

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
AUGUST 14, 2006

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 1:30 p.m.

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

Staff present were: Michael McInnes, Interim General Manager; Joshua Bunch, Treasurer/Controller; Ken Foster, District Auditor; Larry Morris, Operations Facilities Superintendent; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Quimby Moon, Transmission, Substation, & SCADA Systems Manager; and Carol Biss, Executive Assistant.

Others present were: Eloise Kailin, Cindy Kelly, Teri Martin, Patti Morris, and Ed Tuttle.

On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the minutes of the August 7, 2006 regular weekly meeting as submitted.

Water and Wastewater Systems Assistant Superintendent Martin reviewed a proposed professional agreement with BHC Consultants to conduct a satellite sewer system feasibility study for the Carlsborg urban growth area. He recommended that the agreement be reviewed by the District's legal counsel before the Commissioners consider approving it. The Commissioners asked that an additional public meeting be added to the Scope of Work tasks under public involvement.

Ms. Patti Morris suggested that the District ask BHC Consultants to utilize the services of local people to assist with public meetings, and the Commissioners agreed.

Interim General Manager McInnes reported on the status of the meter base surge suppressor program. Staff recommends that the District provide the surge suppressor device to customers at a cost to cover District expenses. He also discussed proposed options for customer payment. Manufacturers of these devices state that the devices need an adequate ground, and staff proposed that District install the devices only if the ground meets the manufacturer's standards. Commissioners and staff discussed several issues related to the program, including the cost for the service, District liability, and replacement costs. The Commissioners concurred that staff should proceed in developing a program wherein the District would provide the surge suppressor device and offer a simple financing package for customers.

Transmission, Substation, and SCADA Systems Manager Moon reviewed the bid tabulation for a transformer for the Johnson Creek Substation. Both bids that were received exceeded the Engineer's Cost Estimate in excess of 15 percent. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission rejected all bids for a 26/26/33 MVA power transformer with LTC under Bid Number 060809.

Dr. Eloise Kailin was present to discuss copper levels in District customers' drinking water provided by the City of Port Angeles. She expressed concern that the pH of the City's drinking water may have decreased. On behalf of Vernon Miller and herself, she asked the District to proceed with copper level testing of District customers previously tested for comparison purposes. She also asked that the testing be done sooner than required by the Washington State Department of Health.

A list of claim vouchers as certified by the Interim General Manager and District Auditor was considered. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$804,471.69 on August 14, 2006. District Auditor Foster reported that the claim vouchers included 9 rebates for conservation programs totaling \$3,996.

Commissioner Purser reported on discussions he has had about the letter the District sent to the Department of Ecology (DOE) concerning its water right policies. He said it had been reported that the District did not have any water right applications on file with DOE, but staff confirmed that the District submitted an application in 1993, and it has not yet been acted upon. Commissioner Purser also discussed the District's landscaping plan for the proposed Johnson Creek Substation and suggested that the District provide for public review and comment on the substation plan and the plans for Sequim office roof..

Treasurer/Controller Bunch presented the Treasurer's Report for July 2006. Interest for the month totaled \$165,374.11; cash totaled \$1,694,534.16; and the total amount invested was \$24,373,984.68.

Mr. McInnes presented the Interim General Manager's Report. The entrance conference with Amy Khile of the State Auditor's office was held earlier today. She expects to complete the audit work at the District by the end of the month, and will subsequently issue a report. Mr. McInnes presented the architect's initial drawing of the new roof design for the Sequim office. He also reported on the progress of the power sales agreement with Port Townsend Paper, which is being reviewed by the District's legal counsel.

The regular meeting recessed at 3:06 p.m. to go into executive session for personnel matters. The executive session recessed at 3:24 p.m. to reconvene on Tuesday, August 15, at 9:30 a.m. at the Port Angeles office. The regular meeting reconvened at 3:26 p.m. There being no further business to come before the Commission, the meeting adjourned at 3:27 p.m. to meet again for a regular weekly meeting on Monday, August 21, 2006, at 1:30 p.m. in the Port Angeles office.

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