

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
OCTOBER 22, 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; Hugh E. Simpson, Jr., Vice President; and W.E. Purser, Secretary.

Staff present were: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Ken Foster, District Auditor; Jana Robbins, District Auditor; Fred Mitchell, Power Supply and Utility Services Manager; Judi Chapman, Human Resources Manager; Ty Leppell, Lineman; and Carol Biss, Executive Assistant.

Others present were: Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the October 15, 2007 regular weekly meeting as amended.

The Commissioners welcomed Ty Leppell, who began work today as a Lineman in Forks.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1847-07 approving a District Internal Audit Charter.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1848-07, establishing compensation for the District Auditor.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1849-07 authorizing the execution of a Consent relating to the issuance of a revenue note by Energy Northwest for the Packwood Lake Hydroelectric Project.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$625,444.09 for October 22, 2007. District Auditor Foster reported that the vouchers included 23 rebates for conservation programs totaling \$ 13,467.18.

Commissioner Simpson reported on Washington PUD Association (WPUDA) meetings. Several dignitaries and elected officials participated in the dedication ceremonies for WPUDA's new headquarters building in Olympia. Its many environmentally friendly features make it a LEED-(Leadership in Energy and Environmental Design) certified building. At the Legislative Committee meeting and the WPUDA Board meeting, potential legislation was discussed, including issues related to the Washington State Energy Facility Site Evaluation Committee rule writing, Integrated Resource Plans, Cap and Trade methodology, commissioners' compensation, bid limits, and partnering with private industry to take advantage of the federal government's Renewable Energy Production Credits.[*see Oct. 29, 2007 minutes for clarification.*] The WPUDA Board meeting also included a review of the budget for 2008 and nomination of officers.

Commissioner Haffner reported on a meeting he attended where a former Lieutenant Governor spoke about government agencies taking the initiative on renewable resources.

Treasurer Controller Bunch presented the Treasurer's Report for September 2007. Interest for the month totaled \$78,529.35; cash totaled \$2,214,835.57; and the total amount invested was \$20,579,760.38. Mr. Bunch talked about GASB 45 (Governmental Accounting Standards Board Statement 45) and said it may require the District to disclose post employment health benefits as a liability, which would necessitate an actuarial calculation. Mr. Bunch will follow up with additional information at another meeting.

The Commissioners agreed to cancel their regular weekly meeting the week of November 12, 2007.

General Manager Nass reported on the process for approving the prequalification of contractors for specific types of work and distributed a prequalification summary. He also reported on the work managers are doing on strategic planning.

Power Resources and Utility Services Manager Mitchell reported on a proposed program to offer incentives to customers for renewable energy systems. In 2005, Washington State passed bills creating financial incentives for renewable energy system manufacturing and small scale production by Washington State ratepayers. Under the legislation, utilities were not mandated to offer incentives until 80 percent of utilities in the state established and adopted uniform interconnection standards. Since that

criteria has now been met, District staff is moving ahead to develop a renewable energy production incentive program for District customers.

Attendance at the following meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 3:37 p.m. to meet again, Monday, October 29, 2007, at 1:30 p.m. in the Port Angeles office.