

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE BUDGET HEARING OF  
THE BOARD OF COMMISSIONERS  
October 4, 2010

A Budget Hearing 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 4:30 p.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; Dave Papandrew, District Auditor; Nicole Clark, Executive Assistant; Dennis Shaw, General Superintendent; Mike Howe, Executive Communications Coordinator; Ruth Kuch, Financial Analyst

Others Present: Jeff Randall; Larry Kilmer; Ray Brown

The budget hearing was opened at 4:30 p.m. Treasurer Controller Bunch presented proposed budgets for 2011 for the Electric, Water, and Sewer Departments and compared the proposed budgets to 2010. The 2011 budgets are an updated version of the budgets presented at the August 23, 2010 meeting, and will undergo further revisions before they are presented for final approval later this year. Revenue has been down in 2010 due to a warmer season. However, historical research has determined that prior years, although colder, were considered below normal temperatures, while 2010 is being considered average. No load growth is anticipated. The budget factors in a rate increase of 8 percent, largely in part to the 5 percent rate increase to the District being imposed by Bonneville Power Administration (BPA) this fall. BPA raised rates 5 percent last fall and the District elected to not increase the rate to customers at that time, but that cannot be sustained in the upcoming budget. Interest on investments is significantly down due to deposit rates. The District intends to refinance its 2001 bonds at half the current interest rate and issue new debt for capital financing at current low rates.

In the Electric Department budget, revenues totaled \$59,861,000 and expenses totaled \$60,846,132. Revenues in the Water Department budget totaled \$7,170,000 and expenses totaled \$7,413,258. The water department is undergoing a cost of service study and the budget anticipates a 5 percent increase in rates. The Fairview Bluffs well replacement and Gales Addition reservoir projects are major projects scheduled for work in 2011, however both are contingent upon securing affordable financing. Commissioner Simpson asked for a staff update to be provided on the Fairview project. Revenues in the Wastewater Department budget totaled \$44,900 and expenses totaled \$46,400. Wastewater revenues are up due to the addition of Southern View Estates parcels, but the acquisition will also come with added costs for maintenance. There is budgeted a 10 cent per day increase in rates to Sunshine Acres I & II. Mr. Bunch said that staff will continue to revise the budgets and will meet with the Commissioners in a budget work session for further discussion.

Larry Kilmer and Jeff Randall provided comment encouraging the District to include the solar conservation rebate program in the 2011 budget.

Following a time for public comment on the 2011 budgets, the hearing recessed at 5:12 p.m. The budget hearing will reconvene at a future date and public comment will be taken.