

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
AUGUST 21, 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; Ken Foster, District Auditor; Joshua Bunch, Treasurer/Controller; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Fred Mitchell, Telecommunications and Power Resources Manager; Judi Chapman, Human Resources Manager; Shoshanah Wright, Utility Services Administrative Assistant; and Carol Biss, Executive Assistant.

Others present were: Stan Comeau, Claudia Engstrom, Cindy Kelly, and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the August 14, 2006 regular weekly meeting as amended. On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the special meetings on August 15 and 16, 2006, as submitted.

Telecommunications and Power Resources Manager Mitchell introduced a new employee, Shoshanah Wright, Utility Services Administrative Assistant.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission accepted the following projects as complete: Quotation No. 061003 with Addleman Logging for road building in the amount of \$17,360.66, plus Washington State sales tax, and Contract No. 060504 with Shakespeare Composites & Electronics for fiberglass transmission poles in the amount of \$300,070.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized the Interim General Manager to sign Contract No. 060808 with Pauwels Contracting, Inc. for a mobile substation in the total amount of \$1,471,423.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized the Interim General Manager to sign a three-year agreement with Radio Pacific for title sponsorship of the KONP Home Show.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized the Interim General Manager to sign an agreement with AuditHead to review the District's telecommunications systems usage for improvements and/or cost savings.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized the Interim General Manager to sign an agreement with Economic and Engineering Services to assist with Energy Policy Act compliance.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized the Interim General Manager to sign Revision No. 1 to Exhibit B of the Power Sales Agreement No. 00PB-12051 with Bonneville Power Administration. The amendment implements the Conservation Rate Credit for the period beginning October 1, 2006.

Mr. McInnes reported that, on recommendation of the District's legal counsel, he signed documents requesting an extension of the Bridge and Termination Loan Judgments, and the court approved an extension of ten years.

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 \$657,648.40 for August 21, 2006. District Auditor Foster reported that the claim vouchers included 16 rebates for conservation programs totaling \$7,716.

Commissioner Haffner reported on the District's participation at the Clallam County Fair, and expressed appreciation to the Utility Services Department staff for their work at the event. He said that the House on Wheels offers the public a chance to look at samples of energy-efficiency measures, see a solar water pump demonstration, and talk with employees about conservation programs.

Commissioner Purser reported that the Olympic National Park Management Plan was reviewed at a Clallam County Economic Development Council Board meeting. Comments on the Plan are due

September 15, 2006, although there is an effort underway to extend that deadline. He gave staff a copy of the Plan for the District's library.

Water and Wastewater Systems Assistant Superintendent Martin reported that he had contacted BHC about using a local contractor for public relations work related to the Satellite Sewer System Feasibility Study. Triangle Associates, the firm designated by BHC to coordinate public relations for the study, intends to use the services of a person who resides on the Olympic Peninsula. Triangle Associates has worked on a number of projects in Clallam County, including the WRIA 19 Hoko/Lyre Watershed Plan.

Mr. Martin said that he was approached by Cynthia Nelson of the Department of Ecology's Water Acquisition Program, and she urged the District to submit an application for a water right. Although no decision will be made on the District's application until the instream flow rule is complete, it was suggested that the District submit the application now. Mr. Martin is preparing an application for a water right for additional water to serve customers in the Carlsborg Urban Growth Area. Commissioners Haffner and Purser asked that staff send documentation to Clallam County Commissioners Doherty and Tharinger to show that the District has had an application for a water right pending since 1993. Commissioner Simpson said he hoped that the Department of Ecology would send a letter in response to the joint letter the District and County Commissioners sent to DOE. The letter, sent on July 31, requested policy clarification about water rights.

Mr. Mitchell reported on a meeting about the Forks biomass project. There was discussion about a proposed 3.2 megawatt project, and it was reported that there was not enough raw material available to support a project of that size. Financing options for the project, including zero percent governmental loans, were discussed. He said that the District's interest is, and has been, purchasing the electrical energy output from the project.

Mr. Mitchell discussed a proposed Surplus Firm Power Sales Agreement that provides for the District's purchase of surplus power from Bonneville Power Administration for the purpose of serving Port Townsend Paper from October 1, 2006 through September 30, 2011. The surplus power purchased for Port Townsend Paper will not affect the District's Low Density Discount. He reviewed terms of the contract, including provisions for billing and payments, delivery, point of receipt, dispute resolution, Emergency National Marine Fisheries Surcharge, line losses, and termination.

Attendance at a meeting was approved.

The regular meeting recessed at 2:42 p.m. to go into executive session for personnel and contract matters. The executive session adjourned at 3:43 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 3:44 p.m. to meet again for a regular weekly meeting on Monday, August 28, 2006, at 1:30 p.m. in the Port Angeles office. The Commissioners will hold a special meeting on August 23, 2006 at 9:30 a.m. The purpose of the special meeting is to hold an executive session regarding personnel matters.