

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
MARCH 31, 2008

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; Joshua Bunch, Treasurer Controller; Jana Robbins, District Auditor; Michael Kitz, Water and Wastewater Systems Superintendent; Fred Mitchell, Power Resources and Utility Services Manager; and Carol Biss, Executive Assistant.

Others present were: Cindy Kelly and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner and carried, the Commission approved the minutes of the March 24, 2008 regular weekly meeting.

Upon recommendation of staff and on motion of Commissioner Simpson seconded by Commissioner Purser and carried, the Commission adopted Resolution 1862-08, establishing the Electric System Rate Schedules.

General Manager Nass explained that at last week's meeting, the amount of the tree trimming contract with Asplundh (060818) was incorrectly stated as \$426,527.99 and did not include retainage in the amount of \$22,448.85. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission accepted as complete Contract 060818 with Asplundh Tree Expert Company for hourly tree trimming crew and equipment in the corrected amount of \$448,976.84.

The Commissioners will hold a work session on April 7, 2008, at the Port Angeles office. They will review the Retirees Healthcare Plan at 10 a.m. and proposed changes to the Schedule of Deposits and Charges and new Electric Line Extension Unit Prices at 11 a.m.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$272,653.49 for March 31, 2008. District Auditor Robbins reported that the vouchers included 19 rebates for conservation programs totaling \$7,890.

Commissioner Purser reported on the proposed Forks biomass project. Output would be used for heating a school. The District may be asked if it would be interested in purchasing output from the project will have green tags. He also reported on a Sequim Dungeness Chamber of Commerce meeting and noted he abstained from voting. He reported on a Chamber luncheon where a representative from Puget Sound Partnership made a presentation and on two meetings with the Department of Ecology regarding instream flow rulemaking process for the Dungeness River. The Peninsula Development Association was told that their contract would be renewed and they are considering hiring a coordinator. The North Olympic Peninsula Resource and

Conservation Development Council is discussing a portable slaughter facility in relation to cold storage and other projects.

Commissioner Simpson reported on Washington PUD Association meetings. There was a discussion about the utilities that signed the Bonneville Power Administration interim REP contract. It was reported that Federal Emergency Management Administration denied Grays Harbor PUD's claims for emergency repairs during a severe storm. The claims were rejected because of the FEMA requirement to go through a competitive bidding process for work exceeding a certain dollar amount. Commissioner Simpson also reported on the Participants Review Board meeting in Richland last week. PRB and Energy Northwest reviewed the Columbia Generating Station budget and discussed projects that need to be completed, including condenser tube replacement. He reported that the bonds for Packwood Lake Hydroelectric Project will be paid off next year. He noted that Florida Power and Light is looking at building two nuclear plants.

Commissioner Haffner reported on a meeting the Clallam County Economic Development Council sponsored at Peninsula College with presentations from the City of Port Angeles, Port, and County. He also reported on the meeting with the Department of Ecology regarding the instream flow rulemaking process for the Dungeness River.

Water and Wastewater Systems Superintendent Kitz reviewed changes to the District's Cross Connection Policy. Ten new elements required by the Washington State Department of Health were incorporated in the revised Policy. Other changes include provisions to recover District costs in case of a backflow event, penalties for a backflow event, and emergency and non-emergency suspension of service.

Power Resources and Utility Services Manager Mitchell discussed a proposed amendment to the Packwood Power Sales Contract. The Commissioners concurred with the proposed amendment to the contract with Benton and Franklin PUDs to extend the contract performance period to 2009, allowing Benton and Franklin PUDs to take the output from Packwood Lake Hydroelectric Project for another year.

Mr. Mitchell reported on a business continuity strategy for Northwest Open Access Network (NoaNet). He discussed the need for NoaNet to acquire a diverse underground fiber cable path in certain areas to improve reliability. The improvements would require a capital investment in equipment and NoaNet members would be required to guarantee the debt. The Commissioners agreed, and there was general support for NoaNet borrowing \$1.5 million to implement a third Cascade crossing through a fiber exchange and equipment installation. The Commission agreed to support its share of the member guarantee.

Mr. Mitchell reported on the status of the Renewable Energy System Cost Recovery Program implementation. He indicated that fees charged to early participants will be ratified when the Board approves the forthcoming Schedule of Deposits and Charges resolution. Additionally, he also suggested that customers who could provide Department of Revenue certification of their system dated prior to July 1, 2007, and provide metered production documentation could claim production from July 1, 2007. The Commission concurred.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 4:18 p.m. to meet again, Monday, April 7, 2008, at 1:30 p.m. in the Port Angeles office.