

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Whistlers Restaurant Meeting Room
16 South Whitcomb Avenue, Tonasket, WA
June 28, 2005
6:00 p.m.**

Present: Board: Ernest Bolz, David Womack, Donald Johnson
Staff: Chuck Berrie, Doug Adams, Don Coppock, Derek Miller,
Glenn Huber, Debra Peters, Steve Brown, Julie Pyper
Other: Michael Howe - Legal Counsel
Public: Bob Williams, Paul Grosvenor, Bill Swayze, Jason Dodgen,
Chris Thew, John & Becki Andrist

Summary Agenda

1. Call to Order
2. Additions/Deletions to Agenda
3. Public Comment
4. Conservation Loan Service Fee (Merc Playhouse)
5. Energy Northwest/IGCC Development
6. Interim Telecom Manager Discussion
7. Loup Loup Line/Pole Inspection & Maintenance
8. Marten Law Group Proposal
9. Resolution No. 1295 Approving Union Contract
10. Discussion on Amending Board Meeting Schedule
11. Discussion on Amending Rules & Procedures of Board Meetings
12. Manager's Report
13. Power Supply Report
14. Public Comment
15. Meetings
16. Approval of Minutes
17. Approval of Work Orders
18. Approval of Vouchers
19. Approval of Transfer of Accounts
20. Executive Session
21. Adjournment

1. Call to Order:

President Bolz called the meeting to order at 6:00 p.m.

2. Additions/Deletions to Agenda:

Manager Chuck Berrie deleted from the agenda the discussion on telecom accounting and added an update on the Energy Northwest/IGCC development.

3. Public Comment:

No public comment was offered.

4. Conservation Loan Service Fee (Merc Playhouse):

The conservation staff reviewed the energy program loan history in regards to the request of Paul Grosvenor to have the service fee on the Merc Playhouse's conservation loan eliminated or reduced. At issue is how the 0.2% service fee is applied on conservation loans. Attorney Howe advised that existing loan customers cannot be relieved of contractual loan terms as the District is prohibited from gifting public funds or forgiving legal obligations. Following discussion, the Board agreed that the loan program documentation should be revised for clarification purposes and directed staff to also review the cost of administering the loan program.

5. Energy Northwest/IGCC Development:

The Board will act on a Resolution at the July 5, 2005 meeting in support of Energy Northwest proceeding with a feasibility study for an Integrated Gasification Combined Cycle development.

6. Interim Telecom Manager Discussion:

Manager Berrie recommended extending the existing Professional Services Agreement with Randall Kowalke for an additional not to exceed amount of \$25,000.00. This increase would extend Kowalke's contract to \$75,000.00 for interim Telecom Manager consulting services. The District is in the process of interviewing for a full-time Telecom Manager.

Commissioner Johnson moved, seconded by Commissioner Womack, to extend the Professional Services Agreement with Randall Kowalke for an additional amount not to exceed \$25,000.00 (\$75,000.00 total). The motion unanimously carried.

7. Loup Loup Line/Pole Inspection & Maintenance:

Chief Engineer Derek Miller reported that Osmose Utility Services, Inc. has completed inspection of all District transmission line structures. It was found that 3.4% of poles are in need of replacing or stubbing, although numerous poles are in need of repair from woodpecker damage. District crews will perform the repair work in conjunction with the application of the Fireguard product to pole bases.

Staff has completed the inspection of the Loup Loup right-of-way for potential problem trees. To date, 135 - 150 trees have been removed, which represents approximately 20% of those identified. A meeting with the DNR has been scheduled to review trees on State properties.

Commissioner Johnson requested a cost estimate for reconductoring the Loup Loup line using the new technology of aluminum-conductor, composite-core line.

8. Marten Law Group Proposal:

Manager Berrie presented a proposal for extending the Agreement with the Marten Law Group to provide legal services through completion of the Methow Transmission Project EIS. The cost to review and respond to written comments submitted as part of the transmission line DEIS is estimated at \$75,905.00. The additional expenditures would extend the contract to \$133,313.16.

Commissioner Womack moved, seconded by Commissioner Bolz, to authorize the additional expenditure of \$75,905.00 for a total amount not to exceed \$135,000.00 to the Agreement with the Marten Law Group (for legal services through completion of the Methow Transmission Project EIS). Commissioner Johnson pointed out that the PUD has already contracted for a total of more than \$1 million with FW/Tetra Tech and the USFS to review and respond to EIS comments. The motion carried two to one with Commissioner Johnson opposed.

9. Resolution No. 1295 Approving Union Contract:

The Board addressed Resolution No. 1295 approving amendments to the Collective Bargaining Agreement between the District and Local 77 of the International Brotherhood of Electrical Workers.

Commissioner Johnson moved, seconded by Commissioner Womack, to adopt Resolution No. 1295. The motion unanimously carried.

10. Discussion on Amending Board Meeting Schedule:

Following discussion of a draft Resolution amending the regular meeting schedule, the Board authorized that effective August 2005 all future Commission meetings will begin at 12:30 p.m. for meetings scheduled on the first, second and third Tuesday of the month and at 6:00 p.m. for meetings scheduled on the fourth and fifth Tuesday of the month. The meetings will convene with public comment followed by executive session. Upon completion of executive session, the Board will reconvene and conduct the remainder of the public meeting. A Resolution adopting the amended meeting schedule will be acted on at the July 5, 2005 meeting.

11. Discussion on Amending Rules & Procedures of Board Meetings:

The Board reviewed a draft Resolution amending rules and procedures of Board meetings, but tabled action to a later date to allow for further review/discussion.

12. Manager's Report:

Manager Berrie reported on the following

- The draft agreement with the Forest Service to provide tree thinning on the Loup Loup transmission line right-of-way is expected to be signed this week.
- PCB testing of the District's oil-filled equipment has begun.
- The first week of a 96-hour testing process of the diesel generators started Monday.

13. Power Supply Report:

- The District is reviewing several options to sell green tags associated with the production of renewable energy from the Nine Canyon Wind Farm.
- The Columbia Generating Facility had a shut down on Monday for the second time in recent weeks.
- The Federal Court ruling in the Biological Opinion litigation requiring an aggressive summer spill program on the Columbia River System has been appealed.
- The Enloe Dam licensing process is progressing.

14. Public Comment:

No public comment was offered.

15. Meetings:

Commissioner Womack reported on the Washington PUD Association Olympia building workshop and Special Board of Directors Meeting that he attended on June 16-17, 2005 in Seattle.

Commissioner Bolz attended the Energy Northwest IGCC workshop on June 15, 2005 in Richland. He also attended a satellite launch at SES Americom on June 23, 2005.

Commissioner Johnson will attend the Washington PUD Association meetings scheduled for July 14-15, 2005 at the Douglas County PUD.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., July 5, 2005 at the Okanogan PUD Auditorium.

16. Approval of Minutes:

Commissioner Johnson moved, seconded by Commissioner Womack, to approve the Minutes of the June 14, 2005 regular meeting. Following editorial changes to Item 16 – Power Supply Report, the motion unanimously carried.

17. Approval of Work Orders:

The following work orders were submitted for approval:

04-0398	Doug Demers, 1111 Tunk Valley Rd	\$8,248.00
05-0003	Zachman's Trailer Park, 242 Locust St	801.00
05-0004	Mary Ann Wiggs, 3 Chief Joseph Trail Spur Rd. (Rev. #1)	1,789.00
05-0004	George Barnes, Lot 3 – Moc Short Plat, Tunk Creek Rd	1,373.00
05-0057	George McRoberts, 164 Blue Bell Lane, Tonasket	1,600.00
05-0167	Les Stanbrough, 267B Salmon Creek Rd., Okanogan	3,027.00
05-0168	District, 267B Salmon Creek Rd., Okanogan	2,655.00
05-0218	Mike Buchert, Sage Rd. (Rev. #1)	5,139.00
05-0228	Bob Parkins, 35 Crofoot Lane, Riverside	1,711.00
05-0240	Gebbers Farms, 312 7 th St. N	4,197.00
05-0241	Carmen Bliss, 2576 Elmway, Okanogan	746.00
05-0243	District, Chillowist	2,579.00
05-0244	District, Monse	8,340.00
05-0245	Jeff VanHorne, Aeneas Valley Rd	3,698.00
05-0248	JKS Farm, 309.4 Hwy. 97	1,650.00
05-0252	District, 1050 Loomis Hwy	1,818.00
05-0253	District, Jennings Loop Rd., Oroville	665.00
05-0254	Joe Hilsendeger, 737 Swanson Mill Rd	7,226.00
05-0256	David Saunders, SE corner of Epley & Conconully Hwy	3,906.00
05-0259	Curt Erickson, 402 Dry Gulch Rd	5,242.00
05-0260	Sally Facer, Dry Gulch Rd	5,135.00
05-0263	Mike McDaniel, Hubbard Rd., Riverside	5,347.00
05-0264	Eric Timm, 415 Conconully Hwy	2,074.00
05-0265	Gary Hall, Main Rd. off Cape Labelle Rd	1,627.00
05-0266	District, Hagood/Henry Rd	1,909.00
05-0267	District, Hwy. 97 N. of Oroville	982.00
05-0269	Charles Mael, Lot 6, Div. 4, Nine Mile Ranch	7,404.00
05-0270	Patrick Their, Lot 3, Div. 3, Nine Mile Ranch	5,603.00
05-0272	Richard & Wendy Witt, Westlake Rd., Oroville	2,967.00
05-0274	Arsen Barrutia, 5 Lahontan Rd	2,432.00
05-0276	Keith Stennes, 1378 Hwy. 153	5,102.00

05-0279	District, 295 Malott Eastside Rd	516.00
05-0280	April Campbell, 56 Gold Creek Loop Rd	2,836.00
05-0282	District, Sandflat Rd	1,429.00
05-0284	David Goetz, 1947 Old Hwy. 97	4,258.00
05-0285	Robert Oakes, 15 Halter Pl., Mtn. Hull	4,100.00
05-0286	Animal Hospital of Omak, 132 Columbia St., Omak	1,169.00
05-0287	Shawn Bensing, 116 S. State Frontage Rd	1,329.00
05-0289	William Earp, 1280 Old Hwy. 97	4,957.00
05-0290	Norm McIntyre, Alder Rd	5,073.00
05-0296	District, 137B Hwy. 153	2,004.00
05-0297	Ron & Linda Dotson/District, 91 E. Wannacut Lane	559.00
05-0299	Dick Schwartz, Dart Rd	5,453.00
05-0300	Robert Hight, 108 Chesaw Rd	1,554.00
05-0306	Legends Resort Ltd., Veranda Beach Development, Osoyoos Lk	2,733.00
05-0314	District, Chicken Creek	912.00
	Total	\$145,874.00

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

18. Approval of Vouchers:

Voucher No.'s 87314 through 87419 in the amount of \$370,474.37, No.'s 87420 through 87446 in the amount of \$184,408.82, and No.'s 87447 through 87510 in the amount of \$1,212,832.55 were submitted for payment from the revenue fund.

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

19. Transfer of Accounts:

The balance of \$120.14 was submitted for transfer from the closed commercial account of Apple Patch Ranch, c/o Joseph Bighouse, account #42324-4, to the active residential account #17459-9 of Joseph Bighouse.

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

20. Executive Session:

President Bolz recessed the Commission into executive session at 7:50 p.m. to discuss litigation.

President Bolz reconvened the Commission into executive session at 9:04 p.m.

21. Adjournment:

There being no further business to discuss, the meeting adjourned at 9:04 p.m.

Ernest J. Bolz, President

ATTEST:

David A. Womack, Vice-President

Donald W. Johnson, Secretary