

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan May 13, 2003**

Present: Board: Donald Johnson, David Womack, Darrel Bunch
Staff: Harlan Warner, Don Coppock, Derek Miller, Larry Felton,
Debra Peters, Steve Brown, Joe Miller, Dan Boettger, Julie Pyper
Other: Michael Howe, Legal Counsel
Rich Trimble, Energy Northwest
Matt Dadswell & Steve Negri, Tetra Tech FW
Jan Flatten & Keith Rowland, Forest Service
Public: Dave & Esther Johnson, Ann McCreary, Vicky Welch,
Brian Kirchner, Kathleen Hirschstein, Maeyowa, Susie Ives,
Tina DeLap

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

Summary Agenda

1. Approval of Minutes
2. Approval of Work Orders
3. Approval of Vouchers
4. Approval of Transfer of Accounts
5. Public Comment
6. Transmission Line EIS Presentation – Tetra Tech FW
7. Conservation and C&RD Status Report
8. Omak Stampede Advertising
9. Energy Northwest
10. Student Scholarship Awards
11. Board Meeting Schedule
12. Public Comment
13. Meetings
14. Executive Session – Personnel

1. Approval of Minutes:

Commissioner Bunch moved to approve the Minutes of the April 29, 2003 regular meeting; Commissioner Womack seconded. Commissioner Johnson presented the following amendments to the Minutes:

6. Review of Conservation Loan Policy. The motion failed “for lack of a second.”

9. Response to Commissioner Johnson’s Conclusions on Methow Valley Power Supply:

Chief Engineer Derek Miller presented a response to “4 of the 31” conclusions

Commissioner Johnson also submitted at the commencement of the meeting corrections and clarifications that were not approved.

The motion passed as amended.

2. Approval of Work Orders:

The following work orders were submitted for approval:

00-0202	Carole Wright, Tunk Creek Rd.....	\$13,718.00
03-002&3	Michael Roberts, 322 Swanson Mill Rd.....	1,225.00
03-0178	District, Chesaw Rd.....	2,000.00
03-0180	District, Old Chopaka Rd.....	8,550.00
03-0184	Gebbers Cattle, Inc., N. Star Rd., Brewster.....	1,207.00
03-0186	District, Various.....	2,500.00
03-0187	Joe Bretz, Hwy. 97 at Old Spokane Lumber.....	2,105.00
03-0182	District, Mocassin Flat Trailer Court.....	927.00
03-0188	Tina Kula, 194 Whiterock Rd.....	7,934.00
03-0189	Prime Land LLC, The Springs, 8 Crystal Pl., Omak.....	911.00
03-0191	Oestreich/Marsden, 107 Weatherstone Rd., Omak.....	1,259.00
03-0192	District, Keran Rd., Brewster.....	13,593.00
03-0194	Jim Melton, 2310 Hwy. 153, Carlton.....	2,422.00
03-0195	Gebbers Cattle, Inc., Verestar Dr., Brewster.....	2,823.00
03-0196	Bix Rosenkraz, Okanogan Airport.....	660.00
03-0197	Jack Terrill, Tunk Creek Rd.....	4,202.00
03-0199	Rick Caddy, First St., Riverside.....	648.00
03-0203	District, Various.....	1,150.00
03-0204	Ron Wisner, Okanogan River Ranches.....	1,725.00
03-0210	Linda Johnson, Lot 7, Division II, Nine Mile Ranch.....	3,600.00
Total.....		\$73,159.00

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

3. Approval of Vouchers:

Vouchers No.'s 76916 through 76944 in the amount of \$164,746.67, No.'s 76945 through 77004 in the amount of \$297,996.16, and No.'s 77005 through 77098 in the amount of \$443,348.57 were approved for payment from the revenue fund.

Commissioner Womack moved to approve the vouchers; Commissioner Bunch seconded; motion passed.

4. Transfer of Accounts:

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

Belgarde, Virginia	.....	\$390.80
Bingham, Clint	.....	154.78
Boyd, Desiree	.....	86.19
Buckmiller, Chad	.....	2.36
Caru, Michelle	.....	269.76
Contreras, Maria Ruth	.....	22.96
Dick, Alison	.....	75.64
Eggers, Jeff	.....	210.37
Evans, Miranda E.	.....	393.44
Gallaher, Rosanna	.....	62.01
Garcia, Elena & Maximino	.....	159.59
Godina, Antonio & Maria	.....	520.91
Gonzalez, Tammy	.....	77.48
Goodwin, Chris & Shelly	.....	432.84
Harriman, Kim	.....	65.21
Horn, Margaret	.....	94.57
Hunt, Elizabeth	.....	51.74
Janczyk, William	.....	129.84
Lazard, Joseph F.	.....	447.45
Lisenbey, Tina	.....	608.36
Longanecker, Molly & Sean	.....	121.19
Lopez, Deborah B.	.....	74.99
Marchand, Leann	.....	74.84
McAlpine, Sandy & Tom	.....	108.63
McAlpine, Sandy & Tom	.....	49.30
Moreno, Joyce L.	.....	455.65
Muskrat, Desmond & Patricia	.....	80.76
Naegle, Katherine	.....	322.81
Perry, Donald & Seitz, Hope L.	.....	93.42
Ranck, Melvin & Terry, Juliana	.....	19.18
Schamel, Bev	.....	541.92
Tubbs, Chris & Sara	.....	462.64
Vandergriend, Heidi	.....	326.51
Vandergriend, Heidi	.....	52.32
Velazquez, Bernardo	.....	218.13
Wells, Jackie L.	.....	91.07
Wiegand, Lynell R.	.....	327.67

Total\$7,677.33

Commissioner Bunch moved to approve the account transfers; Commissioner Womack seconded; motion passed.

5. Public Comment:

Kathleen Hirschstein questioned Harlan Warner regarding his February 18, 2003 Mediation letter that said the District has expended substantial sums on an environmental consultant plus countless hours of staff time reviewing environmental issues. She also questioned why the Foster Wheeler November 2001 "Rating of Environmental Concerns by Transmission Line Alternative" was not included in the final report submitted to the Board. She also presented a Matrix, which she said was the most important outcome from Mediation and created the best tool for thoroughly comparing all aspects of the different electrical system options. (Commissioner Womack noted the PUD has not adopted the Matrix, and Manager Warner noted that the Mediation group had chosen to eliminate several alternatives from the Matrix -- not reflected in the copy offered by Ms. Hirschstein.) Ms. Hirschstein also presented a Route Comparison Chart prepared by PACE.

Maeyowa submitted comments regarding the PUD's decision at the April 29th meeting to proceed with an EIS without publishing the agenda item. She noted the PUD has never shown real numbers to prove the Twisp/Pateros route will be the least costly and timeliest, and that the PUD has failed to prove that other alternatives would not have equal or surpassed benefits.

Vicky Welch requested that large, controversial issues be placed on the agenda prior to discussion. With regard to multiple conservation loans to the same customer, she commended Commissioner Johnson for his position as she feels Commissioner oversight is at times appropriate.

Brian Kirchner of Okanogan commended the Manager and thanked the Commissioners for making a decision to proceed with the transmission line to the Methow.

6. Transmission Line EIS Presentation – Tetra Tech FW:

Matt Dadswell and Steve Negri of Tetra Tech FW, Inc. (formerly Foster Wheeler Environmental) submitted a proposal to prepare a joint National Environmental Policy Act (NEPA)/State Environmental Policy Act (SEPA) Environmental Impact Statement (EIS) for the proposed Twisp/Pateros transmission line and substation. It is expected that the District and the Forest Service would serve as joint lead agencies to prepare one EIS document, with the District responsible for SEPA and the Forest Service responsible for NEPA. Dr. Ellen Hall, who has been involved with the Twisp/Pateros transmission line and substation project since 2001, would serve as the Project Manager. She would be assisted by Mr. Dadswell as ID Team Leader and Mr. Negri as Wildlife Lead. Preliminary estimates place the cost for an EIS at \$365,063.00. Separate cost estimates for a Biological Assessment and Biological Evaluation will be developed when clarification is obtained by the joint lead agencies regarding what species would be involved or whether Tetra Tech FW would be responsible for preparing the documents. The estimated time to complete the EIS is approximately 16 months. The study would include two specific opportunities for public comment. One comment period would come this summer as

part of a scoping process, during which issues and alternatives are identified, and the other would occur this winter, after a draft EIS is released. Throughout the EIS process, Tetra Tech FW will provide the PUD written bi-monthly progress reports.

Forest Service representatives, Jan Flatten and Keith Rowland, also addressed the EIS process. The Forest Service would be responsible for taking public comment, determining the alternatives and issuing the EIS record of decision. It was recommended that the EIS also include information necessary for the PUD to receive a new long-term use permit from the Forest Service for the Loup-Loup line. The Forest Service has been issuing yearly permits since a 50-year permit for the transmission line expired in the late 1990s.

It was noted that the performance period for sensitive plant surveys is between now and mid-June. In order to allow time for the Commissioners to review the Tetra Tech FW Proposal more thoroughly but not miss the optimum time for field work and special studies, Commissioner Womack moved to authorize Tetra Tech FW to proceed with Task Items 1, 2 and 4 for work to be undertaken between May 14 and June 7, 2003, as per the project schedule; Commissioner Bunch seconded.

Ms. Flatten noted that she must consult with the Forest Service's legal counsel regarding EIS issues, including the joint lead relationship and consultant selection. A Memorandum of Understanding would then need to be executed. Therefore, Tetra Tech FW recommended that the PUD wait to proceed; Commissioner Womack withdrew his motion, and Commissioner Bunch withdrew his second to the motion. Tetra Tech FW will present a final Scope of Work and Cost Estimate for consideration at the May 27th Board meeting.

The Board recessed for lunch from 12:30 p.m. to 1:00 p.m.

7. Conservation and C&RD Status Report:

Debra Peters presented a conservation activity report for 2002. She indicated that 76 energy audits were performed in 2002, with over 50% in the Central area. A total of 26 Super Good Cents Manufactured Home Rebates were issued, with the greatest participation per customer base in the Northern area. A total of 91 Heat-Pump Rebates were issued, with the greatest participation in the Northern area. The number of Conservation Loans for 2002 reached 110, for a total of \$604,141.31. The highest participation by customer base was in the Central area. There were 699 Appliance Rebates issued, with the highest percentage in the Central area. A summary of the Compact Fluorescent Light-Bulb Sales reflected that 7,611 bulbs were sold in 2002. The District received approximately \$83,000.00 in Conservation and Renewable Discount (C&RD) credit based on sales of \$18,781.14 and purchases of \$31,956.31.

Steve Brown reported on the C&RD program with BPA. Since April 4, 2001, the District has implemented the following measures from BPA's deemed or approved measures list as a means of acquiring additional conservation: Super Good Cents Manufactured Home Rebates, Energy

Star Heat-Pump Rebates, Compact Fluorescent Light-Bulb Sales, Low-Income Weatherization Grants to Community Action Agencies (OCCAC), Expanded Appliance Rebate Program, Commercial Lighting Retrofits, and Renewable Energy (Solar) System Installations. Each of the deemed measures on the BPA list is given a monetary value based on the amount of conservation that can be expected by implementing the measure. The District receives the monetary value for C&RD credit for each measure it implements in the form of a deduction on the BPA Power Bill.

BPA credits the PUD \$18,464/month (\$221,568/year) for approved conservation activities. Under the terms of the agreement, the District must implement enough deemed measures to acquire \$1,107,740.00 C&RD credits, or reimburse BPA for the unused credit dollars. Mr. Brown noted that the District is on track to fully utilize all the available C&RD funding well before the end date of the program on September 30, 2006.

Actual rebates to customers for C&RD programs were set at amounts less than the BPA credit so the District could offer rebates to more customers. To date, the District has received \$309,000 more in credits than out-of-pocket expenditures. As examples, the District spent \$25,000 for a lighting retrofit project that received \$131,176 in credit; \$500 per heat-pump rebate that received up to \$4,761 in credit per installation (credit amount received is dependent on the type of home the heat-pump was installed into and the type of heating system replaced); \$750 per SGC manufactured home rebate (\$1,553 credit) and \$50,000 for a matching grant contribution to OCCAC that received a \$50,000 credit. The Commissioners requested the staff continually monitor the cost effectiveness of existing rebate programs and review new programs as they become available.

8. Omak Stampede Advertising:

Manager Warner noted that Donna Short requested that the PUD place an ad in the Omak Stampede Program. The District has not advertised in this publication before because of its special event status and limited distribution.

The Commissioners declined to advertise in the Omak Stampede Program because the limited distribution would not be a cost-effective benefit for the utility.

9. Energy Northwest:

Rich Trimble attended the meeting as part of Energy Northwest's focus to better understand its members and the issues of importance at each District.

Mr. Trimble noted that after lower than average wind speeds the first six months, the Nine Canyon Wind Project saw improvement with higher than average wind speeds in March and April.

Energy Northwest has signed an agreement with Soil Search to establish a 100 KW pilot project to prove that the InStream process can produce enough methane to support the premise that with this technology one should expect to produce 1 MW of power per 1000 head of milkers.

Energy Northwest has been working with a consortium of Montana Co-ops to perform due diligence on two proposed Montana coal projects.

Energy Northwest submitted a response to the City of Portland’s call for Statements of Qualification regarding their proposed buyout of PGE.

Energy Northwest is currently one of three entities working with BPA on third party financing for BPA transmission infrastructure. (Energy Northwest can lend at tax-exempt rates.)

Energy Northwest is trying to generate a market for green tags.

10. Student Scholarship Awards:

In promoting community awareness about energy and the environment, Okanogan PUD has made available scholarships for three students to attend an “Adventures in Science and Arts” Engineering Design Program offered by Western Washington University. Debra Peters announced that the scholarship recipients are Karl Schmidt of Omak; Philip Whiting of Omak; and Ian Thompson of Tonasket. Scholarship applications were made available to any student currently in the 7th or 8th grade, living in a household that receives electricity from the PUD. The staff distributed 11 applications and received six replies. The applicants were graded by a point system on following directions, content of a written essay, and recommendation from a teacher, counselor or principal. A press release will be distributed, and the students will make a presentation to the Board following the camp.

11. Board Meeting Schedule:

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., May 27, 2003 at the Okanogan PUD Auditorium.

The Board set the following meeting schedule:

June 10, 24	8:30 a.m., Okanogan PUD Auditorium
July 8, 29	8:30 a.m., Okanogan PUD Auditorium
August 12, 26	8:30 a.m., Okanogan PUD Auditorium

12. Public Comment:

There was no additional public comment.

13. Meetings:

Commissioner Johnson will be attending a Washington PUD Association Legislative Committee/Board Meeting on May 16th in Coeur d’Alene. He will also be attending the

NWPPA Annual Conference and Membership Meeting and the Energy Northwest PRB Meeting in Coeur d'Alene May 20th – 22nd.

Commissioner Bunch will be attending an Energy Northwest Board Meeting on May 15th in Richland.

14. Executive Session – Personnel:

The Board recessed into executive session at 2:17 p.m. to discuss personnel.

The Board reconvened into regular session at 2:50 p.m. There being no further business to discuss, the meeting adjourned at 2:50 p.m.

Donald W. Johnson, President

ATTEST:

David A. Womack, Vice-President

Darrel E. Bunch, Secretary