

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
DECEMBER 15, 2008

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

Staff Present: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Jana Robbins, District Auditor; Nicole Clark, Executive Assistant; Roger Hosto, Operations Manager; Fred Mitchell, Power Supply & Utility Services Manager; Ken Haman, Operations Superintendent; Dennis Shaw, Support Services Manager

Others Present: John Durso; Bill Roberds; Roger Wheeler

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the December 8, 2008 regular weekly meeting.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the regular meeting was recessed at 1:34 p.m. The budget hearing that recessed on October 6, 2008, reconvened at 1:35 p.m. Treasurer Controller Bunch reported that staff has incorporated changes resulting from the budget work session. The budgets are balanced for Electrical, Water, and Wastewater. It is anticipated the District will borrow funds for the Gales sewer addition if that project moves forward. The Wastewater budget assumes a 10 cent per day increase in rates, effective sometime in 2009, for which the District will schedule a public hearing. By using Bonneville Power Administration exchange funds, the District prevented a 4 percent rate increase. Following a time for public comment on the 2009 budgets, the hearing adjourned at 1:42 p.m., and the regular meeting reconvened at that time.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1891-08 adopting the Electric, Water and Wastewater Systems budgets for 2009 as finally determined.

Operations Manager Roger Hosto presented contract No. 070811 for completion. Based on questions presented regarding the contract, it will be brought to a future meeting to be considered for completion once the questions are resolved.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1890-08 establishing compensation for the District Auditor.

Power Supply & Utility Services Manager Fred Mitchell reviewed the Building, Remodeling and Energy EXPO Sponsorship Agreement. The District has the opportunity to be lead sponsor again at the 2009 event. The sponsorship amount is \$9500. The EXPO is a major opportunity for the District to be able to promote to the right audience about energy conservation. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved authorizing the execution of the sponsorship agreement.

Bill Roberds was present to comment and thanked the District for sponsoring the Building, Remodeling and Energy EXPO. He also reported that the Building Association members in the excavating business had been polled and the consensus was that there is going to be a reduction of work available in the next year. He asked that the District consider putting out for bid any excavating work that may become available.

John Durso wished to ask for the District's help in evaluating a manufacturing idea for grid-tie inverters. He was referred to Mr. Mitchell for assistance with the proposal.

General Manager Nass reminded those present about the upcoming work session on December 16th to discuss the Long Line Extension Policy, and the work session on January 7th to discuss Customer Classification.

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 \$472,085.38 for December 15, 2008. District Auditor Robbins reported that the vouchers included 125 rebates for conservation programs totaling \$25,576, including 14 rebates for Weatherization, 28 for Air Sealing/Duct Sealing, 7 for lighting, 5 for hot water heaters, and 85 for appliances.

Commissioner Purser reported that he attended a Board meeting of the Sequim Dungeness Chamber. There was a lot of interest in the District's plan for the Costco property. Aesthetics is a concern and Commissioner Purser answered questions about the landscaping plan.

Operations Superintendent Ken Haman presented his findings on crew locations. Based on the economics of workload in the Sequim and Port Angeles locations, potential stocking of materials at two locations, and employee communications, the recommendation is to keep the linemen all in Carlsborg rather than assign a crew to the Port Angeles Warehouse. The analysis will be considered periodically in the future.

Mr. Mitchell gave an update on the Radar Ridge wind project. There is a question about transmission. Results of a review by Bonneville Power Administration indicate a need for further analysis. Mr. Mitchell will bring the resolution authorizing the District to enter into the development agreement back when this issue has been resolved to satisfaction.

Mr. Mitchell also reported that he is the new president of the board of NoaNet. At the last meeting they discussed the best way to fund capital expansion the network. It was the consensus that member contributions were preferred over member guarantees. The board does not want NoaNet to build large capital reserves, preferring to have NoaNet seek customer contributions before member contributions.

Mr. Bunch reported on a letter he received from Standard and Poor. On our 2001 bonds, there will be a surveillance fee going forward of \$5,000 per year. They offered to rate our 2008 bonds in addition to the 2001 bonds for the fee. Moody's has already rated both 2008 and 2001. Therefore, the District would be dual rated with both. Mr. Bunch recommended paying the fee this year and re-considering next year after there has been time to evaluate the effect.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 3:03 p.m. to meet again, Monday, December 22, 2008, at 1:30 p.m. in the Port Angeles office.