

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

**Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
October 18, 2005
12:30 p.m.**

Present:

Board: Ernest Bolz, David Womack, Donald Johnson

Staff: Chuck Berrie, Doug Adams, Don Coppock, Larry Felton, Warren Miller,
Dan Boettger, Debra Peters, Steve Brown, Julie Pyper

Other: Michael Howe - Legal Counsel

Public: Chris Thew, Bill Swayze, George Wooten, Vicky Welch

Summary Agenda

1. Call to Order
2. Executive Session
3. Additions/Deletions to Agenda
4. NWPPA Award
5. Public Comment
6. 2006 Budget Hearing Continued
7. Wireless Business Plan
8. NoaNet Update
9. EIS Update/Tetra Tech & Forest Service Budgets
10. Energy Northwest - Reardan Twin Buttes Wind Project
Resolution No. 1304
11. Diesel Generators/Cummins Northwest, Inc.
12. Northwest Coalition for Affordable Power
13. Loup Loup Transmission Line Pole Replacement
14. Manager's Report
15. Public Comment
16. Power Supply Report
17. Meetings
18. Approval of Minutes
19. Approval of Work Orders
20. Approval of Vouchers
21. Executive Session
22. Adjournment

1. Call to Order:

President Bolz called the meeting to order at 12:30 p.m.

2. Executive Session:

President Bolz recessed the Commission into executive session at 12:30 p.m. for one hour to discuss property and litigation issues.

President Bolz reconvened the Commission into regular session at 1:30 p.m.

3. Additions/Deletions to Agenda:

Manager Chuck Berrie added to the agenda discussions on the diesel generators/Cummins Northwest, Inc. and the replacement of reject poles on the Loup Loup transmission line. In addition, he moved up on the agenda that portion of the Manager's report pertaining to the District's NWPPA award.

4. NWPPA Award:

Manager Berrie noted that Okanogan PUD received awards from the 2005 Northwest Public Power Association Excellence in Communication Competition. He acknowledged the efforts of Energy Service Coordinators Debra Peters and Steve Brown for the ad and radio spots that received recognition.

5. Public Comment:

No public comment was offered.

6. 2006 Budget Hearing Continued:

Discussion continued on the schedule and agenda for budget discussions over the next several weeks. A series of special meetings to discuss the 2006 budget will be held as follows:

October 24 3:00 p.m.

October 31 3:00 p.m.

November 21 3:00 p.m.

November 22 2:30 p.m.

November 28 3:00 p.m.

The Board plans to adopt the 2006 budget at the December 13, 2005 regular meeting.

In regards to the Energy Act of 2005 requirements and time of day metering and tiered rates, Commissioner Johnson suggested that Energy Northwest be contacted for assistance. Following discussion, the Manager was requested to send a letter asking that Energy Northwest consider soliciting interest of its members and other utilities to see if there is sufficient interest in working on such a project.

The Budget Hearing was continued to the next regular meeting on November 1, 2005.

7. Wireless Business Plan:

The Board considered the draft Wireless Business Plan as presented by Telecom Manager Warren Miller at the October 4, 2005 meeting. Miller noted that the assumptions of the Wireless Business Plan would be reviewed periodically for adjustment and modification to ensure it is meeting the needs of the District and the communities it serves.

Commissioner Womack moved to adopt the Wireless Business Plan for 2005-2009. Commissioner Bolz seconded the motion for discussion purposes. Commissioner Johnson said he wouldn't mind approving the guiding principles, but he felt it unnecessary to adopt a portion of the Telecom Business Plan that does not include timelines and specific actions. Upon the vote, the motion carried two to one with Commissioner Johnson opposed.

8. NoaNet Update:

Staff and commissioners presented information regarding restructuring efforts of the Northwest Open Access Network (NoaNet). At the October 12, 2005 NoaNet meeting attended by Commissioner Bolz and Telecom Manager Miller, there was discussion on a proposed Member percent reallocation method and the funding of capital projects through Member contributions rather than continued use of the Line of Credit. Since Grant PUD has previously notified NoaNet that they will not consent to recommended changes of the restructuring proposal, the NoaNet Board passed a motion to expedite the process of Grant PUD's withdrawal in order to proceed with changes the Board and Members feel are appropriate. NoaNet is looking for consent from each of the Members to waive the 60-day notice period.

Commissioner Johnson moved, seconded by Commissioner Womack, to support continuing the NoaNet reorganization process and to encourage NoaNet to use its Line of Credit to resolve any fiscal issues, as Okanogan PUD is not ready to make capital contributions at this time; and further, until there are new Bylaws, Okanogan PUD accepts the existing obligations and conditions of the current Bylaws to allocate the rights and obligations of Members that have left NoaNet. The motion unanimously carried.

In addition, the Board indicated that they did not want to sign a Waiver of the 60-day waiting period for Grant County PUD to withdraw from NoaNet.

9. EIS Update/Tetra Tech & Forest Service Budgets:

Dan Boettger, Director of Regulatory and Environmental Affairs, presented Modification No. 2 to the Collection Agreement between the Forest Service and the District for additional costs associated with the Methow Transmission Line EIS. The additional funding request of \$12,526.73 is based on the premise that the selected alternative will not cross the National Forest System lands.

Tetra Tech EC., Inc. has submitted a new anticipated forecast of \$998,686 to complete the EIS, which is an additional \$64,250 over the April 2004 approved budget.

The Board tabled discussion on the funding requests pending an opportunity for further review and to allow an opportunity for Tetra Tech's project manager, Penny Eckert, to attend the meeting on November 1, 2005.

Commissioners are now reviewing the approximately 1,400 page Preliminary Final Environmental Impact Statement (PFEIS) which includes questions, comments, and responses to 413 comment letters and testimony of 18 individuals (724 pages of the PFEIS) prior to their determination of a preferred alternative. Discussion included if and when concerned public would have access to responses to their comments, whether further public involvement would occur, and when the Final EIS with the preferred alternative would be available. Management suggested late November, while Commissioners thought January 2006 more likely.

10. Energy Northwest - Reardan Twin Buttes Wind Project/Resolution No. 1304:

The Board considered Resolution No. 1304 approving Energy Northwest's undertaking of the Reardan Twin Buttes Wind Project. Approving Energy Northwest's undertaking of this project does not obligate the District to participate in the project in any way, nor does it obligate the District to any financial or legal liability.

Commissioner Johnson moved, seconded by Commissioner Womack to adopt Resolution No. 1304. The motion unanimously carried.

11. Diesel Generators/Cummins Northwest, Inc.:

Manager Berrie informed the Board there are unresolved issues with Cummins Northwest, Inc. pertaining to the diesel generator settlement. The Suspension Agreement to the Settlement Agreement expires at the end of this week, and PUD and CNL representatives have both expressed the importance of resolving the issues before work resumes. According to the Settlement Agreement, all disputes and controversies between the parties shall be resolved by mediation and then by binding arbitration if mediation is unsuccessful. Berrie requested

authorization to send a letter of Arbitration Demand and to extend the Agreement to Suspend the Settlement Agreement until the issues are resolved.

Commissioner Johnson moved, seconded by Commissioner Womack, to authorize the Manager to send a letter of Arbitration Demand to resolve issues associated with Cummins Northwest, Inc.'s work associated with the Settlement Agreement, and to authorize the Manager to extend the Agreement to Suspend the Settlement Agreement until the issues are resolved. The motion unanimously carried.

12. Northwest Coalition for Affordable Power:

The Board discussed the District joining the campaign of the Northwest Coalition for Affordable Power to urge the Bonneville Power Administration to lower current wholesale power rates by setting and meeting a \$27 per megawatt hour rate target for the next wholesale power rate period. A Resolution endorsing the Coalition's mission will be drafted for the Board's consideration at the November 1, 2005 meeting.

13. Loup Loup Transmission Line Pole Replacement:

Operations Manager Doug Adams presented information for replacement of Loup Loup 115 KV transmission line reject poles found during the 2005 pole test conducted by Osmose. Staff has contacted four contractors, and only Potelco Construction has crews available for this work in 2005. Potelco has quoted the District \$178,710 for replacing eight structures.

Commissioner Johnson moved, seconded by Commissioner Womack, to approve the award of work under the Small Works Contract for replacement of eight Loup Loup transmission structures to Potelco Construction for a total not to exceed cost of \$178,710. The motion unanimously carried.

14. Manager's Report:

Operations Manager Adams informed the Board of the recent outages to make repairs to the Twisp transmission line and the scheduled power outage on October 21, 2005 to make repairs on the Tonasket substation.

Manager Berrie reported on an email from the Van Ness Feldman legal firm announcing that the Departments of Energy and the Interior have published a Notice of Intent to prepare a programmatic EIS on designating energy corridors on Federal land in eleven Western states.

The Manager encouraged the Board to join him in attending the Columbia River seminar in Seattle on November 14-15, 2005. Commissioner Bolz and Manager

Berrie will attend the Public Power Council meeting and the 2005 PNUCC annual meeting in Portland on November 2-4, 2005.

15. Public Comment:

George Wooten cautioned the PUD to take special interest in regards to the EIS. He asked when public comment ends and if there are any scheduled workshops.

Vicky Welch noted she was pleased that the Board is reading the full EIS. In addition, she appreciated the agenda stating the time the meetings will start following executive session.

16. Power Supply Report:

Power Resource Engineer Larry Felton presented a third quarter 2005 power supply report. To date, there is a net gain of \$1.52 million over the estimated budget of wholesale and retail sales.

Surplus power sales in 2005 are expected to be \$7.6 million and are projected to exceed \$8.1 million in 2006.

17. Meetings:

The next Okanogan PUD Board meeting is a special budget planning session scheduled for 3:00 p.m., October 24, 2005 at the Okanogan PUD Auditorium.

Commissioners Bolz, Womack and Johnson will attend meetings of the Washington PUD Association in Seattle on October 20-21, 2005.

Commissioner Johnson will be attending meetings of the Northwest Energy Coalition in Seattle on October 21-23, 2005. Johnson notified staff of an Emergency Management meeting at the Okanogan County Courthouse on October 21, 2005

Commissioners Bolz, Womack and Johnson plan to attend the Enloe Dam Hydroelectric Project Initial Consultation meeting with agencies on November 9, 2005 at 9:00 a.m. at the Okanogan PUD Auditorium and the public meeting at 7:00 p.m.

Commissioners Bolz and Womack and Manager Berrie plan to attend the annual fall meeting of the Washington State Delegation and Public Utility District Commissioners and Managers from Ferry, Okanogan, Pend Oreille and Stevens Counties on November 10, 2005 at noon at the Park Place Restaurant in Colville.

Commissioner Bolz attended the October 6, 2005 Public Records and Open Meetings program co-sponsored by the Chronicle at the Wenatchee Valley College Theater in Wenatchee.

18. Approval of Minutes:

Commissioner Johnson moved, seconded by Commissioner Womack, to approve the Minutes of the October 4, 2005 regular meeting. The motion unanimously carried.

19. Approval of Work Orders:

The following work orders were submitted for approval:

04-0429	Gordon Goudeau, 101 W. Bannon Creek Rd.	\$3,226.00
05-00&04	Erickson Construction, Hillcrest Circle	895.00
05-0088	Dist/The Fathers Ranch, 1621 Hwy 20, Tonasket (Rev #1)	3,296.00
05-0124	Jaqueline Watts, 105 Patterson Creek Rd. (Rev. #1)	4,135.00
05-0369	Mary McKinney, Talkire Lake Rd.	4,738.00
05-0383	Mike Binnie, 1961 Lyman Lake-Moses Meadows Rd.	15,151.00
05-0385	District, Jennings Loop Rd.	1,001.00
05-0398	District, Jennings Loop Rd.	837.00
05-0423	Stanley Peterson, 15 King Fisher Rd.	2,647.00
05-0431	District, 253B Tonasket-Havillah Rd.	1,540.00
05-0435	Chris Freel, 202 Malott Eastside Rd.	5,378.00
05-0437	District, Okanogan Airport	1,260.00
05-0438	Johnny Appleseed/Zirkle Fruit, B & O Rd.	5,012.00
05-0439	Dale Baker, 10 Loe Rd., Molson	4,652.00
05-0449	Michaelisa's Espresso, 202 Methow Valley Hwy.	1,369.00
05-0454	Bob Barnes, Wildermuth Rd. & Havillah Hwy.	4,949.00
05-0455	Brian Thompson, 610 Hwy. 97, Oroville	3,405.00
05-0456	David Herschlip, 59 Fletcher Rd.	4,521.00
05-0460	Mike Nick, 1820 N. Pine Creek Rd.	4,447.00
05-0466	Joshua Arnold, Lot 11, Div. 7, Nine Mile Ranches	3,447.00
05-0469	Bob Christensen, Green Rd., Omak	5,493.00
05-0476	District, Tunk Crk.	1,000.00
	Total	\$82,399.00

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

20. Approval of Vouchers:

Vouchers No.'s 88871 through 88956 in the amount of \$278,457.56, No.'s 88957 through 88959 in the amount of \$105,347.28, No.'s 88960 through 88984 in the

amount of \$207,474.99, and No.'s 88985 through 89082 in the amount of \$728,663.21 were submitted for payment from the revenue fund.

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

21. Executive Session:

President Bolz recessed the Commission into executive session at 4:30 p.m. for 30 minutes to discuss personnel and litigation issues.

President Bolz reconvened the Commission into regular session at 5:00 p.m.

22. Adjournment:

There being no further business to discuss, the meeting adjourned at 5:00 p.m.

Ernest J. Bolz, President

ATTEST:

David A. Womack, Vice-President

Donald W. Johnson, Secretary