

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

**Okanogan PUD Auditorium
February 8, 2005
8:30 a.m.**

Present:

Board: Ernest Bolz, David Womack, Donald Johnson
Staff: Chuck Berrie, Doug Adams, Don Coppock, Derek Miller, Dan Boettger, Debra Peters
Other: Michael Howe - Legal Counsel
Public: Jim Doran, Laura Clark, Craig Nelson, Roberta Donnor, Rebecca Meadows, Ann McCreary, Maeyowa

Summary Agenda

1. Call to Order
2. Additions/Deletions to Agenda
3. Approval of Minutes
4. Approval of Work Orders
5. Approval of Vouchers
6. Approval of Transfer of Accounts
7. Biomass Feasibility Study
8. Public Comment
9. Harvesting Clean Energy - Conference Report
10. North Central Educational Services District
11. Washington PUD Association Office Building
12. EIS Budget Review
13. Manager's Report
14. Telecom and Radio Update
15. Power Supply Report
16. Public Comment
17. Meetings
18. Executive Session
19. Adjournment

1. Call to Order:

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

2. Additions/Deletions to Agenda:

Manager Berrie added to the agenda a Biomass Feasibility Study report by the Okanogan Conservation District, and a Telecom and Radio update.

3. Approval of Minutes:

Commissioner Johnson moved to approve the Minutes of the January 25, 2005 regular meeting. Commissioner Womack seconded the motion. The motion unanimously carried.

4. Approval of Work Orders:

The following work orders were submitted for approval:

04-0226	Joe Allemandi, Loomis-Oroville Rd.	\$10,173.00
05-0070	Stephanie Starkweather, 996 Mill St., Okanogan	\$1,948.00
	Total	\$12,121.00

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

5. Approval of Vouchers:

Vouchers No.'s 85490 through 85582 in the amount of \$270,773.41, and No's 85583 through 85606 in the amount of \$177,120.20, and No's 85607 through 85686 in the amount of \$334,528.61 were approved for payment from the revenue fund.

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

6. Approval of Transfer of Accounts:

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

7. Biomass Feasibility Study:

Jim Doran and Laura Clark from the Okanogan County Conservation District discussed a biomass feasibility study for the Methow Valley. The Conservation District would like a letter of support from the Okanogan County PUD to assist with obtaining grant funding. Following discussion, the Conservation District was asked to prepare a draft for the Board so that it may be considered for support by a motion at a future meeting.

8. Public Comment:

Manager Berrie read the Methow Transmission Project Environmental Impact Statement Public Comment Guidelines.

Maeyowa expressed her concerns on the DEIS, EIS budget and studies done. She also stated she was grateful for the services provided by the PUD.

9. Harvesting Clean Energy - Conference Report:

Derek Miller and Debra Peters reported on the Harvesting Clean Energy Conference they recently attended. Miller noted that Washington State is significantly ahead of Montana in wind generation. He discussed bio-fuels and the different processes used to make ethanol (bio-lubricants that can reduce heat in engines and help to reduce emissions). He also spoke about the "Fuels for Schools" program. Three schools in Montana already have ongoing projects supported by Forest Service fire control funding. Peters reported on other utilities and cities that have partnered to promote production and marketing of clean energy programs. This information included how small rural communities, utilities and the Martinsdale Colony turned an idea into an investment that would generate new income for farmers and have economic benefits for the community. She also discussed the importance of partnerships and the realities that go with renewable energy.

10. North Central Educational Services District:

Jack Horne, Science Coordinator from the North Central Educational Services District, made a presentation on the partnership between the North Central ESD and the Okanogan County Public Utility District. He noted that the partnership continues to produce unique learning situations for students and teachers within their regions and provides many educational programs to 29 school districts within four counties. Horne described the various programs offered from kindergarten through middle school and emphasized the electrical safety components and the PUD value received from the ESD program. Manager Berrie asked Mr. Horne for a schedule to be sent to the Okanogan County PUD advising when and where classes would be held so that the Board or staff members could attend and observe the class. Commissioner Johnson said that as the new PUD contact with NCESD (replacing retired Manager Warner), he would be monitoring contract performance. In that regard, he asked that a copy of the report that resulted for the \$33,000 telecom contract that ended July 1, 2004 be forwarded to him.

11. Washington PUD Association Office Building:

Commissioner Womack reported on the Washington PUD Association Building Development Committee and the two options of size and cost for the new office building. After discussion of the Committee's recommendations and the District's assessment of the options given, Commissioner Johnson moved to

instruct the WPUDA Board Director to vote for the option of the small office building with 15% down payment. Commissioner Bolz seconded the motion. The motion unanimously carried.

12. EIS Budget Review:

Manager Berrie reported that two-thirds of the EIS budget has been spent and that staff was present to give an update.

Dan Boettger has been tracking the budget and provided copies of the cost summary as of 1-31-05. He indicated that the Forest Service was in need of an additional \$20,000.00 to complete the already known amount of work. This \$20,000.00 was not to include any consultations.

Commissioner Johnson moved to enter into a 2005 contract with the Forest Service for an additional \$20,000.00 to continue work on the Environment Impact Statement (re: Methow transmission project) and authorize the General Manager to sign the contracts. Commissioner Womack seconded the motion. The motion unanimously carried.

Boettger also reviewed the costs associated with Tetra Tech FW, Inc. and indicated that Tetra Tech is 76% complete. Overall completed tasks are \$23,000.00 over budget as items came about that were not anticipated at the original time of the contract. Tetra Tech is not asking for an increase, but rather informing the District at this time.

Commissioner Johnson indicated that he has updated reports on Tetra Tech through November but would like any other updates since then to include any progress reports under permitting. Boettger indicated that he has not gone through those yet for payment.

Commissioner Johnson requested a breakdown of all costs on each alternative. He discussed as examples, poles being hand dug or dug by a truck, and helicopter costs to fly in and install poles.

Members of the press reported that they had not received a full copy of the DEIS even though they had requested a copy. Boettger stated that it was his understanding that the documents were being mailed from the publisher. In addition, the DEIS is on the PUD website and at libraries, and the PUD branch offices have CD's available for distribution. Commissioner Bolz instructed staff to check with the publisher and recheck the list of those who requested documents but did not receive a copy. Concern was expressed about whether the delay in the public's access to the DEIS would be compensated by an extension of the comment period to provide for the 45 day comment period. Manager Berrie agreed to investigate the related legal and technical ramifications and discuss this matter as an agenda item at the next meeting.

13. Manager's Report:

Manager Berrie reported on the following:

The Public Power Council reported on legislation in Washington D.C. that the Bush administration wants to change all power marketing agencies, of which BPA is one, from cost based rates to market based rates.

A report was received from the Northwest River Forecast Center, which does not differ much from 2000-2001.

The demothballing of the diesel generators has been completed, and all units have run for the designated time period. The settlement agreement is in process as of February 1, 2005.

Manager Berrie and Commissioner Bolz met with Canadian groups to discuss environmental issues, and water quantity and quality. Parties from both sides of the border attended and expressed concerns on growth due in part to condominiums and new vineyards. Much demand is being placed on the current water supply and solutions are being sought. At the conclusion of the meeting, it was determined that all players needed to be involved and another meeting would be scheduled in September 2005.

At the NoaNet meeting, eight recommendations were made to the NoaNet Board. Some of those recommendations included an exit strategy for NoaNet, and a look at changing the structure of NoaNet. The consensus was that all members needed to be on the same page and find the right balance for the future structure of NoaNet, and then bring recommendations by May or June back to the NoaNet Board.

Don Coppock reported on the anti-trust funds the District received. The PUD worked with the Attorney General's office to get a refund as a result of the energy crisis and market manipulation. The settlement came from Williams Energy, El Paso Corporation and Duke Energy. The District's portion of the settlement (\$80,370.00) will be distributed back to the PUD's commercial and industrial customers.

14. Telecom and Radio Update:

Manager Berrie reported that the radio supply is becoming low and more radios are being requested. From December 1, 2004 to today, 80 radios have been installed, and at the present time more than one radio a day is being installed.

Commissioner Johnson stated the District now has invested about \$700,000.00 in the program, which was to be a pilot project. He feels the study and

business plan need to be completed before more money is invested. Johnson stated that there should no longer be up front capital for retail servers.

Commissioner Bolz agreed with Commissioner Johnson's position, and stated that businesses appear to be successful, the pilot project needs to end, and the PUD should get out of the radio business.

Commissioner Womack feels the system is working and that the District should be putting up more towers and not buying more radios.

Commissioner Johnson moved for Okanogan County PUD to not purchase any more radios for the wireless project until the telecom study and business plan is completed. Commissioner Bolz seconded the motion. The motion unanimously carried.

15. Power Supply Report:

Manager Berrie reported that wholesale sales fell below reported predictions although January was colder and retail sales were up. The end result was that the total megawatts purchased and sold were about the same.

16. Public Comment:

Maeyowa questioned the scoping hearings and how they would be handled. She reminded the Board of her interest in bringing information to the Board meetings and for the PUD to be wise with their expenditures.

Due to a scheduling conflict, Commissioner Johnson requested that the March 22 Board meeting be rescheduled to March 29. The Board agreed to the change.

17. Meetings:

Commissioner Bolz attended a Northwest Open Access Network workshop in Seattle on February 1. He also attended a hydro project meeting in Osoyoos on February 4 regarding potential impacts on the Enloe Dam Project.

Commissioner Johnson submitted Proceedings of Interest from the Energy Northwest Regular and Executive Board meetings he attended in Richland on January 26 and 27.

The next Okanogan PUD Board meeting is scheduled for 6:00 p.m., February 22 in Oroville at the PUD Office - 1500 Main Street.

18. Executive Session:

President Bolz recessed the Commission into executive session at 12:30 p.m. to discuss litigation.

President Bolz reconvened the Commission into regular session at 1:20 p.m.

19. Adjournment:

There being no further business to discuss, the meeting adjourned at 1:22 p.m.

Ernest J. Bolz, President

ATTEST:

David A. Womack, Vice-President

Donald W. Johnson, Secretary