

Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners

Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
October 24, 2006
5:00 PM

Present:

Board: Donald Johnson, Ernest Bolz, David Womack

Staff: Chuck Berrie, Doug Adams, Don Coppock, Dan Boettger, Ron
Gadeberg, Debra Peters, Julie Pyper

Attorney: Michael Howe

Public: Trish Butler

Summary Agenda

- I. Call to Order
- II. Approval of Agenda
- III. Consent Agenda Items
 - Minutes
 - Vouchers
 - Work Orders
 - Transfer of Accounts
- IV. Public Comment
 - Action Agenda
 - 1. Enloe Dam Update - Sediment Coring
 - 2. 2006 Headquarters Storm Improvements
 - 3. Nine Canyon Wind Project - Resolution No. 1318
 - 4. Hearing on 2007 Proposed Budget
 - 5. Manager's Report
 - 6. Meetings
- VI. Public Comment
- VII. Executive Session
- VIII. Adjournment

I. Call to Order:

President Johnson called the meeting to order at 5:00 p.m.

II. Approval of Agenda:

The order of the action agenda items was revised, and the NoaNet update was postponed to the November 7, 2006 meeting.

Commissioner Bolz moved, seconded by Commissioner Womack, to approve the agenda as amended. The motion carried unanimously.

III. Consent Agenda Items:

The Minutes of the October 10, 2006 regular meeting were submitted for approval.

The following vouchers were submitted for approval:

Voucher numbers 94028 through 94055 in the amount of \$223,505.87, vouchers 94056 through 94168 in the amount of \$545,507.38, vouchers 94169 through 94241 in the amount of \$549,233.44, and voucher 94242 in the amount of \$90,436.18.

The following work orders were submitted for approval:

05-0510 Robert Oakes, Lot 1133, Okanogan River Ranches #7	\$ 6,566.00
06-0096 District, Monse River Rd.	107,101.00
06-0256 Methow River Ranch Phase II, Bill Shaw/Burma Rds.	80,597.00
06-0447 Erickson/Smith, Fairview Dr.	7,935.00
06-0466 Mnt. Hull Rone Rd. Line Extension	13,964.00
06-0505 Mike Ray, 43 Anderson Rd., Riverside	2,210.00
06-0546 Dean Klepec, 225 Spring Coulee Rd.	2,549.00
06-0560 Timberquest/Shifflet, Koala Ave. & Locust St., Omak	17,922.00
06-0585 Bryan Freel, 600 Bartlett Ave. W., Omak	2,453.00
06-0598 Joe Suchy & Cabe Crook, Lot 1132, Okanogan Rvr. Ranches	6,122.00
06-0610 District, Hwy. 20 through Twisp	35,329.00
06-0611 Doug Howerton, 14 Peacock Lane, Old Riverside Hwy.	5,129.00
06-0612 Tonasket Free Methodist Church, Havillah Rd.	1,205.00
06-0614 District, 521 Hwy. 153	1,610.00
06-0615 Bill McDaniel, 56A Hwy. 20	3,875.00
06-0616 Chuck Smith, 309 Benson Crk. Rd., Twisp	5,920.00
06-0617 Clayton Short Plat, Woods Rd., Omak	5,581.00
06-0618 District, 8 Fetters Lane, Riverside	772.00
06-0619 John Sherlock, Root Lane	6,255.00
06-0629 District, 1 Patrol St., Okanogan County PUD	2,047.00
06-0636 District, Okanogan	4,492.00

\$319,634.00

The following accounts/invoices were submitted for write-off/collection due to nonpayment:

Lawrence Smith Invoice #4114 \$417.95

Commissioner Bolz moved, seconded by Commissioner Womack, to approve the consent agenda. The motion carried unanimously.

IV. Public Comment:

There was no public comment.

V. Action Agenda:

1. Enloe Dam - Sediment Coring:

Dan Boettger reported that a revised work plan has been identified for Entrix, Inc.'s subcontractor Parametrix to conduct the sediment coring portion of the Enloe Dam Hydroelectric Project field studies. In consultations with the Tribe and Department of Ecology, freeze coring was the selected method. Backup procedures have also been put in place for the work that is scheduled the week of November 6, 2006. The projected expense of \$26,000 will be absorbed by Entrix into the 2006/07 budgets if possible.

In reply to a question about when coring for structural integrity of the dam would be completed, management stated that a contractor had been identified and March 2007 completion is now projected.

2. 2006 Headquarters Storm Improvements:

Dan Boettger reported that one bid was received in response to the District's request for proposals for 2006 Headquarters Storm Water/Spill Prevention, Control and Countermeasure Improvements. The project specifications provide for improvements to the headquarters facilities consistent with and satisfying SPCC regulations administered by EPA and DOE. The bid from Rains Contracting in the amount of \$64,581.52 satisfied the bidding requirements and was within the project budget.

Commissioner Womack moved, seconded by Commissioner Bolz, to accept the recommendation of staff and award the Headquarters Storm Improvements Contract to Rains Contracting per their submittal in the amount of \$64,581.52 including taxes. The motion carried unanimously.

3. Nine Canyon Wind Project - Resolution No. 1318:

Manager Berrie introduced Resolution No. 1318 to authorize the execution of a Second Amended and Restated Power Purchase Agreement relating to the Nine Canyon Wind Project.

Energy Northwest is developing Phase III of the Nine Canyon Wind Project to expand the plant by approximately 32 megawatts. Okanogan PUD is a participant in Phase I and II, but has elected to not participate in Phase III. It is necessary, however, to develop a new Power Purchase Agreement, approved by all Nine Canyon participants, to account for differences in plant operations and maintenance of the additional wind generators before Phase III is developed. Commissioner Womack moved, seconded by Commissioner Bolz, to adopt Resolution No. 1318. The motion carried unanimously.

4. Hearing on 2007 Proposed Budget:

Manager Berrie provided a list of current Okanogan PUD initiatives detailing the utility's overall changes and direction.

As part of the annual budgeting process, the Employee Compensation Policy for non-bargaining unit positions provides that the Board review and approve funds to be allocated for total compensation. For budget planning purposes, the Board authorized a 3 percent placeholder for 2007 salary range adjustments.

A comparison detailing the revised 2006 and proposed 2007 electric and wholesale telecom budgets was provided for the Board's review and discussion.

Ron Gadeberg reported that the District is projecting net power sales revenue of \$16.1 million for 2007. This is based on estimated wholesale power sales revenue of \$9.1 million, retail revenue of \$30.2 million and power costs of \$23.2 million.

The hearing on the adoption of the 2007 budget was continued to the next meeting on

November 7, 2006 at 12:30 p.m.

5. Manager's Report:

The Manager's report included the following information:

- The Fox Mountain wireless telecommunications tower is operational. The tower will provide service in the Malott/Pleasant Valley area.
- Staff training is underway on the District's new iVUE computer software system.
- The Manager attended a meeting last week at the Chief Joe Dam by request of the BPA administration as part of the power function review and regional dialogue.
- A security system has been added at the PUD offices of Okanogan, Omak, Oroville, Tonasket and Brewster.

- PUD crews have extended the existing fiber line to the Canadian Border where it was connected to the Canadian fiber system. This will enable the District to have a redundant loop for the PUD system.

6. Meetings:

Commissioner Womack reported on the proceedings of the Washington PUD Association meetings that he attended in Chehalis on October 18-20, 2006.

Commissioner Bolz will attend the Energy Northwest Board of Directors meetings in Richland on October 25-26, 2006.

The next Okanogan PUD Board meeting is scheduled on November 7, 2006 at 12:30 p.m. at the Okanogan PUD auditorium.

VI. Public Comment:

There was no public comment.

VII. Executive Session:

President Johnson recessed the Commission into executive session at 6:53 p.m. for 10 minutes to discuss litigation, with no action anticipated.

President Johnson reconvened the Commission into regular session at 7:00 p.m.

VIII. Adjournment:

The meeting adjourned at 7:00 p.m.

Donald W. Johnson, President

ATTEST:

Ernest J. Bolz, Vice-President

David A. Womack, Secretary