

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
DECEMBER 22, 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; Fred Mitchell, Telecommunications & Power Resources Manager; Ken Morgan, Transmission & Substation Systems Manager; and Carol Biss, Executive Assistant.

Others present were: Cindy Kelly.

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the December 15, 2003 meeting as presented.

The Commissioners and staff discussed a proposed resolution for the sale of surplus property in Clallam Bay and the terms of a proposed Quit-Claim Agreement for that property. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1738-03, authorizing the sale of surplus real estate and authorized the President and Secretary of the Board to sign a Quit-Claim Agreement with the Cape Flattery School District No. 401 for that property.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission canceled the December 29, 2003 meeting.

General Manager Bickford reviewed a letter of clarification from Bonneville Power Administration concerning the Settlement. The letter was from Alexandra B. Smith, Vice President for Requirements Marketing at BPA.

The Commissioners received a memorandum from the Washington PUD Association (WPUDA) recommending that the WPUDA Board approve the construction of a new office building in Olympia for WPUDA staff. After discussing the matter, the Commissioners agreed to have Commissioner Simpson request that the WPUDA Board delay the decision and provide more information, including cost estimates.

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 for December 22, 2003, in the amount of \$2,782,193.43. Auditor Foster reported that the claim vouchers included 25 rebates for conservation programs totaling \$11,229.97.

Commissioner Haffner reported on a Clallam County Economic Development Council Board meeting he attended. The EDC Board is looking for additional funding to relocate their office. He also reported on a Port Angeles Business Association meeting.

Commissioner Purser reported that a customer contacted him about connecting to the District's broadband system.

Mr. Bickford presented the General Manager's Report. He reported on the status of the District's MSA/VEBA program. At a meeting last week, staff employees learned that the District is required to reorganize its VEBA groups to bring them into compliance with the current IRS regulations. The reorganization does not have to be done by December 31, 2003, and staff was given two-short term options until the reorganization is accomplished. Mr. Bickford said that December is the open enrollment period for the Healthcare Plan and Premium Payment 125 Plan.

Auditor Foster reported that rates for the Healthcare Plan have decreased slightly. During a period when healthcare costs elsewhere have increased 16 percent, the District's costs for this year stayed nearly the same as last year's.

Treasurer/Controller Burgett presented the Treasurer's Report for November 2003. Interest for November was \$34,194.43, cash totaled \$1,859,685.34, and the total amount invested was \$24,474,714.20.

Telecommunications and Power Resources Manager Mitchell reported that he received two requests from customers to be connected to the District's broadband system. He indicated that both requests were consistent with the Pilot Project. Commissioners and staff discussed matters related to the requests, and the Commissioners emphasized the need for a line extension policy for broadband service. Mr. Mitchell said he would provide line extension options for the Commissioners consideration in February 2004. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and

carried with one abstention, the Commission approved extending the broadband system to connect the Sequim Presbyterian Church at a cost not to exceed \$2,000 to the District. Mr. Mitchell discussed a request from a wholesale customer and noted that including this customer in the Pilot Project would provide information to test wireless connectivity. He will draft a contract and bring it back to the Commissioners for their consideration. Mr. Mitchell reported that Northwest Power and Conservation Council and Bonneville Power Administration support tiered rates. He said that members of the Washington Public Agencies Group are not convinced that tiered rates would be in the best interest of full requirements customers. He also reported on the status of Regional Transmission Organization (RTO) discussions. The Northwest Power Works effort was successful in preventing the development of an RTO without provision for regional concerns, and a new proposal is being discussed.

Attendance at meetings was confirmed and approved.

The regular meeting recessed at 3:54 p.m. to go into executive session regarding personnel matters. The executive session adjourned at 4:45 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:46 p.m. to meet again Monday, January 5, 2004, at 1:30 p.m. in the Port Angeles office.