

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

**Okanogan PUD Auditorium
1331 2nd Avenue North, Okanogan, WA
November 1, 2005
12:30 p.m.**

Present:

Board: Ernest Bolz, David Womack, Donald Johnson
Staff: Chuck Berrie, Doug Adams, Don Coppock, Warren Miller, Larry Felton, Steve Brown, Julie Pyper
Other: Michael Howe - Legal Counsel
Public: Rebecca Meadows, Penny Eckert, John Newcom, Mike Ferris, Laura Clark, Chris Thew

Summary Agenda

1. Call to Order
2. Executive Session
3. Additions/Deletions to Agenda
4. Public Comment
5. 2006 Budget Hearing Continued
6. EIS Update/Tetra Tech & Forest Service Budgets
7. Okanogan Conservation District/Biomass Feasibility Study
8. NoaNet Update
9. Wireless Business Plan
10. Northwest Coalition for Affordable Power - Resolution No. 1305
11. Power Circuit Breaker Bid Award No. 320-05
12. AutoCAD Licenses for New Work Order System
13. Jaco Construction, Inc. Contract Extension/PCB Testing
14. Manager's Report
15. Power Supply Report
16. Public Comment
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 litigation and property issues.

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

3. Additions/Deletions to Agenda:

Commissioner Johnson added to the agenda a discussion on the Wireless Business Plan. Manager Berrie added a discussion on extending the Jaco Construction, Inc. contract to complete PCB testing.

4. Public Comment:

No public comment was offered.

5. 2006 Budget Hearing Continued:

There was no public comment on the 2006 budget. The budget hearing was continued to the next regular meeting on November 22, 2005.

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

As a follow up to last meeting's discussion, staff recommended the District enter into Modification No. 2 to the Collection Agreement between the Forest Service and Okanogan PUD for costs associated with the Methow Transmission Line EIS. The original contract of \$33,000 was supplemented by an additional \$19,751.64 under Modification No. 1. This Modification No. 2 documents an additional contribution of \$12,526.73 needed to complete the project and extend the Collection Agreement from January 31, 2006 to June 30, 2006. The additional funding is based on the premise that the selected alternative will not cross the National Forest System lands.

Commissioner Johnson moved, seconded by Commissioner Womack, to authorize the Manager to execute Modification No. 2 in the amount of \$12,526.73 to the Collection Agreement between the Forest Service and the District for costs associated with the Methow Transmission Line EIS. The motion unanimously carried.

Project Manager Penny Eckert addressed Tetra Tech's forecast of \$998,686 to complete the EIS, which is an additional \$64,250 over the April 2004 approved budget. Changes from the Draft EIS to the Preliminary Final EIS resulting in the increase were noted, and it was staff's recommendation to accept the budget increase of \$64,250.

Commissioner Womack moved, seconded by Commissioner Bolz, to accept Tetra Tech's additional budget request of \$64,250 to complete the Methow Transmission Line EIS. Commissioner Johnson noted the reasons why he did not feel the additional budget request was justified. Upon the vote, the motion carried two to one with Commissioner Johnson opposed.

7. Okanogan Conservation District/Biomass Feasibility Study:

Representatives from the Okanogan Conservation District, Forest Service and Okanogan Communities Development Council presented a funding request of \$20,000 to assist with the match of funds needed under a grant of \$40,000 provided by the Washington State Department of Commerce, Trade, and Economic Development. The purpose of the grant is to conduct a woody biomass feasibility study to determine the best process for removing woody biomass from the forests, find the most economical means of producing power, and create a business plan in order to acquire project funds.

Following discussion, it was agreed that Energy Northwest has the experience and expertise in this arena and might be of assistance. Commissioner Johnson will make contact with Energy Northwest on behalf of the group and report his findings at the next meeting.

8. NoaNet Update:

Telecom Manager Warren Miller recommended approval of the Capital Contribution Agreement, as adopted at the October 26, 2005 meeting of the Northwest Open Access Network subject to Member approval. The Agreement sets forth the terms and conditions of a one-time voluntary capital contribution and reallocation of Members' Percentage Interests. As reflected in the Allocation Schedule, Okanogan PUD declined to participate in voluntary Member capital contributions and chose to retain its current Member Percentage Interest of 5.50 percent.

Commissioner Womack moved, seconded by Commissioner Johnson, to accept the recommendation of the Telecom Manager to execute the Northwest Open Access Network Capital Contribution Agreement in substantially the form presented. The motion unanimously carried.

9. Wireless Business Plan:

Staff addressed questions and provided additional information regarding the Wireless Business Plan presented at the October 4, 2005 Board meeting and approved at the October 18, 2005 meeting.

10. Northwest Coalition for Affordable Power - Resolution No. 1305:

Resolution No. 1305 was presented for the Board's consideration following last meeting's discussion about joining the campaign of the Northwest Coalition for Affordable Power. The Resolution requests that the Bonneville Power Administration establish a maximum rate of \$27 per average megawatt hour, inclusive of all costs, for wholesale power rates for the FY 2007-2009 rate period.

Commissioner Johnson moved, seconded by Commissioner Womack, to adopt Resolution No. 1305. The motion unanimously carried.

11. Power Circuit Breaker Bid Award No. 320-05:

Operations Manager Doug Adams reported that two responses were received under Bid No. 320-05 for a replacement 115 KV breaker in the Okanogan Substation. ABB, Inc. bid \$54,306 with delivery in 16-18 weeks, and Western States Electric bid \$54,395 with delivery in 26 weeks.

Commissioner Johnson moved, seconded by Commissioner Womack, to award Bid No. 320-05 for one 115 KV 2000 amp breaker to the lowest responsive bidder, ABB, Inc. for \$54,306. The motion unanimously carried.

12. AutoCAD Licenses for New Work Order System:

Doug Adams reported that additional funding of \$30,000 is needed for the previously approved GIS project. This will allow the District to purchase software and site licenses in 2005 for the AutoCAD system.

Commissioner Johnson moved, seconded by Commissioner Womack, to approve an additional \$30,000 for the GIS project to complete scheduled 2005 work. The motion unanimously carried.

13. Jaco Construction, Inc. Contract Extension/PCB Testing:

Adams reported that additional funding of \$24,420 is needed to complete the PCB testing of the District's transformers in 2005. The 2005 budget included \$250,000.00 for Jaco Construction, Inc. to inspect and test 3,326 transformers. Jaco has reached the budgeted amount with completion of 3,030 transformers and 296 units remaining to be tested.

Commissioner Johnson moved, seconded by Commissioner Womack, to authorize an increase in the 2005 budget for PCB testing in the amount of \$24,420 to allow for completion of the project in 2005. The motion unanimously carried.

14. Manager's Report:

Manager Berrie recapped the Board's approval on October 31, 2005 to join with the City of Oroville in a grant funding request to study the feasibility of increasing the water storage capacity behind Enloe Dam.

Director of Finance/Auditor Don Coppock informed the Board that State Auditors are on site for the District's annual audit. An exit conference is planned for November 14, 2005.

Coppock noted that staff is researching options to replace the District's mailing system with equipment that will meet new postal regulations set to take effect in 2006.

15. Power Supply Report:

Power Resource Engineer Larry Felton reported that Okanogan County would like to determine a timeline and course of action to move forward with plans to construct a multi-use, non-motorized trail between Nighthawk and Oroville. The County proposes to use the old railroad bridge across the Similkameen River, which the PUD owns, plus rights-of-way across other parcels between Oroville and Nighthawk.

Until the District proceeds further with the Enloe Dam licensing project, the staff and commissioners recognize there are too many unknown concerns to commit to a course of action for the trail project at this time.

Felton reported that excess wholesale power sales in October 2005 were \$983,768 over budget estimates, which puts the District slightly less than \$2.5 million over projections for the year.

16. Public Comment:

No public comment was offered.

17. Meetings:

Commissioner Johnson submitted Proceedings of Interest from the Northwest Energy Coalition Fall 2005 Conference he attended in Seattle on October 20-22, 2005, and the Energy Northwest Board of Directors meeting in Richland on October 26, 2005.

Commissioner Bolz attended the special meeting of the members of NoaNet in Wenatchee on October 26, 2005, and a meeting on October 26th at the law offices of Jeffers, Danielson, Sonn & Aylward, P.S. regarding Cummins Northwest, Inc.

Commissioner Womack reported on the discussions of the Washington PUD Association meetings he attended October 19-21, 2005.

There will be a special meeting from 3:00 p.m. to 5:00 p.m., Tuesday, November 8, 2005 for the purpose of discussing property and litigation issues in executive session. Special meetings for budget planning are scheduled for 3:00 p.m., November 21, 2005 and 2:30 p.m., November 22, 2005. The next regular meeting is November 22, 2005 with executive session at 5:00 p.m. followed by public comment at 6:00 p.m. The meetings will be held at the Okanogan PUD Auditorium.

18. Approval of Minutes:

Commissioner Womack moved, seconded by Commissioner Johnson, to approve the Minutes of the October 18, 2005 regular meeting. The motion unanimously carried.

19. Approval of Work Orders:

The following work orders were submitted for approval:

03-0561	Norm Weddle, 860 Hwy. 7, Tonasket	\$3,930.00
05-0304	Zosel Chip Plant/District, 659 Jennings Loop Rd.	4,710.00
05-0400	William & Cathy Haymond, 47 Bonanza Dr.	13,176.00
05-0419	District/Oroville Reman Reload, 900 9th Ave. #5	11,787.00
05-0429	Melvin Pelkey, Sidley Lake Dr.	2,906.00
05-0443	Roger Prater, 133 Tamarack Rd.	4,703.00
05-0446	Susan Lee Nelson, 40 Nealy Rd.	2,277.00
05-0458	Jerry Mahony, 56 Beaver Pond Rd.	4,744.00
05-0459	Judy Zunie, Brooks Tract Rd.	3,461.00
05-0463	District, Western Ave.	36,280.00
05-0467	J. C. Penney, Koala, Omak	1,345.00
05-0468	Jay Carter, Hope Springs Trail	7,776.00
05-0472	Roger St. Clair, Red Apple Rd., Brewster	4,138.00
05-0475	Scott Vejraska, Eastside River Rd.	3,187.00
05-0479	District/Frontier Hereford Ranch, Truman Nelson Rd.	1,353.00
05-0483	Kathy Targai, Woods Rd., Omak	2,001.00
05-0484	Gerald Snoddy, 32622 Hwy. 97	801.00
05-0485	District, 878 Hwy. 7 S.	2,378.00
05-0488	Hans Hansen, 132 Hidden Hills Lane	720.00
05-0489	Steve Reinke, 374 Green Lake Rd.	1,188.00
05-0496	Mike Steele, 93 Burma Rd.	2,451.00
05-0499	District, 17 Red Apple Rd.	2,275.00
05-0502	Crispin Ramirez, Hwy. 7 & Hwy. 97	2,999.00

05-0503 Marlene Rawley, 570 Paradise Hill Rd.	537.00
Total	\$121,123.00

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

20. Approval of Vouchers:

Voucher No.'s 89083 through 89085 in the amount of \$89,419.45, No.'s 89086 through 89147 in the amount of \$163,408.99, No.'s 89148 through 89173 in the amount of \$200,822.77, No.'s 89174 through 89211 in the amount of \$1,341,115.63, and No. 89212 in the amount of \$1,649.45 were submitted for payment from the revenue fund.

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

21. Executive Session:

President Bolz recessed the Commission into executive session at 4:35 p.m. for ten minutes to discuss potential litigation.

President Bolz reconvened the Commission into regular session at 4:45 p.m.

22. Adjournment:

There being no further business to discuss, the meeting adjourned at 4:45 p.m.

Ernest J. Bolz, President

ATTEST:

David A. Womack, Vice-President
Donald W. Johnson, Secretary