

**Minutes of the Special Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held at The Merc Playhouse in Twisp
March 18, 2003**

Present: Board: Donald Johnson, David Womack, Darrel Bunch
Staff: Harlan Warner, Don Coppock, Derek Miller, Julie Pyper,
Don Clutter, Joe Miller, Debra Peters, Steve Brown
Public: Rose Hughes, Rosey Hough, Thomas G., John Umberger,
Maeyowa, Steve Love, Lorah Waters, Isabelle Spohn,
Bruce Morrison, Ellen Lamiman, Julie Hentrich,
Paul Wagner, David Gottlieb, James W. Donaldson,
Ray Campbell, John Hanron, Joyce Bergen, Teresa Allen,
Leanna Melton, Ted Bear, Michelle Mondot, Becky Harwood,
John & Becki Andrist, Susie Ives, Ric & Linda Iribarren,
Morgan Schneider, David Gross, Katharine Bill, Joan Henneman,
Kathleen Hirschstein, Derosa, George Wooten, Anaka Mines,
Sam Reeves, Dave & Esther Johnson, Roger Meader,
Verne Donnet, Brennan VanBlair, Sara Pedrick, Gary Cox,
Dan O'Connell, Cliff Devine, Barbara Williston

Summary Agenda

1. Call to Order
2. Introductions
3. Nine Canyon Wind Farm Expansion
4. Mediation Report
5. Public Comment

1. Call to Order:

President Johnson called the meeting to order at 6:00 p.m.

2. Introductions:

President Johnson introduced the Commissioners and their respective districts. Manager Warner introduced the PUD staff.

3. Nine Canyon Wind Farm Expansion:

The Board reviewed updated information from Energy Northwest regarding expansion of the Nine Canyon Wind Energy Generation Project. Energy Northwest has requested that each purchaser respond to the proposal for an expansion of the project by March 24, 2003.

Okanogan PUD currently purchases 25% (12 MW) of the Nine Canyon wind farm output. The District's Power Resource Engineer has recommended that Okanogan PUD purchase an

additional 10 MW of Phase II-A new capacity at the combined production cost of \$33/MWh and marginal production cost of \$26.6/MWh. Commissioner Johnson noted that the cost of Nine Canyon to the District is currently \$35/MWh and with the expansion the average cost of the whole project is expected to drop to \$32/MWh (BPA power is currently in the range of \$28 - \$34/MWh).

Commissioner Bunch moved to authorize Okanogan PUD to submit to Energy Northwest an *Expression of Interest for Expansion of the Nine Canyon Wind Energy Generation Project* -- that the District is willing to expand the Project and purchase an additional 10 MW of Phase II-A new capacity at the combined production cost of \$33/MWh and marginal production cost of \$26.6/MWh; Commissioner Womack seconded; motion passed.

4. Mediation Report:

Following eight months of mediation meetings regarding the issue of power supply to the Methow Valley, Mediator Sara Pedrick delivered her final report. The report represents the major disagreements, agreements and recommendations of the mediation group, and the areas of concern that remain inconclusive. With the transmission issue in mind, the group prioritized the three major concerns as environment, reliability and cost. The mediation group endorsed a petition itemizing those three concerns, however, because the petition was not route-specific, interpretation varied regarding which route was suggested (Pateros-Twisp or Loup Loup). Attention was also given to growth, usage, demand and conservation.

The group differed significantly on the cost category, but unanimously understood and agreed that the capacity issue needs to be addressed.

Time constraints left the category of environment incomplete and inadequate for some members. The circulated petition, however, recommends to the Commission that the alternative chosen be "sound with the environment."

The issue of reliability was inconclusive, although all mediation members valued reliable energy.

Ms. Pedrick's conclusions were based on the mediation meetings and fourteen assessment tools, which included the group's evaluation of their individual statement papers (a total of 2,413 responses). The settlement reflects the group's diversity of different values and priorities. Ms. Pedrick also indicated that the mediation group is not a statistically accurate poll of the County on this issue.

Ms. Pedrick's goal in providing the final report was to consolidate the extensive work done by the mediation group so that the Commission understands both the member's position and reasoning. She noted that the mediation participants were provided a copy of the final report and had an opportunity until March 18, 2003 to endorse the accuracy of the report and include on the signature page any additions and/or comments they wished to be considered.

President Johnson presented a summary of Ms. Pedrick's report and noted that copies of the Mediation Report are available at Okanogan PUD, the PUD branch offices and the local libraries.

5. Public Comment:

Gary Cox of Petelco, Inc. presented information on "hot" transmission line rebuilds using a Linemaster robotic arm. He indicated that a hot rebuild of the Loup Loup transmission line would eliminate outages, and is a safe and efficient energized solution well within Petelco's capabilities. He said hot-line rebuilds are new to Washington, but not new in the industry. He estimated the cost of a hot rebuild at \$50,000 per mile more than a cold rebuild. Mr. Cox expressed an interest in the project and a desire to continue discussions with the utility.

Kathleen Hirschstein encouraged the PUD to look at the change that has occurred in the valley since plans were begun 15 years ago to build the Pateros-Twisp line, and noted that one route and one line is all that we can afford. She wants to complete the Matrix developed by the mediation group and provide the Commission with information to make a wise decision.

Lorah Waters submitted written comments on behalf of REAP; Kathleen Hirschstein and Vicky Welch of the Methow Valley Citizens Council; Maeyowa and Derosa of PACE; George Wooten of Kettle Range Conservation Group; and community members Sybil Macapia, Dave Demyan and Michelle Mondot. They believe the most valuable product of the mediation process has been the creation of a Matrix, which needs to be completed before a decision to proceed with an EIS for the Twisp-Pateros Highlands route can be made by the Commission.

John Umberger submitted written comments and said it is time to end the debate and do what is best for the residents of the valley – build the Pateros-Twisp line and use the Loup Loup line as a backup.

Rosey Hough submitted written comments also endorsed by Dave and Esther Johnson. They believe the Pateros-Twisp line would increase the availability of power in the long run by allowing the best use of power from the Wells Dam project, which would lessen the dependency on BPA. They propose a task force of interested parties work with the PUD and consultants.

Katharine Bill submitted written comments regarding the importance of shrub-steppe habitat. She believes the expansion of the Loup Loup route is a better choice for the delivery of power to the Methow Valley.

Bruce Morrison submitted written comments regarding the need to review the DNR timber purchase comparison for transmission line alternatives.

Isabelle Spohn expressed concern about the shrub-steppe environment. She also commented on PUD Resolution No. 980 regarding SEPA policy – wherein Section 7 refers to "enhancing" (not "maintaining") the quality of renewable resources....

Anaka Mines submitted written comments regarding ECI's field investigation. She is concerned with the cost and environmental impact of the Pateros-Twisp option, and said the wisest ecological choice would be to not build any new roads.

George Wooten submitted written comments as a representative of the Kettle Range Conservation Group. His group's most important consideration is the impact of roads -- the Loup Loup route is already on a road corridor.

Jane Lewis referred to the 2001 SEPA Checklist and the infrastructure already in place with the Loup Loup line, and said there are not a lot of issues that would prohibit this route.

Barbara Williston said working families are an endangered species and inhibiting growth causes families to move out of the valley. So, before saying no to a transmission line from Pateros to Twisp, people should consider what putting a lid on expansion does to families (within the past five years, 1,000 students have left Okanogan County).

Verne Donnet submitted a written analysis for reconductoring sections of the Loup Loup transmission line to improve capacity and reliability, and reduce voltage drop to the associated substations. He feels that one transmission line into the valley would take care of all needs, and this approach would allow a reduced cost of expenditures and could be done over a longer period of time.

Brennan Van Blair submitted written comments that the Loup Loup line can no longer be depended upon in its present condition. He said that if the PUD's purpose for building the Twisp/Pateros line is to create a dependable, circular, double-lined transmission system, then the Loup Loup line must be rebuilt -- the longer the wait on the rebuild, the more it is going to inflate and cost the ratepayers.

Sam Reeves submitted written comments regarding the PUD rate increases, which he understood were for the transmission line upgrade for the Methow Valley. He encouraged the Board to come to an intelligent conclusion and to get on with the project.

David Gockley encouraged the PUD to focus on fixing the current transmission line.

Michelle Mondot, on behalf of mediation participant Dave Demyan, said a small group could be an asset to the PUD for getting reliable power to the valley.

Maeyowa noted that data from the Methow Valley post offices and Okanogan Valley building permits reflect that growth is tapering off and the population is decreasing. She also questioned the project studies because costs associated with different routes provided by the PUD, Forest Service and DNR vary greatly. She presented information to the Commissioners on Methow service alternatives and re-submitted a 11/21/00 letter to the PUD Commission and management clarifying her intentions regarding involvement in PUD issues.

Kathleen Hirschstein presented for Vicky Welch, noting that roads are one of the most critical aspects of the project and that the Foster-Wheeler report reflected that the Pateros/Twisp route had the most environmental impact to shrub-steppe habitat.

Teresa Allen submitted a copy of Judge Burchard's March 6, 2000 ruling that a mistake had been committed and an EIS must be prepared (only for the Pateros/Twisp route).

Derosa noted that between 1989 and 2002, the high peak-line load for the Loup Loup was 24,962 KW's in 1996. He proposed a reconductoring of the Loup Loup line.

Esther Johnson said a Methow Valley News article reported 250 signatures were on a petition to support building a new transmission line, however, that figure is actually 755+ and most favored the Twisp/Pateros line. Commissioner Johnson noted that the petition also included supporting the plan to build the least costly alternative that is sound with the environment.

Ray Campbell submitted a letter in full support of the proposal to bring a new electrical transmission line from Pateros to Twisp. He believes it is the responsibility of the PUD to fulfill its job as representative of the majority of the population of the valley and the county to provide the most reasonable and economical route for electricity.

Derek Miller, PUD Chief Engineer, noted the inaccuracy of the analysis of the District's load and outage data, and said that further use of this material would be a willful misrepresentation. He was concerned with the opposition using exaggerated environmental impacts as a means to argue against a project that would vastly improve the electrical system available to a large sector of this county simply because one of the side effects might be increased development.

Harlan Warner, PUD Manager, thanked the mediation participants. He said the PUD has studied transmission line costs and reliability issues for decades, but the mediation group chose to focus on those issues rather than the environment, which the PUD is least experienced. He pointed out that the PUD staff and consultants have studied alternate transmission line routes, but many people mistrust the valid data and results.

The next Okanogan PUD Board meeting is scheduled for April 15, 2003 at 8:30 a.m. at the Okanogan PUD Auditorium.

There being no further business to discuss, the meeting adjourned at 9:23 p.m.

Donald W. Johnson, President

ATTEST:

David A. Womack, Vice-President

Darrel E. Bunch, Secretary