

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
JANUARY 28, 2008

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 Haffner, President; Hugh E. Simpson, Jr., Vice President; and W.E. Purser, Secretary.

Staff present were: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Jana Robbins, District Auditor; Mike Kitz, Water and Wastewater Systems Superintendent; Steve Schopfer, IT Manager; Tom Martin, Water and Wastewater Systems Assistant Superintendent; Dave Proebstel, Chief Engineer; Larry Morris, Support Services Manager; Fred Mitchell, Power Supply and Utility Services Manager; and Carol Biss, Executive Assistant.

Others present were: Cindy Kelly.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the January 14, 2008 regular weekly meeting as amended.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1856-08 authorizing the disposal of surplus property.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved signing a letter to Mr. Dan Filip, accepting funding from the Department of Ecology's Reclaimed Water Grant Program. In partnership with Clallam County, the District will use the grant funds in the amount of \$74,497 to complete a feasibility assessment of the Carlsborg Reclaimed Water Reuse Project.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission authorized staff to call for bids for personnel and equipment to install single phase underground cable in conduit in the Upper Hoh River area of Jefferson County. (Bid 080802) Bids will be opened February 13, 2008.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved a change order to the contract with WESCO Distribution, Inc. for a maximum amount of \$5,249.70. The increased cost is for an additional 1,766 feet of cable-in-conduit.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission rejected the bid that was received for two tree trimming crews under Bid No. 080101 because the bid was over 15 percent of the estimate and authorized staff to call for bids for one tree trimming crew and equipment under Bid No. 080803. Bids will be opened February 13, 2008.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved Change Order No. 2 to the contract with Asplundh Tree Expert Company to extend services through February 2008 for a an additional maximum amount of \$30,000 and a not-to-exceed total contract amount of \$425,518.45. (Contract No. 060818)

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 consulting services agreement with EES Consulting and a legal services agreement with Marsh Mundorf Pratt Sullivan and McKenzie for services to the Western public Agencies Group in 2008.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1857-08 appointing the Treasurer to designate certain expenditures for potential reimbursement from bonds that may be approved for issuance by the Commission in the future.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to sign an agreement with Port Townsend Paper for the wheeling of electricity. (Contract No. 080401)

The Commission received a letter from Clallam County Economic Development Council's Executive Director, Linda Rotmark, and a proposed 2008 Partner Contract.

The Commissioners will hold work sessions on February 4, 2008, at 9 a.m. to review the facilities planning study and February 11 at 10 a.m. regarding facilities access. Both work sessions will be at the District's Port Angeles office.

The Washington State Senate Water, Energy, and Telecommunications Committee will hold a hearing on Wednesday, January 30, at 3:30 p.m. in Olympia. The Committee will hear several bills affecting PUDs, including a pole attachment bill and bills pertaining to PUD bid limits.

The Commissioners received a letter from Clallam County Commissioner Steve Tharinger inviting the Commissioners to attend the Strait Action Area Organizing Conference on January 30, 2008 beginning at 8:30 a.m. in Blyn.

The Commission canceled the regular meeting the week of February 18, 2008 due to the Presidents' Day Holiday.

Lists of claim vouchers as certified by the General Manager and District Auditor were considered. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$6,758,161.60 for January 21, 2008. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$318,486.59 for January 28, 2008. District Auditor Robbins reported that the claim vouchers included five rebates for conservation programs totaling \$3,756.80 for January 21, 2008, and one rebate for \$1,328 on January 28, 2008.

Commissioner Purser commented on the success of the All Employee Meeting held last week. He also reported on meeting of the North Olympic Peninsula Resource Conservation and Development Council (RC&D). He discussed activities of the NASA project, which utilizes NASA satellite data to forecast snowmelt in the Olympic Mountains and its effects on Dungeness River stream flow. The project may include a feasibility study in the Elwha River watershed to forecast what would happen when the dams are removed. Commissioner Purser also reported on an RC&D board meeting, a Sequim Dungeness Valley Chamber of Commerce meeting, and a Peninsula Development Association meeting where Jay Kehne, of the North Central Washington Economic Development District, presented information about forming an Economic Development District.

Commissioner Simpson reported on a Port Angeles Business Association meeting where members of the Port Angeles City Council spoke. He also reported on Washington PUD Association (WPUDA) meetings held in Olympia last week. He provided information on the status of several bills of interest to PUDs. He said he had discussed PUDs' concerns with the pole attachment bill with State Representative Kevin Van de Wege and representatives of WPUDA testified at a committee hearing. The bill was approved by a house committee and sent to Rules Committee. He also reported on climate change legislation, efforts to reduce carbon footprints, and possible scenarios under a cap and trade system. The WPUDA Board Meeting also included a presentation on the residential exchange by Terry Mundorf of the Western Public Agencies Group and Scott Corwin of the Public Power Council.

Commissioner Haffner reported on the WPUDA Legislative Reception last week and his discussions with Representative Van de Wege about bills of interest to PUDs.

Power Resources and Utility Services Manager Mitchell reported on a letter the District received from Western Electricity Coordinating Council (WECC) in response to the appeal the District filed with North American Electric Reliability Council (NERC). WECC has determined that the District meets the NERC Registry Criteria and must remain registered as a Load Serving Entity and Distribution Provider. However, the WECC Compliance Department expressed a willingness to work with the District to establish a set of limited requirements applicable to the District.

Mr. Mitchell reported that the District received a letter from Bonneville Power Administration last week, saying the District had been overcharged by BPA for transmission services from June 1, 2002, through December 31, 2006. BPA proposes to fully credit customers who were overcharged and collect from customers who were undercharged.

Mr. Mitchell presented proposed changes to the telecommunications rates and charges, which have not been adjusted since 2005.

Mr. Mitchell presented an overview of the proposed In-State Production Incentives for Renewable Energy Development (INSPIRED) Program. Under Washington State's Renewable Energy System Cost Recovery legislation, the District can make incentive payments to qualified customers who install and produce solar, wind and/or biomass generated electrical energy on their property.

Treasurer Controller Bunch presented the Treasurer's Report for December 2007. Investments totaled \$17,728,467.02; cash totaled \$3,525,467.91, and interest for the month totaled \$75,545.94.

Attendance at the following meetings was approved: Steve Schopfer to attend an NWPPA IT Workshop on February 7-11 in Spokane and Doug Nass to attend a Public Power Council meeting on February 6-7 in Spokane.

There being no further business to come before the Commission, the meeting adjourned at 3:58 p.m. to meet again, Monday, February 4, 2008, at 1:30 p.m. in the Port Angeles office.