

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan March 9, 2004**

**Present:**

Board:	David Womack, Darrel Bunch, Donald Johnson
Staff:	Harlan Warner, Chuck Berrie, Don Coppock, Derek Miller, Larry Felton, Debra Peters, Kathy Gordon, Dan Boettger, Steve Brown, Julie Pyper
Other:	Michael Howe - Legal Counsel
Public:	Brian Kirchner, Lorah Waters, Roberta Donnor, Walt Pearce, William Colyar, Jim Martin, Bob Clark, Ellen Laminan

President Womack called the meeting to order at 8:30 a.m. The agenda was amended to include an executive session discussion regarding real estate.

**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. Twisp Office
7. Slice Contracts Update
8. Douglas PUD Transmission Contract
9. Resolution No. 1273 - Tribal Tax Policy
10. Resolution No. 1274 - Irrigation Rate Schedule 6
11. Resolution No. 1275 - Set Regular Meeting Schedule
12. Green Power Program
13. Professional Services Agreement - Marten Law Group
14. Professional Services Agreement - Envirometrics
15. PUD Association - RTO/SMD Public Power Campaign
16. EIS Scoping Report
17. Public Comment
18. Meetings
19. Executive Session - Personnel & Real Estate

**1. Approval of Minutes:**

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the February 24, 2004 regular meeting. The motion carried.

## 2. Approval of Work Orders:

The following work orders were submitted for approval:

03-0425	Dan Shiflett/District, Rodeo Trail (Rev. #1)	\$26,817.00
03-0596	Johnny Appleseed, B & O Rd.	1,517.00
03-0607	District, Hwy. 97	879.00
04-0002&3	Mac & Tom Apples, 66 Hanson Rd.	983.00
04-0056	Donald Tatley, Watson Draw Rd., Pateros	18,419.00
04-0064	Dennis Morris, 90 Crestview Ave.	657.00
04-0068	District, Indian Dan Canyon	1,266.00
04-0073	District, Sunset Dr. & 7th Ave. S., Brewster	662.00
04-0074	District, 386 Monse River Rd.	663.00
04-0080	District, 420 Hwy. 153	573.00
04-0081	District, Twisp Substation	1,652.00
04-0082	North Cascades Athletic Club, 568 Pine St., Omak	1,589.00
04-0083	Mike Port, Hwy. 153	8,869.00
04-0084	Oroville Reman & Relift, 9th Ave. & Dogwood St.	16,100.00
04-0085	District, Haussler Rd., Omak	3,707.00
04-0087	District, Conconully	1,504.00
04-0089	District, 274 Monse Bridge Rd.	1,000.00
04-0090	Chris Karabinas, Chesaw Rd., Oroville	1,974.00
04-0091	Jim Hougardy, Loomis-Oroville Rd.	1,982.00
04-0093	Omak Inn, 912 Koala Ave.	1,621.00
04-0094	District, Malott	650.00
04-0095	District, North Star Rd., Brewster	7,180.00
04-0096	District, North Star Rd.	4,595.00
04-0097	District, Sunset Dr., Brewster	5,725.00
04-0098	District, 26802 Hwy. 97	550.00
04-0100	Howard Asmussen, Toats Coulee Rd.	5,804.00
	Total	\$116,938.00

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the work orders. The motion carried.

## 3. Approval of Vouchers:

Vouchers No.'s 80959 through 81021 in the amount of \$332,763.66, No.'s 81022 through 81048 in the amount of \$170,097.74, No.'s 81049 through 81150 in the

amount of \$299,294.41, and No. 81151 in the amount of \$12,828.41 were approved for payment from the revenue fund.

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the vouchers. The motion carried.

#### **4. Transfer of Accounts:**

Glenn Richardson's conservation loan #C00347 in the amount of \$4,876.89 was submitted for write-off/collection due to non-payment.

Also submitted for transfer was the balance of \$171.96 from closed account #41884-8 to Michelle Remington's active residential account #39311-6.

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the account transfers. The motion carried.

#### **5. Public Comment:**

Chief Engineer Derek Miller read Kathleen Hirschstein's statement in support of holding Board meetings at different locations on a rotation basis at least once each month.

#### **6. Twisp Office:**

Director of Finance Don Coppock reported that staff recently met with the Methow Valley Community Center Board to discuss the status of the District's intent to renegotiate the terms of the current agreement with the Community Center. The Community Center leases space to the District and acts as a customer service office for the District in Twisp. Following an exchange of information, the Community Center requested an opportunity to provide the District with a proposal to continue providing services.

The District supports the continuation of an office in the Twisp area; however, staff is compiling data to evaluate the customer base and staffing needs. This information will be presented at the March 30th Board meeting.

#### **7. Slice Contracts Update:**

Power Resource Engineer Larry Felton reported that a ruling on jurisdiction is expected this spring from the 9th Circuit Court on the Slice Contract audit process. The auditors for the Slice Users Group have determined that a substantial amount of money is owed from BPA for fiscal year 2002. This could

result in Okanogan PUD receiving a portion of the \$1 million the District paid as part of the first year true-up of the 10-year Slice Contract. Fiscal year 2003 will be handled through arbitration.

As part of the Slice Contract, BPA is planning for Phase II of a computer operation for handling automated scheduling functions. This will require additional costs to implement changes in order for our scheduling agent, Douglas PUD, to use the BPA Slice product. The current implementation of Phase I is nearly complete.

#### **8. Douglas PUD Transmission Contract:**

Larry Felton reported that he is negotiating a contract for the District to make available revised amounts of excess firm point-to-point transmission service to Douglas County PUD because Douglas PUD's share of the Nine Canyon Wind Project output has increased. The agreement would cover the increased capacity and allow the District to share transmission costs with Douglas PUD on the same costs basis. The District now has a total of 16 megawatts of capacity of the Nine Canyon Wind Project, and Douglas PUD has 10 megawatts. (About five average megawatts equals seven percent of the District's load).

#### **9. Resolution No. 1273 - Tribal Tax Policy:**

Assistant Manager Berrie presented Resolution No. 1273, which establishes a District policy in compliance with Washington Administrative Code 458-20-192 to exempt Tribal members from paying certain taxes if the member lives in Indian country. The applicable taxes are the Washington State Public Utility Tax, the Washington State Privilege Tax and the Municipal Tax. Resolution No. 1273 as presented at the February 24, 2004 meeting was amended to clarify that the Municipal Tax is billed directly to the consumer. The District will require individuals requesting an exemption to submit the applicable Washington State Department of Revenue tax exemption form and provide proof of Tribal membership.

Commissioner Johnson moved, and Commissioner Bunch seconded, to adopt Resolution No. 1273. The motion carried.

#### **10. Resolution No. 1274 - Irrigation Rate Schedule 6:**

Assistant Manager Berrie presented Resolution No. 1274, which revises the District's Irrigation Electric Rate Schedule No. 6 to eliminate the spring 2004 inter-seasonal irrigation billing. As approved at the February 24, 2004 meeting, the inter-seasonal rate of 4.40¢ per KWH and the seasonal rate of 2.85¢ per

KWH have been consolidated into one rate for all energy of 2.87¢ per KWH. The net impact to the District is expected to be revenue neutral.

Commissioner Bunch moved, and Commissioner Johnson seconded, to adopt Resolution No. 1274. The motion carried.

#### **11. Resolution No. 1275 - Set Regular Meeting Schedule:**

Assistant Manager Berrie presented Resolution No. 1275, which sets a regular meeting schedule of the Board of Commissioners and cancels Resolution No. 774. RCW 42.30.070 states the regular meeting for the Board of Commissioners shall be passed by Resolution of the Board; however, it was determined that the current regular meeting time and day of Tuesday at 8:30 a.m. was established by motion and the last Resolution No. 774 states the regular meeting will be Monday at 10:00 a.m.

Resolution No. 1275 provides for meetings every Tuesday at 8:30 a.m. at the PUD office in Okanogan. An agenda would be prepared in advance and posted according to the applicable RCWs. In the event a meeting is cancelled, a notice of cancellation would be given in accordance with the applicable RCW.

Commissioner Johnson presented an amendment to proposed Resolution No. 1275, which provides that the regular meetings of the Board of Commissioners will be the first, second and/or third Tuesday at 8:30 a.m. at the PUD office in Okanogan, and the fourth Tuesday to be held at 6:00 p.m. at a public venue in another service area. The amendment also provides that the agenda include the meeting location.

Following discussion, it was agreed to redraft Resolution No. 1275 to provide that regular meetings of the Board of Commissioners will be the first, second and third Tuesday at 8:30 a.m. at the PUD office in Okanogan, and the fourth and fifth Tuesday of the month to be held at 6:00 p.m. at a location to be determined. An agenda will be prepared in advance, including meeting location, and posted according to the applicable RCWs. In the event a meeting is canceled, a notice of cancellation will be given in accordance with the applicable RCW. A redraft of Resolution No. 1275 will be presented for adoption at the April 6, 2004 special meeting in Twisp.

#### **12. Green Power Program:**

Debra Peters and Steve Brown of the Conservation Department presented information for developing a Sustainable Natural Alternative Power (SNAP) program that would compliment the District's existing renewable energy portfolio and afford customers the opportunity to participate in the promotion of renewable energy. The SNAP program was developed by Chelan County PUD

and links producers of renewable energy with customers who are interested in supporting renewable energy. Customers (purchasers) encourage the development of renewable energy by voluntarily contributing to a pool of funds that is distributed to producers based on their production output.

The Commissioners supported moving ahead with the program and authorized the Conservation Department staff to devote continued study to developing a SNAP program for Okanogan PUD.

### **13. Professional Services Agreement - Marten Law Group:**

Distribution Engineer Dan Boettger recommended that the District retain the legal services of Marten Law Group of Seattle for SEPA and permitting issues pertaining to the Ophir diesel generator facility and the Pateros/Twisp transmission line EIS.

Commissioner Bunch moved, and Commissioner Johnson seconded, to authorize the Manager to sign a professional services contract with Marten Law Group for SEPA and permitting issues pertaining to the Ophir diesel generator facility and the Pateros/Twisp transmission line EIS, with the Commission to be kept apprised of services provided and expenses incurred for the two projects. The motion carried.

### **14. Professional Services Agreement - Envirometrics:**

Dan Boettger reported that staff recently met with the Department of Ecology to formulate a process to obtain a testing permit for the Ophir diesel generator facility consistent with the District's obligations under the Cummins Northwest, Inc. Settlement Agreement. It is Mr. Boettger's recommendation to retain the consulting services of Dr. Mike Ruby of Envirometrics, Inc. in an amount up to \$20,000 to assist the District with obtaining the permit.

Commissioner Johnson moved, and Commissioner Bunch seconded, to authorize the Manager to sign a professional services contract with Envirometrics, Inc. in an amount up to \$20,000 for assistance with a DOE permit for the Ophir diesel generator facility, with the Commission to be kept apprised of services provided and expenses incurred. The motion carried.

### **15. PUD Association - RTO/SMD Public Power Campaign:**

The Commissioners discussed the February 23, 2004 letter from the Douglas PUD Board of Commissioners urging continued support of the Northwest Power Works campaign. The Washington PUD Association played a large role in

coordinating a campaign in 2003 to call into question the Federal Energy Regulatory Commission's demands for formation of Regional Transmission Organizations and implementation of Standard Market Design. The PUD Association's efforts have been successful; however, additional funds need to be raised to keep the campaign alive.

The Commission deferred action on the Northwest Power Works campaign until the matter is discussed at the March 17, 2004 WPUDA Board meeting. The Okanogan PUD Commissioners will readdress the issue at their March 30th Board meeting.

#### **16. EIS - Scoping Report:**

Tetra Tech FW has completed the content analysis of the public scoping input on the proposed Methow Transmission Project. The Scoping Report is available for review at the PUD office.

#### **17. Public Comment:**

There was no public comment.

#### **18. Meetings:**

Commissioner Womack reported on the Commissioners Round Table he attended in Olympia on March 5, 2004.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., March 30, 2004 at the Okanogan PUD Auditorium.

The Commission recessed for lunch from 11:40 a.m. to 12:15 p.m.

#### **19. Executive Session - Personnel & Real Estate:**

President Womack reconvened the meeting at 12:15 p.m. and immediately recessed the Commission into executive session to discuss personnel and real estate.

President Womack reconvened the Commission into regular session at 1:36 p.m.

There being no further business to discuss, the meeting adjourned at 1:39 p.m.

David A. Womack, President  
ATTEST:  
Darrel E. Bunch, Vice-President  
Donald W. Johnson, Secretary