

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
JUNE 26, 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; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Fred Mitchell, Telecommunications & Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley, Cindy Kelly, and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the June 19, 2006 regular weekly meeting as amended. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the April 26, 2006 work session as submitted. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the February 15, 2006 work session as submitted.

Water and Wastewater Systems Assistant Superintendent Martin presented the proposed Drought Response Plan for the District's water systems, which would replace the District's 2001 Water Shortage Response Plan. He reviewed the key elements in each of the five stages of the Plan and discussed the conditions that trigger the raising and lowering of each stage. The proposed Plan adds a Stage 1 or forecast alert based on water supply forecasts. The proposed Plan complements the City of Port Angeles's plan for District water systems that are using water the District purchases from the City. Commissioner Purser recommended that the final draft include language in Stages 2 and 5 to make them consistent with Stages 3 and 4 by stating that declarations by the City of Port Angeles would be triggers for Gales Addition, Monroe, and Mount Angeles Water Systems only. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission adopted the Drought Response Plan dated June 26, 2006, with the changes recommended by Commissioner Purser; and they approved replacing the Water Shortage Response Plan adopted September 17, 2001, with the Drought Response Plan.

Telecommunications and Power Resources Manager Mitchell reviewed proposed changes to the agreement between Northwest Open Access Network (NoaNet) and the District for network coordination services. Under the provisions of the agreement, NoaNet would provide network monitoring, sales/administration, engineering support, and member services. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the Interim General Manager to execute the Service Order Summary (CLM006ds001) supplement to the Master Service Agreement for Communication Transport Services between NoaNet and the District.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission accepted as complete Contract No. 061002 with Kitsap Farm Garden and Tractor for a mini-excavator in the amount of \$38,755, including Washington State sales tax.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried the Commission authorized staff to call for bids for furnishing 200,000 linear feet of Schedule 40 high-density polyethylene duct. (Bid Number 060807) Bids will be opened July 19, 2006.

Interim General Manager McInnes presented a draft of the Annual Report based on 2004 statistics. The Commissioners suggested some changes to the introductory remarks and approved staff proceeding with preparation of the report.

Mr. McInnes reported on four letters the District recently received from Bonneville Power Administration (BPA). One letter notified customers of an opportunity to review and comment on BPA's proposed interpretation of section 4(c)(10)(B) of the Northwest Power Act. BPA is making this notice in order to clarify the calculation of the statutory cap on funding for the Northwest Power and Conservation Council. BPA proposes to interpret "kilowatt-hours of firm power forecast" to include BPA's forecast of Residential Exchange Program firm power sales. The District received another letter on June 12, announcing BPA would hold public meetings as part of its Capital Planning Review process. The meetings will focus on providing information about how BPA plans and makes

decisions on capital spending. BPA sent out the 2005 Progress Report covering actions to protect and recover Columbia Basin salmon and steelhead listed under the Endangered Species Act. BPA also sent a letter regarding a potential settlement agreement on two of three lawsuits that Southern California Edison (SCE) filed against BPA. Under provisions of the proposed settlement agreement, BPA would pay SCE \$28.5 million. SCE claimed damages of \$208 million in the two lawsuits.

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 \$1,598,906.88 for June 26, 2006. District Auditor Foster reported that the claim vouchers included 3 rebates for conservation programs totaling \$5,888.16.

Commissioner Purser reported on a Peninsula Development Association (PDA) Board meeting he attended. He discussed changes that may be coming as a result of requirements from the federal agency that provides funding. Based on feedback he received from the Carlsborg Advisory Committee last week, he emphasized the need for the District to hold a public meeting in Carlsborg to discuss the satellite sewer system feasibility study. He also reported on a Rotary Club meeting where Representative Lynn Kessler spoke.

Commissioner Simpson reported on a Port Angeles Business Association meeting, which featured a report from the Port Angeles City Manager. One of the items discussed was the affect of changing demographics in Sequim and Port Angeles. Commissioner Simpson also reported on a Port Angeles Chamber of Commerce meeting. The speaker, who was from Cincinnati Children's Hospital and Medical Center, presented information about hiring disabled workers and talked about the benefits they bring to the workplace.

Mr. McInnes presented the Interim General Manager's Report. He reported on the status of the whole house surge suppressor program and discussed issues related to grounding of the devices. He reported on preliminary calculations for bringing broadband to East Sequim Bay Road. It is approximately 10 miles from the closest existing fiber to the end of that road. The Engineering staff estimated costs at a minimum of \$50,000 to as much as \$100,000 per mile. Staff is currently looking into the feasibility of broadband to that area using a wireless connection. Mr. McInnes told the Commissioners that a \$15,000 warrant from the Rural Economic Development Revolving Fund for the satellite sewer system feasibility study had been mailed to the Clallam County Economic Development Council. He noted that the July 3 Commissioners' meeting had been canceled.

There being no further business to come before the Commission, the meeting adjourned at 3:08 p.m. to meet again, July 10, 2006, at 1:30 p.m. in the Port Angeles office.