

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

**Okanogan PUD Auditorium
November 30, 2004
8:30 a.m.**

Present:

Board: David Womack, Darrel Bunch, Donald Johnson

Staff: Chuck Berrie, Doug Adams, Don Coppock, Steve Brown, Julie Pyper

Other: Michael Howe - Legal Counsel

Public: Rebecca Meadows, Roberta Donnor, Brian Kirchner, David Sexton, John Andrist, Judy Bunch, Jerry Kendrick

Summary Agenda

1. Call to Order
2. Additions/Deletions to Agenda
3. Public Comment
4. 2005 Budget - Resolution No. 1288
5. Telecom Review Proposal
6. Manager's Report
7. Wireless Radios
8. Public Comment
9. Meetings
10. Approval of Minutes
11. Approval of Work Orders
12. Approval of Vouchers
13. Approval of Transfer of Accounts
14. Executive Session
15. Adjournment

1. Call To Order:

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

2. Additions/Deletions to Agenda:

Manager Berrie deleted from the agenda the power supply report and added a discussion on wireless radios.

3. Public Comment:

There was no public comment.

4. 2005 Budget - Resolution No. 1288:

Director of Finance Coppock presented Resolution No. 1288 adopting the Final Budget for 2005. The 2005 budget anticipates revenues of \$39,210,000 and budgeted expenditures of \$41,911,324. The \$2,701,324 variance will be covered by a transfer from operating reserves. No rate increase is planned for 2005.

Commissioner Bunch moved and Commissioner Womack seconded to adopt Resolution No. 1288. Commissioner Johnson requested that the telecommunication items contingent on review of the Telecommunications Business Plan be identified in the Budget by an asterisk, as was indicated on the draft Budget presented at the November 16th meeting. This request was approved by consensus of the Board. Upon the vote to adopt Resolution No. 1288 with the clarification noted above, the motion unanimously carried.

5. Telecom Review Proposal:

Operations Manager Adams reported that the District received three responses to the Request for Proposal sent out to assess the Telecom Program and recommend a plan for the future of the system. Based on the scope of work, Tetra Tech Construction Services, Inc. (formerly with Power Engineers and an independent group from the Tetra Tech EIS staff) bid \$43,343.46 including expenses. Sparling Telecommunications Consulting Services provided a range of hours and hourly rates, but not a firm quote. Adams noted that staff would recommend a not to exceed dollar amount if Sparling is awarded the work. Randall Kowalke offered to perform the work for zero dollars and let the District determine the worth upon completion. Attorney Howe advised that the District would have a zero obligation to Kowalke unless he provided an hourly rate or total price because payment under his proposal would be considered a contribution of public funds. Staff recommended awarding the bid to the only firm respondent, Tetra Tech Construction Services, Inc. for \$43,343.46, and requested Board authorization to develop a Professional Services Agreement that would modify the scope of work to expand certain deliverables and reduce others while staying within the quoted fee.

Commissioner Johnson noted he would like the RFP modified to include language indicating that review of the program to date should be in "compliance with the original concept" (bullet 3), and the review should "go back to the original model" (bullet 6). In addition, with regard to a brief review and report on some of the other PUD experiences and NoaNet system, he wanted bullet 13 to include "and their place in the original model" -- especially NoaNet. Commissioner Bunch did not want to see a delay in the project, and Commissioner Womack was concerned how a delay in approving the study might affect the customers.

Following discussion, the Board requested that staff schedule presentations of the three RFP respondents at the December 14th Commission meeting.

6. Manager's Report:

Manager Berrie reported to the Board on the following items:

A Conditional Use Permit for the Ophir diesel generation site has been issued by Okanogan County. On-site representatives from Cummins Northwest are expected to finish de-mothballing the diesel generators next week and will then begin testing the units as per the settlement requirements.

The Okanogan County Electric Cooperative in Winthrop has expressed an interest in participating in the District's SNAP (Sustainable Natural Alternative Power) Program. Following discussion, staff was directed to introduce the SNAP Program to all electric utilities operating in Okanogan County and determine the level of interest.

In regards to Energy Northwest's request for authorization from the Nine Canyon Wind Project purchasers to enter into negotiations on behalf of the purchasers group for the sale of green tags associated with the Nine Canyon Wind Project, some participants have raised concern about jeopardizing tax-free financing associated with the project by selling public benefits to a private company. Energy Northwest is reviewing the issue, and a letter from bond counsel will be requested.

Energy Northwest has scheduled a Special Executive Board meeting on December 8th to address the comments and questions raised by Okanogan PUD regarding Bonneville Power Administration's Debt Optimization Program.

The Methow Valley transmission line project draft Environmental Impact Statement is expected to be released in mid-January. The draft EIS was originally scheduled for distribution in mid-December; however, compiling of information has not been completed.

7. Wireless Radios:

A total of 370 radio kits have been issued to date for the wireless telecom project, and demand is increasing since completion of the Jack Ass Butte tower. With the District's low supply of radio kits, there may not be enough radios to meet customer demand prior to the review completion. Manager Berrie recommended purchasing additional kits under a previous bid to reduce cost, as the price has come down and the supplier will sell the kits at the present price of approximately \$600/unit. (The price break for purchasing 100 radio/switch kits is approximately \$55,000 plus tax compared to 50 kits at \$30,000).

Commissioner Johnson pointed out that the radios will probably be obsolete in five years, the projected payback period, and other businesses in the County are providing this service without being capitalized by the PUD. Commissioner Womack noted that the electric system also benefits from telecom in servicing the needs of the utility. Commissioner Bunch favored purchasing enough radios to continue the project.

Commissioner Womack moved and Commissioner Bunch seconded to authorize the purchase of an additional 50 wireless kits (radios/switches) for the wireless telecom project. Upon the vote, Commissioner Johnson voted no. The motion carried.

8. Public Comment:

Brian Kirchner supported the District purchasing the minimal amount of radios needed to service its needs as the price is likely to come down.

Jerry Kendrick expressed interest in being included in the District's discussions with ISPs and community members regarding the telecom review proposal. Kendrick noted that he is President/CEO of Kendrick & Craft, Inc., a software development company located in Riverside.

9. Meetings:

Commissioner Johnson submitted Proceedings of Interest from the Washington PUD Association meetings he attended in Tukwila on November 18-19, 2004. At the NoaNet Commissioner Workshop on November 18th, it was noted that NoaNet revenue projections for 2005 include \$2.2 million in aggregated services (including network operation center) to members, with an additional \$3.1 million required to cover a budget deficit. Johnson noted the importance of having Commissioner representation on the NoaNet Board (election to be held at the WPUA annual meeting). BPA's position on Grid West was presented by Allen Burns at the Board of Directors meeting on November 19th. The WPUA Building Development Committee introduced a motion that was passed approving a \$566,000 operations budget for 2005, which will require a special dues assessment of \$125,700 in 2005.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., December 14, 2004 at the Okanogan PUD Auditorium.

10. Approval of Minutes:

Commissioner Bunch moved and Commissioner Womack seconded to approve the Minutes of the November 12, 2004 special meeting and November 16, 2004 regular meeting. The motion unanimously carried.

11. Approval of Work Orders:

The following work orders were submitted for approval:

04-0003	Shannon McLean, 626 S. Whitcom Ave., Tonasket	\$576.00
04-0004	Bob McDaniel, Jonathan St. & Western Ave.	1,037.00
04-0058	District, Okanogan	22,783.00
04-0060	District, Okanogan	23,497.00
04-0401	Jeff Kennedy, 120 Blue Meadow Rd.	5,716.00
04-0511	Marty Robinson, 156 Starr Rd., Pateros (Rev. #1)	4,939.00
04-0535	District, Cherokee Rd.	3,322.00
04-0537	Caribou LLC, Bill Shaw Rd.	6,040.00
04-0551	Tony Allen, Okoma Dr.	1,460.00
04-0560	Tollefson Construction, Old 97	1,583.00
04-0565	District, Caudill Rd.	980.00
04-0569	Verizon, Blue Meadow Rd., Tonasket	1,348.00
04-0571	Gebbers Farms, 6th & Keller, Brewster	2,416.00
04-0577	District, Kismet Dr. (Nine Mile Ranches, Div. VIII, Lot 7)	1,598.00
04-0578	District, Texas Creek Rd.	1,235.00
04-0582	Wendell Beetchenow, Conconully Hwy.	2,419.00
04-0583	District, Barnholt Loop Rd.	866.00
04-0584	Ron Mackie, 2 Mundinger Lane, Omak	1,103.00
04-0590	Ty Olson, Crawfish Lake Rd.	2,509.00
04-0595	George Conkle, 1916 Pine Creek Rd.	4,594.00
	Total	\$90,021.00

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

12. Approval of Vouchers:

Vouchers No.'s 84451 through 84452 in the amount of \$97,595.20, No.'s 84453 through 84544 in the amount of \$313,232.67, No.'s 84545 through 84572 in the amount of \$170,429.45, and No.'s 84573 through 84630 in the amount of \$1,582,994.41 were approved for payment from the revenue fund.

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

13. Transfer of Accounts:

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

14. Executive Session:

President Womack recessed the Commission into executive session at 11:30 a.m. for 30 minutes with no action expected.

President Womack reconvened the Commission into regular session at 12:00 p.m.

15. Adjournment:

There being no further business to discuss, the meeting adjourned at 12:00 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President
Donald W. Johnson, Secretary