

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
JUNE 12, 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 and W.E. Purser, Vice President. Commissioner Haffner was excused.

Staff present were: Michael McInnes, Interim General Manager; Ken Foster, District Auditor; Judi Chapman, Human Resources Manager; Carla Field, Records Coordinator; Jennifer Adamire, Records Technician; Bridget Edgington, Records Technician; and Carol Biss, Executive Assistant.

Others present were: Charles Forman, Cindy Kelly, and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the June 5, 2006 regular weekly meeting as submitted. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the April 4, 2005 and May 23, 2005 meetings as submitted.

A list of claim vouchers as certified by the Interim 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 \$194,619.55 for June 12, 2006. District Auditor Foster reported that the claim vouchers included 11 rebates for conservation programs totaling \$5,926.

Mr. Charles Forman, the District's Account Executive from Bonneville Power Administration, was present to discuss BPA's Power Bill Liquidity Program and other issues. Based on the Commissioners' direction at last week's meeting, Interim General Manager McInnes wrote a letter to Mr. Forman acknowledging the District's expectation to participate in the pre-pay program and asking BPA to reconsider the letter of credit requirement. Commissioners and staff discussed this issue with Mr. Forman. Utilities participating in the pre-pay program will be asked to sign an amendment agreement with BPA by mid-August, and that agreement is expected to be sent to utilities in about two weeks. Mr. Forman said he would take the issues raised by staff and Commissioners back to the BPA staff, including the questions about a voluntary commitment rather than a letter of credit and the trigger for the pre-pay. Mr. Forman clarified BPA's policy on small resources and said the policy would not provide a disincentive to purchase output from a small generating resource, such as the proposed Forks Biomass project. He said that BPA published a supplemental Record of Decision regarding service to the Direct Service Industries. The District, Port Townsend Paper, and BPA still have a couple of issues to be worked on in the planned service contract, including a provision for an emergency fish surcharge.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved City Electric, Inc.; Fibernet, Inc.; and Merit Electric, Inc. as prequalified to perform work for the District in 2006.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the Interim General Manager to sign Change Order 060305-1 to the contract with Osterberg Landscaping for additional services at the District's Carlsborg property.

Commissioner Purser reported on a meeting at which Siemens Energy and Environmental Solutions made a final report on the Forks Biomass-to-Energy Feasibility Study, including a financial analysis. The project committee's recommendation to the Clallam County Economic Development Council will be that the Study met the contract requirements. Commissioner Purser also reported on a Sequim-Dungeness Chamber of Commerce meeting he attended. One of the topics of discussion was infrastructure in the Carlsborg area. He said he discussed the proposed feasibility study for a satellite sewer system in the Carlsborg Urban Growth Area and was asked to schedule a public informational meeting about the study.

Commissioner Simpson reported on a Washington PUD Association (WPUDA) strategic planning session that was held in Quincy. Two Commissioners and two managers were selected from eastern and western parts of the state to join WPUDA staff in updating the WPUDA's existing strategic plan so it is current. The updated plan will be available soon. The strategic planning meeting included a discussion of the proposed construction of a WPUDA office building in Olympia.

Attendance at meetings was approved.

The regular meeting recessed at 2:58 p.m. to go into executive session for property and contract matters. The executive session adjourned at 4:56 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:57 p.m. to meet again Monday, June 19, 2006, at 1:30 p.m. in the Port Angeles office.