

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
June 1, 2010

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 9:00 a.m.

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

Staff Present: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Nicole Clark, Executive Assistant; Dennis Shaw, General Superintendent; Jeff Beaman, Executive Communications Coordinator; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Mike Kitz, Water & Wastewater Systems Superintendent; Quimby Moon, Transmission and Substation Systems Manager; Fred Mitchell, Power Supply & Utility Services Manager; Judi Chapman, Human Resources Manager

Others Present: Cindy Kelly

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the May 17, 2010 regular weekly meeting.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the May 18, 2010 work session.

Human Resources Manager Judi Chapman introduced Jasun Anderson, the District's new Substation Technician.

Water and Wastewater Systems Superintendent Mike Kitz presented the joint letter of comment between the District and the Crescent Water Association for consideration for approval. Of primary concern was the in-stream flow data. The Commissioners approved and signed the letter to be forwarded to the Crescent Water Association for signatures.

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission awarded the bid for a two man crew and equipment to perform the installation of pre-fabricated control panels for ten (10) of the District's Electrical substations to KVA Electric in the amount of \$103,200 (plus WSST.) (Bid No. 100805)

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission awarded the bid for nine 167 kVa single phase voltage regulators, nine 333 kVa single phase voltage regulators, and twelve 500 kVa single phase voltage regulators to Siemens Energy Inc. in the amount of \$399,996 (including WSST.) (Bid No. 100807)

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved Change Order #1 to Task Order #6 of Contract #090307 with Power Engineers, Inc., increasing the not-to-exceed amount to \$85,147.

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the prequalifications of contractors on the list dated May 17, 2010.

Upon recommendation of staff, and on motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the prequalifications of contractors on the list dated May 17, 2010 for inclusion on the Small Works Roster.

Upon recommendation of staff, and on motion of Commissioner Haffner seconded by Commissioner Simpson and carried, the Commission approved the removal of delinquent accounts in the amount of \$14,369.77 from the active accounts receivable, including a collection fee of \$2,618.87.

Power Supply and Utility Services Manager Fred Mitchell reported that First Federal has notified the District that it is terminating the current Conservation Loan Guarantee Agreement and has proposed a new agreement. The new agreement will be for a variable rate loan product. The new interest rate terms still provide a better rate for the customer than if the customer obtained an equity loan on their own. Upon recommendation of staff, and on motion of Commissioner Haffner seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to enter into a loan guarantee agreement with First Federal for conservation loans.

Two lists of claim vouchers as certified by the General Manager and Acting District Auditor were considered. On motion of Commissioner Simpson seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$1,953,178.64 for May 24, 2010. On motion of Commissioner Simpson seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers, and in the amount of \$428,676.15 for June 1, 2010. There were 132 conservation rebates for the two week period, totaling \$43,052.

Commissioner Simpson reported he attended the NWPPA Annual Membership Meeting and Conference.

Commissioner Haffner reported that he attended a presentation on local housing issues and water rights.

Commissioner Purser reported that he also attended the NWPPA conference. He also attended the Energy Northwest Participant's meeting.

Treasurer Controller Bunch presented the Treasurer's Report for April 2010. Interest for the month totaled \$4,612.18; cash totaled \$12,123,390.19; and the total amount invested was \$16,372,246.79.

General Superintendent Dennis Shaw reported on Small Works Roster Insurance. The District has the same insurance requirements for work being performed under the small works roster as it does with the general prequalified list. Some contractors on the small works roster are now dropping off as they come up for renewal saying that they cannot afford the umbrella coverage. PURMS' recommendation is if the District can get the coverage from the contractors, that it continue to be required. However, the Commissioners agreed to require coverage that is standard for the community, therefore removing the extra \$2 million umbrella policy requirement.

Power Supply and Utility Services Manager Fred Mitchell provided an update on the Radar Ridge wind project. Last week the committee met in Shelton and reviewed three alternative budget proposals for going forward. One of the scenarios which allowed more work to be conducted in July and August would best preserve the opportunity to sell the project or recruit replacement participants. The total additional cost is \$256,000, of which the District's portion is \$38,000. This would take the project through the goshawk study, Merlin radar testing, some peer review, and a couple of processes that keep the Department of Fish and Wildlife moving forward on schedule for the EIS and permitting. Energy Northwest has agreed that if the participants fund the work for July, that they will not invoice for the amount they went over in the original budget. Without the support, the project is done. There has already been some work into looking into bringing on replacement participants. One danger is the possibility of losing CREBs funding. Mr. Mitchell recommended bringing this topic back for discussion at the next meeting when more will be known about Grays Harbor's position.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 11:14 a.m. to meet again, Monday, June 7, 2010, at 1:30 p.m. in the Port Angeles office.