

**Minutes of the Regular Meeting of the Okanogan
County Public Utility District Board of Commissioners
Held in Okanogan January 9, 2001**

Present:

Board: James Rowland, Darrel Bunch, Donald Johnson
Staff: Harlan Warner, Richard Trimble, Frederick Burke, Donald Brantner, Larry Felton,
Derek Miller, Mark Pritchard, Julie Pyper
Other: Michael Howe, Legal Counsel; Bob Delaney, Electrical Consultants, Inc.; Susie
Buchert, The Chronicle
Public: Kathleen Hirschstein, Teresa Allen, Dana Visalli,
Craig Derosa Edwards, Vern

President Rowland called the meeting to order at 8:30 a.m.

Summary Agenda

1. Oath of Office
2. Approval of Minutes
3. Approval of Work Orders
4. Transfer of Accounts
5. Vouchers
6. Public Comment
7. Methow System Capacity Study
8. Bid No. 287-00 Award
9. Bid No. 288-00 Award
10. Methow EIS Consultant
11. NoaNet Report
12. Regional Power Supply Status
13. Resolution No. 1202 - Surplus Property
14. Resolution No. 1203 - Nine Canyon Wind Project
15. Staff Presentations - Don Brantner and Larry Felton
16. Quarterly Housing Report
17. Reorganization of the Board
18. Satsop Site
19. Energy Northwest - Wind Farm
20. Public Comment
21. Meetings

1. Oath of Office:

Attorney Howe administered the oath of office to Donald W. Johnson as elected PUD Commissioner for District No. 2.

2. Approval of Minutes:

Commissioner Bunch moved to approve the Minutes of the December 19, 2000 regular meeting; Commissioner Johnson seconded the motion, but requested that the following information be included in Larry Felton's power supply update in paragraph seven: Renewable solar, wind and biomass are now doing well because of the current market conditions, and California has 550 MWs of renewables. The Power Resource Engineer cautioned against putting all eggs in one basket, and recommended other sources such as wind. In addition, Commissioner Johnson requested that the last section of paragraph 11 regarding the EIS decision be revised to reflect

that the District will be eliminating one company from further consideration rather than selecting one and will be reducing the field instead of making the selection; motion passed.

3. Approval of Work Orders:

The following work orders were submitted for approval:

98-0488 Michael Doss, Oroville-Toroda Creek Rd. (Rev. #1)	10,850
00-02&3 Richard Werner, Blue Lake Rd.	1,000
00-0258 District, 626 2nd Ave. S., Okanogan	1,170
00-0261 Chester LaFountaine, 454 Omak/Riverside E. Rd.	4,027
00-0264 Okanogan County Mental Health, 107 W. Apple Ave., Omak	1,022
00-0478 Don Fulmer, Lot 172, Okanogan River Ranches Div. VI	9,150
00-0487 District, Various	600
00-0490 District, John's Landing	1,625
00-0493 District, Oroville #4000 Circuit at Eders	1,475
00-0496 District, Chiwiliken Valley	543
00-0750 District, Monse Rd. & Golden Lane	777
00-0751 District, Hwy. 153 S. of Methow	1,670
00-0752 District, Pateros	5,587
00-0756 District, 75 Poorman Creek Rd., Twisp (Rev. #1)	575
00-0757 District, Twisp-Carlton Rd.	644
00-0760 District/King Blossom Natural, 6B Mountain View Ln., Brewster	637
Total	\$41,352.00

Commissioner Bunch moved to approve the work orders; Commissioner Johnson seconded; motion passed.

4. Transfer of Accounts:

Bowman, Karl D. 214.17 Bowman, Karl D. 128.29 CIT Group, c/o B. Winstead 235.22 Computer Help & Cable Systems (Invoice #2440) 170.56 Counts, Freda V. 239.98 Daniel, Raymond 50.00 Dillon, Glen & Laurie R. 264.96 Edwards, Jessica (Invoice #2369) 3,451.82 Krupkat, Kevin (Invoice #2857) 25.00 Lucas, Rafael (Invoice #943) 302.94 Richardson, Glenn & Christine (Invoice #2871) 170.76

Total \$5,253.70

Commissioner Bunch moved to approve the transfer of accounts; Commissioner Johnson seconded; motion passed.

5. Vouchers:

Vouchers No.'s 64134 through 64185 in the amount of \$1,152,576.79, No.'s 64186 through 64221 in the amount of \$163,604.62, No.'s 64222 through 64255 in the amount of \$13,947.39, and No.'s 64256 through 64370 in the amount of \$253,719.97 were approved for payment from the revenue fund.

6. Public Comment:

Dana Visalli, a contracting biologist in the Methow Valley, presented comments on energy supply information. He said the future oil supply is not secure and we can expect prices to rise rapidly. There are also serious concerns with the natural gas supply and no good alternatives. Mr. Visalli recommended that a combined PUD/REA citizens group be formed to encourage conservation and study the future energy supply in the Methow. In addition, he would recommend that a rate structure be created that encourages conservation and discourages growth.

Kathleen Hirschstein presented Maeyowa's comments and concerns on the Pateros/Twisp transmission line proposal and the hiring of an EIS consulting firm. She also discussed the need for alternative energy resources.

7. Methow System Capacity Study:

The condition of the present Methow Valley distribution system and the need for additional capacity in the Methow area between Twisp and Pateros was discussed by Don Brantner, Chief Engineer. Mr. Brantner's study showed the distribution system in this area is seriously near its limit in supplying the existing load. The District has made modifications to the distribution system that should provide capacity for two years on the Twisp 3000 circuit and up to four years on the Pateros 4000 circuit. Consultant Bob Delaney of Electrical Consultants, Inc. addressed the Board and described the process of designing changes to the electric system necessary to provide capacity for future load growth. Actual growth has been much higher than projected in the long-range plan developed in 1995. Mr. Delaney stated a new Methow substation was needed and also discussed improvements to the distribution system, which included converting to a 25 kV system. Additional data needs to be collected and measurements taken in the field to verify where the electrical loads are located. Mr. Delaney will work with Mr. Brantner to make the customer use data more accurate and then incorporate that into the revised long-range plan study. The final results should be reported back to the Board in about six weeks.

Larry Felton, Power Resource Engineer, showed results of studies he has conducted with BPA regarding maintaining adequate transmission voltage levels to all substations. Voltage problems exist at Twisp, Winthrop and Oroville, plus the transformer at Wells Dam is near capacity. He described the use of capacitors to correct voltage problems and informed the Board the District was presently installing capacitors in Oroville, and is continuing to work with BPA to define financial responsibility and engineering solutions with installing capacitors in the Omak/Okanogan area. He will report back to the Board when the District and BPA conclude these studies and agree on a construction plan.

Following discussion, no action was taken.

8. Bid No. 287-00 Award:

Mark Pritchard discussed the award of Bid No. 287-00 for a 70-foot over-center articulating bucket truck, which was budgeted two years ago because of the long-lead time for orders. Bids were received from Altec Industries for \$199,965.00 and Pacific Utility for \$201,424.00. Because Altec's bid did not meet the minimum height requirement as required in the specifications, it is the recommendation of staff that the bid be awarded to Pacific Utility.

Commissioner Bunch moved to accept the staff's recommendation to award the bid for a 70-foot over-center articulating bucket truck to Pacific Utility in the amount of \$201,424.00; Commissioner Johnson seconded; motion passed.

9. Bid No. 288-00 Award:

Mark Pritchard discussed the award of Bid No. 288-00 for a digger-derrick. Bids were received from Altec Industries for \$174,133.00, Air Tec for \$235,808.00 and Pacific Utility for \$192,272.00. The staff recommended awarding the bid to the low bidder, Altec Industries. The digger-derrick is proposed for the Oroville crew, and Oroville's old digger-derrick will become a spare.

Commissioner Johnson moved to accept the staff's recommendation to award the bid for a digger-derrick to Altec Industries in the amount of \$174,133.00; Commissioner Bunch seconded; motion passed.

The Board recessed for lunch from 12:00 p.m. to 1:10 p.m.

10. Methow EIS Consultant:

The Board had previously narrowed the list of potential Methow EIS consultants to the URS Corporation and Foster-Wheeler Environmental Corporation. Following discussion on eliminating one Methow EIS consultant from further consideration, Commissioner Johnson moved to eliminate the URS Corporation from any additional consideration in the selection process for the EIS; Commissioner Bunch seconded; motion passed.

The Foster-Wheeler Corporation will be invited to attend a future Board meeting to discuss options prior to a decision whether to proceed with an EIS.

11. NoaNet Report:

Richard Trimble reported on the January 3, 2001 NoaNet board meeting, and said that NoaNet has been commissioned. The 2001 revenue projections have been revised downward from \$4.5 million to \$2 million. This is due to lead times in the extension of individual PUDs' fiber systems and weak marketing efforts. There are plans to convert the \$17 million line of credit to long-term debt and to issue bonds.

12. Regional Power Supply Status:

Larry Felton reported that the agreement between BPA and Slice participants has been extended to March 26, 2001.

There was discussion on the notices from BPA regarding a potential regional power shortage. The Board reviewed the District's draft press release on the power shortage, and will release a revised notice following the meeting.

13. Resolution No. 1202 - Surplus Property:

Manager Warner presented Resolution No. 1202 for rescinding Resolution No. 1199 and declaring property of the District adjacent to the City of Oroville surplus and authorizing the sale thereof. The notice of surplus property will be advertised in all county papers and sent to the adjoining property owners.

At Attorney Howe's suggestion, it was agreed to rephrase the wording in paragraph four to state that the property is surplus to the foreseeable needs of the District. Commissioner Johnson moved to adopt Resolution No. 1202; Commissioner Bunch seconded; motion passed.

14. Resolution No. 1203 - Nine Canyon Wind Project:

Manager Warner presented Resolution No. 1203 approving Energy Northwest's undertaking of the Nine Canyon Wind Project. Energy Northwest must obtain approval of its members before proceeding with the project. The District had previously submitted a request to Energy Northwest regarding Okanogan PUD's interest in output from the project.

Commissioner Bunch moved to approve Resolution No. 1203; Commissioner Johnson seconded; motion passed.

15. Staff Presentations - Don Brantner and Larry Felton:

Staff presentations by Don Brantner and Larry Felton will be rescheduled.

Commissioner Rowland expressed interest in viewing the Douglas PUD control area sometime in the future and possibly holding a joint Board meeting with Douglas.

16. Quarterly Housing Report:

The Manager distributed the District's fourth quarter housing report for 2000.

17. Reorganization of the Board:

The Board reorganized as follows for the ensuing year:

President Darrel Bunch Vice-President Donald Johnson Secretary James Rowland

Public Utility Risk Management Services James Rowland; alternate Frederick Burke Public Power Council Donald Johnson; alternate Harlan Warner Energy Northwest Darrel Bunch; alternate Donald Johnson PUD Association Donald Johnson; alternate Darrel Bunch Association Round Table Darrel Bunch; alternate Donald Johnson Northwest Irrigation Utilities Darrel Bunch

18. Satsop Site:

Commissioner Bunch said that the utilities that appear on the Satsop Site title will be contacted, which includes Okanogan PUD. Manager Warner added that this matter is regarding the outstanding Bridge and Termination loans.

19. Energy Northwest - Wind Farm:

Commissioner Bunch asked if the District staff had been contacted by Energy Northwest regarding the proposed wind farm. Larry Felton said he had received information of interest and would contact the Project Manager, Dan Porter.

20. Public Comment:

There was no additional public comment.

21. Meetings:

There were no meetings to report.

The next Okanogan PUD Board meeting is scheduled for January 23, 2001.

There being no further business to discuss, the meeting adjourned at 4:30 p.m.