

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan July 29, 2003**

**Present:**

Board:	Donald Johnson, David Womack, Darrel Bunch
Staff:	Harlan Warner, Don Coppock, Derek Miller, Larry Felton, Joe Miller, Debra Peters, Steve Brown, Dan Boettger, Julie Pyper
Other:	Michael Howe, Legal Counsel
Public:	Toyne Tibbets, Esther Johnson, Dave Johnson, John Bartella, Brian Kirchner, Otto Hennings, Lael Duncan, Becky Hightower, Rosey Hough, Lorah Waters, Dale Sparber, Del Shove, Steve Clark, Kathleen Ames, Rebecca Meadows, Susie Ives, Maeyowa, Debbie Harris, Laurie Miller, Roger Bauer, Jan Mannino, John Andrist, Ken Milner, David Creveling, Stew Carder, Bob Tollefson, Loren Dale Johnston, Ron Gadeberg, Jim Weed, Craig Vejraska, Dave Schulz, Mike Brooks

President Womack called the meeting to order at 8:30 a.m., and asked if there were any additions to the agenda.

Attorney Howe requested a one-hour executive session to discuss litigation.

Commissioner Johnson requested clarification of his position as Secretary of the Board. He noted that *Robert's Rules of Order* calls for the Secretary to take responsibility of the Minutes, and he is ready to assume the duties. It is his wish to edit the Minutes and take final responsibility for the distributed draft of the Minutes, thus eliminating or reducing the time necessary to amend the Minutes.

During discussion, it was noted that the PUD's governing statute provides that the Commission shall organize and adopt rules governing the transaction of District business. However, it was not believed that the Board had ever adopted *Robert's Rules of Order*. In addition, it was noted that the Board had previously established the official recorder of the Minutes.

Commissioner Johnson moved that the Secretary of the Board be given responsibility for submitting the Minutes to the Board for their approval. The motion died for lack of a second.

Since the Commission is required by State statutes to elect a Secretary, Commissioner Johnson questioned the lack of responsibility for the position. The consensus was that the only responsibility was as a signatory.

Commissioner Johnson also requested that Agenda items include an explanatory sentence revealing the nature of the discussion and/or proposed action before the meeting for the benefit of Commissioners and the public.

### Summary Agenda

1. Approval of Minutes
2. Approval of Work Orders
3. Approval of Vouchers
4. Approval of Transfer of Accounts
5. Treasurer's Report
6. County Commissioners
7. Community Action
8. Wireless Network Discussion
9. Enabling Agreements for Wholesale Power Sales
10. Envirometrics, Inc. Contract
11. Don Johnson Information Requests
12. Tetra Tech FW EIS Proposal
13. Public Comment
14. Noel Orr Right-of-Way
15. Meetings.
16. Executive Session - Litigation

#### **1. Approval of Minutes:**

Commissioner Bunch moved to approve the Minutes of the July 8, 2003 regular meeting; Commissioner Womack seconded the motion.

Commissioner Johnson presented the following amendments:

##### 6. – Discuss/Decision on Wireless Network:

Discussion **initiated by Manager Warner** continued on the District's proposal to offer wireless network to retail providers. The following retail providers have service agreements with the District and **although not on the Agenda** commented on the proposed wireless network.

**President Womack invited the public to comment on this Agenda item, although comment on other items was by rule not allowed until its place near the end of the Agenda.**

*Commissioner Womack said he would approve the amendment if the statement was revised to refer to the Election of Board Officers.*

##### 8. – NoaNet Board Meeting Report:

The current cost of the build out is at \$33 million. \$27 million of this amount was financed through a bond issuance (**Okanogan PUD being responsible for \$1.8 million**).

Manager Warner noted that Okanogan PUD is responsible for 5.45% principal share or **\$1.4715 million**. \$1.8 million is the maximum obligation with the Step-Up (25%) default provision.

Proposed amendments were also submitted regarding Election of Officers, which were not approved.

Commissioner Womack presented the following amendment:

6. – Discuss/Decision on Wireless Network:

John Andrist, President and co-owner of NCI Data.com, presented **his** information .... Commissioner Johnson said he would approve the amendment if “his” information was changed to **his opinion**.

Upon the vote, Commissioner Bunch opposed the changes to the Minutes. The motion passed.

**2. Approval of Work Orders:**

The following work orders were submitted for approval:

02-0179	Mike Halsen, Chief Joseph Trail Rd. (Rev. #1)	\$10,403.00
02-0713	Hidden Acres/Gaery Rutherford, Riverside Ave., Twisp (Rev. #1)	6,042.00
03-02&3	Richard Wilson, Wannacut Lake	675.00
03-0251	Candy Kelly, Hwy. 153 – MP 15.5 (Re. #1)	10,507.00
03-0317	William Snook, 354 Libby Creek Rd., Carlton (Rev. #1)	3,990.00
03-0330	Mowat Construction Co., Oak St. Bridge	687.00
03-0331	District, Little Buck Mtn.	1,990.00
03-0334	District, off Nine Mile Rd.	1,275.00
03-0340	Rod Hoplin, Lot 34, Pine Chee Ranch	541.00
03-0342	City of Pateros, Commercial Way	623.00
03-0343	District, off Swanson Mill Rd.	1,350.00
03-0348	District, Jennings Loop Rd.	650.00
03-0349	Hi-Lo Orchards, 351 Johnson Creek Rd., Riverside	598.00
03-0351	District/Alex Dick, 26823 Hwy. 97	621.00
03-0353	Methow Valley Brewing LLC, 201 Methow Valley Hwy. N., Twisp	604.00
03-0354	Jim Baselt, 69 Old Carlton Rd.	700.00
03-0355	Michael Port, Methow Valley Hwy. S., Twisp	1,714.00
03-0358	Jeff Lyon, 106 Knox Rd., Riverside	1,357.00
03-0362	Jeff Kruger, Talkire Lake Rd.	1,602.00
03-0364	Alamo Orchard Co., 201A Bill Shaw Rd., Pateros	3,379.0
	Total	\$49,308.00

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

**3. Approval of Vouchers:**

Vouchers No.'s 77806 through 77836 in the amount of \$166,694.55, No.'s 77837 through 77927 in the amount of \$500,385.55, No.'s 77928 through 77972 in the amount of \$244,938.50, No.'s 77973 through 78003 in the amount of \$163,972.13, and No.'s 78004 through 78077 in the amount of \$1,241,683.36 were approved for payment from the revenue fund.

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

Commissioner Johnson suggested the Approval of Voucher forms be submitted to the Board for review one week prior to the meetings to allow for a more efficient approval process. The Commissioners agreed that reviewing the vouchers prior to the meetings is a good policy, and the listing of vouchers could be included in the Board meeting packet. Auditor Coppock noted that accounts payable checks are sent out every Tuesday, and it is standard procedure for District bills to be paid before the Board approves the vouchers because in many cases payment is required of the District within 10 days. The Board requested prior knowledge of voucher payments, and suggested a letter to vendors could be helpful. The Auditor agreed to review the procedure for accounts payable.

**4. Transfer of Accounts:**

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

Brewer, Jeanie R.	\$126.25
Calico, Andrea Beth	172.76
Dial, Tim	343.16
Elsberg, Kristen	212.43
Feller, Carmalita M.	80.00
Fox, J.W., II	558.36
Huffman, Kristal	166.46
Jorgensen, Cheri (Estate)	222.61
Lawrence, George	117.27
Lynch, Chad & Staci	36.69
Maples, Dan	515.31
Martinez, Raul	68.93
Merritt, Chris	62.79
Mitchell, Jason	174.94
Monroe, Alicia	28.58
Ramirez, Gerardo & Bautista, E.	168.45
Remy, Clifton W.	271.43
Velazquez, Jose	177.62
Wynecoop, Tanyia	757.71
Total	\$4,261.75

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

**5. Treasurer's Report:**

The Treasurer's Report was rescheduled to the August 12, 2003 meeting.

**6. County Commissioners:**

Okanogan County Commissioners Dave Schulz and Craig Verjaska and Trail Association Administrator Jim Weed attended the meeting to update the PUD Board on the proposed Oroville to Nighthawk trail system. Representatives from the County and PUD Commissioner Bunch met recently with adjacent ranchers to discuss concerns the landowners have with the trail proposal. The County Commissioners noted the proposal is in its infancy and many issues still need to be resolved before the project can move forward, however, they see the trail as a very important economic generator.

The PUD Board reiterated their support for the project as long as the concerns of the landowners (including the PUD's) are resolved to everyone's satisfaction.

Commissioner Womack asked if the County had infrastructure funds available for expanding fiber optics in the County. The County Commissioners referred the District to the project review Board – Economic Alliance.

**7. Community Action:**

Executive Director Lael Duncan and Housing Manager Becky Hightower of Okanogan County Community Action Council requested funding for the next biennium for their Low-Income Weatherization Program. Community Action weatherized 40 homes last year under the program utilizing \$50,000 of the PUD's C&RD funds and a matching grant from the State. That work has been reviewed and appeared to have been effective. The current State funding for the next biennium which expires June 30, 2005 is projected at \$123,443. (The PUD's BPA C&RD program expires September 2006.) With an equivalent match from the PUD, Community Action projects a total of 100 homes can be weatherized. Community Action will also conduct quarterly consumer education classes to increase conservation efforts and provide the PUD with quarterly progress reports. Community Action needs authorization from the PUD to access funds from the State.

Energy Services Coordinator Debra Peters noted the Low-Income Weatherization Program is a good fit under the District's C&RD program. In addition, meter history on the weatherized homes evidences a reduction in usage.

The Board deferred action on the request until staff can report back to the Board the affects the request will have on the 2004 budget and a response from Community Action

on whether half of the total authorized funding can be paid in 2004 and the remaining half paid in 2005. (The previous allocation of \$50,000 was paid out of the 2002 budget).

## **8. Wireless Network Discussion:**

Discussion continued on the proposed wireless network pilot project. Staff discussed the goals of wireless network and responded to the concerns raised at the last Board meeting by John Andrist of NCI Data.com.

The District heard from several business representatives and individuals strongly supporting the PUD's utilization of the existing PUD fiber backbone as a platform to extend Broadband communications throughout the County. It was expressed that increased competition among retailers, both with price and quality of service to all customers, is a good thing.

PUD staff supported the undertaking of a wireless network pilot project to install one access point in the Oroville area and one access point in the Omak/Okanogan area. The pilot project is estimated to serve 40 homes at a cost of \$117,000. Future access points would be installed on the basis of demand under the estimated \$700,000 wireless network deployment plan.

Commissioner Johnson questioned the \$117,000 since it was 50% more than the \$75,000 project cost presented by Manager Warner. Johnson pointed out that this will provide new retail servers the opportunity to compete, without capital investment in infrastructure, with the two retailers currently providing this service. Johnson also pointed out that although four retail providers are currently competing for wireless business in the Methow Valley, without PUD involvement, it was thought that PUD investment in infrastructure was necessary to expand the telecom system and to increase competition in the Okanogan Valley. Johnson thought of PUD involvement as "subsidization", while others thought denial of PUD investment would be an act to "limit competition." Johnson presented information that Grant County PUD is currently being investigated for improperly using PUD money to subsidize start-up costs for telecom providers. Joe Miller's current estimate is that 99% of PUD customers may never have home access to the fiber-optic (telecom) network because of the cost. The investment in wireless infrastructure will allow new retail servers to provide access to those who live within 10 miles (in line-of-sight) of the new access points. John Andrist stated that the proposed PUD wireless project will not increase the availability of service to new areas. It will shift the financial risk from new retail providers to all PUD electric ratepayers.

Commissioner Bunch moved to proceed with the wireless network pilot project to install one access point in the Oroville area and one access point in the Omak/Okanogan area; Commissioner Womack seconded; Commission Johnson opposed, and based his decision on the question of competition. The motion passed.

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

**9. Enabling Agreements for Wholesale Power Sales:**

Power Resource Engineer Larry Felton noted that an “Enabling Agreement” is required for wholesale power sales, which sets out the terms of the transaction. The District has been selling under Douglas PUD’s agreements on a pass-through basis. As a BPA Slice/Block customer, Okanogan PUD’s surplus sales have been averaging \$1 million/month (including \$100,000 pass through to Colville Indian Power and Vener). Staff is looking to simplify the process by providing the Board with a sample contract the District proposes to use as its “Enabling Agreement”. Mr. Felton also noted that an Enabling Agreement can include a “netting” clause, whereby all outstanding payments between the parties are netted (the party owning the greater amount pays to the other party the difference between the amounts owed).

The Board was requested to review the sample contract to determine if it met with their approval, and, if so, authorize the Manager or other designated staff member to sign these Agreements on behalf of the District.

The Board requested additional time to review the Enabling Agreement. The matter will be readdressed at the next Board meeting.

**10. Envirometrics, Inc. Contract:**

Attorney Howe requested the Board take action on the Envirometrics, Inc. contract following executive session.

**11. Don Johnson Information Requests:**

Larry Felton and Derek Miller provided responses to Commissioner Johnson’s information requests regarding 1) the historical peak loads on the transmission line between Brewster and the Okanogan Substation; 2) the estimated current rating of each segment of transmission lines in the system; 3) the criteria for replacing transmission lines in the system; and 4) the emergency plans for the Okanogan and East Omak Substation in the event of a generation source interruption.

Staff responses indicated that rebuilding a section of transmission line between Foster Creek and Brewster substations saved PUD ratepayers about \$150,000/year from reduced losses. Criteria for replacing transmission lines gave priority to starting early with factors considered, including age of the circuit, its physical condition, location relative to load centers, load growth, costs, and environmental effects of various solutions. The two primary components of any power line, whether transmission or distribution, are capacity and reliability.

**12. Tetra Tech FW EIS Proposal:**

The Board reviewed Tetra Tech's current proposal for preparing an EIS for the District's proposed Twisp/Pateros transmission line and substation project at a cost of \$420,842. The proposed schedule reflects the desire of all parties to have the wildlife and plant surveys completed prior to issuance of the draft EIS. The current schedule would have the draft EIS issued in September 2004 and the final EIS issued in April 2005. Annual labor rate increases are not reflected in the proposal, which Tetra Tech would negotiate as appropriate.

The proposal reflects six alternatives, however, the cost proposal assumes that no more than five alternatives would be carried forward into detailed analysis in the EIS. The scoping process would be used to determine how many alternatives and which alternatives would actually be carried forward into the EIS.

The request for contract modification also requests that the contract be modified to recognize Tetra Tech FW, Inc. as the successor in interest to Foster Wheeler Environmental Corporation as of March 7, 2003.

Commissioner Johnson pointed out his concern that a number of questions remain to be dealt with by the proposal regarding needs, responsibilities and costs. Line-item cost comparisons for alternatives will be needed and will be the PUD's responsibility. Although the Tetra Tech FW proposal states that the project will remain within budget (\$420,842), there are more than 20 stated opportunities within it for increased costs. Proposed road locations, which will determine the location, extent, and costs of field studies, have yet to be determined. Manager Warner noted that construction costs have been developed by Electrical Consultants Inc., and environmental costs as part of the EIS process will be developed in consultation with Tetra Tech.

Commissioner Bunch moved to accept the July 24, 2003 Proposal by Tetra Tech FW, Inc. to prepare an Environmental Impact Statement and Supporting Studies for the Proposed Twisp/Pateros Transmission Line and Substation Project; and modify the contract by substituting "Tetra Tech FW, Inc." for "Foster Wheeler Environmental Corporation" wherever it appears in the Contract. Commissioner Womack seconded the motion; Commissioner Johnson opposed; motion passed.

### **13. Public Comment:**

Maeyowa requested clarification on the public comment process.

The Board discussed the public comment policy, and agreed to reinstate the first public comment period for the public to address concerns not already scheduled on the agenda. The public will also be allowed to comment and question during Board discussions of agenda items. The second public comment period was left standing. Participants in both public comment periods will be expected to offer concise, brief comments lasting no longer than five minutes. Exceptions to the time limit might be considered on a case-by-case basis. Presentations of 15-30 minutes should be made as Agenda items. Interested parties wishing to be placed on the agenda for presentations relevant to the issues of the

District are asked to make their request known by 5:00 p.m. the Wednesday prior to any Board meeting by notifying the Manager, the Manager's Secretary, or a Commissioner. Participants are asked to provide copies of handouts and presentation materials by the deadline whenever possible.

Brian Kirchner cautioned the Board to not get trapped into organizations who want to tie up the meetings and not get business at hand done.

Lorah Waters requested that more room be allowed on the agenda for contentious issues. She noted the repeated interruptions and defensive behavior by certain District staff at today's meeting.

David Creveling noted that the Methow transmission line might get built faster, and the PUD could stay out of litigation, if the route goes over the Loup and does not involve an EIS.

Commissioner Womack, on behalf of the Omak Fire Department, thanked the PUD employees for cutting the power during the recent fire in Okanogan. He said it was a wise decision and in the best interest of everyone serving on the fire.

**14. Noel Orr Right-of-Way:**

Commissioner Johnson inquired as to the Noel Orr right-of-way correspondence. Manager Warner noted that he responded to Mr. Orr's first letter, and will review the most recent correspondence with a report to the Board at a later date.

**15. Meetings:**

Commissioner Johnson distributed Proceedings of Interest from the Washington PUD Association Board of Directors Meeting he attended July 17 - 18, 2003 in Newport, Washington.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., August 12, 2003 at the Okanogan PUD Auditorium.

**16. Executive Session – Litigation:**

The Board recessed into executive session at 2:50 p.m. to discuss litigation.

President Womack reconvened the meeting at 3:25 p.m.

Commissioner Johnson moved to approve the Consulting Contract with Envirometrics, Inc. with a cover letter that stipulated Mr. Ruby would be available during the trial in the Cummins Northwest, Inc. litigation; Commissioner Bunch seconded; the motion passed.

There being no further business, the meeting was adjourned at 3:27 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary