

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

**Okanogan PUD Auditorium
December 14, 2004**

Present:

Board: David Womack, Darrel Bunch, Donald Johnson

Staff: Chuck Berrie, Doug Adams, Don Coppock, Derek Miller, C.J. Hack,
Steve Brown, Debra Peters, Julie Pyper

Other: Michael Howe - Legal Counsel

Public: Judy Bunch, Brian Kirchner, Rebecca Meadows, Ernie Bolz, Harlan
Warner, Keith Rowland, Adam Haas, Eileen Kirchner, Jim Rowland,
Cheryle Rowland, David Grooms, Craig Corder, Randall Kowalke,
Susie Ives, Roy Webster, John Andrist, Bill Swayze

Summary Agenda

1. Call to Order
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4. Manager's Report
5. Power Supply Report
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7. Meetings
8. Approval of Minutes
9. Approval of Work Orders
10. Approval of Vouchers
11. Approval of Transfer of Accounts
12. Executive Session
13. Resolution No. 1289 - Honoring Retiring Commissioner Bunch
14. Telecommunications System Evaluation Proposals
15. Public Comment
16. Executive Session
17. Adjournment

1. Call to Order:

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

2. Additions/Deletions to Agenda:

There were no additions or deletions to the agenda.

3. Public Comment:

There was no public comment.

4. Manager's Report:

Manager Chuck Berrie and Chief Engineer Derek Miller reported on the December 8th power outage that was caused from snow and ice on the power lines. One of the major difficulties in handling the outage throughout the County was the widespread nature of it. At the height of the outage 10,000 meters were affected, with some customers being without power for over 24 hours.

Demothballing of the diesel generators at the Ophir site continues, although all units have been started. Cummins Northwest, Inc. will begin the modifications required under the settlement agreement in early January.

Release of the draft Environmental Impact Statement for the Methow Valley transmission line project may be delayed until mid-January because information is still being compiled. If the delay goes beyond mid-January, interested parties will be notified through a press release.

The District is considering entering into a territory service agreement with Chelan County PUD to assist a customer who wants to develop property in the Antoine Creek area of Okanogan County that is tied to the Chelan PUD system.

At the last Board meeting, staff was asked to contact all other electric utilities operating in Okanogan County to determine their interest in participating in the SNAP (Sustainable Natural Alternative Power) program. It has been determined that no other utilities are interested at this time due to lack of funding and staffing.

Manager Berrie has been elected to serve on the Public Power Council Executive Board. Meetings will be held in Portland the first Thursday of every month.

5. Power Supply Report:

Power Resource Engineer Larry Felton submitted a comparison of estimated wholesale power sales revenue versus actuals to date. The megawatt hours sold calendar year through November (186,949) have slightly exceeded the estimate of 185,569 for CY '04, while the average sales price is higher than expected at 39.02 mills (3.9¢) compared with the forecast of 34.78 mills (3.5¢). This brings the sales revenue CY to date to \$7,295,433 (compared to the estimate of \$6,454,920). The net sales revenue is expected at year end to exceed the estimate by over \$1 million.

Felton requested authorization for the District to enter into an Interchange Agreement with Cowlitz PUD. Because Cowlitz PUD is not a member of the Western Systems Power Pool, the Agreement is necessary to enable the parties to enter into transactions for the purchase, sale or exchange of capacity, energy and other services.

Commissioner Johnson moved and Commissioner Bunch seconded to authorize the Manager to execute an Interchange Agreement with Cowlitz PUD following review by legal counsel. The motion unanimously carried.

The sale of Green Tags associated with the Nine Canyon Wind Project is on hold pending legal review. Staff expects to have an update for the January 11th Board meeting.

6. Set Commission Meeting Schedule:

The Board set the following Commission meeting schedule:

January 11, 2005
January 25, 2005
February 8, 2005
February 22, 2005
March 8, 2005
March 22, 2005

7. Meetings:

Commissioners Womack and Bunch, Commissioner elect Bolz and Manager Berrie attended the Washington PUD Association 2004 Annual Meeting in Seattle December 1st - 3rd. They also attended a Commissioners' meeting on December 1st for all members of the Central Washington Public Utilities group.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., January 11, 2005 at the Okanogan PUD Auditorium.

8. Approval of Minutes:

Commissioner Bunch moved and Commissioner Johnson seconded to approve the Minutes of the November 30, 2004 regular meeting.

Commissioner Johnson questioned the referencing of "study" in Item 7 - Wireless Radios, and moved to amend the following sentence: **With the District's low supply of radio kits, there may not be enough radios to meet customer demand prior to the review completion.** Commissioner Bunch seconded the motion. The motion unanimously carried.

Commissioner Johnson moved and Commissioner Womack seconded to amend Item 7 - Wireless Radios as follows: Commissioner Johnson pointed out that the radios will probably be obsolete in five years, **the projected payback period, ...** The motion unanimously carried.

Commissioner Johnson moved and Commissioner Bunch seconded to strike "pilot" from Commissioner Bunch's reference to the project in Item 7 - Wireless Radios. The motion unanimously carried.

Upon the vote to approve the Minutes as amended, the motion unanimously carried.

9. Approval of Work Orders:

No work orders were submitted.

10. Approval of Vouchers:

Vouchers No.'s 84631 through 84694 in the amount of \$260,702.49, No. 84695 in the amount of \$85,199.50, No.'s 84696 through 84722 in the amount of \$177,086.53, and No.'s 84723 through 84842 in the amount of \$207,483.08 were approved for payment from the revenue fund.

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

11. Approval of Transfer of Accounts:

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

12. Executive Session:

President Womack recessed the Commission into executive session for 30 minutes at 9:30 a.m. President Womack reconvened the Commission into regular session at 10:00 a.m.

13. Resolution No. 1289 - Honoring Retiring Commissioner Bunch:

Manager Berrie presented Resolution No. 1289 honoring Darrel Bunch upon his retirement as a Commissioner of Okanogan County PUD. Appreciation was extended to Mr. Bunch for providing 18 years of dedicated public service to the residents of Okanogan County by serving as PUD Commissioner, District #3.

Commissioner Johnson moved and Commissioner Womack seconded to adopt Resolution No. 1289. The motion unanimously carried.

14. Telecommunications System Evaluation Proposals:

The RFP respondents gave presentations on providing consulting services to assess the District's Telecom Program.

Adam Haas, the Portland office principal of the Seattle based Sparling Telecommunications Consulting Services, discussed his firm's qualifications and approach to the project. He noted his understanding of issues surrounding rural areas, including reviewing business models and rate structures, exploring funding options through grant writing, and addressing issues regarding staffing and budget requirements. Of recent, Sparling Telecommunications assisted Ferry County with broadband issues. Haas quoted a firm \$33,000 to effectively perform the project within a timeframe of three months beginning January 2005.

The Tetra Tech Construction Services, Inc. team of Thomas Jones, Vice President of Business Development; Tony Capaci, Senior Consultant; Ron Ivie, Director of Engineering; and Kevin Malloy, Director of Network Electronics, addressed Tetra Tech's knowledge and experience in planning, design, construction, installation and implementation of telecommunication networks. Tetra Tech CSI's proposal includes a labor and expense cost of \$43,343.46 to effectively complete the project on time and within budget over a two and half month time frame.

Randall Kowalke, a semi-retired businessman from Hermiston, Oregon, addressed his employment background and telecom strengths. His professional affiliations include serving as a commissioner at Central Lincoln PUD in Oregon and serving as chairman of Lincoln County's Economic Development group where a fiber network was established. He also has an association/knowledge of NoaNet since 1998. To assist the District in defining a direction for the Telecom Program, Kowalke's proposal includes reimbursement for normal expenses with any pay rate to be negotiable.

Following Board discussion, it was agreed that Sparling Telecommunications Consulting Services would be awarded the contract for the Telecom Program assessment and Randall Kowalke's knowledge and experience would be of benefit in providing initial services to the District.

Commissioner Johnson moved and Commissioner Bunch seconded to authorize staff to develop a Professional Services Agreement with Sparling Telecommunications Consulting Services based on their proposal at a cost not to exceed \$33,000, and to develop a Professional Services Agreement with Randall Kowalke for duties to be assigned by management. The motion unanimously carried.

15. Public Comment:

Commissioner Johnson noted his appreciation of the public's participation and comments during the telecom discussion.

16. Executive Session:

President Womack recessed the Commission into executive session at 2:45 p.m. President Womack reconvened the Commission into regular session at 3:15 p.m.

17. Adjournment:

There being no further business to discuss, the meeting adjourned at 3:15 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary