

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
MARCH 22, 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; Ken Morgan, Transmission & Substation Systems Manager; Fred Mitchell, Telecommunications & Power Resources Manager; Quimby Moon, Engineer; Mike Hill, Engineer; and Carol Biss, Executive Assistant.

Others present were: Cindy Kelly.

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the March 15, 2004 meeting as submitted.

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission amended the minutes of the February 2, 2004 meeting to show that travel was approved for Dennis Bickford to attend WPUDA meetings on February 5-6, 2004, in Olympia.

The words, "in Olympia" were omitted from the February 2, 2004 meeting minutes.

The regular meeting recessed at 1:34 pm. to go into executive session for personnel matters. The executive session adjourned at 2:30 p.m., and the regular meeting reconvened at that time.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the Invitation to Bid for personnel, materials, and equipment to build Port Townsend Paper Mill Primary Substation. (Bid Number 040804)

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to sign the Determination of Nonsignificance for site clearing on a site to be used for right-of-way for future relocation of existing power line. The site is located between Lauridsen Boulevard and Park Avenue, west of Peninsula College parking lot.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission accepted as complete the contract with Central Moloney, Inc. for distribution transformers in the amount of \$871,657.07, including Washington State sales tax. (Contract No. 010805-A) Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission accepted as complete the contract with ERMCO for distribution transformers in the amount of \$55,024.44, including Washington State sales tax. (Contract No. 010805-B) The contracts consisted of furnishing distribution transformers for a three-year period.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission authorized staff to request proposals for consulting services related to a review of the District's Pilot Fiber-To-The Premise Project.

The Commissioners received a Determination of Nonsignificance from the City of Port Angeles pertaining to the construction of a proposed fluoride feed facility and the fluoridation of the City water supply for public health purposes.

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 \$389,474.78. Auditor Foster reported that the claim vouchers included 21 rebates for conservation programs totaling \$21,420.16.

Commissioner Simpson reported on the Washington PUD Association's (WPUDA) workshops and board meeting held last week. He reviewed the policy positions regarding Bonneville Power Administration's (BPA) future and long-term allocation of federal power resources that were adopted by the WPUDA Board. The WPUDA Board discussed BPA rate rollback and funding for that effort. Ken Canon, Director of Industrial Customers of Northwest Utilities expressed interest in working with WPUDA toward a BPA rate reduction. Commissioner Simpson reported that Snohomish PUD's legal counsel appeared before the Oregon Public Utility Commission to discuss the proposal to implement the "poison pill" provision in

PacificCorp's contract with BPA. He also reported on a meeting at which BPA Administrator Steve Wright reviewed BPA's current financial situation.

Commissioner Haffner reported on WPUDA's BPA Future Workshops that were held last week in Seattle.

Commissioner Purser also reported on the WPUDA workshops that were held last week. He discussed BPA wholesale rates and possible BPA rate increases in the near future. He asked staff to evaluate the District's reserve levels and possible rate reductions or absorption of the next BPA increase with reduced reserves.

General Manager Bickford noted that the Commissioners scheduled a work session regarding the District's broadband system on Thursday, March 25, at 9 a.m. He reported on a Port Angeles Forward Committee meeting he attended. He said that the student science competition, Power for the Future, was held on Saturday, March 20. Staff will present a report to the Commissioners at the next meeting. He also provided copies of Northwest Open Access Network's *CEO Brief* to the Commissioners.

Treasurer Controller Burgett presented the Treasurer's Report for the month of February 2004. Interest for the month totaled \$16,330.04, cash totaled \$2,119,018.80, and the total amount invested was \$24,211,404.13. She reviewed statistics for 2003 including Utility Account Write-off History, New Service Orders, and Meter Counts by Area. She reported that staff had selected a new collection agency, Evergreen Financial, after reviewing the services that were offered by several agencies. She reported that the District has the option of increasing its loan from the Drinking Water Fund at the same interest rate of 1.5 percent.

Attendance at the following meetings was confirmed: John Miller picked up live line tools in Suquamish on March 19.

Attendance at meetings was approved.

The regular meeting recessed at 3:59 p.m. to go into executive session regarding possible litigation. The executive session adjourned at 4:59, and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 5 p.m. to meet again Monday, March 29, 2004 at 1:30 p.m. in the Port Angeles office. The Commissioners will meet for a work session on Thursday, March 25, 2004, at 9 a.m. in the Port Angeles office to hold a work session on the District's broadband system.