

**Minutes of the Regular Commission Meeting of
Public Utility District No. 1 of Okanogan County
Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
July 13, 2010
2:30 p.m.**

Present: Board: David Womack, Ernest Bolz, Trish Butler
Staff: John Grubich, Doug Adams, Don Coppock,
Ron Gadeberg, Tina DeLap,
Other: Michael Howe - Legal Counsel
Sheila Corson - The Chronicle
Public: Janis Henry, Shirley Ballard

Summary Agenda

- I. Call to Order – 2:30 p.m.
- II. Pledge of Allegiance
- III. Business Meeting
 - 1. Review of Agenda
 - 2. Approval of Consent Agenda
 - a) Minutes of 6-29-10
 - b) Vouchers
 - c) Transfer of Accounts
 - 3. Public Comment
 - 4. Unfinished Business
 - 5. New Business
 - 6. Manager’s Report
 - 7. Power Report
 - 8. Treasurer’s Report
 - 9. Other Business
 - 10. Future Planning
 - 11. Meetings
- IV. Executive Session
- V. Adjournment

I. Call to Order

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

II. Pledge of Allegiance

The Pledge of Allegiance was recited.

III. Business Meeting

1. Review of Agenda

There were no proposed amendments to the agenda.

2. Approval of Consent Agenda Items

a) Minutes

Minutes of the June 29, 2010 regular meeting were submitted for approval.

b) Vouchers

Vouchers in the amount of \$2,138,904.37 were submitted for approval.

c) Transfers of Accounts

No accounts were submitted for transfer.

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

3. Public Comment

Shirley Ballard commented on increasing costs for land owners in the Conconully area and on the impact of the District's new electric rate schedule on part-time power users. General Manager John Grubich outlined how the new rate structure more equitably distributes costs to the customers who incur it.

4. Unfinished Business

No unfinished business items were presented.

5. New Business

No new business items were presented for discussion.

6. Manager's Report

General Manager John Grubich reported:

- Grubich attended a Central Washington Public Utilities meeting with utility managers and key staff to discuss upcoming labor negotiations for the Collective Bargaining Agreement expiring March 11, 2011.
- Grubich met with USKH Architects on July 9th to discuss pending issues and finalization of the construction project. A building progress meeting will be held with Grubich, USKH and Blodgett Construction in the near future.
- District staff will be meeting with representatives of Foster Pepper and Seattle Northwest Securities next week to discuss the bond issuance scheduled for this fall.
- Staff will meet with agents from the bond rating companies Moody's and Standard & Poor on August 10th to discuss the District's bond rating, which is currently A-.
- Grubich and Director of Finance / Auditor Don Coppock continue to work with two potential lenders to establish operating lines of credit. Bank America and CoBank are both providing quotes to the District.
- Right of Way Superintendent Roy Schwilke and District line crews were commended for their successful right of way clearing efforts. Grubich noted despite high winds yesterday, no outages were reported.
- Grubich also commended Manager of Operations Doug Adams for spearheading efforts to move into new building ahead of schedule.

Manager of Operations Doug Adams provided a report on the new headquarters facility:

- Relocation into the new building began on Tuesday, July 6th and was completed by Friday, July 9th with no interruption of service to customers. Adams noted the hard work and enthusiasm exhibited by staff allowed the move to take place in a fast and efficient manner.
- Demolition of the old building and paving of the new parking lot are the final phases of the project, scheduled for completion in September.
- A parking area behind the building is scheduled to be paved on July 16th and striped on July 19th. Employees are expected to be able to use the lot by Tuesday, July 20th.

Legal Counsel Michael Howe reported on recent legal actions regarding the Pateros to Twisp Transmission Line (P-T Line):

- DNR Commissioner of Public Lands Peter Goldmark filed a Writ of Mandamus against State Attorney General Rob McKenna in an effort to force McKenna to represent DNR in an appeal against the District. The Supreme Court has set a schedule for briefs to be submitted and a hearing date of November 18, 2010 was set. McKenna has filed an appeal, contingent upon the outcome of the Supreme Court ruling.
- The District is also filing a motion in the Division III Court of Appeals in Spokane to overturn the intervener status of Conservation Northwest in the DNR vs. PUD case. In lieu of that motion being granted, the District has asked the Court of Appeals to move the case directly to the Supreme Court, in either a separate or a consolidated basis, to expedite appellate review.

7. Power Report

Power Resource Manager Ron Gadeberg noted June produced lower wholesale revenues than expected. Budget estimates included 41,000 megawatts of power to be sold at \$16.71. Actual figures showed 50,000 megawatts sold; however the market price was \$9.85, for a shortfall of \$192,610 in expected power revenues.

8. Treasurer’s Report

Director of Finance / Auditor Don Coppock presented the Treasurer’s Report for the month ended June 30, 2010. The District began June with just over \$15.5 million in cash and investments on hand and ended the month at just over \$14 million. Expenses exceeded revenues by approximately \$1.6 million, due primarily to capital project costs and lower retail and wholesale revenue.

9. Other Business

Commissioner Butler initiated a discussion of the Washington Public Utility District Association (WPUDA) reform efforts and received input from Commissioners Womack and Bolz. The Board consensus was to try the proposal set forth by the Manager’s Section calling for increased input from member utility managers for one year, with the understanding that the plan may be modified if needed to meet future needs.

10. Future Planning

No Future Planning items were reported.

11. Meetings

Commissioners had no meetings to report.

IV. Executive Session

An executive session was not held.

V. Adjournment

There being no further business to discuss, the meeting was adjourned at 3:21 p.m.

David A. Womack, President

Ernest J. Bolz, Vice-President

ATTEST:

Trish Butler, Secretary