

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
AUGUST 30, 2004

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, District Auditor; Fred Mitchell, Telecommunications and Power Resources Manager; Larry Morris, Operations Facilities Superintendent; Lori Jo Allison, Human Resources Coordinator; and Carol Biss, Executive Assistant.

Others present were: Charles Forman, Brian Gawley, Bob Hoyle, Cindy Kelly, and Ed Tuttle.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the August 23, 2004 meeting as submitted.

Mr. Charles Forman, Account Executive from Bonneville Power Administration was present to report on BPA activities. He discussed the Safety Net and Financial Based Cost Recovery Adjustment Clauses. BPA anticipates that it will be able to reduce wholesale power rates by 5 to 7.5 percent effective October 1, 2004. He noted that the District elected a step rate, which will increase beginning October 1, 2004. There was a discussion of various issues including BPA's financial forecast, comments from the Regional Dialogue, tiered rates, the 7B2 rate test, and Grid West.

Telecommunications and Power Resources Manager Mitchell reported on the Packwood Lake Hydroelectric Project. The Project generated a little over 90,000 megawatt hours this fiscal year, and the excess revenue above operational costs was \$411,000. In the past, the excess revenue has either been disbursed among the participants or added to reserves. In recent times, the participants have approved using the excess revenue to fund reserves because of the upcoming relicensing. The participants have assigned the output from the Project to Benton and Franklin PUDs, and that contract is coming up for renewal. Mr. Mitchell reported that the participants had discussed the force majeure provision in the contract and whether Benton and Franklin PUDs or the participants would accept the risk associated with an outage of the Packwood facility. Benton and Franklin PUDs are looking into a call option.

General Manager Bickford presented statistics on employee turnover. He reviewed the number of new hires, promotions, retirements, terminations and temporary employees for each year from 2000 through 2003.

The Commissioners will not meet on Monday, September 5, 2004, due to the Labor Day Holiday. The Commissioners agreed to cancel their regular weekly meeting on Tuesday, September 6, 2004.

In response to questions from Mr. Brian Gawley, Mr. Bickford discussed the steps the District took in response to the large water line break in the City of Port Angeles last week.

Mr. Bickford reported that the District was notified today that a large customer has filed for bankruptcy. Staff will follow up on this matter.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$133,762.70 for August 30, 2004. District Auditor Foster reported that the claim vouchers included 10 rebates for conservation programs totaling \$3,980.53.

Commissioner Haffner reported that he had a meeting with a customer from Joyce and County Commissioner Doherty about telecommunications in the Joyce area. He discussed new technology for low heat recovery co-generation.

Commissioner Purser reported that he had met with some customers of the Lower Water System, which is served by Iliad. The District is the wholesaler to Iliad. Commissioner Purser said that in the future, the District should require that customers be notified that a contract is being negotiated with the District and that it will be voted on at a public meeting, which would provide opportunity for public comment. He suggested that staff draft a policy resolution for situations like this one. Commissioner Purser also reported on Makah Days, which he attended last Saturday.

Mr. Bickford presented the General Manager's Report. He reviewed an ad to be published in the local newspaper informing customers about the moratorium on new or expanded water service in the urban growth area east of the City of Port Angeles. He reported that a County Commissioner contacted him about a telecommunications project in the West End. The Commissioners asked the General Manager to

continue discussions to determine if the District could facilitate this project. Mr. Bickford said that a new lineman, Thomas Kaminsky, started in Forks today.

Mr. Bickford asked Operations Facilities Superintendent Morris to provide an update on tree trimming on Ms. Valerie Hoff's property. Mr. Morris said he and the contractor met with Ms. Hoff, and they developed a plan for tree trimming that was acceptable to her and would meet the District's needs. Mr. Bickford reported that Snohomish PUD filed a petition challenging the "Settlement Lite" agreements between BPA and the investor-owned utilities.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 4:09 p.m. to meet again Monday, September 13, 2004, at 1:30 p.m. in the Port Angeles office.