

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

**Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
April 19, 2005
8:30 a.m.**

Present:

Board: Ernest Bolz, David Womack, Donald Johnson

Staff: Chuck Berrie, Doug Adams, Don Coppock, Joe Miller, Larry Felton,
Debra Peters, Jerry Day, Debbie Dibble, Tina DeLap, Steve Brown,
Julie Pyper

Other: Michael Howe - Legal Counsel

Public: Pete Phillips, Lael Duncan, Ron Whiteside, Brian Kirchner, Rebecca
Meadows, Steve Hardy, Maria Converse, Jeff Hardy, Chris Thew, Jason
Dodgen, Bill Swayze

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. Public Comment
8. Conservation Update/Community Action Council
9. North Central Educational Services District
10. Methow Wireless Infrastructure
11. Bid No. 315-05 - 2005 Pole Bid Testing Award
12. Bid No. 316-05 - 750 MCM Underground Primary Award
13. Manager's Report
14. Power Supply Report
15. Public Comment
16. Meetings
17. Executive Session
18. Tour of Avista Energy
19. Adjournment

1. Call to Order:

President Bolz called the meeting to order at 8:33 a.m.

2. Additions/Deletions to Agenda:

There were no additions or deletions to the agenda.

3. Approval of Minutes:

Commissioner Womack moved, seconded by Commissioner Bolz, to approve the Minutes of the April 5, 2005 regular meeting.

Commissioner Johnson questioned why the April 5, 2005 Minutes did not include his motions to amend items 8 and 10 of the March 29, 2005 Minutes, as he felt it was important to provide the public with additional information pertaining to the Methow Transmission Line that was not in the EIS and not in the record available to the public. President Bolz responded that he had indicated in a reply to the Commissioners and Recording Secretary regarding the draft Minutes that motions without a second are not considered as business and would not be included in the Minutes, although he would consider a parliamentary procedure authority on the issue if one is presented.

Johnson pointed out that the January 2005 Board action gave the Secretary the responsibility for the final draft of the Minutes that are submitted for approval at the next meeting. Commissioner Womack noted that the Minutes are not a place for written reports or views of Commissioners. He expressed concern that the January action allows one Commissioner to include what he wants in the Minutes, but it takes a majority to remove information. Bolz noted that Minutes are to be a recording of motions discussed and acted upon, not a court record of testimony. President Bolz announced that the amendments would be acted on today and the matter would be an agenda item at a future meeting.

Commissioner Johnson moved, seconded by Commissioner Bolz, to include the following amendments to the March 29, 2005 Minutes:

Item 8 - Methow Transmission Line Project EIS Information:

Commissioner Johnson submitted points of concern regarding e-mail information on CAI backup calculations made available on March 23 and a Power Point presentation by Tetra Tech (as well as a March 2003 cost estimate from Potelco) made available to the PUD on February 28 and to Commissioners on March 25.

One of the e-mails included listing of distribution underbuild replacing 4.5 miles near Twisp, 1.67 miles in Watson Draw, 0.77 miles of taps from those underbuilds, and 1.94 miles between Pateros and Gold Creek. The exact location and purpose of this proposed construction is not included in the DEIS. The locations and status of right-of-ways associated with these sections and the proposed substation were unclear.

The presentation summarized the July 2004 Loup Loup site visit with Potelco, USFS, Tetra Tech and PUD staff to discuss techniques and issues relating to hot

rebuild work. Included in the presentation were photos showing some of the existing access routes to the existing poles and where ground disturbance would be minimal or could be avoided. Commissioner Johnson asked why these photos hadn't been made available earlier since the staff recommendation was recently approved to spend \$4,000 for a helicopter video to show this route. He also felt the content of the presentation was contradicted in the DEIS. In addition some photos provided by Potelco showed the size and the type of equipment used for hot rebuilds. It was announced that the photos will soon be available for viewing on the PUD's website at www.okanoganpud.org.

Item 10 - Tacoma Land Development:

Staff provided the Board and members of the public the opportunity to view a map and ask questions pertaining to the Tacoma Land Company development in the French Creek/Bill Shaw Road vicinity. The map shows existing power lines, approximate location of the EIS Alternative #2 transmission line route, and the layout of proposed future development, as well as 31 lots that are expected to have power this spring at Tacoma Land Company's expense. The location of some of the underbuild distribution would bring power to currently undeveloped lands.

The motion failed two to one with Commissioners Womack and Bolz opposed.

The motion to approve the April 5, 2005 Minutes carried two to one with Commissioner Johnson opposed.

4. Approval of Work Orders:

The following work orders were submitted for approval:

04-0059	District, Okanogan	\$33,062.71
04-0473	Geral Cox, 151 Horse Spring Coulee	4,263.00
04-0505	Dan Tibbs, Hwy. 97	17,776.00
04-0555	Chelan Fruit/District, 471 Industrial Way, Pateros	16,659.00
04-0591	Tacoma Land Co., Tunk Creek Rd., Riverside (Rev. #4)	14,109.00
05-0003	Don Smith, 118 Main St. N., Conconully	768.00
05-0004	Shawn Hemple, 859B Hwy. 7, Tonasket	1,080.00
05-0085	Aaron Buzzard, Benson Creek Dr.	6,067.00
05-0088	District/The Fathers Ranch, 1621 Hwy. 20, Tonasket	3,651.00
05-0105	Mark Olson, 206 Aeneas Valley Rd.	3,727.00
05-0109	Great Northern Land Co., Antoine Creek Rd.	1,692.00
05-0113	John Beedle, Ernie Robinson Rd.	5,521.00
05-0116	Dist.(Oro-Ton Irrig Dist), Ton. Cemetery Pump Plant	804.00
05-0119	District, Monse Rd. S.	7,856.00
05-0120	Don Radtke, 7 Conifer Lane, Riverside	1,851.00

05-0126	Tollefson, Senna St., Omak	955.00
05-0128	Craig Lints, 400 Indian Ave. W.	1,561.00
05-0131	Mike Morrow, Patterson Creek Rd.	6,561.00
05-0132	Mike Angel, Loomis Rd.	4,661.00
05-0137	City of Omak, Wildwood	606.00
05-0139	Mike Holm, 42 Beaver Pond Rd.	5,288.00
05-0141	District, W. Appleway	31,513.00
05-0143	Dave & Nancy Bishop, Chillowist Rd.	11,271.00
05-0146	Kurt Guelich, Conconully Hwy.	4,381.00
05-0147	Kurt Guelich, Conconully Hwy.	8,524.00
05-0150	Brian McMillian, Hwy. 97 N. of Tonasket	3,485.00
05-0155	District/Dart, 1814 Hwy. 7	1,868.00
05-0157	John Goss, Nickles Rd. off B & O	3,887.00
05-0160	District, Hwy. 153 by Gold Creek	3,827.00
05-0161	District, Old Hwy. S. of Okanogan	1,412.00
05-0162	Roland Coleman, 7 Quail Haven Lane	850.00
05-0166	District, Omak/Okanogan	1,529.00
05-0173	District, Omak	902.00
	Total	\$211,967.71

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

5. Approval of Vouchers:

Voucher No.'s 86399 through 86488 in the amount of \$210,286.18, No.'s 86489 through 86490 in the amount of \$96,247.45, No.'s 86491 through 86518 in the amount of \$192,783.04, and No.'s 86519 through 86586 in the amount of \$442,803.22 were submitted for payment from the revenue fund.

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

6. Transfer of Accounts:

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

7. Public Comment:

No public comment was offered.

8. Conservation Update/Community Action Council:

Debra Peters and Steve Brown presented an update on the programs and services offered by the District's Energy Services Department. They indicated that 40 energy audits were performed in 2004 and 32 audits have been performed since the first of this year.

A total of 16 Super Good Cents Manufactured Home Rebates (\$600.00 to customer; \$150.00 to salesman) were issued in 2004. The District processed 690 - \$50.00 appliance rebates for refrigerators, freezers, water heaters, dishwashers, clothes washers, and window air conditioners that met energy efficiency requirements.

Conservation Loans in 2004 numbered 69 for a total of \$406,804.10 (63 residential loans totaling \$326,947.18 and six commercial loans totaling \$79,856.92). Loans consisted of insulation, heat pumps and ductwork, windows, doors and lighting. Four commercial lighting projects were completed in 2004 (total C&RD credit \$18,484.37). A summary of the Compact Fluorescent Lighting sales reflected that 8,331 bulbs were sold in 2004, with a standard CF bulb at \$.81 (\$2.00 C&RD credit).

The District initiated the Bonneville Power Administration C&RD (Conservation and Renewable Discount) program in 2001 to encourage investments in conservation and renewables. Deemed measures on the BPA list are given a monetary value based on the amount of conservation that can be expected by implementing the measure. The District receives the monetary value for C&RD credit for each measure it implements in the form of a deduction on its BPA Power Bill. Under the terms of the agreement, the District must implement enough deemed measures to acquire \$1,107,840.00 C&RD credits by 9/30/06, or reimburse BPA for the unused credit dollars. Staff reported that the District met this requirement in late 2003 with savings of 4,973,638 kilowatt hours as of 9/30/04 and total District cost as of 9/30/04 of \$785,880.00. (With the C&RD Program ending on 9/30/06, BPA is designing a program for the next three years.)

The Sustainable Natural Alternative Power (SNAP) Program was designed to foster local production of solar and wind generated power between customers that purchase the resources and customers that produce the resources. Under the first year of the program, which was shortened from October 1, 2004 to March 31, 2005, one producer generated 662 kWh. Currently there are 56 purchasers (contributing a total of \$296.00/month) and two producers participating in the SNAP Program that began April 1, 2005.

The District participates in the State of Washington Energy Matchmakers Program to fund weatherization measures for low-income households. The Okanogan County Community Action Council administers the District's Low-Income Weatherization Program under guidelines adopted by the District and State. The current two-year contract with OCCAC provides funding of

\$123,443.00 to assist low income PUD customers with the installation of cost-effective weatherization and conservation measures.

Lael Duncan and Ron Whiteside of Okanogan County Community Action Council reported that under the current segment of the program, 27 homes have been completed, 4 homes are in construction scheduling, 19 homes are scheduled for estimates, and 275 plus homes are on a weatherization waiting list although not all of the 275 qualify for the PUD assistance program as PUD funds are designated for low income, electrically heated households.

Tina DeLap was recognized for a web page design that received Northwest Public Power Association's 2004 third place Excellence in Communication Award out of 371 entries.

9. North Central Educational Services District:

Telecom Manager Joe Miller and Pete Phillips of the North Central Educational Services District presented a report on the July 1, 2001-2004 Agreement for Interagency Services between the NCESD and Okanogan PUD. The agreement funded by the mid-Columbia PUDs provided for leadership in the implementation and coordination of the North Central Washington PUD fiber buildout project (Okanogan PUD's contract fees for the project were \$32,965.00). The project achieved success in the fall of 2002 when the Brewster School District became one of the first six schools in the State of Washington connected to the K-20 network using PUD broadband fiber. The project has since resulted in public schools from Oroville to Pateros, including Wenatchee Valley College and the Grand Coulee Dam School District, getting broadband fiber. Miller noted that these school circuits have been the gold standard of reliable Ethernet deployment in the nation and continue to operate reliably and provide much more bandwidth for the schools at essentially the same cost as their previous bandwidth-limited circuits. It was also noted that it has not yet been possible to bring this service to the Methow Valley and Nespelem School Districts, although the Methow School District is next on the schedule.

10. Methow Wireless Infrastructure:

Jeff Hardy and Maria Converse, Internet service providers representing Methownet, and Steve Hardy, a wireless backbone provider representing Intraspectrum LLC, presented a brief overview of their respective companies; the services they provide and their concerns, desires and needs in working in a cooperative manner with the District to continue providing high-speed internet service to the upper Methow Valley.

11. Bid No. 315-05 - 2005 Pole Bid Testing Award:

Operations Manager Doug Adams reported that the 2005 Capital Work Plan includes \$150,000 for the District to begin an annual pole testing, treatment and inspection program.

The District advertised Bid No. 315-05 for pole testing, treatment and inspection in 2005 not to exceed \$150,000 with a provision that the contract may be extended for a second year (2006) at the same price. The District received replies from Osmose Utilities Services, Inc. and Pole Maintenance Company, LLC. Staff recommended that the bid be awarded to Osmose, who met all of the requirements of the District and was the low bidder.

Commissioner Womack moved, seconded by Commissioner Johnson, to accept the recommendation of the Operations Manager to award Bid No. 315-05 for pole testing, treatment and inspection in 2005 with a not to exceed cost of \$150,000 and a District option for 2006 at the same bid price to the low qualified bidder, Osmose Utilities Services, Inc. The motion unanimously carried.

12. Bid No. 316-05 - 750 MCM Underground Primary Award:

Doug Adams reported that the District advertised Bid No. 316-05 for the purchase of 18,000 feet of underground primary cable for feeder replacements out of the Oroville substation. Vendor replies were received from Western States Electric, Inc., General Pacific and Wesco Distribution, Inc. Staff recommended that the bid be awarded to Wesco as the low bidder at \$4.498/ft. with delivery in six to seven weeks and \$4.487/ft. for an alternate product in stock.

Commissioner Johnson moved, seconded by Commissioner Womack, to accept the recommendation to award Bid No. 316-05 for purchase of 750 MCM cable to the low qualified bidder, Wesco Distribution, Inc., with staff to determine which Wesco alternate to purchase. The motion unanimously carried.

13. Manager's Report:

The Manager's Report included the following information:

- A local newspaper article depicted PUD linemen upgrading power lines in the Oroville area. The rebuild includes underground primary being installed in conduit.
- The District will issue a press release announcing that former manager Harlan Warner and former commissioner Darrel Bunch have been recognized by the Northwest Public Power Association for contributions to the public power community.
- The District sent out a Request for Proposals to provide the District with a GIS mapping system. The submittal deadline is May 5, 2005.

14. Power Supply Report:

Power Resource Engineer Larry Felton presented the following information:

- The District's Preliminary Permit application for the Enloe Hydroelectric Project has been accepted for filing by the Federal Energy Regulatory Commission. The District is negotiating a Professional Services Agreement with Entrix, the firm selected as the primary consultant for the licensing process.
- Revenue from first quarter 2005 sales of wholesale and retail power is ahead of budget forecasts by \$0.763 million.

15. Public Comment:

No public comment was offered.

16. Meetings:

Commissioner Johnson submitted Proceedings of Interest from the Statewide Rural Telecom Working Group meeting that he attended in Winthrop on April 15, 2005. The group is organized by Senator Murray's staff. Participants represented Ferry County, Colville Tribes, Chelan PUD, Okanogan Community Action Council, WSU, Whatcom County, Kitsap County and the Economic Alliance. Johnson recommended that Sparling, should contact members of this group including the Colville Tribes, Chelan and Ferry County PUDs, and Virtual Frontiers of Keller to define any potential for collaborations with the Okanogan Telecom Program.

Commissioner Womack presented highlights of the Washington PUD Association Board of Directors meeting he attended in Seattle on April 15, 2005. He noted that the May WPUDA meetings have been changed to include a workshop focusing on the specifics of BPA allocation.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., May 10, 2005 at the Okanogan PUD Auditorium.

17. Executive Session:

President Bolz recessed the Commission into a 45-minute executive session at 12:00 p.m., with no official action expected.

President Bolz reconvened the Commission into regular session at 12: 45 p.m.

18. Tour of Avista Energy:

The Commissioners, Manager and Director of Finance traveled to Rathdrum, Idaho for a tour on April 19 of Avista Energy's natural gas combustion turbine generation facility and a tour on April 20 of Avista Energy's trading floor in Spokane.

19. Adjournment:

There being no further business to discuss, the meeting adjourned on April 20, 2005 at 2:30 p.m.

Ernest J. Bolz, President

ATTEST:

David A. Womack, Vice-President

Donald W. Johnson, Secretary