

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
NOVEMBER 13, 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; Joshua Bunch, Treasurer Controller; Ken Foster, District Auditor; Roger Hosto, Operations Superintendent; Larry Morris, Operations Facilities Superintendent; Fred Mitchell, Telecommunications & Power Resources Manager; and Carol Biss, Executive Assistant .

Others present were: Ron Browning, Frank Farrar, Brian Gawley, Bob Hoyle, and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the November 6, 2006 regular weekly meeting as submitted.

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 hourly tree trimming crew and equipment. (Bid Number 060818)

Operations Facilities Superintendent Morris reported that an invitation to bid for transmission and distribution pole testing, treating, and reporting is being sent out under the District's Small Works Roster. The total contract cost, including tax, shall not exceed \$125,000.

Interim General Manager McInnes reported that seven western Washington public utility districts have been discussing sharing the services of a safety coordinator under an interlocal agreement. One utility would hire the safety coordinator and the others would pay their proportionate share based on their use of the coordinator's services. Operations Facilities Superintendent Morris discussed the services that would be provided under this agreement. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized staff to continue participation with the other PUDs in development of a final Interlocal Agreement for a safety coordinator.

Operations Superintendent Hosto showed pictures taken in 2005 and 2006 of a District pole near the Quillayute River. The pole is a piece of the overhead line that provides electrical service to the community of La Push, which would be subjected to an extended outage if the pole were to be washed out by the river. A significant portion of the river bank has eroded, and the Engineering Department has drawn up plans to relocate the pole and extend the span crossing the river. The Commissioners agreed with staff that it would be prudent to proceed with installing the new crossing.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission awarded Bid No. 060816 to Wesco Distribution, Inc. for underground cable-in-conduit in the amount of \$454,650, plus Washington State sales tax. Wesco is able to supply the product in compliance with District specifications and delivery date.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1819-06 amending the Electric System Rate Schedules to add a seasonal rate for Large Power Irrigation service and directed staff to monitor customer usage during the next irrigation season.

Commissioners Simpson reviewed items from the Washington PUD Association's proposed budget for 2007. It is about a 7.9 percent increase over the 2006 budget. He also discussed the proposed Energy Services Director position that would be funded for the last half of 2007.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission adopted Resolution 1820-06, amending the effective date of the appointment of Douglas Nass as General Manager and concluding the services of Michael McInnes as Interim General Manager.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the removal of delinquent accounts from the active accounts receivable in the amount of \$3,347.96.

Mr. Frank Farrar from Mt. Pleasant Grange asked about the status of the Surge Protection Program. Mr. McInnes said that sample products were received, the information for customers is nearly complete, and staff is working on completing administrative procedures.

Mr. Ron Browning discussed possible water sources for the Fairview Water System. He said the City has a water right for Morse Creek, and suggested that the District purchase some of that water from the City. He also discussed the need for water storage for use during periods of low flow. Commissioner Simpson commented that the City's water right would most likely be subject to minimum flow levels in the creek.

Mr. Bob Hoyle commented on the District's rebate for customers who purchase qualifying energy-efficient hot water tanks. He also questioned the need for a Satellite Sewer System feasibility study in the Carlsborg Urban Growth Area. Commissioner Haffner explained that one concern in that area is the nitrate levels from conventional septic systems contaminating water in area resident wells.

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 Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$424,465.45 for November 13, 2006. District Auditor Foster reported that the claim vouchers included 23 rebates for conservation programs totaling \$7,602.44.

Commissioner Haffner reported on the semi-annual Public Utility Risk Management Services (PURMS) Executive Committee meeting and board meeting. A contract is being renegotiated with the PURMS reinsurance company, and rates are expected to increase about five percent.

Commissioner Purser reported on a North Olympic Resource Conservation and Development Council subcommittee meeting regarding the NASA project, a \$1.6 million project that will utilize technology to monitor water flow and snowpack. There will be a series of meetings to kick off the project. One will be December 13, 2006 at the Dungeness River Center in Sequim. He also reported on a Sequim Chamber of Commerce meeting at which there was a discussion about the Department of Ecology's (DOE) statements regarding the impact of deep wells on the Dungeness River. Sequim Mayor Walt Schubert asked for help in asking DOE for clarification on the issue, and Commissioner Purser suggested that the District offer its assistance.

Commissioner Simpson reported on a Port Angeles Chamber of Commerce meeting where Clallam County Administrator Jim Jones was the speaker. One of the items he talked about was the County's Public Works Opportunity Fund projects and noted that they generate a employment opportunities in the County..

Attendance at meetings was confirmed and approved.

The regular meeting recessed at 3:34 p.m. to go into executive session for personnel matters. The executive session adjourned at 4:20 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:21 p.m. to meet again Monday, November 20, 2006, at 1:30 p.m. in the Port Angeles office.