

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
JUNE 7, 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; Les Klontz, Operations Superintendent; Mike Kitz, Water & Wastewater Systems Superintendent; Larry Morris, Operations Superintendent; Ken Morgan, Transmission & Substation Systems Manager; Fred Mitchell, Telecommunications & Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Glenn Cutler, Chuck Forman, Brian Gawley, Dick Goodman, Bill Henry, Sr., Bart Irwin, Cindy Kelly, Dinky Pfeifle, Mike Quinn, Richard Sieg, and Ed Tuttle.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the June 1, 2004 meeting as submitted. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the May 24, 2004 meeting as submitted.

Mr. Chuck Forman, the District's Account Representative from Bonneville Power Administration presented a report on BPA activities. He discussed financial information, including rates for wholesale power, cost recovery adjustment clauses, BPA's treasury payment, and secondary revenue for BPA. He also reported on the proposed summer spill program for salmon and BPA's latest offer concerning Residential Exchange Benefits to investor-owned utilities.

Power Resources and Telecommunications Manager Mitchell discussed market research to poll District customers on their opinions on conservation programs, including rebates, loan programs, new construction, green power activities, and demonstration projects for renewable energy. 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 Market Trends, Inc. to survey District customers about energy conservation and renewable energy.

General Manager Bickford noted that, at the last meeting, the Commissioners approved surveying District water customers in LUDs 2 and 3. Several elements of the survey were discussed, including the survey questions, the text of the cover letter, and a deadline for responses.

Mr. Bickford noted that there is a financial work session schedule for June 9, 2004, at 9 a.m. at the District's Port Angeles office.

A list of claim vouchers as certified by the General Manager and Auditor was considered. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$433,186.69 for June 7, 2004. Auditor Foster reported on rebates for conservation programs that were included in the lists of claim vouchers for June 1, 2004, and June 7, 2004. There were 4 rebates on June 1 totaling \$3,307.20 and there were 26 rebates on June 7 totaling \$11,850.36.

Commissioner Purser reported on a Chamber of Commerce meeting he attended in Forks.

Mr. Bickford presented the General Manager's Report. There are two projects being bid under the Small Works Roster process. Bids for line crew and equipment for distribution reconductor projects (Bid 040808) and bids for water main improvements in Clallam Bay (Bid 040806) will be opened June 30, 2004 at the Port Angeles office. He discussed the message from the Commissioners for the 2003 Annual Report. He said that there is a planned water outage for June 8, 2004, from 9 a.m. to 3 p.m. to allow the water crew to install an 8-inch gate valve to connect a new piece of water main along Silberhorn Road. The next Washington PUD Association meeting is scheduled for July 15-16, 2004, in Shelton. Gubernatorial candidate Christine Gregoire will be addressing the WPUA Board on July 16. Mr. Bickford distributed copies of a draft resolution concerning Grid West. The resolution was prepared by Terry Mundorf of the Washington Public Agencies Group.

Port Angeles City Manager Mike Quinn discussed the proposed wholesale water contract with the City of Port Angeles and asked the Commissioners to sign the contract as soon as possible. A discussion followed, which focused primarily on the contract requirement that the PUD obtain a "pre-annexation agreement" from each new or increased service water customer. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission tabled the decision on the wholesale water contract until the results of the water customer survey are evaluated. The Commissioners asked Mr. Quinn for a 30-day extension before the District would be required to sign the agreement. Mr. Quinn said he would convey the request to the Port Angeles City Council.

Ms. Dinky Pfeifle of Northwest Sustainable Energy for Economic Development (NWSEED) said she applauded the Commissioners for being a public utility district that serves the public and complimented the District on its web site. She reported on NWSEED's public awareness campaign and gave the Commissioners copies of *Independent Energy Quarterly* and information on renewable energy resources in Washington.

Attendance at meeting was confirmed and approved.

The regular session recessed at 3:05 p.m. to go into executive session for possible litigation. The executive session pertaining to possible litigation adjourned at 4:35 p.m., and an executive session for personnel matters commenced at that time. The executive session pertaining to personnel matters adjourned at 5:15 p.m. There being no further business to come before the Commission, the meeting adjourned at 5:16 p.m. to meet again in regular session Monday, June 14, 2004, at 1:30 p.m. in the Port Angeles office. The Commissioners will also meet for a financial work session on Wednesday, June 9, 2004, at 9 a.m. in the Port Angeles office.