

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
MARCH 1, 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, Telecomm. & Power Resources Manager; Mike Kitz, Water & Wastewater Systems Superintendent; and Carol Biss, Executive Assistant.

Others present were: Eloise Kailin; Cindy Kelly; and Mary Meyer.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the March 1, 2004 meeting as presented.

Eloise Kailin, M.D., Secretary of Protect the Peninsula's Future, presented written comments on the Determination of Nonsignificance pertaining to the District's Water System Plan. She discussed procedural matters pertaining to the SEPA process and recommended additional material be added to the Water System Plan.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the prequalification of additional contractors to perform work in 2004.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the removal of delinquent accounts from the active accounts receivable in the amount of \$3,707.97.

The Commissioners received a letter from the Commissioners of PUD No. 1 of Douglas County suggesting that Washington PUD Association members provide voluntary payment for continuing the activities of Northwest Power Works. The letter noted that NWPW initiated a successful campaign to call into question the Federal Regulatory Commission's proposal to form Regional Transmission Organizations and implement Standard Market Design. Staff will obtain additional information about NWPW funding.

The Commissioners received a notice that the Public Utilities Risk Management Services semi-annual board meeting will be held on April 8, 2004, in Seattle.

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 \$214,626.79 for March 1, 2004. Auditor Foster reported that the claim vouchers included 46 rebates for conservation programs totaling \$18,166.85.

Commissioner Simpson reported that the Washington PUD Association Board approved separating the Fair Settlement Committee's recommendation into two projects: Bonneville Power Administration Rates Rollback effort and BPA's Future project. The Board approved voluntary assessments of \$60,000 for the BPA Rates Rollback effort. He discussed a report from Energy Northwest. BPA's and Energy Northwest's bond rating was upgraded to AA-. He noted that he supports refinancing of the debt for the Columbia Generating Station if the debt is not extended beyond the current maturity date.

Commissioner Haffner reported on a Port Angeles Business Association meeting. He also reported on the Washington Public Agencies Group's retreat and public power's lawsuit against BPA over the benefits BPA gives to private utilities. There is a briefing date set for next month.

Commissioner Purser reported on a Sequim Dungeness Chamber of Commerce meeting and the KONP Home Show sponsored by the District. In a radio interview from the Home Show, Commissioner Purser presented information about energy conservation and alternative energy.

Mr. Bickford presented the General Manager's report. The Communications Director and the Treasurer/Controller of the Washington PUD Association (WPUDA) have submitted their resignations. He reported that Aqua Energy is applying for federal funding. They have requested a letter of endorsement from the District, and Mr. Bickford will sign it, based on previous approval from the Commissioners. The WPUDA will also sign a letter of endorsement. Staff is reviewing ways in which the District could provide assistance to AquaEnergy as they work to complete the environmental studies for the permitting process. Mr. Bickford reviewed changes to the next WPUDA meetings. On March 17 and 18, 2004, WPUDA will hold workshops on BPA's future at SeaTac. There is a Public Power Council Member's Forum on March 3, 2004 in Portland. WPUDA's Public Power and Water Tour is scheduled for April 4-7, 2004.

Telecommunications and Power Resources Manager Mitchell presented options for developing a line extension policy for the District's broadband system. The matter will be discussed at a future work session. Mr. Bickford and Mr. Mitchell met with a consultant last week and formulated public relations strategies for key issues of the District in a consistent, concise fashion to all audiences. He reported on a meeting with Capacity Provisioning, Inc. and noted that staff is continuing to work on a proposal to respond to CPI's and Olypen's request for dark fiber. He briefly reviewed the Network Coordinating Services Agreement with Northwest Open Access Network and explained the need for additional tasks under this agreement. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to add the sales and administrative tasks to the Network Coordinating Services Agreement with NoaNet. Commissioners and staff discussed holding a work session. Staff will check availability for March 24 or 25. Mr. Mitchell recommended that a request for proposals be sent out for a consultant to review the pilot program.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 4:28 p.m. to meet again Monday, March 8, 2004, at 1:30 p.m. in the Port Angeles office.