

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Okanogan PUD Auditorium
April 13, 2004**

Present:

Board:	David Womack, Darrel Bunch, Donald Johnson
Staff:	Chuck Berrie, Don Coppock, Larry Felton, Dan Boettger, Steve Brown, Julie Pyper
Other:	Michael Howe - Legal Counsel (absent 9:23 a.m. - 10:38 a.m.) Penny Eckert - Tetra Tech FW, Inc.
Public:	Rebecca Meadows, Lance Haney, Roberta Donnor

President Womack called the meeting to order at 8:30 a.m. The agenda was amended to include discussions on broadband service; distributive generation; the PNGC contract; and a CNI progress report.

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. Resolution No. 1277 - Appointing Manager
7. Resolution No. 1278 - Establishing Manager's Salary
8. Tetra Tech - Update on EIS Contract
9. Meeting Schedule
10. Broadband Service
11. Distributive Generation
12. CNI Progress Report
13. Power Sales Contracts
14. Public Comment
15. Meetings

1. Approval of Minutes:

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the March 30, 2004 regular meeting. The motion carried.

2. Approval of Work Orders:

There were no work orders submitted for approval.

3. Approval of Vouchers:

Vouchers No.'s 81345 through 81372 in the amount of \$174,853.75, No.'s 81373 through 81433 in the amount of \$302,694.39, No.'s 81434 through 81526 in the amount of \$297,497.35, and No. 81527 in the amount of \$20,027.60 were approved for payment from the revenue fund.

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

In regards to voucher payments, Commissioner Johnson noted that he had not seen the ECI contract and requested a review of the terms of the contract.

4. Transfer of Accounts:

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

Baker, Eugene E. & Sheila	\$233.12
Balthazar, Jeff & Jennifer	\$434.13
Beers, Cassie M. & Bradburn D.	\$286.75
Darren's PC Repair	\$456.86
DeMille, Douglas & Kathleen	\$375.58
Fernandes, Tomas	\$314.53
Franklin, James D.	\$169.46
Fricia, Gina	\$647.31
Gasper, Kathleen	\$46.73
Hebert, Tamara L.	\$25.37
Herbert, Marty & Tena	\$492.29
Hopkins, George R.	\$197.84
Ingram, Melissa & Robert	\$96.35
Iukes, Steven, Jr.	\$280.60
Mestdagh, Valerie	\$45.66
Monaghan, Benjamin	\$361.26
Ohmer, Sarah Marie	\$142.27
Powers, Elizabeth	\$195.01
Ranck, Judy L.	\$473.54
Sanders, Patti	\$108.17
Schreifels, Kim M.	\$496.51
Smith, Kristen L.	\$90.04
St. Peter, Leanne	\$415.84
Tachell, Gayle Ann	\$234.99

Walker, Linda & Michael	\$88.61
Total	\$6,308.82

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

Commissioner Womack requested that the Board receive quarterly collection activity reports on the accounts and invoices that are submitted for write-off/collection.

5. Public Comment:

There was no public comment.

6. Resolution No. 1277 - Appointing Manager:

Commissioner Johnson moved, and Commissioner Bunch seconded, to adopt Resolution No. 1277 appointing Chuck Berrie as Manager of the District effective April 13, 2004. The motion carried.

7. Resolution No. 1278 - Establishing Manager's Salary:

The Commission is required under RCW 54.16.100 to fix the compensation for the District Manager. Resolution No. 1278 as presented establishes the compensation for the District manager at \$120,000 plus employee benefits on the same terms and conditions as are currently in place.

Commissioner Bunch moved, and Commissioner Womack seconded, to adopt Resolution No. 1278. Commissioner Johnson presented information comparing Okanogan PUD's 2002 electrical sales data and manager salary to three other comparable districts. Based on those comparables and the duration of Mr. Berrie's employment with the District, Commissioner Johnson favored a salary closer to \$110,000 to allow room for good performance. Commissioner Womack noted that the figures as presented represented the opinion of Commissioner Johnson, and he disagreed with the rationale because every utility is different and unique in its own way. Commissioners Womack and Bunch stated that the new Manager was hired to perform the responsibilities of the retired Manager. Upon the vote, Commissioner Johnson voted nay. The motion carried.

8. Tetra Tech - Update on EIS Contract:

Penny Eckert, Project Manager with Tetra Tech FW, Inc., addressed the contract changes for the Methow Transmission Project Environmental Impact Statement. The original contract approved on July 29, 2003 was at an estimated cost of \$420,000 (\$112,000 spent through March 2004). The project has since grown substantially in scope due to several factors, including the formal involvement of the Forest Service; the increased number of review cycles throughout the process; additional field surveys (47% of total increase); the addition of two action alternatives to carry through survey and analysis; and the need to respond to public comment and input through Commission meetings. The total cost increase is \$513,593, bringing the total cost for the EIS and its associated permits to \$934,435. This estimate does not include road engineering and Electrical Consultant, Inc. costs.

Following discussion, the Board agreed to table approval of the Tetra Tech contract amendment following an opportunity to review the updated proposal. Tetra Tech agreed to supply information, including additional staff and time required to complete EIS tasks, which would justify the increased costs.

It was noted that Tetra Tech anticipates completing a draft EIS in the fourth quarter of 2004. The Commissioners requested to be kept apprised of the project through progress reports from Tetra Tech.

9. Meeting Schedule:

Manager Berrie noted that the majority of the Ferry County PUD Commissioners are available for a joint meeting with the Okanogan PUD Commissioners on April 27, 2004 in Tonasket.

Following discussion, it was agreed that the April 27th meeting would be advertised to include a discussion at 6:00 p.m. with the Ferry County PUD Commissioners followed by regular business of Okanogan PUD at 7:00 p.m. The meeting location will be determined.

The Commission meeting previously scheduled on May 25, 2004 was canceled. In addition to the April 27, 2004 meeting at 6:00 p.m. in Tonasket, the Commission set the following meeting schedule:

May 11, 2004 Okanogan PUD Auditorium 8:30 a.m.
June 1, 2004 Okanogan PUD Auditorium 8:30 a.m.
June 15, 2004 Okanogan PUD Auditorium 8:30 a.m.
June 29, 2004 Location to be determined 6:00 p.m.
July 13, 2004 Okanogan PUD Auditorium 8:30 a.m.
July 27, 2004 Location to be determined 6:00 p.m.

10. Broadband Service:

Commissioner Johnson requested that staff research the availability of rural fiber system grants and also provide information at a future meeting on the District's broadband service area. Johnson reviewed items that may be of interest to the utility, i.e., in the April 2004 issue of Energy Northwest's Keeping Current newsletter the PLUS (Power Line Ultimate System) was reported to deliver high-speed broadband services over power lines at competitive rates; and a fixed-wireless system is planned by Microcell Telecommunications, Inc. that doesn't require "line of sight" to the nearest transmission tower.

11. Distributive Generation:

Commissioner Johnson requested an update at a future meeting on the status of the District's distributive generation projects, including biomass, hydro-Enloe Dam, solar, wind and a possible intertie to British Columbia.

Manager Berrie noted that he recently met with the Forest Service to discuss biomass and other issues.

12. CNI Progress Report:

Manager Berrie reported that as part of the Settlement Agreement with Cummins Northwest, Inc., CNI is required to test the air quality equipment. CNI has agreed to support the District's position on the type of air quality permit to request from DOE to allow for the testing of the generators.

The Manager indicated that a party has expressed interest in a brokerage agreement with the District for sale of certain diesel generator units. Following discussion, the Commission authorized the Manager to enter into discussions with interested parties to negotiate brokerage/sale agreements with regard to the diesel generators. Potential agreements will be reviewed by Attorney Howe and structured to allow the District to accept the best offer.

13. Power Sales Contracts:

Power Resource Engineer Larry Felton gave a brief overview of the power sales contracts and issues he will present at the April 27th meeting, which include a contract with Pacific Northwest Generating Cooperative for fiscal year 2003 Slice True-Up legal fees; an enabling agreement with Avista Energy; Energy Northwest bond financing; and membership in the Western States Power Pool.

Mr. Felton reported that he has negotiated a revision to an existing contract for the District to make available revised amounts of point-to-point transmission service to Douglas County PUD for their portion of the Nine Canyon Wind Project. This revision is necessary due to respective increased demands out of the Nine Canyon Wind Project with the completion of Phase Two of the Project on January 1, 2004. The revised agreement covers the increased capacity and allows the District to share transmission costs with Douglas PUD on the same cost basis. The base charge for the cost of firm point-to-point demand will be reimbursed for the actual BPA cost, plus a 1.36 mills charge for excess demand over the base as negotiated between Douglas PUD and Okanogan PUD.

Commissioner Johnson moved, and Commissioner Bunch seconded, to approve the agreement as negotiated for Okanogan PUD to make available revised amounts of excess firm point-to-point transmission service to Douglas PUD; and authorized the Manager to sign an agreement with Douglas County PUD. The motion carried.

14. Public Comment:

Rebecca Meadows thanked the staff and Manager Berrie for the District's presentation in Twisp on April 6th.

15. Meetings:

The next Okanogan PUD Board meeting is scheduled for 6:00 p.m., April 27, 2004, in Tonasket at a location to be determined.

There being no further business to discuss, the meeting adjourned at 11:39 a.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary