

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
JULY 26, 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; Mike Kitz, Water and Wastewater Systems Superintendent; Les Klontz, Operations Superintendent; Fred Mitchell, Telecommunications and Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley; Dick Goodman; Bill Henry, Sr.; Bob Hoyle; Eloise Kailin; Cindy Kelly; James Mason; Mary Meyer; Mark Rose; and Ed Tuttle.

The Commissioners discussed a draft letter commenting on the Determination of Non-Significance (DNS) for fluoridation of drinking water by the City of Port Angeles. General Manager Bickford said that if the Commissioners signed the letter, he would provide a cover letter to transmit the comments to Dr. Eloise Kailin, who will take the Commissioners' comments to a hearing this week. She is on the agenda for the hearing, and the PUD is not. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission moved that the Commissioners sign the letter commenting on the Determination of Non-Significance for fluoridation of drinking water by the City of Port Angeles.

Operations Superintendent Klontz reviewed proposed changes to the Electric Service Regulations. Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission adopted Resolution 1757-04, amending and reaffirming the District's Electric Service Regulations.

Mr. Bickford discussed the Washington State Drinking Water Revolving Fund loan and said that, after reviewing plans for the treatment plant, staff recommends that the District apply for a loan with a maximum of \$3.5 million at 1.5 percent interest. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to increase the ceiling on the Washington State Drinking Water Revolving Fund loan application from \$2.4 million to a maximum of \$3.5 million.

Treasurer/Controller Burgett said that, as a part of a recent comprehensive electric and water rate study for the District, Economic and Engineering Services, Inc. (EES) reviewed the District's water system development charges. They recommended that a formal study be conducted to develop cost-based water system development charges. She reviewed a proposed scope of services for the study. 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 Economic and Engineering Services, Inc. for review of the District's water system development charges.

Mr. Bickford reported on materials that had been developed by the Washington PUD Association's (WPUDA) Rate Rollback Committee regarding rate relief from Bonneville Power Administration.

Mr. Ed Tuttle reported on the response he received from the City of Port Angeles when he submitted a request for public information inquiring about who voted in favor of terminating the District's water service if the District did not sign the wholesale water contract. In response to a question from Mr. Brian Gawley, staff discussed the Drinking Water Revolving Fund and water system development charges. Mr. Bill Henry, Sr. asked if the District had developed a position paper regarding water service in the urban growth area east of Port Angeles. Mr. Bob Hoyle commented on fluoridated dental care products.

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 \$597,831.36 for July 26, 2004. Auditor Foster reported that the claim vouchers included 36 rebates for conservation programs totaling \$9,190.00.

Commissioner Purser reported on comments he has received regarding a survey of selected District customers. The customers who contacted him indicated they were satisfied with the PUD in general, but they did not like being called during the dinner hour and said that the survey was too long.

Mr. Bickford presented the General Manager's Report. The District's customer newsletter in August contains a statement from the Commissioners regarding the wholesale water contract and the moratorium on new water service connections in the Urban Growth Area east of the City of Port Angeles. He said staff has received calls from customers who are concerned about the moratorium. Commissioner Purser asked staff to continue to take applications for service so that this situation can be monitored. Mr. Bickford said that the District continues to get requests to take over aging, failing systems and suggested that a discussion is needed about how District staff should address these requests. The Commissioners will hold a work session regarding water issues on Wednesday, August 11, 2004, at 9 a.m. in the Port

Angeles office. The District received its copy of the wholesale water contract, signed by the City of Port Angeles. All work under the contract with WESCO Distribution, Inc. for underground electrical cable has been completed. The amount of the contract was \$502,958.35 plus Washington State sales tax. (Bid 040802) Mr. Allen Burns of Bonneville Power Administration will be at Mason 3 PUD on Friday, August 6, at 1:30 p.m. to discuss Grid West. Commissioner Haffner suggested that, after the meeting in Shelton, the PUDs develop a position paper, including all concerns raised at the meeting. Telecommunications and Power Resources Manager Mitchell will give a presentation about public sector investment in telecommunications at the Port Angeles Business Association meeting on August 17, 2004.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 2:58 p.m. to meet again Monday, August 2, 2004, at 1:30 p.m. in the Port Angeles office.