

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF A SPECIAL MEETING OF
THE BOARD OF COMMISSIONERS
MAY 16, 2005

A special meeting of the Board of Commissioners of Public Utility District No. 1 of Clallam County was held at the Clallam Bay School on the above date commencing at 6 p.m. The purpose of the special meeting was to present information and receive comment on proposed changes to the water rates.

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

Staff present were: Dennis Bickford, General Manager; Shelley Burgett, Assistant General Manager and Treasurer/Controller; Mike Kitz, Water and Wastewater Systems Superintendent; and Carol Biss, Executive Assistant.

Others present were: Bob Blanchette, Don Higgins, and Ted Muralt.

Commissioner Simpson introduced the Commissioners and staff and welcomed customers who were present. The customers present indicated they would prefer to have the water rate information presented based on their questions and comments. Assistant General Manager and Treasurer/Controller Burgett said that the last water rate increase was in 2003. Rates were not adjusted in 2004 to allow District staff more time to study a conservation rate design. She showed costs for an average residential bill at the current water rate and at the proposed five percent increase for Clallam Bay and the seven percent increase for Island View water systems. In response to a question about the proposed increase for Island View, she reviewed key assumptions and results of the 2003 Cost of Service Analysis and discussed allocation of costs to each water system. The Cost of Service Analysis showed that all water systems except Island View were close to the overall system average. A seven percent increase was recommended for Island View water system because its costs are much higher than existing revenues.

Ms. Burgett presented information about the proposed conservation rate structure, which would have a four-step residential conservation rate. She showed a cost comparison of an average residential bill in Clallam Bay and Island View under current rates and the proposed conservation rate, using a base rate of 800 cubic feet per month. She noted that the average monthly usage for a residential customer in Clallam Bay was about 600 cubic feet per month. There was a discussion of rates for commercial customers, and Commissioner Haffner said that staff would re-evaluate commercial accounts and compare summer and winter usage. Following up on Mr. Muralt's questions about commercial accounts, Ms. Burgett asked him to contact the staff to discuss his specific situation in more detail. Ms. Burgett was asked if the conservation water rates would remain in effect when the drought is over. She explained that conservation water rates would be permanent because of Washington State Water Planning requirements.

There being no further questions from the public and no other business to come before the Commission, the special meeting was adjourned at 6:27 p.m.