

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
JUNE 5, 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; David Proebstel, Chief Engineer; Fred Mitchell, Telecommunications & Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley and Cindy Kelly.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the May 30, 2006 regular weekly meeting as submitted.

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 \$125,399.70 for June 5, 2006. District Auditor Foster reported that the claim vouchers included 12 rebates for conservation programs totaling \$3,119.08.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized staff to call for bids for crew and equipment for transmission line rebuild projects in the Joyce and Sappho areas. Bids will be opened on June 28, 2006. (Bid Number 060810)

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1812-06 designating David Proebstel as the District's representative to obtain federal and/or state emergency or disaster assistance funds on behalf of the District.

Telecommunications and Power Resources Manager Mitchell presented information about a proposed program for new residential construction, ENERGY STAR Homes Northwest. The program offers a rebate of up to \$1,000 per home to encourage contractors to build to energy standards that are higher than those required by the State. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved offering the ENERGY STAR Homes Northwest program and authorized the Interim General Manager to enter into an agreement with Portland Energy Conservation, Inc. for advertising and promotion of the program.

The Commissioners reviewed a proposed letter to Bonneville Power Administration acknowledging the District's expectation to participate in BPA's Power Bill Liquidity Program. The program was proposed as a means to keep BPA's wholesale power rates down. If BPA's reserves are projected to fall below a certain level, it would ask participating utilities to prepay an estimated three months of their wholesale power bills. The Commissioners questioned BPA's request for letters of credit as security for prepayment. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized the Interim General Manager to send a letter to the District's Account Executive at BPA, acknowledging the District's expectation to participate in the program and asking BPA to reconsider the letter of credit requirement.

Interim General Manager McInnes reported that Power Resource Managers, LLP (PRM) requested that the District approve the assignment of a professional services agreement between the District and PRM to The Energy Authority (TEA). PRM is being purchased by TEA, and the transaction is expected to be completed by the end of the month. 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 a letter authorizing Power Resource Managers, LLP to assign the Master Agreement for Scheduling, Dispatching, and General Power Management Services dated September 27, 1999, to The Energy Authority.

Commissioner Purser reported on a Peninsula Development Association meeting. PDA's Comprehensive Development Plan was discussed. One of the areas of concern was alternative energy, and he suggested that PDA develop strategies to obtain existing natural resources for energy needs.

Commissioner Simpson noted that the FridayFax reported that there is an ongoing effort to form a public utility district on Vashon Island for electric, water, and wastewater services.

Mr. McInnes presented the Interim General Manager's report. He has been meeting with supervisors and managers individually to gather information on current department issues. He also confirmed with the Commissioners that they wanted the process of selecting a General Manager to be similar to the process used in selecting a Treasurer/Controller.

On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission canceled the July 3, 2006 meeting.

Mr. McInnes reported that the Rural Economic Development Revolving Fund Board received a request for funding of \$75,000 to study the feasibility of providing a Satellite Sewer System in the Carlsborg Urban Growth Area. He also mentioned Sea Breeze Pacific's proposal to bring power from Vancouver Island to the Olympic Peninsula and said there would be a public hearing on August 9, 2006.

Mr. Mitchell distributed draft copies of the *Watts Green Update*, the first edition of the District's semi annual newsletter about green power and renewable energy sources. This issue is scheduled to be mailed to customers with the July bills. He discussed renewing the contract with Klickitat PUD for the Landfill Gas Project and adding wind energy to that agreement. He also discussed the Forks Biomass study and reviewed recent activities related to the District's broadband system.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 3:51 p.m. to meet again, June 12, 2006, at 1:30 p.m. in the Port Angeles office.