

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
MAY 21, 2007

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, and W.E. Purser, Secretary. Commissioner Simpson was excused.

Staff present were: Michael Kitz, Acting General Manager; Joshua Bunch, Treasurer Controller; Ken Foster, District Auditor; Tom Martin, Water & Wastewater Systems Assistant Superintendent; and Carol Biss, Executive Assistant

Others present were: Ron Browning and Cindy Kelly.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the May 14, 2007 regular weekly meeting as submitted.

Treasurer Controller Bunch reviewed a proposed resolution revising the District's Water Rate Schedules and increasing the rates for all water systems by about 15 percent. Commissioner Purser said that the District has reviewed its costs, held public meetings about a water rate increase, and looked at other water purveyors who have raised their rates while the District has not raised its water rates in two years. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission adopted Resolution 1840-07 revising the District's Water Rate Schedules.

Water and Wastewater Systems Assistant Superintendent Martin reviewed the District's perspective for the Water Resource Inventory Area (WRIA 19) Watershed Plan. The District's perspective supports forest and fish rules that restore river channels and recommends that the WRIA 19 Watershed Plan identify this as a high priority objective. In addition, the District recommends pursuing four other alternatives to supply water for future growth and making a "Reserve" available to accommodate a reasonable amount of future growth prior to the setting of in-stream flows. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved inserting "Public Utility District #1 of Clallam County Perspective for WRIA 19" in the WRIA 19 Watershed Plan.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved removing delinquent accounts from the active accounts receivable in the amount of \$12,643.27.

The Commissioners will hold a work session on Friday, June 1, at 10 a.m. at the Port Angeles office to discuss the Carlsborg sewer feasibility study.

A list of claim vouchers as certified by the District Auditor was considered. On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$337,408.38 for May 21, 2007. District Auditor Foster reported that the vouchers included 2 rebates for conservation programs totaling \$558.

Commissioners Purser and Haffner discussed a recent article published in *The Oregonian*. It reported that Bonneville Power Administration (BPA) notified investor-owned utilities (IOUs) that BPA would suspend payments for the residential exchange. In 2000, the BPA Administrator negotiated a settlement with the IOUs to provide exchange benefits which totaled over \$1.5 billion between 2002 and 2006. Commissioner Haffner said the Ninth Circuit Court of Appeals ruled that BPA overstepped its authority in approving those payments. One of the tests BPA should have conducted was to ensure that the exchange benefit paid to the IOUs did not increase the rate public utilities pay for wholesale power from BPA.

Mr. Bunch presented the Treasurer's Report for the month of April 2007. Interest for the month totaled \$107,045.38; cash totaled \$2,594,745.55, and the total invested was \$21,445,046.39.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 2:40 p.m. The next regular weekly meeting will be Monday, June 4, 2007, at 1:30 p.m. in the Port Angeles office.