

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
JUNE 4, 2007

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

Staff present were: Doug Nass, General Manager; Ken Foster, District Auditor; Joshua Bunch, Treasurer Controller; Roger Hosto, Operations Superintendent; Mike Kitz, Water and Wastewater Systems Superintendent; Quimby Moon, Transmission, Substation, & SCADA Systems Manager; and Carol Biss, Executive Assistant.

Others present were: Ed Tuttle, Brian Gawley, and Cindy Kelly.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the May 11, 2007 informational meeting in Clallam Bay as submitted. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved the minutes of the May 14, 2007 informational meeting in Carlsborg as submitted. On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the May 14, 2007 regular weekly meeting as submitted.

Operations Superintendent Hosto and Transmission, Substation, and SCADA Systems Manager Moon provided background information about operation and maintenance agreements for transmission lines 1 and 2 extending from the Elwha dams. The District, Nippon, and the City of Port Angeles are parties to these agreements. In 2000, the federal government acquired the two hydro generating facilities on the Elwha River and transmission line 3. Nippon retained ownership of transmission lines 1 and 2. Nippon is working on separating their feed from the Bureau of Reclamation lines and creating lines 4 and 5, which they will continue to own. Nippon is negotiating an agreement with the District for maintenance on lines 4 and 5. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to proceed with terminating Agreement No. 000404 and Agreement No. 000405 for operating and maintaining transmission lines 1 and 2, and authorized the General Manager to proceed with new agreements with Nippon for operating and maintaining lines 4 and 5.

The Commissioners received a copy of a May 24, 2007 letter from Scott Corwin, Executive Director of the Public Power Council, to Steve Wright, Administrator of Bonneville Power Administration (BPA). The letter was written in response to BPA's announcement that it was suspending all payments to the investor-owned utilities (IOUs) under the residential exchange settlements. Mr. Corwin noted that public power entities did not advocate for the immediate suspension of all payments, and he emphasized their willingness to work collaboratively with BPA and the IOUs toward a long-term, stable solution for the residential exchange payments that would ensure the fair treatment of all of the region's electricity consumers.

General Manager Nass reviewed a June 4 press release about a survey that found the average price of electricity for industrial or large commercial entities in the United States increased an average of 4.7 percent over the past year. The survey, conducted by NUS Consulting Group, found that rates ranged from a high of 18.29 cents per kWh to the lowest price of 5.20 cents per kWh. As borne out in previous surveys, the highest power prices were found in those states that have deregulated their retail electricity markets.

Mr. Ed Tuttle gave the Commissioners a copy of correspondence he had obtained between the City of Port Angeles and the Department of Health (S.W. Drinking Water Regional Operations) regarding surface water treatment and corrosion control treatment.

Lists of claim vouchers as certified by the General Manager and District Auditor were considered. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$1,677,327.79 for May 29, 2007. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$154,297.42 for June 4, 2007. District Auditor Foster reported that the claim vouchers for May 29 included four rebates for conservation programs totaling \$4,911.60 and the June 4 claim vouchers included 30 rebates totaling \$1,500.

Commissioner Purser reported that Bob McCrorie passed away. He was the brother of former PUD Commissioner, Bill McCrorie, a past Port Commissioner, active in community affairs, and will be missed. Commissioner Purser reported on a May 4 meeting, "It's Your Government," presented by the Washington Coalition for Open Government; a Clallam County Economic Development Council executive retreat to revise EDC's strategic plan; and a Peninsula Development Association meeting. The North

Olympic Resource and Development Council is considering a project to reduce greenhouse gas emissions by monitoring the carbon footprint of Clallam and Jefferson counties. He reported on a work session to review a draft of the *Sewer Feasibility Study for Carlsborg UGA*. He said there will be a Coastal Bioenergy Workshop and Tour on June 19, which will start in Aberdeen.

Commissioner Simpson reported on Washington PUD Association meetings in Chelan. During the Commissioners Roundtable, other utilities indicated they are considering in-house tree trimming crews. A WPUDA committee was formed to review possible telecommunications bills that may be introduced in the next legislative session. He also reported on sessions at the Northwest Public Power Association Annual Conference and Membership Meeting, including a pre-conference session on strategic planning. Following up on the discussion of Mr. Corwin's letter, Commissioner Simpson said that BPA's decision to quit making payments to the IOUs for the residential exchange instead of recalculating the amount of the payments may prove to be detrimental to the region. He noted that other groups, including public power utilities, have been trying to resolve this issue for a long time, and he suggested that it is in the best interest of the region to have the matter settled by stakeholders as soon as possible. He also reported on a forum on global warming at the NWPPA conference, which included presentations by two climatologists.

Commissioner Haffner reported on the June 1 work session about the *Sewer Feasibility Study for Carlsborg UGA*. Costs of a system in Carlsborg and possible alternatives, including treatment by the City of Sequim were discussed. The consultant will obtain additional information and report back to the group to compare project costs. He also discussed groundwater re-use options.

There will be a meeting of the Dungeness Executive Group on June 20 followed by a joint dinner meeting and presentation on water banking.

Treasurer Controller Bunch reported that his staff has been working on developing an online payment system for customers to pay their utility bills online and have identified a third-party vendor to handle transactions.

Water and Wastewater Systems Superintendent Kitz followed up on questions about LUD formations that were raised at the Commissioners Work Session on June 1. He reviewed section 54.16.140 of the Revised Code of Washington pertaining to the LUD process. The RCW refers to petitions signed by owners of lands, not assessed values, and that an LUD would need a majority of owners of lands to move forward. He also said that the RCW gives the District the authority to pass a resolution to form a LUD.

General Manager Nass reported on the first step to let customers know the District is being proactive regarding outages. Staff is moving forward with Twenty First Century for a call answering system for part of an Outage Management System. A form will be sent to customers with their bills asking them to confirm their telephone numbers so they can be used to identify outage areas. He reported on the NWPPA pre-conference session on strategic planning and said he will begin looking for a facilitator for developing a new plan for the District.

Attendance at meetings was approved.

The regular meeting recessed at 3:34 p.m. to go into executive session for personnel and real estate matters. The executive session adjourned at 4:41 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:42 p.m. to meet again, Monday, June 11, 2007, at 1:30 p.m. in the Port Angeles office.