

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
MAY 24, 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; Larry Morris, Operations Facilities Superintendent; Mike Kitz, Water & Wastewater Systems Superintendent; Ken Morgan, Transmission & Substation Systems Manager; Fred Mitchell, Telecommunications & Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley; Bill Henry, Sr.; Bart Irwin; Cindy Kelly; Ed Tuttle; Wayne Washburn; and a representative of Lower Water System customers.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the May 10, 2004 meeting as corrected.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission awarded Bid No. 040803 to Olympic Electric in the amount of \$316,000 for crew and equipment and limited materials for the Blyn Substation rebuild.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1753-04, authorizing falling trees and clearing and grading right-of-way for the future relocation of an existing power line and authorizing the General Manager to sign and publicize a Notice of Action in accordance with the State Environmental Policy Act.

A representative of the customers served by the Lower Water System, a private water system located on the South side of Bell Hill, was present to discuss the District's agreement with Iliad, Inc., the owner of the Lower Water System. He discussed assessments, rates, and a new contract that Lower customers have been asked to sign. He noted that Lower customers had no prior knowledge of the wholesale water agreement between the District and Iliad, Inc. After further discussion, the Commissioners agreed that the District's policy in the future should be to notify the individual customers that would be served before entering into an agreement with a water purveyor.

General Manager Bickford said that Monday, May 31, is the Memorial Day holiday. In accordance with Resolution 1131-83, the Commissioners agreed to hold the next regular weekly meeting on Tuesday, June 1, 2004. Resolution 1131-83, which was adopted on September 6, 1983, states that the Commissioners will hold their regular weekly meeting on Tuesday if the District observes a holiday on Monday.

Mr. Ed Tuttle of the Bay Loop Association discussed agreements between the City of Port Angeles and new commercial construction in the Urban Growth Area east of Port Angeles. He also discussed water and sewer issues in the UGA and asked the District Commissioners to meet with the County Commissioners to discuss these issues. There was a discussion of the wholesale water contract that the City of Port Angeles has asked the District to sign.

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 the May 24, 2004 claim vouchers in the amount of \$2,552,048.68 and the May 17, 2004 claim vouchers in the amount of \$307,605.82. Treasurer/Controller Burgett reported on rebates for conservation programs. The voucher list for May 17 included 19 rebates totaling \$44,201.70 and the voucher list for May 24 included 26 rebates totaling \$10,205.20.

Commissioner Simpson reported that a multi-year proforma was presented at a Northwest Open Access Network meeting he attended. The presentation included budget scenarios based on NoaNet revenue and expense forecasts for 2005-2008. He reported on Washington PUD Association meetings. At the WPUDA Rate Rollback Committee meeting, there was a status report on activities and strategies of the Committee. Paul Norman of Bonneville Power Administration made a presentation to WPUDA members. Commissioner Simpson reported that summer spill and the federal energy bill were topics of discussion at the WPUDA Board Meeting and the NWPPA Annual Conference, and he reported on the presentation by Steve Wright, Administrator of Bonneville Power Administration, at the NWPPA Conference.

Commissioner Haffner reported on the NWPPA Annual Conference and discussed the pre-conference session on power supply and risk management and a general session, Impacts of Global Trade on Local Economies.

Mr. Bickford presented the General Manager's Report. A work session on the Electric Service Regulations is scheduled for May 26, 2004, at 9 a.m. at the Port Angeles office. He informed the Commissioners that Grays Harbor PUD invited one of the Commissioners and the General Manager to join them in Washington D.C. as they speak with congressional staffers. Mr. Bickford reported that work on the Quillayute River underground bore has stopped. The contractor has removed equipment and was not able to complete the job in the time period that the National Park allowed. He reported on the North Point project and noted that the changes for replacing the culverts are being proposed by the Forest Service. He said that Commissioners Simpson and he are meeting with the City of Port Angeles tomorrow to address the wholesale water contract. The Port Angeles Business Association (PABA) invited the District to participate on a panel with the City of Port Angeles to discuss water and sewer issues. According to PABA, the City declined and the panel discussion was cancelled.

Treasurer/Controller Burgett presented the Treasurer's Report for April 2004. Interest for the month totaled \$7,213.02, cash totaled \$2,174,276.72, and the total amount invested was \$24,236,130.81. She said that she would like to review reserve levels and forecasts for the Electric and Water Departments and the Commissioners agreed to hold a financial work session on June 9, 2004 at 9 a.m. at the Port Angeles office.

Telecommunications and Power Resources Manager Mitchell reported on conservation programs. He said that the District offers a Weatherization Program for mobile homes, including rebates for ceiling and floor insulation and energy-efficient windows. There was a discussion of weatherizing mobile homes used as rentals. He recommended eliminating the rebates for lower efficiency heat pumps and offering rebates for the heat pumps with an HSPF (heating seasonal performance factor) of 9.1 or higher. He reported that the District has had a successful installation of a solar panel at the Sequim High School and is working with the Crescent School District on installing a solar panel at one of their facilities.

Attendance at meetings was confirmed.

The regular meeting recessed at 4:00 p.m. to go into executive session regarding possible litigation. The executive session adjourned at 4:23 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:24 p.m. The Commissioners will hold a work session on the Electric Service Regulations on Wednesday, May 26, 2004, at 9 a.m. and a regular weekly meeting on Tuesday, June 1, 2004, at 1:30 p.m. Both meetings will be held at the Port Angeles office, 2431 East Highway 101.