be turned over to the District on May 17. Currently, most of the inside painting has been completed; ceiling grids are up and the installation of tiles awaits an electrical and HVAC inspection; and carpet will be installed when the HVAC system is up and running, which should occur next week.

Director of Finance Don Coppock reported:

- Representatives of the firm of Moss Adams are onsite for two weeks to complete the District's 2009 financial audit that commenced in the fall. They have requested a conference next week with the Commission President.
- The State auditors will return to complete the District's accountability audit when Moss Adams concludes the financial audit. At that time they will review the work of Moss Adams.

7. Power Report

Power Resource Manager Ron Gadeberg reported that March 2010 wholesale actuals were \$609,722 (\$26,382 over budget), with the first quarter 2010 wholesale sales at \$1,434,575 (\$119,698 over budget). For total power pricing, the District realized \$37.63 per megawatt during March. BPA has reported the water level at Grand Coulee Dam is currently 74% of average, and the water level at the Dalles (where BPA measures for the District's Slice Product) is 66% of average. BPA is projecting the lowest water year in 50 years to be recorded at the Dalles this year.

8. Other Business

No other business items were presented.

9. Future Planning

No future planning items were presented.

10. Meetings

Commissioners Womack, Bolz and Butler attended a public use and necessity hearing on the Methow Transmission Project in Okanogan County Superior Court on April 5, 2010.

Commissioner Butler also attended via conference call a PURMS Executive Board meeting on March 21, 2010.

The Regular Meeting recessed at 3:05 p.m.

IV. Executive Session

The regular meeting was recessed at 3:05 p.m. and reconvened into executive session at 3:10 p.m. to discuss with legal counsel representing the District litigation or potential litigation to which the District, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the District, pursuant to RCW 42.30.110(1)(i), and to review the performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session was expected to last approximately 90 minutes, with no action anticipated.

At 5:10 p.m. the executive session was recessed with no public announcement.

V. Adjournment

There being no further business to discuss, the meeting was adjourned at 5:10 p.m.

David A. Womack, President

Ernest J. Bolz, Vice-President

ATTEST:

Trish Butler, Secretary