

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
AUGUST 6, 2007

The regular weekly meeting of the Board of Commissioners of Public Utility District No. 1 of Clallam County was held at the Port Angeles Office, 2431 East Highway 101, on the above date commencing at 1:37 p.m.

Commissioners present were: Hugh Haffner, President; Hugh E. Simpson, Jr., Vice President; and W.E. Purser, Secretary.

Staff present were: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Ken Foster, District Auditor; Mike Kitz, Water & Wastewater Systems Superintendent; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Quimby Moon, Transmission, Substation, & SCADA Systems Manager; Fred Mitchell, Power Supply and Utility Services Manager; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley, Bob Jansen, and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the July 30, 2007 regular weekly meeting as submitted.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission authorized the General Manager to sign an interim agreement with the Bureau of Reclamation for the operation of the Bureau's Power System and the maintenance of Transmission Line 3 and the interconnect at Laird's Corner Substation.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to sign a Maintenance Agreement with Nippon Paper Industries for Transmission Lines 4 and 5.

Water and Wastewater Systems Assistant Superintendent Martin reported on the final report from the Sewer Feasibility Study for the Carlsborg Urban Growth Area, including a brief review of the cost analysis for the Sequim alternative, a new facility in Carlsborg, and reclaimed water reuse. The final public meeting for the Sewer Feasibility Study for the Carlsborg Urban Growth Area will be held on August 14, 2007, at Greywolf School in Sequim. Doors open at 6 p.m., and the meeting starts at 6:30 p.m.

Water and Wastewater Systems Superintendent Kitz reported that the owners of the Parkwood Water System in Sequim are interested in the District acquiring that system. The system serves 215 homes from two wells that produce approximately 250-gallons per minute. The system is currently using about 50 acre-feet of water under a water right for 74 acre-feet per year. Mr. Kitz reviewed the existing water system and it's potential for connecting into the existing Carlsborg water system. The owners of Parkwood Water System have asked the following preliminary questions. What would the rates be for the current customers? What would the District be willing to pay for the system? What improvements would be required before the District would accept the system? Would the District allow water meters to be installed under each home with a remote readout on the exterior of the home? Would the District guarantee water service to additional residences in the future if additional land in Parkwood is allowed to develop? The Commission indicated that (1) the existing Carlsborg water system rates would be a good starting place and that future rates could be developed based on the costs allocated to the system; (2) the District does not typically pay for water systems, although in this case the additional water right capacity may have some value that could be given consideration; (3) water meters should be installed before the District takes over the system and that they should be installed at the property line and not under the home with a remote register; (4) the District can guarantee water service to additional residences in the future; however, that will utilize more of the existing water right, which will reduce the value that can be given for the additional capacity of the water right. Staff will proceed with discussions with the owners of the Parkwood Water System and report back to the Commission at a later date. The District will inform existing customers of the process and future costs and welcome their comments.

Mr. Bob Jansen was present to discuss recent changes to the Senior and Disabled Low Income Discount programs with the Commissioners. They asked Treasurer Controller Bunch to evaluate the programs after a year.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$433,885.60 for August 6, 2007. District Auditor Foster reported that the vouchers included two rebates for conservation programs totaling \$1,764.

The regular meeting recessed at 2:25 p.m. to go into executive session regarding legal matters. The executive session for legal matters adjourned at 2:46 p.m., and the regular meeting reconvened at that time.

Commissioner Purser reported on a meeting he attended that included a presentation by Dave Cummins and Jim Pickett, Commissioners of the Charter Review Commission.

Commissioner Simpson reported on a Port Angeles Business Association meeting that included a forum for candidates running for a Superior Court judge position.

Commissioner Haffner reported on the District's participation at the Joyce Daze parade and expressed appreciation for employee efforts in participating in community events.

General Manager Nass noted that representatives of Twenty-First Century are on site today to begin work on the District's new call answering service.

Attendance at meetings was confirmed and approve.

The regular meeting recessed at 3:08 p.m. to go into executive session for real estate and personnel matters. The executive session adjourned at 5:49 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 5:50 p.m. to meet again, Monday, August 13, 2007, at 1:30 p.m. in the Port Angeles office.