

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
SEPTEMBER 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, and W.E. Purser, Vice President. Commissioner Haffner was excused.

Staff present were: Michael McInnes, Interim General Manager; Ken Foster, District Auditor; Joshua Bunch, Treasurer Controller; Mike Kitz, Water and Wastewater Systems Superintendent; Tom Martin, Water and Wastewater Systems Assistant Superintendent; Fred Mitchell, Telecommunications and Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Eloise Kailin, Cindy Kelly, and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the August 28, 2006 regular weekly meeting as amended.

Treasurer Controller Bunch presented the preliminary budgets for 2007 for the Electric, Water, and Sewer Departments. In the Electric Department budget, total resources available for expenses in 2007 were \$68,224,150 and total expenses were \$56,684,446. Water Department total resources available for expenses were \$3,862,800 and total expenses were \$3,256,868. Sewer Department total resources available for expenses were \$54,300 and total expenses were \$22,900. Mr. Bunch compared the 2007 budget to the 2006 and 2005 budgets. The 2007 budgets will receive additional review prior to the October 2, 2006 budget hearing.

Interim General Manager McInnes reviewed cost estimates for the roof replacement at the Sequim office and discussed options for temporarily relocating employees during construction. He reported that the District received a letter from the Department of Labor and Industries about possible mold in parts of the building and poor air circulation. Commissioner Purser suggested providing opportunity for public review of the plan. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved Lindberg and Smith's proposal for Phase II of the Sequim office roof replacement for an amount not to exceed \$15,000 for professional services plus reimbursables.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the Interim General Manager to sign an agreement with BHC Consultants to conduct a feasibility study for a satellite sewer system in the Carlsborg Urban Growth area.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the Interim General Manager to sign a memorandum of agreement with Clallam County for reimbursement of a portion of the costs for the Carlsborg Satellite Sewer System Feasibility Study.

Assistant Water and Wastewater Systems Superintendent Martin discussed possible water restrictions for customers in the Fairview Water System. He reported that the flow on Morse Creek is almost at 25 cubic feet per second (cfs) today. It was slightly above that last week, fluctuating between 26 and 27 cfs. Staff will send a telephone notification to customers in the Fairview Water System implementing Stage 2, voluntary conservation, of the District's Drought Response Plan. The message will also inform those customers that if Morse Creek drops below 25 cfs, the District will need to implement Stage 4, mandatory outdoor restrictions and indoor conservation.

Water and Wastewater Systems Superintendent Kitz reviewed an agreement with Clallam County for relocation of District water mains due to the installation of a storm drain system adjacent to Washington Street in Sekiu. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the Interim General Manager to sign a Water Main Reimbursement Agreement with Clallam County.

Dr. Eloise Kailin was present to discuss her concerns about possible changes in the acidity of drinking provided by the City of Port Angeles and the possible effect on copper levels. She reviewed results of testing she conducted on the acidity of the City of Port Angeles' drinking water since fluoride was added in May. She requested that the District write a letter to Andy Anderson at the Washington State Department of Health's Office of Drinking Water, asking him to test the pH of the water the District purchases from the City of Port Angeles. She asked the District to repeat a round of copper level testing to compare to the tests done by the District in August 2005. She also asked if the District provided information to its customers about the possible effects of increased copper levels in drinking water. Mr. Kitz said that the District did not send a brochure about copper levels to District customers because the

District tests have never shown that copper concentrations were at high enough levels to be a violation of the Water Quality Standards.

The Commissioners received a letter from Ben Bonkowski, Acting Manager of the Water Resources Program for the Department of Ecology (DOE). The letter was in response to a joint letter the District and County Commissioners sent regarding water right applications. Mr. Bonkowski encouraged the District to file water right applications for its future needs to create priority dates for application, even though DOE will not process new applications in Water Resource Inventory Area 18 until an instream flow and water management rule are in place.

Mr. McInnes reviewed a letter from Bonneville Power Administration thanking the District for its cooperation and assistance during three service interruptions for maintenance work in July and August.

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 \$117,995.97 for September 5, 2006. District Auditor Foster reported that the claim vouchers included 19 rebates for conservation programs totaling \$4,103.

Mr. McInnes presented the Interim General Manager's Report. There is a planned water outage on Wednesday, September 6, in the Four Seasons Ranch area to replace a broken fire hydrant on Cedar Park Drive. He reported on the status of the proposed meter base surge suppressor program. Revised drafts are being circulated to staff for review and comment. When that process is complete, the draft of the proposed program will be sent to PURMS legal counsel for review.

The regular meeting recessed at 2:58 p.m., to go into executive session for personnel and contract matters. The executive session adjourned at 4:43 p.m., and the regular meeting reconvened at 4:49 p.m.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the Interim General Manager to enter into a Surplus Firm Power Sales Agreement with Port Townsend Paper Corporation that will recover all District costs.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 4:58 p.m. to meet again, September 11, 2006, at 1:30 p.m. in the Port Angeles office.