

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Location: Old Oroville Depot Historical Society  
July 27, 2004**

**Present:**

Board:	David Womack, Darrel Bunch, Donald Johnson
Staff:	Chuck Berrie, Don Coppock, Larry Felton, Glenn Huber, Steve Brown, Debra Peters, Julie Pyper
Other:	Michael Howe - Legal Counsel
Public:	Roberta Donnor, Ernie Bolz, Bob Williams, Harlan Warner, Lance Haney

President Womack called the meeting to order at 6:00 p.m. and added to the agenda the Setting of Board Elections and Assignments. Manager Berrie added an update on the Department of Ecology Notice of Construction Permit associated with the diesel generators. Commissioner Johnson added a report on the Washington PUD Association meeting and the Annual Report to the Board.

Manager Berrie introduced Glenn Huber as the new Area Manager for the Oroville PUD office. Mr. Huber will transfer to Oroville when his position at Okanogan PUD has been filled.

**Summary Agenda**

1. Approval of Minutes
2. Approval of Work Orders
3. Approval of Vouchers
4. Approval of Transfer of Accounts
5. Public Comment
6. REPI Update for Nine Canyon
7. Setting Board Elections and Assignments
8. DOE Notice of Construction Permit (Diesel Generators)
9. Annual Report to Board
10. Public Comment
11. Meetings
12. Executive Session - Personnel and Litigation

**1. Approval of Minutes:**

Commissioner Johnson moved and Commissioner Bunch seconded to approve the Minutes of the July 13, 2004 regular meeting. The motion carried; however, the Commissioners agreed to retract the vote on the motion to approve the

Minutes because Commissioner Johnson, due to a misunderstanding, inadvertently voted to approve the Minutes.

Commissioner Johnson moved and Commissioner Bunch seconded to amend the July 13, 2004 Minutes (Item 5 - Public Comment) to include the following language regarding Vicky Welch's comments. [substitute for the last sentence— She also asked about lag time on Annual Reports. The 2001 Annual Report to the Board of Commissioners was the last produced.

The resulting discussion included:

1) there is no legal obligation to provide an Annual Report to the Board; 2) there is, however, a requirement to provide an Annual Report to the State Auditor's Office at the end of each fiscal year; and 3) that Annual Report has not been presented to the Commissioners. Commissioner Johnson requested a copy of the 2003 Annual Report to the State Auditor.

Commissioner Womack responded that he had no problem with the statement that said she also asked about lag time on Annual Reports; however, he pointed out that the last part of the statement (the 2001 Annual Report to the Board of Commissioners was the last produced) was not a part of the meeting.

The motion unanimously carried.

Commissioner Johnson moved to amend the July 13, 2004 Minutes (Item 6 - Mid-Year Financial Update) to insert: Cash reserves of \$19,950,000 at the end of 2003 exceeded the estimate of \$16,500,000 and currently stand at \$22,402,955 , well above the estimate of \$15,600,000 for the end of 2004. The unallocated amount available for operations is \$13,155,026 as of July 1, 2004, an increase of \$329,165 in June. The motion died for lack of a second.

Commissioner Johnson moved and Commissioner Bunch seconded to amend the July 13, 2004 Minutes (Item 12 - Rules Regarding Conducting Commission Business) to change the word "synopsis" to its intended "synonym". The motion unanimously carried.

Commissioner Johnson moved to amend the July 13, 2004 Minutes (Item 13 - Tetra Tech Progress Report) to insert: Field work expenses were \$74,487.53 for wildlife, cultural resources, and vegetation surveys along three alternative routes. Road maps for use in the field were refined by GIS. Expenditures for EIS Chapters 1 and 2 and Preliminary Draft EIS were \$32,822.87. Stream comparison GIS analysis was conducted (no parameters were presented). Project team members responded to internal review comments on the preliminary affected environmental sections for their resource areas. Commissioner Johnson noted that he called Tetra Tech and was informed that the Project Manager is out of the office for three weeks. He left a message, but has received no reply. The motion died for lack of a second.

Upon the vote to approve the July 13, 2004 Minutes as amended, Commissioners Womack and Johnson voted nay. The motion failed two to one.

Commissioner Womack moved and Commissioner Bunch seconded to approve the July 13, 2004 Minutes as written by the Recording Secretary, to include the correction of "synopsis" to its intended "synonym". Upon the vote, Commissioner Johnson voted nay. The motion carried two to one.

## 2. Approval of Work Orders:

The following work orders were submitted for approval:

03-0270	Brantner/Marcial, 69 Cherokee Rd., Omak (Rev. #3)	\$8,587.00
04-0004	Rick Anderson, Lot 4, Salmon Creek Estates, Conconully	889.00
04-0253	District, Oroville Substation	38,546.00
04-0255	Maurice Goodall, Jaquish Rd., Omak	722.00
04-0270	Okanogan County Road Dept., Rattle Snake Point	10,802.00
04-0290	Kimberly Pollak, 96 Alder Creek Rd., Twisp	2,805.00
04-0312	Neil & Mary White, Conconully Hwy.	5,733.00
04-0314	Richard LeMoine/Sidney Zielke, Poorman Creek Cut-Off Rd., Twisp	5,746.00
04-0328	Dale Tonseth/District, 1107 Burton St., Twisp	598.00
04-0329	Ed Jeffco, Airport Rd., Tonasket	3,397.00
04-0330	District, Various Locations - Central Area	5,047.00
04-0331	Janet Logan, 81 Texas Creek Rd., Carlton	1,608.00
04-0332	Jose Medrano, 257 Old Hwy. 97, Brewster	4,554.00
04-0335	District, Omak Mountain Rd.	3,677.00
04-0338	District, 101 Valley Rd., Brewster	1,740.00
04-0342	City of Okanogan, Crestview Dr., Okanogan	898.00
04-	Dan Shiflett, Rodeo Trail	812.00

0344		
04-0345	Dan Shiflett, Rodeo Trail	1,031.00
04-0346	District, Monse River Rd.	620.00
04-0347	District, 948 Twisp-Carlton Rd.	1,000.00
04-0351	District, 948 Twisp-Carlton Rd.	1,697.00
04-0355	District, Monse Cut-Off Rd.	1,121.00
04-0356	District, 195 Gold Creek Rd.	1,683.00
04-0359	James Behrens, 101 Bill Shaw Rd., Pateros	1,738.00
04-0360	District, 242 Warren Ave., Pateros	512.00
04-0361	Jim Scancellia, Iris Lane, Twisp	1,588.00
04-0364	District, 2915 Hwy. 153, Twisp	3,952.00
04-0367	District, Intersection of Hospital Way & Hwy. 97	560.00
04-0368	District, Harmony House, Brewster	2,012.00
04-0370	Gebbers Farms, Inc., 75 Pioneer Rd., Brewster	3,000.00
	Total	\$116,675.00

Commissioner Bunch moved and Commissioner Johnson seconded to approve the work orders. The motion unanimously carried.

### 3. Approval of Vouchers:

Vouchers No.'s 82720 through 82840 in the amount of \$305,269.59, No.'s 82841 through 82868 in the amount of \$177,804.85, and No.'s 82869 through 82963 in the amount of \$1,158,629.97 were approved for payment from the revenue fund.

Commissioner Bunch moved and Commissioner Johnson seconded to approve the vouchers. The motion unanimously carried.

### 4. Transfer of Accounts:

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

Berry, Anthony	\$188.74
Bolinger, Greg & Terry M.	92.83
Brick, Mary & John	167.19
Brodmerkle, Brenda K.	137.09
Cabell, Billy Jo	429.74
Carpenter, Dorothy J.	75.05
Combs, Donovan	404.38
Condon, Marie S.	289.70
Crumley, Phillip	275.90
Drouillard, Travis & Whitaker, I.	122.89
Figueroa, Esperanza	286.67
Friedlander, Ruth	480.01
Garcia, Gustavo Diago	4.65
Goyne, Kate	296.85
Kothman, Don W.	745.32
Kothman, Don W.	51.76
Maney, Margaret	859.26
Marker, Racheal A.	159.58
Miller, Joseph D.	108.29
Mills, Vernon (Estate)	37.62
Moore, Patty A.	633.09
Murphy, Daniel E.	55.20
Palomares, Ernesto R.	153.37
Premer, Elaine G.	461.98
Savold, Rick L. & Stephanie L.	1,004.33
Smith, Bill G.	15.78
Smith, Shila	86.39
Stenson, Chris A.	20.30
Straight, Barbara A.	299.84
Strows, Debra S.	404.78
Thomas, Valerie J.	144.76
Traylor, David Roman	299.80
Walts, Jasmine S.	176.33
Wilson, Carrie A.	118.61
Zimmerman, Richard	212.88
Total	\$9,300.96

Commissioner Bunch moved and Commissioner Johnson seconded to approve the account transfers, including the closed accounts in the name of the Old Country Store (#43165-0 in the amount of \$729.21 and #43166-8 in the amount

of \$122.95) for transfer to Ray Timm's residential account #11326-6. The motion unanimously carried.

#### **5. Public Comment:**

Manager Chuck Berrie read the Methow Transmission Project Environmental Impact Statement Public Comment Guidelines that were adopted at the June 15, 2004 meeting. A Public Comment Form was created to ensure that comments intended for consideration in the EIS process are not confused with public comment expressed to the Board of Commissioners as part of a regular meeting. Public comment forms will be provided for EIS comments at every Board meeting and are also available on the web at [www.okanoganpud.org](http://www.okanoganpud.org). As noted on the form, comments may also be submitted via mail, e-mail or fax.

Lance Haney thanked the Board of Commissioners for traveling to Oroville for tonight's meeting.

In noting that the need expressed (June 15, 2004 Agenda Item 6 - Public Comment Guidelines) for an exact record to be accurately recorded with written input (form, e-mail or fax) was recommended with no stipulation regarding oral input, Commissioner Johnson moved that EIS public comments be audio recorded to provide an exact record of oral comments and related discussion. (Johnson pointed out that the PUD's contracted legal counsel for EIS matters [Marten Law Group] has recommended that the District record public comment dealing with the EIS, and he would recommend that the PUD follow their advice by passing this motion.)

The motion died for lack of a second.

#### **6. REPI Update for Nine Canyon:**

The Renewable Energy Production Incentive program was instituted under the Energy Policy Act to provide incentive payments for a ten-year period to publicly owned utilities that generate electric energy for sale from qualified renewable energy projects. Unlike the tax credit available to private and investor owned companies investing in renewables, REPI incentive payments are subject to annual Congressional appropriations. The Nine Canyon Wind Project, located southeast of Kennewick, Washington, is an eligible facility under REPI. As a purchaser of Nine Canyon, the District has acquired 25 percent of the project output (16 megawatts of capacity and 5 average megawatts of energy). Power Resource Engineer Larry Felton noted that REPI funding for 2003 was reduced by 21 percent for the first time in the history of the program. This, coupled with less actual wind power generation versus average power production of the Nine Canyon facility, has led to a REPI shortfall of \$810,079 for Energy Northwest, the owner of Nine Canyon. The shortfall will impact the REPI reserve account maintained by Energy Northwest (originally

established at \$2.8 million) and may increase the annual budget in future years. The District's cost of the project with REPI factored in is 3.51 cents/KWh). Felton cautioned that without REPI at all, the project cost would increase by 1.8 cents (or 5.31 cents/KWh).

#### **7. Setting Board Elections and Assignments:**

Commissioner Womack moved and Commissioner Johnson seconded to set the first meeting in January for the election of Board positions and to review Board assignments. The motion unanimously carried.

Attorney Howe was requested to update the current Resolution Adopting Rules and Procedures for Meetings by the Board of Commissioners to include the setting of Board elections and assignments.

#### **8. DOE Notice of Construction Permit (Diesel Generators):**

Manager Berrie noted that the District has filed an application for a Notice of Construction Air Quality Permit with the Department of Ecology to proceed with testing of the diesel generators as per the litigation settlement agreement with Cummins Northwest. Ecology has made a preliminary determination to approve a Notice of Construction for the project pending the outcome of a 30-day public comment period. To meet the 30-day period, the District will advertise in the Wenatchee World the Notice of Proposed Decision Regarding a Notice of Construction. (The District had previously received a temporary approval order and a Notice of Construction approval order from Ecology to operate the generators; however, Ecology rescinded the approval to operate following a request by the District to do so when it was expected the permit would no longer be needed.)

#### **9. Annual Report to Board:**

Commissioner Johnson pointed out that the last completed Annual Report presented to the Board was the 2001 Annual Report. It is his desire that the process of presenting Annual Reports to the Board continue because the Annual Reports assist the Commissioners with tracking changes that might be relevant for consideration regarding the budget. As noted by the Director of Finance/Auditor Don Coppock, the District timely files December 31 fiscal year-end reports with the State Auditor's Office by the May 30 due date. Although the Annual Report has historically been presented to the Commissioners and management and will continue to be provided, the District is not required by law to prepare a separate Annual Report. The Commissioners are provided budget reports and approve vouchers at each meeting. Commissioner Johnson requested that the Commissioners be included on the distribution list of information submitted to the State Auditor.

Commissioner Johnson presented the following information from the 2003 Annual Report to the State Auditor's Office:

- ☐ Electric sales for resale (wholesale sales of surplus power) were up 62.4% to \$7,814,717, while operating expenses increased by \$1,297,568 (4%). The Electric System loaned the Communication System \$7,000,000 with an interest rate of 5% (\$350,000/year). Communication System revenue in 2003 was \$147,443 with operating expenses of \$353,343 and a net loss of \$346,453 for the year. As of December 31, 2003, the District has invested \$13,040,997 in a diesel generating station (non-functional).
- ☐ The District has \$17,740,000 in long-term debt and "the possibility that future bonds will be required due to the pending construction of approximately 26 miles of new transmission line to serve the Methow Valley".
- ☐ The value of investments (excluding telecommunications) increased to \$18,231,942 in 2003 from \$16,097,040 at the end of 2002.

#### **10. Public Comment:**

There was no public comment.

#### **11. Meetings:**

Commissioners Johnson and Womack presented reports from the Washington PUD Association meetings they attended in Shelton on July 15-16, 2004. Among items of interest was the proposed resolution to BPA from the WPUDA Board of Directors urging the BPA Administrator to use his discretion in setting wholesale rates by reducing the Safety Net Cost Recovery Adjustment Clause to zero for FY 2005 and taking other steps to reduce total rates by at least 7.7 percent.

The next Okanogan PUD Board meeting is scheduled for 8:30 a.m., August 10, 2004 at the Okanogan PUD Auditorium.

#### **12. Executive Session - Personnel and Litigation:**

President Womack recessed the Commission into executive session at 8:07 p.m. to discuss personnel and litigation.

President Womack reconvened the Commission into regular session at 9:10 p.m. Commissioner Johnson moved and Commissioner Bunch seconded to authorize a five percent salary adjustment effective August 1, 2004 for a staff accountant following their initial six-month review period. The motion carried.

There being no further business to discuss, the meeting adjourned at 9:11 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary