

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
OCTOBER 6, 2003

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: W.E. Purser, President; Hugh Haffner, Vice President; and Hugh E. Simpson, Jr., Secretary.

Staff present were: Dennis Bickford, General Manager; Shelley Burgett, Treasurer/Controller; Ken Foster, Auditor; Larry Morris, Operations Facilities Superintendent; Ken Morgan, Transmission/Substation Systems Manager; Fred Mitchell, Telecommunications & Power Resources Mgr.; and Donna Hansen, Administrative Assistant.

Others present were: Dick Petit.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the September 29, 2003 meeting.

Commissioner Purser introduced Mr. Dick Petit who had come to the meeting to share his comments about renewable energy and to solicit the help of the Board. The Board determined that the PUD is not the appropriate authority for land issues such as developing guidelines for permitting of solar panels. Mr. Petit left further information to be reviewed by the Board.

The regular meeting recessed at 1:54 p.m. to go into budget hearing.

Treasurer/Controller Burgett reviewed the preliminary Electric, Water, and Sewer operating fund budgets for 2004. In each budget the funds available are comprised of revenue from sales and services, customer contributions for line extensions, reimbursement from third parties, loan funds and cash reserves. Expenditures are a result of operating and administrative expenses, construction projects, and capital purchases.

For 2004, estimated electric funds total \$59,480,004, while expenditures for the year are expected to be \$46,042,459. Staff will continue to work with the numbers, over the next few months, in an effort to reduce expenditures more. 2003 Revenues from Sales are lower than projected, possibly related to uncharacteristically warm temperatures and conservation measures. Estimated 2004 water funds total \$4,385,140 and expenditures are \$3,917,792. 2004 Water Revenues include a 4% rate increase, as planned annually, over a five-year period, due to the results of a recent Cost of Service study. 2004 Sewer funds available are \$27,520 and expenses are \$17,205. Sewer expenses have increased slightly over several years, and staff will study this trend, as it could mean a future rate increase.

The budget hearing was recessed at 2:26 and the regular meeting reconvened at that time.

Ken Morgan explained projects added to the contract with International Line Builders, Inc. for Sekiu Pole, Barber, and Vista projects. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved Change Order #030808-1 for changes in the amount of \$23,000.00.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved Change Order #030809-1 for Indian Valley project changes in the amount of \$6,022.78.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved removal of delinquent accounts from the active accounts receivable in the amount of \$5,817.45.

Mr. Bickford presented the Port Angeles Chamber of Commerce Board of Directors Ballot. Five candidates were selected for submittal of the PUD vote. They were: Jim Cammack, Bill Thomas, Karen McCormack, Carol Griffith, and Helen Elwood.

Mr. Bickford read a letter of appreciation from the Bureau of Reclamation. The Commissioners appreciate the efforts of these employees and requested that copies be put in their personnel files.

A list of claim vouchers as certified by the General Manager and Auditor was considered. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$195,221.90 for October 6, 2003. Auditor Foster reported that the claim vouchers included 21 rebates for conservation programs totaling \$21,186.60.

Commissioner Simpson acknowledged Public Power Week. Mr. Bickford reported the publishing of display ads for Public Power Week in each of the 3 newspapers. Commissioner Simpson proposed the possibility of applying for a grant for energy saving LED Christmas lights for the Cities in Clallam County and noted that Franklin County has appointed a new commissioner.

Commissioner Haffner reported on a meeting Thursday of the County's OPSCAN project. There were 35-40 people from various agencies, including several from PUD and 2 from NoaNet. Patty Morris received a standing ovation for her work on the grant application. Bringing power up to North Point will be the major part of the \$900,000 of the project designated for PUD. The next meeting will be toward the end of October. The sales tax measure, separate from this grant, is to help fund PENCOM, which would in turn help participating agencies who would have to contribute from their own budgets for PENCOM operations.

Commissioner Purser reported on 3 phone calls he received on the "unfair deal" flyers. One caller asked why we were not using a pro bono law firm. Commissioner Purser responded but the issue may come up again. Others don't understand that the Ninth Circuit probably won't allow retroactive payments. He also appreciated the presentation on Port Angeles UGA sewer system from Steve Tharinger at the County Commissioners Candidate forum.

Mr. Bickford presented the General Manager's Report. With permission of Giles Cobb, he announced the names of the Negotiations team who were representatives for the Union and gave thanks to: Giles Cobb, Timm Kelly, Ken Birdsall, Terry Lee, Karen Shay, and Terry Manning. He has written a letter to go to out to every union employee appreciating the team's work and announcing that the new contract has been signed.

"Unfair deal" responses for this week numbered 42; the current total is 126.

Mr. Mitchell will update the Board on the Packwood disbursement next week; but it is now apparent that a refund is forthcoming.

Mr. Bickford reported that the EDC Board is convening a focus group on health care issues. The next meeting is October 24th at noon.

Mr. Bickford presented a list of possible recruitments for the Rural Economic Development Board. One name was added. Mr. Bickford will start contacting them to see if they are interested.

Mr. Mitchell reported on the current timeline for the BPA settlement. Final settlement documents should be available by October 15th, which starts the 90-day window for getting all 70 named utilities to sign either the stipulation or a motion to dismiss litigation and covenant not to sue. Four counties have already stated that they won't sign it. Some entities are suggesting that the future role of BPA be challenged. The PUD Assoc., NWPPA, and WAPAG will hold one-day seminars on the details in the coming weeks. Terry Mundorf has submitted a petition for review under the NW Power Act to preserve the opportunity of leverage to sue in the future and is looking for a response by the 14th if anyone disapproves. Discussion followed.

Attendance at meetings was approved.

The regular meeting recessed at 3:56 p.m. to go into executive session regarding personnel matters. The executive session adjourned at 4:33p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:35 p.m. to meet again Monday, October 13, 2003, at 1:30 p.m. in the Port Angeles office.