

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

Okanogan PUD Auditorium  
1331 2nd Avenue North, Okanogan, WA  
November 21, 2006  
12:30 PM

Present:

Board: Donald Johnson, Ernest Bolz, David Womack

Staff: Chuck Berrie, Doug Adams, Don Coppock, Dan Boettger, Warren  
Miller, Debra Peters, Steve Brown, Julie Pyper

Attorney: Michael Howe

Public: Trish Butler, Maeyowa, Chris Thew - The Chronicle

Summary Agenda

I. Call to Order

II. Approval of Agenda

III. Consent Agenda Items

- Minutes (moved from Consent Agenda)
- Vouchers
- Work Orders

IV. Approval of Minutes of 11-7-06 Meeting

V. Public Comment

VI. Action Agenda

1. Hearing on 2007 Proposed Budget
  - Follow-up on Questions from Previous Meetings
  - Electric Capital Expenditures Review
  - Telecommunications
  - Five-Year Forecast and Cash Analysis Discussion
    - Electrical Rates Discussion
2. Umberger Substation Property Purchase Extension
3. Manager's Report
4. Dam Safety Core Drilling Contract
5. Meetings

VII. Public Comment

VIII. Adjournment

I. Call to Order:

President Johnson called the meeting to order at 12:30 p.m.

II. Approval of Agenda:

Additional items added to the agenda included a follow-up on questions pertaining to the 2007 Proposed Budget, an Electrical Rates Discussion, and a Dam Safety Core Drilling Contract.

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 November 7, 2006 meeting were submitted for approval.

The following vouchers were submitted for approval:

Voucher number 94411 in the amount of \$94,072.14, vouchers 94412 through 94433 in the amount of \$220,009.59, vouchers 94434 through 94547 in the amount of \$281,667.98, and vouchers 94548 through 94663 in the amount of \$1,950,535.83.

The following work orders were submitted for approval:

06-0423	Tom Hancox, N. Star Rd. (Rev.)	\$ 4,277.00
06-0483	Okanogan County Public Works, Long Lake Pit	4,934.00
06-0485	Si Eldridge, Turtle Lake Rd.	16,879.00
06-0574	District, Hillcrest Circle	2,123.00
06-0582	District, E. River Rd.	6,531.00
06-0620	City of Oroville, Balmes Rd.	7,002.00
06-0621	Melanie Balletta, 418 Eastlake Rd. #7	4,468.00
06-0626	Karen Durell, Lot 16, Div. II, Nine Mile Ranch	8,868.00
06-0627	Qwest, Greenacres Rd.	5,590.00
06-0631	Silver Spur Ranch, Old Hwy. 97	3,088.00
06-0632	Loren Wall, E. of Bill Shaw Rd.	4,821.00
06-0638	Steven Null, Bill Shaw Rd.	4,706.00
06-0639	Bill Daly, Bill Shaw Rd.	1,186.00
06-0645	Okanogan Senior Center, 1300 2nd Ave. S., Okanogan	823.00
06-0650	Aaron Fry, 58 High Valley Rd.	1,747.00
06-0656	Charlie Cline, 1768 Hwy. 7	877.00
06-0657	Cheryl Mason, 427 Dayton	646.00
06-0658	Thad Beyer, Lot 57, Methow River Ranch	5,582.00
06-0659	District, Twisp 4000 Circuit	5,402.00
06-0664	District, 560 Riverside Drive	1,441.00
06-0665	District, 48A Hubbard Rd., Riverside	1,102.00
06-0666	Eric Corbin/District, 540 Windy Hill Rd.	3,938.00

06-0669	MacDicken/District, 1903 Loomis-Oroville Rd.	2,660.00
06-0670	Al Stonas/District, 420 Eastlake Rd.	913.00
06-0672	William Henry, 987B Twisp-Carlton Rd.	1,087.00
06-0673	Stennes Orchards, Inc., 210 Hwy. 153	792.00
06-0674	District, Loomis Hwy.	890.00
06-0675	District, Hwy. 97 & Hwy. 17	3,052.00
06-0679	Lyn Johnson/District, 107 Ernie Robinson Rd.	2,181.00
06-0683	Sprint/Nextel, Coleman Butte	3,967.00
	Total	\$111,573.00

Commissioner Bolz moved, seconded by Commissioner Womack, to approve the consent agenda. Commissioner Johnson requested that the motion be amended to remove the Minutes from the Consent Agenda for a separate discussion. The motion was amended and carried unanimously to approve the consent agenda with the exception of the Minutes.

#### IV. Approval of Minutes of 11-7-06 Meeting:

Commissioner Bolz moved, seconded by Commissioner Womack, to approve the Minutes of the November 7, 2006 meeting as presented.

Commissioner Johnson moved, seconded by Commissioner Bolz, that the Minutes of the November 7, 2006 Minutes be corrected to insert the three bullets back into the agenda as presented at the meeting under “Hearing on 2007 Proposed Budget” (• Enloe Dam - Entrix Presentation; • Electric Operations and Maintenance continued; • Cash Management Review). The motion carried unanimously.

Commissioner Johnson moved, seconded by Commissioner Bolz, to amend the November 7, 2006 Minutes to include additional information within the “Hearing on 2007 Proposed Budget”. The motion failed two to one with Commissioners Bolz and Womack opposed. Commissioner Johnson submitted the information for the November 21, 2006 meeting record.

The vote to approve the Minutes as amended carried two to one with Commissioner Johnson opposed.

#### V. Public Comment:

There were no public comments.

#### VI. Action Agenda:

## 1. Hearing on 2007 Proposed Budget:

- Follow-up on Questions from Previous Meetings

A handout describing the 2007 new positions was reviewed. The new positions include a Facility Locator, Hydro Licensing/Project Manager, and limited assignment positions of Engineering Aid and Customer Service Representative.

A detailed 2007 Enloe Dam budget projects a total estimated budget of \$1,515,000. The budget includes \$1,385,000 previously proposed for 2007 plus an increase of \$130,000, which includes some carryover from 2006.

- Electric Capital Expenditures Review

Information was presented detailing the five-year electric plant improvement plan and 2006/2007 projects. Several large projects are anticipated in 2007/2008, which the District is positioned to handle with the help of outside engineering firms and contract labor.

There was discussion on the importance of the five-year plan including an investigation of a transmission line connection between the Okanogan Valley and British Columbia.

In the 2007 detail of office equipment, vehicles, equipment/tools and buildings, it was noted that \$100,000 budgeted for hazardous materials storage had been removed from the budget. The District intends to first complete a facility study, which will include a review of sites above the flood line.

- Telecommunications

The Telecom budget review showed estimated revenues and expenses being very close to the estimates of the Business Plan at the start of the year. Anticipated for 2006 is wireless revenue of \$204,000 and projected backbone revenue of \$469,000. Total operations and maintenance expenses are projected to be approximately \$513,000. The revised total of capital expenses budgeted for 2006 is \$926,000, which includes the cost for completion of the fiber connection to Canada that will provide the District redundancy on its system. A detailed report on actual revenues and expenses will be provided in January.

Six wireless towers were completed under budget in 2006, including two that were planned for construction in 2005 and the McClure Mountain site in Twisp that is operational as of today. The number of subscribers for 2006 is approximately 230, for a total of about 888. With four additional towers planned for construction in 2007, a workshop will be scheduled to review the wireless tower build-out to remote areas.

The 2007 proposed wholesale telecom budget projects revenues of \$710,400, operations and maintenance expenditures of \$536,800, and a capital outlay of \$755,000 (for a deficit of \$581,400). A rates proposal for services will be presented early in 2007.

- Five-Year Forecast and Cash Analysis Discussion

A five-year forecast and cash analysis model of the electric and wholesale telecommunications systems was reviewed under current projections and under various assumptions.

- Electrical Rates Discussion

Following discussion on how the District should fund capital improvements, it was agreed a cost of service analysis/rate study workshop would be beneficial.

The hearing on the adoption of the 2007 budget was continued to the next meeting on December 5, 2006 at 12:30 p.m., at which time the Board plans to adopt the final budget.

## 2. Umberger Substation Property Purchase Extension:

Manager Berrie reported that in discussions with John Umberger, the parties mutually agreed to extend the term of the Option to Purchase Agreement for a future substation site in the Methow Valley from December 31, 2006 to March 31, 2007.

Commissioner Womack moved, seconded by Commissioner Bolz, to authorize the Manager to sign an Addendum to the Option to Purchase Agreement with John Umberger. The motion carried unanimously.

## 3. Manager's Report:

The Employee Compensation Policy for non-bargaining unit positions provides that salary ranges may be adjusted annually by the Board. Following discussion, Commissioner Bolz moved, seconded by Commissioner Womack, to adjust the salary ranges within the Employee Compensation Policy for non-bargaining employees by 3% for 2007. The motion carried two to one with Commissioner Johnson opposed.

A reply was received from the Department of Ecology regarding the District's request for funding to complete an appraisal study of the Similkameen River for the potential construction of a multi-purpose water storage facility. DOE's funding decision should be released by March 2007.

Confirmation has been received that the Department of Justice has approved the execution of the Slice settlement by Bonneville Power Administration.

#### 4. Dam Safety Core Drilling Contract:

The District must perform a dam safety study as part of the Enloe Dam Hydroelectric Project License Application to the Federal Energy Regulatory Commission. Part of this study requires core drilling of the concrete and bed rock to be laboratory tested.

Bid requests were sent out twice in an attempt to complete the scope of work in 2006, however, a qualified contractor was not found that could perform the project within the necessary timeframe. With the assistance of the engineering consultant for the Enloe project, it has been determined that Budinger & Associates of Spokane could complete the project for a not to exceed cost of \$30,000 and begin work on December 4, 2006.

Commissioner Womack moved, seconded by Commissioner Bolz, to award the concrete and bedrock core drilling at Enloe Dam to Budinger & Associates for a not to exceed amount of \$30,000. The motion carried unanimously.

#### 5. Meetings:

Commissioner Bolz reported that he traveled to Seattle to attend meetings of the Northwest Open Access Network on November 8, 2006 and Public Utility Risk Management Services on November 9, 2006. In addition, he and Manager Berrie attended a PUD and Legislative Delegation meeting in Colville on November 10, 2006.

Commissioner Womack reported on the proceedings of the Washington PUD Association meetings that he attended in Blaine on November 15-17, 2006.

The next Okanogan PUD Board meeting is scheduled on December 5, 2006 at 12:30 p.m. at the Okanogan PUD auditorium.

#### VII. Public Comment:

There were no public comments.

#### VIII. Adjournment:

The meeting adjourned at 4:09 p.m.

Donald W. Johnson, President  
ATTEST:

Ernest J. Bolz, Vice-President

David A. Womack, Secretary

Julie Pyper  
Administrative/Executive Assistant  
Okanogan County PUD  
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