

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners**

**Location: Omak City Hall - Council Chambers  
October 5, 2004  
8:30 a.m.**

**Present:**

Board: David Womack, Darrel Bunch, Donald Johnson

Staff: Chuck Berrie, Don Coppock, Larry Felton, Derek Miller, Dan Boettger,  
Debra Peters, Steve Brown, Julie Pyper

Other: Michael Howe - Legal Counsel

Public: Harlan Warner, Ernie Bolz, David Sexton, Brian Kirchner, Maeyowa,  
Lorah Waters, Roberta Donnor

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

**Summary Agenda**

1. Public Comment
2. Diesel Generator Report
3. Power Sales Report
4. Financial Report
5. Manager's Report
6. Public Comment
7. Meetings
8. Approval of Minutes
9. Approval of Work Orders
10. Approval of Vouchers
11. Approval of Transfer of Accounts
12. Executive Session - Personnel & Litigation

**1. Public Comment:**

Manager Chuck Berrie presented the Methow Transmission Project Environmental Impact Statement Public Comment Guidelines that were adopted at the June 15, 2004 meeting. A Public Comment Form was created to ensure that comments intended for consideration in the EIS process are not confused with public comment expressed to the Board of Commissioners as part of a regular meeting. Public comment forms will be provided for EIS comments at every Board meeting and are also available on the web at [www.okanoganpud.org](http://www.okanoganpud.org). As noted on the form, comments may also be submitted via mail, e-mail or fax.

Maeyowa disagreed that there were economic losses sustained by the Methow Valley residents as a result of the September 14, 2004 power outage.

Commissioner Johnson presented comments to clarify Commissioner statements customers may have read in the press since the last PUD meeting as a result of a letter to the editor he submitted regarding some actions of the previous PUD Manager over the last four years.

David Sexton of NCIData.com addressed problems with the length of time it is taking for the District to fulfill fiber orders.

## **2. Diesel Generator Report:**

Dan Boettger reported that the Department of Ecology issued on September 24, 2004 a Notice of Construction Approval Order (Air Quality Permit) for the Ophir diesel generator facility. The District will begin testing the diesel generators as per the court-ordered settlement between the District and Cummins Northwest.

## **3. Power Sales Report:**

Larry Felton presented a comparison to date of Calendar Year 2004 net actual wholesale power sales revenue versus original budget estimates. The sale of surplus wholesale power as of 9/30/04 has provided the District with net revenue of \$5,977,028 based on an average sales price of 3.792 cents/kWh. Felton anticipates additional sales revenue of approximately \$1 million, for a year-end projection of \$6.9 million (the original estimates projected \$6,454,920 in revenue at 3.478 cents/kWh for the year).

The Board requested a report at a future meeting on retail/commercial trends over the last five years.

## **4. Financial Forecast:**

Don Coppock presented a financial forecast for the electric and telecom systems through 2009, which was developed separate from the budget process. The 2005 combined year-end cash position is projected to be about \$11 million above the District's cash management goal. It was noted that Telecom will require before year end a \$1 million transfer from the electric side, and by the end of 2005 the investment in Telecom will reach \$9 million. The 2006 forecast includes the Methow Valley transmission line capital project (\$8 million presently budgeted); however, no additional borrowing has been placed in the forecast and there are no additional revenue requirements on the electric side until 2007. The combined analysis overall indicates a positive financial position extending through 2009. This should allow the District to pay down long-term debt, build reserves and possibly pay for capital projects out of reserves.

The official budget hearing is set for the October 19, 2004 meeting.

## **5. Manager's Report:**

Chuck Berrie presented the following Manager's report:

Okanogan PUD was recently awarded a third place award from the Northwest Public Power Association for the design and content of the District's website.

The Salmon Creek Restoration Project Environmental Impact Statement is open for comment until October 19th. Manager Berrie intends to submit written comments for the Board's consideration prior to that date.

Final payment has been made to Magi for completion of its Conservation-Augmentation project that began in 2002. The kilowatt hour savings have significantly reduced Magi's electrical load.

The carpet is currently being replaced in the Okanogan PUD main office building.

Greg Marney and Dave Spence of NoaNet recently visited the utility and discussed NoaNet's plan to offer network operating center services.

Union contract negotiations have begun, with a local meeting on issues scheduled at Okanogan PUD on December 7th.

Berrie and Don Coppock attended the Nespelem Valley Electric Cooperative's annual meeting on October 1st. Manager Bill Miller expressed appreciation for the support and assistance extended to the Co-op by the Okanogan PUD employees.

Adequate pledges have been received to support a dinner event on December 9th where the Bonneville Power Administration will receive the Star of Energy Efficiency Award from the Alliance to Save Energy.

Berrie handed out a Northwest Utility residential electric rate comparison sheet that was completed in October 2003.

Bill Dobbins of Douglas PUD nominated Chuck Berrie to serve on the Public Power Council Executive Committee for the next two years.

The joint communication electric safety ads are currently being announced on a number of local radio stations.

## **6. Public Comment:**

Maeyowa asked why the Brewster Area Manager left the employ of the District.

Ernie Bolz inquired as to contract renewal/negotiation for the Wells Dam relicensing process.

Lorah Waters presented mediation notes on Dr. Richard Christie's system reliability report (re: Methow Valley transmission line project).

## 7. Meetings:

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., October 19, 2004 at the Okanogan PUD Auditorium.

## 8. Approval of Minutes:

Commissioner Johnson moved and Commissioner Bunch seconded to approve the Minutes of the September 21, 2004 regular meeting.

Commissioner Johnson moved and Commissioner Womack seconded to correct the September 21, 2004 Minutes (Item 2 – Rich Trimble – Energy Northwest) as follows:

Rich Trimble updated the Board on activities of Energy Northwest, including the Franklin PUD service area biomass pilot project that harvests methane from the lagoon of dairy waste. The project has the capability of producing [1] KW/[2.5 to 3] cow[s]; however, Energy Northwest is currently evaluating whether to continue the project because the results achieved thus far are half of the targeted 1 KW/cow.

The motion unanimously carried.

Commissioner Johnson moved to amend the September 21, 2004 Minutes (Item 5 – Public Comment) as follows:

As a supporter of the Pateros-Twisp route, Brian Kirchner expressed his sympathy for the loss the Methow Valley suffered from the outage. **[He equated the suffering to that experienced by those in NYC on 9/11.]**

There was no second to the motion.

Commissioner Johnson moved to amend the September 21, 2004 Minutes (Item 5 – Public Comment) as follows:

Dr. Lou Gates, Superintendent of the Methow Valley School District, **[thanked the staff for inviting them and]** discussed the impact of vacating 1,000 students from three different schools during the outage....

Commissioner Womack seconded the motion for discussion purposes. Following discussion, Commissioner Johnson amended his motion to state that Dr. Lou Gates ... **[offered thanks for inviting them and]....**

There was no second to the motion.

Commissioner Johnson moved to amend the September 21, 2004 Minutes (Item 5 – Public Comment) as follows:

Roger Meader, General Manager of the Okanogan County Electric Cooperative, reported that the direct impact to the Co-op businesses approached \$100,000 and the indirect impact could be doubled. He said that 93 percent of the Co-op members' outage time in 2004 has been due to the PUD's transmission line being out. He noted that the entire nine-member Co-op Board continues to support the Pateros to Twisp route due to reliability and it being the least costly alternative. **[He felt that the absence of that redundant new line could result in a reduction in middle-class jobs and families, which in turn could lead to poor residents breaking into the large homes in the upper valley.]**

There was no second to the motion.

Commissioner Johnson moved to amend the September 21, 2004 Minutes (Item 6 – Meetings [parliamentary procedure seminar report discussion]) as follows:

**[Commissioner Johnson noted that some of these rules regarding public comment had not been enforced during today's power line discussion. Commissioner Bunch responded that today the Commissioners had wanted to hear everything the public wanted to say.]**

Commissioner Womack seconded the motion for discussion purposes. Following discussion, Commissioner Johnson amended his motion to strike **[rules]** and insert **[request]**.

There was no second to the motion.

Commissioner Johnson moved and Commissioner Womack seconded to correct the September 7, 2004 Minutes (Item 3 – Preliminary 2005 Budget) as follows:

Don Coppock presented budget/recap projections for 1996 through 2005 and Resolution No. 1285 adopting the 2005 proposed budget. From an operating standpoint, revenues are projected to cover operating expenses by over \$3 million, but total expenditures are expected to exceed revenues by approximately \$[3.5] million. The proposed budget does not include a rate increase for 2005. There was no second to the motion.

The motion unanimously carried.

Upon the vote to accept the Minutes as amended, Commissioner Johnson voted nay. The motion carried.

## 9. Approval of Work Orders:

The following work orders were submitted for approval:

03-0064	George Frank, Tunk Creek Rd. - Foggy River Acres Plat (Rev. #1)	\$3,868.00
03-0106	Mike Ray, Fritz Rd. (Rev. #1)	5,396.00
04-0004	Bill McDaniel, 9 Division St.	920.00
04-0194	District, Okanogan 115 KV Substation Switch Yard	26,098.00
04-0294	District, Malott 2000 Circuit - Switch 2130	718.00
04-0358	Don Bowman, N. Ridge Rd.	3,825.00
04-0374	Douglas PUD/City of Pateros, Memorial Park, Pateros	5,327.00
04-0382	Gary Azzano, Glover Lane	662.00
04-0436	Mike Fort, Thurlow Rd.	10,306.00
04-0438	Barbara Hamilton, 1872A Old Hwy. 97, Okanogan	1,608.00
04-0450	Dave Covey, Nealy Rd.	2,335.00
04-0453	John Stokka, 1510 N. Star Rd.	3,659.00
04-0462	Ron Fisher, Malott Eastside Rd.	1,263.00
04-0464	Ron Motes, A St.	863.00
04-0467	Hans Staendner, 301 N. Main, Riverside	698.00
04-0470	Don Crocker Construction, 610 N. Star Rd., Brewster	1,110.00
04-0471	Don Barth, 72 Hwy. 153, Pateros	845.00
04-0474	James Chevalier, Rone Rd.	2,743.00
04-0475	District, Paradise Hill Rd.	3,282.00
04-0477	Central Valley Sports Complex, Rodeo Trail Rd.	2,561.00
04-0478	District, Colville Indian Power & Veneer Plant	10,635.00
04-0479	Don Peterson, 203 Fritz Rd. - Tunk Creek	8,157.00
04-0482	Colville Indian Power & Veneer, Omak	2,890.00
04-0484	Neff's Alta Vista Orchard, 17 Alta Lake Rd.	2,697.00
04-0485	Colville Indian Precision Pine, E. River Rd., Omak	23,604.00
04-0486	District, 12 Max Goehry Rd., Brewster	1,063.00
04-0494	Keith Kessler, 2036 Burton Ave., Okanogan	854.00
	Total	\$127,987.00

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

## 10. Approval of Vouchers:

Vouchers No.'s 83611 through 83636 in the amount of \$189,988.42, No.'s 83637 through 83728 in the amount of \$704,676.06, No.'s 83729 through 83781 in the amount of \$323,464.78, No.'s 83782 through 83783 in the amount of

\$912,833.00, No.'s 83784 through 83811 in the amount of \$168,988.21, and No.'s 83812 through 83863 in the amount of \$306,413.07 were approved for payment from the revenue fund.

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

#### 11. Transfer of Accounts:

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

Carroll, Veronica L.	\$440.75
Cook, Shane William	829.90
Gideon, David	530.78
Hartzog, Terry S.	246.74
Kash, Halina & Robert	389.14
Morawski, Edmund	47.05
Nickell, Michael T.	237.14
Salazar, Donnita J.	173.37
Shearer, Debra	250.85
Vazquez, Miguel	1.13
Total	\$3,146.85

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

#### 12. Executive Session - Personnel & Litigation:

President Womack thanked the City of Omak and Mayor for use of the Council Chambers for today's meeting. He then recessed the Commission into executive session at 10:38 a.m.

President Womack reconvened the Commission into executive session at 10:54 a.m.

There being no further business to discuss, the meeting adjourned at 10:54 a.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary