

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Tonasket Whistler's Restaurant  
Meeting Room  
April 27, 2004**

**Present:**

<b>Board:</b>	David Womack, Darrel Bunch, Donald Johnson
<b>Staff:</b>	Chuck Berrie, Don Coppock, Larry Felton, Dan Boettger, Jim Hensarling, Steve Brown, Julie Pyper
<b>Public:</b>	Jim Thornton, Harlan Warner, Trudy Lynn, Jim Doran, Bobbi Weller, Gregg Caudell, Kathy Ciais, Lance Haney, David Kliegman, Ernie Bolz, Jessica McNamara, Kris Baker, Web Hallauer, Maeyowa, Vicky Welch, Mikkel Gredvig, Rob Thompson, Pat Walter, Michael Buffalo Mazetti, Ulrich Semran, George Wooten

President Womack called the meeting to order at 6:09 p.m.

**Summary Agenda**

1. Discussion with Ferry County PUD Commissioners  
re: Issues of Joint Interest
2. Approval of Minutes
3. Approval of Work Orders
4. Approval of Vouchers
5. Approval of Transfer of Accounts
6. Public Comment
7. Power Sales Contracts
8. Tetra Tech Discussion
9. ECI Discussion
10. Kinross Mine Discussion
11. Public Comment
12. Meetings
13. Executive Session - Personnel & Litigation

**1. Discussion with Ferry County PUD Commissioners re: Issues of Joint Interest:**

Ferry County Commissioners Kathy Ciais and Gregg Caudell along with utility Manager Bobbi Weller met with the Okanogan County PUD Commissioners to discuss issues of joint interest. The discussion included the need to update the service agreement between the two utilities, and it was agreed that the respective managers would work together to develop a new agreement. Commissioner Caudell discussed Ferry PUD's plan to fund remote site line

extensions and remote site solar PV systems from a USDA grant. There was also discussion regarding Okanogan PUD's telecom project and each utility's position on summer spill.

The commissioners heard from Jim Doran regarding forest restoration and the utilization of small diameter wood. It is Mr. Doran's hope that the PUDs would consider a future investment in the implementation of biomass electricity.

The discussion with Ferry County PUD concluded at 7:17 p.m. The Okanogan PUD business agenda was amended to include an executive session discussion on litigation and an update on rates, diesels, etc.

## **2. Approval of Minutes:**

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the April 6, 2004 special meeting and the April 13, 2004 regular meeting.

Commissioner Johnson moved, and Commissioner Bunch seconded, to amend Item 3 of the April 13, 2004 Minutes (Approval of Vouchers) to clarify that Commissioner Johnson requested a review of the terms of the ECI contract. The motion carried.

Commissioner Johnson moved to amend Item 7 of the April 13, 2004 Minutes (Resolution No. 1278 - Establishing Manager's Salary) by supplementing additional information. The motion failed for lack of a second.

Commissioner Johnson moved, and Commissioner Bunch seconded, to amend Item 8 of the April 13, 2004 Minutes (Tetra Tech - Update on EIS Contract) to add that Tetra Tech agreed to supply information, including additional staff and time required to complete EIS tasks, which would justify the increased costs; and that the Commissioners requested to be kept apprised of the project through progress reports from Tetra Tech. The motion carried.

Commissioner Johnson moved, and Commissioner Bunch seconded, to amend Item 11 of the April 13, 2004 Minutes (Distributive Generation) to add that an update at a future meeting on the status of the District's distributive generation projects will include biomass, hydro-Enloe Dam, solar, wind and a possible intertie to British Columbia. The motion carried.

Upon the vote of the Minutes as amended, the motion carried.

## **3. Approval of Work Orders:**

The following work orders were submitted for approval:

94-0106	District, Oroville Substation	\$1,937.00
94-0107	District, Whitestone Substation	3,604.00
94-0108	District, Tonasket Substation	3,189.00
94-0109	District, Omak Substation	3,360.00
94-0110	District, Okanogan Substation	15,225.00
94-0111	District, Brewster Substation	3,744.00
94-0112	District, Twisp Substation	2,454.00
94-0113	District, Pateros Substation	1,323.00
94-0115	District, Whiskey Substation	2,538.00
03-0465	Phillips, Phil, 5 Tarber Loop Rd. (Rev. #1)	3,930.00
03-0560	Robert Dankenbring, 141A Johnson Creek Rd.	1,275.00
04-0004	Terry Crim, Old Hwy. 97	944.00
04-0062	District, Aeneas Pump Plant	2,450.00
04-0068	District, Indian Dan Canyon (Rev. #1)	2,034.00
04-0079	District, Hwy. 153, Pateros	1,401.00
04-0136	District, 624 Monse River Rd.	1,135.00
04-0138	Bob Hunt, 49 Wild Cat Ridge, Twisp	2,935.00
04-0139	Boise Cascade, CIPP Mill	3,773.00
04-0141	District, Chiliwist	1,127.00
04-0142	Nadine Pearson, E. Sourdough Creek Rd.	2,800.00
04-0143	District, 240 McFarland Creek Rd.	755.00
04-0146	John Reddington, 695 Conconully Rd.	6,980.00
04-0148	Valley View Subdivision #2, Havillah Rd.	2,600.00
04-0149	Ron Ledoux, 11 Cottonwood Lane, Carlton	1,531.00
04-0153	Marvin Beeson, Chiliwist Rd.	4,430.00
04-0155	Mike Buchert, Hwy. 97 N. of Crumbacher	1,040.00
04-0156	Geral Cox, Beeman Rd. at Horse Spring Coulee	15,450.00
04-0157	District, 920 Hwy. 153, Methow	5,181.00
04-0159	City of Conconully, near State Park	678.00
04-0160	Dan Baldie, The Meadows Rd., 48, Carlton	3,122.00
04-0164	Vicky Plowman, Twisp-Carlton Rd.	1,608.00
04-0167	District, Coleman Butte, Omak	1,134.00
04-0168	Duane Coon & Holly Daniel, Mundy Rd., Twisp	3,631.00
04-0169	Stennes-Poirier, Inc., 24 Starr Rd., Pateros	1,546.00
04-0173	Loren Wahl, Loomis	2,450.00
04-0174	District, Molson	2,300.00
04-0175	Nathan Malkow, near Champerty Shores	3,675.00
04-0176	Wanda Wietrick, 1118 Chesaw Rd.	2,550.00
04-0177	Bob & Vivian Madrigal, 45 Vinatieri Rd.	3,450.00
04-0178	Geoff Thornton, Hwy. 97 N. of Tonasket	1,943.00
04-0179	Erik Cantlon, Pogue Rd.	3,850.00
04-0182	Carole Gish/Douglas Runyan, 2178 Hwy. 153, Carlton	1,141.00
04-0183	Dick Lamore, 217 Twisp-Carlton Rd., Twisp	4,315.00
04-0185	Washington Highway Dept., 77 Mundy Rd., Twisp	607.00

04-0187	Andy Lawrence, A Avenue, Conconully	940.00
04-0188	District, Mundy Rd., Twisp	1,831.00
04-0189	Geral Cox, Horse Spring Coulee	1,125.00
04-0190	Steve & Sara Ritchie, Henry Cutoff Rd.	2,800.00
04-0192	District, 130 N. Star Rd., Brewster	504.00
04-0195	District, Ophir Substation	1,022.00
	Total	\$145,367.00

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

#### 4. Approval of Vouchers:

Vouchers No.'s 81528 through 81553 in the amount of \$251,226.76, No.'s 81554 through 81645 in the amount of \$860,812.96, and No.'s 81646 through 81713 in the amount of \$249,575.26 were approved for payment from the revenue fund.

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

#### 5. Transfer of Accounts:

There were no accounts or invoices submitted for write-off/collection due to nonpayment.

#### 6. Public Comment:

Maeyowa noted her concerns with the Tetra Tech contract, i.e., no cost analysis or bid process.

George Wooten discussed his concerns with the rates, manager's salary, EIS and the buyback program.

Bob Tollefson submitted a letter in support of the Kinross Gold's Buckhorn Mine Project, and commended the PUD for leadership in installing the fiber system and exploring wireless.

Lance Haney announced his candidacy for the PUD Commission seat being vacated by Darrel Bunch at year end, and he thanked Commissioner Bunch for his years of service to the District and also said he was appreciative of the PUD's service.

Rob Thompson felt the PUD was not careful with money, and he was concerned with high power bills.

David Kliegman noted his concerns with rates, generators and Tetra Tech, and he urged the District to proceed incrementally with a rebuild of the Loup Loup line.

Michael Buffalo Mazetti felt it was foolish for the PUD to support the line going up to Buckhorn, he supported a repair of the Loup Loup line, and he was concerned that all customers are paying for telecom/fiber while it only benefits a certain percentage.

Vicky Welch supported inverted tiered rates and an investment in local generation, but was not in favor of extending the Tetra Tech contract.

Mikkel Gredvig commended the PUD for the grid-intertie exhibit on the PUD building.

Jim Thornton, a former consultant with CH2MHill, supported a review of Tetra Tech's costs.

Trudy Lynn noted that saving the fish is a cause of some of the problems.

## **7. Power Sales Contracts:**

Power Resource Engineer Larry Felton presented a Purchase and Sale Agreement between Avista Corporation and the District, which would enable the parties to enter into transactions with each other for the purchase, sale or exchange of capacity, energy and other services. The District has been primarily selling with Douglas PUD in the daily power market; however, an enabling agreement with Avista Corporation would allow the District to sell forward. It was noted that the draft agreement should be revised to reflect the names of the current Manager and Director of Finance.

Commissioner Johnson moved, and Commissioner Bunch seconded, to authorize the Manager to sign the Purchase and Sales Agreement with Avista Corporation as presented with an amendment to reflect the names of the current Manager and Director of Finance. The motion carried.

Mr. Felton presented a request to apply for membership in the Western Systems Power Pool for a one-time fee of \$25,000. Currently, the WSPP Agreement is the most commonly used standardized power sales contract in the electric industry, and operates by allowing transactions to occur without constant renegotiations of contract terms and to standardize terms, thereby promoting liquidity in the market. With power sales costs more than doubling, staff recommends the membership as a means of helping the District manage its resources and mitigate some of the power market risks.

Commissioner Bunch moved, and Commissioner Johnson seconded, to authorize the expenditure of \$25,000 to join the Western Systems Power Pool, and to authorize the Manager or designated staff to sign the agreement. The motion carried.

#### **8. Tetra Tech Discussion:**

Commissioner Johnson submitted an update he prepared regarding the Methow Valley transmission EIS. Due to time constraints, the Tetra Tech discussion will be addressed at the May 11, 2004 meeting.

#### **9. ECI Discussion:**

Due to time constraints, it was agreed that the ECI discussion would be addressed at the May 11, 2004 meeting. Commissioner Johnson distributed a handout he prepared that pertains to the ECI Contract.

#### **10. Kinross Mine Discussion:**

Commissioner Womack introduced a letter he drafted to the Washington State Department of Ecology in support of the Buckhorn Mountain Mine Project. The letter states that the PUD agrees with the intent of RCW 78.56, which states, in part, "It is in the best interests of the citizens of the State of Washington to insure the highest degree of environmental protection while allowing the proper development and use of its natural resources, including its mineral resources. ... The purpose of this chapter is to assure that metals mining or milling operations are designed, constructed, and operated in a manner that promotes both economic opportunities and environmental and public health safeguards for the citizens of the state."

Commissioner Womack moved, and Commissioner Bunch seconded, to authorize the letter as presented be sent to the Washington State Department of Ecology in support of the Buckhorn Mountain Mine Project. Commissioner Johnson responded that it is the PUD's responsibility to provide reasonable and affordable power to citizens of Okanogan County, and not to lobby for the business of mining. Upon the vote, Commissioner Johnson voted nay and the motion carried.

#### **11. Public Comment:**

Michael Buffalo Mazetti stated that the mine supports terrorism and is non-sustainable.

Mayeowa stated that the letter to the DOE was not Commission supported because it was approved by only two of the three commissioners.

Vicky Welch requested that the PUD not engage in "no bid" contracts.

**12. Meetings:**

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., May 11, 2004 at the Okanogan PUD Auditorium.

**13. Executive Session - Personnel and Litigation:**

President Womack recessed the Commission into executive session at 10:05 p.m. to discuss personnel and litigation.

President Womack reconvened the Commission into regular session at 10:20 p.m. There being no further business to discuss, the meeting adjourned at 10:20 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary