

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

**Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
August 23, 2005
6:00 p.m.**

Present:

Board: Ernest Bolz, David Womack, Donald Johnson
Staff: Chuck Berrie, Doug Adams, Don Coppock, Dan Boettger, Warren Miller, Debra Peters, Steve Brown, Julie Pyper
Public: Will Schreckengast, Chris Thew, Roy Webster, Carolyn Burke, Debbie Burke, Winston Baker

Summary Agenda

1. Call to Order
2. Additions/Deletions to Agenda
3. Public Comment
4. Executive Session
5. Adventures Camp Presentations
6. NoaNet Discussion
7. Budget Schedule
8. Spill Prevention Control & Countermeasure Discussion
9. Manager's Report
10. Power Supply Report
11. Public Comment
12. Meetings
13. Approval of Minutes
14. Approval of Work Orders
15. Approval of Vouchers
16. Approval of Transfer of Accounts
17. Executive Session
18. Adjournment

1. Call to Order:

President Bolz called the meeting to order at 6:00 p.m. and announced that the proceedings would be audio recorded. Recordings of meetings will be made available on the District's website at www.okanoganpud.org.

2. Additions/Deletions to Agenda:

Commissioner Johnson suggested that the following items be addressed at this meeting or a meeting soon thereafter:

I. EIS Update

A. Comments and Responses

B. Loup Loup Right-of-Way improvement/maintenance/fire protection

C. Traditional Cultural Property - permitting and field work?

D. Revised Cost Appendix

1. Composite Core Conductor (3M ACCR) - report on feasibility and cost

2. Fiber to Methow Valley - CenturyTel/PUD - substation, AMR, broadband?

II. Telecom Business Plan and Budget

III. 2006 Budget Planning to include Commissioner involvement

A. Rate Schedule Review - rate cut?

B. Advanced Metering Infrastructure (AMI/AMR) - demand response and time-based rates?

C. Enloe Dam Cooperative Funding (CIPV, PSE?)

C. Reconductoring Loup Loup Line.

Manager Berrie added to the agenda a proposal for the 2006 Budget Schedule process and a discussion on the Spill Prevention Control and Countermeasure Plan.

3. Public Comment:

Will Schreckengast, an Okanogan citizen and former City Councilman, discussed his ongoing concern with a power pole located in a narrow driving area by the city park restroom area across the street and south of the Okanogan PUD. Because of the safety issue, he has requested that the PUD move the pole.

The Board requested that the Chief Engineer review the matter and provide a report.

4. Executive Session:

President Bolz recessed the Commission into executive session for 15 minutes at 6:15p.m. to discuss property issues.

President Bolz reconvened the Commission into regular session at 6:30 p.m.

5. Adventures Camp Presentations:

Okanogan students Winston Baker and Carolyn Burke shared their camp experiences from the Western Washington University Adventures in Science and Arts program they attended in July. The students were sponsored by the District to attend the one-week camp, which has an energy, environmental or conservation component attached to the curriculum. While participating in Applied Engineering and Creative Problem Solving classes, the students

designed hydraulic powered robotic arms, built mousetrap driven model cars, made footballs and basketballs out of polystyrene foam, and built a rattrap powered catapult.

6. NoaNet Discussion:

Telecom Manager Warren Miller presented a summary of the amendments to the Articles of Incorporation and Bylaws of the Northwest Open Access Network as adopted, subject to Member approval, by the NoaNet Board of Directors. The NoaNet Members will vote on the amendments at a special meeting on September 13, 2005, where unanimous agreement by all Members is necessary to implement the restructuring. The proposed amendments include, among others, effects on Members' percentage interests resulting from NoaNet's sale of new percentage interests to Members or prospective Members, transfer of percentage interests among Members, allocation of any surplus distributed, required steps prior to Member assessments, eligibility and required vote for admission of new Members, and new Members' responsibility for a percentage obligation of NoaNet's current long-term debt no longer being mandatory. It was Miller's recommendation that the District continue as a member of NoaNet and vote to approve the amendments to NoaNet's Articles of Incorporation and Bylaws; however, he also recommended a review of NoaNet's operating expenses.

The Okanogan PUD Board will consider at its September 6, 2005 meeting a Resolution approving amendments to the Articles of Incorporation and Bylaws of NoaNet.

The Telecom Manager provided an update on Telecom activities and noted that the network map has been finalized. As of August 17, 2005, there are 592 Wireless customers and 111 Ethernet connections.

7. Budget Schedule:

The following schedule was submitted for the 2006 Budget process:

September 5, 2005

Present the Proposed Budget to the Manager

Weeks of September 5 and 12, 2005

Publish Notice of Hearing on Proposed Budget

September 20, 2005

Budget Hearing and present Proposed Budget to Board of Commission

October-December

Continue working on the Budget until approved

The Budget hearing may be continued to future meetings until the Final Budget is ready for approval, providing the Final Budget for 2006 is approved prior to December 31, 2005.

Commissioner Womack moved, seconded by Commissioner Johnson, to adopt the schedule as submitted for the 2006 Budget process. The motion unanimously carried.

8. Spill Prevention Control & Countermeasure Discussion:

Dan Boettger, Director of Regulatory and Environmental Affairs, reported that Electrical Consultants, Inc. provided the only proposal to the call for bids for Spill Prevention Control and Countermeasure Plans. The 2005 budget includes \$75,000.00 for step one of the project, which is to evaluate the sites' SPCC applicability and develop written SPCC plans and construction cost estimates (ECI's bid was \$60,244.80). The final plan and development is expected by the end of December 2005, with the actual construction to be included in future budgets. Locations to be inspected for SPCC applicability include 15 substations, Okanogan's Warehouse and the Ophir Generation site. The Fueling facility will be evaluated last so as to compare notes from the Storm Water Evaluation.

A Professional Services Agreement with ECI will be presented for the Board's consideration at the September 6, 2005 Board meeting.

9. Manager's Report:

Manager Chuck Berrie reported that the Enloe Dam consultant, Entrix, Inc., is holding initial consultations with agencies and on-site visits at the dam with interested parties. The District has filed with the FERC a motion for a 60-day extension to conduct the first stage consultation meeting under the traditional licensing process. The Manager and Power Resource Engineer Larry Felton will update the Tribal Council on September 6, 2005 regarding Enloe Dam.

About 25% of the trees on the Loup Loup line that need falling have been cleared; however, the process has been halted due to fire restrictions. Identified danger trees will be removed during planned outages this fall, and clearing will start again as early as possible next year. The District also plans to consider contracting tree removal. The Collection Agreement between the Forest Service and the PUD for fire reduction thinning has been signed and the PUD has been invoiced the advance payment of \$30,000.00, although it is unknown when the work will commence because of fire restrictions.

Transmission pole testing is finished, and the Osmose pole fire retardant treatment has been completed in the forested portion of the Loup Loup.

A large transformer at the Okanogan Substation had excess vibration and noise upon energizing after the recent Loup Loup line outage. A spare will be installed while the unit undergoes an internal inspection and possible refurbishing.

Energy Northwest's annual members meeting is scheduled in Richland on September 23, 2005.

The Bonneville Power Administration is proposing to fund a comprehensive management program for summer/fall Chinook salmon in the Okanogan sub-basin and the Columbia River between the confluence of the Okanogan River and Chief Joseph Dam. As lead agency in preparing and issuing an EIS for this project, BPA will be holding public scoping meetings. Okanogan PUD staff plans to participate in a public hearing to be held at Okanogan PUD on August 24, 2005 from 5 - 8 PM.

Director of Operations Doug Adams and Commissioner Johnson provided information on composite core conductor. Further research will be conducted.

10. Power Supply Report:

The Northwest Power and Conservation Council and BPA are convening a Resource Adequacy Steering Committee to help guide the region's effort to develop a consensus-based resource adequacy framework.

The Kiplinger Letter reports that 15 new nuclear plants are likely over the next 15 years to meet the voracious appetite of electricity. It was also pointed out that the cost of power cited does not include capital expense, debt service or waste disposal; it only covered cost of the fuel.

11. Public Comment:

No public comment was offered.

12. Meetings:

Commissioner Bolz reported that he traveled to Seattle on August 9, 2005 to attend the NoaNet Board of Directors meeting in Seattle on August 10, 2005.

The next Okanogan PUD Board meeting is scheduled for 12:30 p.m., September 6, 2005 at the Okanogan PUD Auditorium.

13. Approval of Minutes:

Commissioner Womack moved, seconded by Commissioner Johnson, to approve the Minutes of the August 2, 2005 regular meeting.

The motion unanimously carried.

14. Approval of Work Orders:

There were no work orders submitted for approval.

15. Approval of Vouchers:

Voucher No.'s 87974 through 87999 in the amount of \$204,252.95, No.'s 88000 through 88032 in the amount of \$516,191.65, No.'s 88033 through 88149 in the amount of \$321,487.70, No.'s 88150 through 88176 in the amount of \$185,152.26, No.'s 88177 through 88276 in the amount of \$1,393,283.20, and No. 88277 in the amount of \$85,021.85 were submitted for payment from the revenue fund.

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

16. Transfer of Accounts:

The following accounts/invoices were submitted for write-off/collection due to nonpayment:

Beckwith, Amie	\$300.70
Boyd, Patricia	436.64
Brasseur, David R.	144.95
Carroll, Garth D.	216.74
Deerheim, Mary	83.91
Herman, Bernice (Estate)	29.31
Hill, Lois M.	290.57
Humphries, Sara Faye	231.60
Johnson, Kathy	140.49
Mainard, Samantha	170.04
Montelongo, Billie	220.39
Parks, Chris J.	415.87
Perez, Celia	112.90
Roberts, Pearl	144.18
Shanning, Ronald & New, Sara	582.73
Wallace, Corey J.	192.12
Total	\$3,713.14

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

17. Executive Session:

President Bolz recessed the Commission into a 30-minute executive session at 8:50 p.m. to discuss litigation and property issues.

President Bolz reconvened the Commission into regular session at 9:15 p.m.

18. Adjournment:

There being no further business to discuss, the meeting adjourned at 9:15 p.m.

Ernest J. Bolz, President

ATTEST:

David A. Womack, Vice-President

Donald W. Johnson, Secretary