

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
FEBRUARY 9, 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, Auditor; Fred Mitchell, Telecommunications & Power Resources Manager; Mike Kitz, Water & Wastewater Systems Superintendent; Dave Proebstel, Distribution Systems Manager; Jim Hoare, Engineering Representative; Kathy Fuller, Accounting Specialist Accounts Payable; Lisa Ilk, Deputy Treasurer; Ruth Luedeke, Accountant; Elaine Polidoro, Accounting Specialist; Gayle Thom, Accountant; and Carol Biss, Executive Assistant.

Others present were:

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the February 2, 2004 meeting as corrected after mailing.

Treasurer/Controller Burgett introduced five employees from the Accounting Department and Treasurer's Office. She said that the District's record of receiving audits without a finding for over 15 years is directly related to the excellent daily decisions made by each of the employees in these departments. They were recognized for their critical part in this accomplishment. Ms. Burgett commended them on their decision-making skills and for the well-documented audit trail they provide for the State Auditors.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission authorized an Invitation to Bid to furnish underground cable. Bids will be opened March 3, 2004. (Bid Number 040802)

Water and Wastewater Systems Superintendent Kitz reviewed a proposed Determination of Nonsignificance for adoption of the District's Water System Plan. The Commissioners and staff reviewed the environmental checklist and discussed the preliminary draft of a ten-year capital plan for the Water Department. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to sign a Determination of Nonsignificance for adoption of the District's Water System Plan.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved awarding the bid for crew and equipment for underground electrical cable installation (Quillayute Crossing) to Hawkeye Construction, Inc. in the amount of \$475,300 plus Washington State sales tax. (Bid Number 040801)

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 an agreement with the City of Prosser to purchase a mail inserter machine.

The Commissioners agreed to cancel their meeting on Monday, February 16, 2004, due to the Presidents Day Holiday. The Commissioners will not meet on February 17, 2004.

General Manager Bickford provided information on board training sessions pertaining to managing public water systems and state and federal drinking water laws. A class will be held in Port Angeles on March 11.

The Commissioners received information about Northwest Public Power Association's 64th Annual Conference and American Public Power's 2004 National Conference. The NWPPA conference will be held in Victoria May 17-20, 2004; and the APPA conference will be held in Seattle June 19-23, 2004.

A list of claim vouchers as certified by the General Manager and 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 \$165,999.98. Auditor Foster reported that the claim vouchers included 13 rebates for conservation programs totaling \$11,431.22.

Commissioner Simpson reported on the Washington PUD Association (WPUDA) Legislative Committee meeting, special board meeting, and Commissioners Roundtable, held in Olympia last week. At the

WPUDA board meeting, a proposal to construct a new office building on WPUDA property in Olympia was presented. Commissioner Simpson expressed concern about having time to discuss the estimated cost of the project with the other District Commissioners. The WPUDA Board voted to approve the development of a plan to construct a new building in Olympia. Commissioner Simpson abstained from voting. The WPUDA Board also approved a resolution pertaining to water storage and discussed funding for activities related to Bonneville Power Administration rates and BPA's future.

Commissioner Haffner reported on Public Power Council (PPC) meetings that were held in Portland last week. At the PPC Members Forum, members discussed their positions on the BPA Settlement offer. At the PPC Executive Committee meeting, there was a discussion of public power's lawsuit concerning the BPA's benefits to investor-owned utilities.

Mr. Bickford presented the General Manager's Report. Radio station KONP will broadcast from the Home Show on February 28 and 29, and there are openings for Commissioners or staff to be interviewed. Mr. Bickford and Ms. Burgett provided information on the MSA/VEBA program. There is currently concern about the financial performance of one of the investment funds. Commissioners and staff discussed options related to the MSA/VEBA program. Ms. Burgett suggested participating with Mason County PUD 3 in seeking legal counsel regarding this issue.

Telecommunications and Power Resources Manager Mitchell reported on the status of the broadband pilot project activities. The Sequim Presbyterian Church and the North Olympic Library System (Sequim branch) have decided not to connect to the District's broadband system at this time. The Commissioners approved a broadband line extension to the northeast corner of Sequim Dungeness Way and Fir to connect an architect's office. This extension provides the option of extending the line to the Sequim library in the future.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 4:33 p.m. to meet again Monday, February 23, 2004, at 1:30 p.m. in the Port Angeles office.