

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

**Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
June 26, 2007
12:30 PM**

Present: Board: David Womack, Ernest Bolz, Trish Butler
Staff: Doug Adams, Don Coppock, Dan Boettger, Warren Miller,
Tom Pearson, Derek Miller, Ron Gadeberg, Jeff Deason,
Nick Christoph, Steve Brown, Julie Pyper,
Fred Burke, Janet Crossland, Janet Funston, Megan Morrissey
Attorney: Michael Howe
Steve Jones – Marten Law Group
Public: Alan Dashen – A. Dashen & Associates
Jeremy Pratt – Entrix, Inc.
Chris Thew – The Chronicle

Summary Agenda

- I. Call to Order
- II. Workshop
- III. Business Meeting
 - 1. Approval of Agenda
 - 2. Consent Agenda Items
 - A. Minutes
 - B. Vouchers
 - C. Work Orders
 - D. Transfer of Accounts
- IV. Public Comment
- V. Action Agenda
 - 1. Update on Telecom Financial Activities
 - 2. Enloe Dam Budget Update
 - 3. Power Supply Discussion
 - 4. Adopt District's Strategic Planning Summary – Resolution No. 1336
 - 5. Adopt Large Single Load Rate Schedule – Resolution No. 1337
 - 6. Professional Services Agreement for System Inventory
 - 7. Professional Services Agreement for Mapping Services
 - 8. Professional Services Agreement with Christensen Associates, Inc. for Enloe Dam Hydroelectric Project
 - 9. Manager's Report
 - 10. Power Report
 - 11. Meetings
- VI. Executive Session
- VII. Adjournment

I. Call to Order:

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

II. Workshop:

Alan Dashen of A. Dashen & Associates provided information on bond financing during the workshop period.

III. Business Meeting:

1. Approval of Agenda:

President Womack announced that a 1.25 hour executive session would be held at the conclusion of the meeting for discussion of litigation and personnel.

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

2. Consent Agenda Items:

A. Minutes:

The Minutes of the June 12, 2007 regular meeting were submitted for approval.

B. Vouchers:

The following vouchers were submitted for approval:

Vouchers 66, 68, and 97475 through 97527 in the amount of \$252,869.90, vouchers 70, 100 and 97528 through 97546 in the amount of \$227,946.80, and vouchers 72, 74, 76 and 97548 through 97637 in the amount of \$1,744,062.96

C. Work Orders:

The following work orders were submitted for approval:

06-0507	Robert & Helen Dickson, Lot 3 – Div. II, Nine Mile Ranch	\$6,340.00
06-0525	District, Omak Substation	10,479.00
07-0004	Jerrold Riggan, 336 Starr Rd.	2,085.00
07-0078	Steve Hastings, Lot 26 – Div. V, Nine Mile Ranch	8,381.00
07-0163	Frank Gee, 3 Willow Tree Ln., Oroville	978.00
07-0167	Joseph Reece, O’Neil Rd., Oroville	3,924.00
07-0212	Paul Gelineau, Aeneas Valley Rd.	4,784.00

07-0214	Zac Hailey, 23 Nigg Rd., Oroville	3,370.00
07-0232	Monte Cantlin, Alder Creek Rd.	8,362.00
07-0254	Mike Hull, 444 Hwy. 153	1,522.00
07-0261	Roger Bratsch, Lot 42 - Div. VII, Nine Mile Ranch	7,220.00
07-0273	Karen Zahn Hooke, 963 Hwy. 153	5,548.00
07-0274	Gordon Cackle, 10 Nickelson Rd., Ellisforde	1,439.00
07-0277	Hazel Burke, Lots 13-18, Brooks Tracts, Omak	5,139.00
07-0280	Jeff Spurgeon, 656 Hwy. 153	1,616.00
07-0283	District, West Main St., Brewster	3,050.00
07-0284	Philip Lester, Lot 1166 – Okanogan River Ranches #7	3,153.00
07-0285	Rick & Wendy Witt, 8 Unger Rd.	2,048.00
07-0295	Monte Koreis, 63 Dart Rd.	9,246.00
07-0296	Matt Gugala, Lots 2 – 15, Methow River Ranch Ph. 1	5,468.00
07-0309	Mark Kaptein, Catch & Release Ln. off Hwy. 153	2,625.00
07-0311	Diefenbach, Kevin, 7776 Hwy. 155	1,011.00
07-0312	District, Fish Hatchery Rd., Pateros	10,438.00
07-0315	Tim Tugaw, Conconully Hwy.	4,150.00
07-0318	Keith Hole, 1538 Hwy. 153	6,142.00
07-0319	District, 15 Verestar Dr.	740.00
07-0320	District, 226 Twisp Carlton Rd.	1,098.00
07-0321	Delores Love, 48 Spring Rd.	3,669.00
07-0324	Ray Krause, Copple Rd., Omak	6,537.00
07-0325	Chuck Johnson, Riverside Dr., Omak	2,142.00
07-0326	ADJR Counseling, 402 Edmonds, Omak	2,983.00
07-0329	John Hamilton, 12 Fetters Ln., Riverside	915.00
07-0330	George Frank, Hubbard Rd.	2,304.00
07-0343	Joe Thomas, 61 Shumway Rd., Omak	664.00
	Total	<u>\$139,570.00</u>

D. Transfer of Accounts:

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

Abrica, Francisco	\$ 255.22
Becerra Angel, Amador	28.06
Bertram, James & Jennifer	84.71
Campbell, Maya	143.11
Campos, Michelle M.	328.51
Chittenden, Dean	372.11
Cotner, Olivia	274.05
Ecklor, Susan	760.78
Flores, Santiago	84.15
Gamez, Maria Flor	106.95

Garcia, Judit E.	90.72
Goujon, Katherine	459.78
Jared, Victoria J.	372.62
Jimenez, Jazlend	436.52
Kitterman, Selma	418.60
Lopez, Arturo	78.52
Lundy, Claudia	202.91
Messer, Jake (Estate)	265.99
Molinero, Mary (Estate)	283.47
Olayo Jimenez, Erika	231.70
Renfro, Sabrina & W. Burr	758.44
Salazar, Roberto M.	356.04
Scott, Spencer	480.56
Sherwood, Emily	58.31
Stewart, David Allan	59.90
Strader, Robert D.	370.02
Streeter, Gerald R.	243.88
Thomas, Morgan R.	109.20
Timm, Shelly	169.05
Tucker, Michael	564.59
Walls, Alice & Vandyke, Justin	406.70
Walters, Tammy	222.00
Wiley, Percy D.	191.25
Woolschlager, Julie	467.54
Total	<u>\$9,735.96</u>

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

IV. Public Comment:

No public comments were offered.

V. Action Agenda:

1. Update on Telecom Financial Activities:

Warren Miller reported on progress of the Wireless System and provided an update on the financial portion of the Business Plan. Of the four towers approved for build in 2007, locations are being sited for Loomis and Spectacle Lake, and Pickens Mountain at Ellisforde is in the testing stage with operation to occur in approximately one week. The Spectacle Lake site also serves the District's SCADA system at the Whitestone Substation. The location of the remaining two towers is uncertain, however, consideration is being given to locating the next tower in the Methow Valley.

The total number of wireless subscribers exceeds Business Plan projections and stands at 1,107 as of June 1st.

Overall Business Plan revenue received in 2006 was \$148,000 greater than the original Plan. As a result, with actual 2006 expenses and revenues, recent new contract revenues in 2007 and new revenues projected in 2008 added to the Business Plan, the Plan now indicates positive income beginning in 2011.

The topic of retail authority will be discussed at an upcoming Board workshop.

2. Enloe Dam Budget Update:

Jeremy Pratt of Entrix, Inc. reviewed the Enloe Dam Hydroelectric Project FERC Draft License Application schedule and the Entrix budget. Submittal of the Draft Application to agencies is delayed by three months to October 1, 2007 to allow for the completion of engineering and other miscellaneous components. Overall the 2007 Entrix budget is on track, however, because the 2007 Entrix budget included a carryover of a portion of the unspent 2006 budget, Board action will be required soon to restore the funds of \$177,000 spent on 2006 work.

3. Power Supply Discussion:

The District has entered into a Professional Services Agreement with MWH Americas, Inc. for a Conconully hydro feasibility study.

As a result of an anticipated power supply deficit beginning October 2011 through 2018, the District has released a Request for Proposals for 25 MW of power between October 1, 2011 and December 31, 2015 and 35 MW between 2016 and 2018.

4. Adopt District's Strategic Planning Summary – Resolution No. 1336:

Doug Adams introduced Resolution No. 1336 to adopt the District's Strategic Planning Summary as developed by the Board and staff at the March 23-25, 2007 Strategic Planning session.

Commissioner Bolz moved, seconded by Commissioner Butler, to adopt Resolution No. 1336. Attorney Howe offered a clarification and suggested change to the Resolution, which Commissioner Bolz approved as the proposer of the motion. Upon the vote, the motion as amended carried unanimously.

5. Adopt Large Single Load Rate Schedule – Resolution No. 1337:

Don Coppock introduced Resolution No. 1336 to establish the District's new Large Single Load Rate Schedule No. 5. The District currently serves customers with monthly demand of at least 1,000 kilowatts as a Primary Industrial Service under Rate Schedule 4. The proposed change requires that the rates and service requirements for a new customer, or an existing customer adding load, with a demand of one megawatt or more will be set by a negotiated power sales contract, and that the net impact to the District's revenues will be reviewed during or prior to negotiations of the power sales contract.

Following a suggested change to the Resolution by Attorney Howe, Commissioner Bolz moved, seconded by Commissioner Butler, to adopt Resolution No. 1337 as amended. The motion carried unanimously.

6. Professional Services Agreement for System Inventory:

Derek Miller reported that four replies were received in response to a Request for Proposals for conducting a field inventory of the District's electric system. With the current mapping system very little estimating can be done without a field visit to verify distances, etc. After completing a bid evaluation, it is staff's recommendation to enter into a Professional Services Agreement with SRI - Southeastern Reprographics Inc. in the amount of \$395,781.48 for the 16-month project (\$150,000 is budgeted for 2007).

Following discussion, Commissioner Butler moved, seconded by Commissioner Bolz, to authorize the Manager to enter into a Professional Services Agreement with SRI - Southeastern Reprographics Inc. in the amount of \$395,781.48 with a not to exceed cost of \$150,000 in 2007 for the purpose of conducting a System Field Inventory. The motion carried unanimously.

7. Professional Services Agreement for Mapping Services:

Derek Miller requested authorization to enter into a Professional Services Agreement with Origin GeoSystems Inc. for the purpose of developing and providing a database for data entry during a system inventory. The database would also be utilized as the foundation for an ESRI based mapping system, which the District is preparing to convert to from its present AutoCAD system. The cost is estimated to not exceed \$50,000.

Commissioner Bolz moved, seconded by Commissioner Butler, to authorize the Manager to enter into a Professional Services Agreement with Origin GeoSystems Inc. in an amount not to exceed \$50,000 for the purpose of developing and providing a database for data entry during a system inventory. The motion carried unanimously.

8. Professional Services Agreement with Christensen Associates, Inc. for Enloe

Dam Hydroelectric Project:

Dan Boettger requested authorization to enter into a Professional Services Agreement with Christensen Associates Inc. in the amount of \$274,730 to assist the District in the planning, engineering and dam safety aspects of the Enloe Dam Hydroelectric Project.

Commissioner Bolz moved, seconded by Commissioner Butler, to authorize the Manager to enter into a Professional Services Agreement with Christensen Associates, Inc. in an amount not to exceed \$274,730 that will include works pertaining to planning, engineering and dam safety aspects of the Enloe Dam Hydroelectric Project (FERC Project No. 12569). The motion carried unanimously.

9. Manager's Report:

The Similkameen Watershed Interim Steering Committee will hold a meeting on June 28th at the Sun Valley Restaurant in Okanogan. In attendance will be DOE Director Jay Manning and staff as well as other county and state elected officials. Okanogan PUD staff will present a report on the Shanker's Bend Project.

The subject of securing matching funds for a water feasibility study to be conducted on the Similkameen River Basin was discussed. The District will await a draft contract before taking any action on the matter.

The Public Power Council is planning a Members Forum to learn about residential exchange and the Northwest Power Act on July 11th at the Sheraton Portland Airport Hotel in Portland. In conjunction with this event, the Washington PUD Association also plans a special meeting in Portland.

Board workshops were scheduled as follows: Governance Policy and Capital Project Planning June 28th; Risk Management July 24th.

Staff provided an analysis of labor costs for the first five months of 2007. It was determined that the budget is on track with the additional new staff positions previously approved.

Three Okanogan PUD apprentice linemen participated in the 3rd Annual Andrew York Memorial Lineman Rodeo at Rocky Reach Dam in Chelan on June 23rd. Okanogan journeyman linemen also assisted with judging and timing duties.

The Board received a letter requesting that area hospitals also be notified of any PUD outages. (The District's outage notification list will be revised to include area hospitals.)

10. Power Report:

Total wholesale and retail sales of electricity have exceeded projected budget amounts by \$2,490,134 through May 2007 (\$2,010,134 over the original budget through May for wholesale power sales and \$480,000 over the original budget for retail sales through March).

11. Meetings:

Commissioner Bolz reported that he attended an Energy Northwest Board workshop in Richland on June 20th regarding the Pacific Mountain Energy Center project development strategies/activities and a June 21st meeting of the Executive Board. He will be attending a Washington PUD Association telecom committee meeting at Douglas PUD on June 29th.

Commissioner Butler reported that she attended the semi-annual Board meeting of the Public Utility Risk Management Services in Seattle on June 14th.

The next Okanogan PUD Commission meeting is scheduled on July 10th at 12:30 p.m. at the Okanogan PUD auditorium. A one-hour workshop will be the first agenda item followed by the business meeting at 1:30 p.m.

VI. Executive Session:

The regular meeting was recessed at 4:06 p.m. and reconvened into executive session at 4:11 p.m. to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, 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 agency, 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). It was expected the executive session would last approximately 1.25 minutes with no action anticipated. At 5:30 p.m. the executive session was recessed with no public announcement.

VII. Adjournment:

There being no further business to discuss, the meeting was adjourned at 5:30 p.m.

David A. Womack, President

Ernest J. Bolz, Vice-President

ATTEST:

Trish Butler, Secretary