

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
NOVEMBER 19, 2007

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; Ken Foster, District Auditor; Jana Robbins, District Auditor; Joshua Bunch, Treasurer Controller; Roger Hosto, Operations Superintendent; Dave Proebstel, Chief Engineer; Steve Schopfer, Information Services Manager; Tom Martin, Water and Wastewater Systems Assist. Superintendent; Fred Mitchell, Power Supply and Utility Services Manager; Mike Hill, Engineer; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley, Bob Hoyle, and Teri Martin.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the November 5, 2007 regular weekly meeting as submitted.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the November 5, 2007 work session as submitted.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission accepted as complete Contract No. 060810 with Michels Power Division, Michels Corporation, for a transmission line rebuild project in the Joyce and Sappho areas in the amount of \$1,068,696.56, including Washington State sales tax.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission awarded the bid for construction of the Johnson Creek Substation to Olympic Electric Co., Inc. in the amount of \$393,500, plus Washington State sales tax. (Bid No. 070810)

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved putting the cable replacement project on the Upper Hoh Road on hold until maintenance agreement with the National Park Service is in place. (Bid No. 070804)

Mr. Bob Hoyle was present to discuss a problem he had with service at one of his rental properties. Operations Superintendent Hosto will ask a Serviceman Representative to contact Mr. Hoyle.

On Monday, November 26, the Commissioners will hold a work session to review the proposed 2008 budget for the Electric System. The work session will begin at 9 a.m. at the Port Angeles office.

Lists of claim vouchers as certified by the General Manager and District Auditor were considered. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$191,352.90 for November 13, 2007. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$514,704.79 for November 19, 2007. District Auditor Foster reported that the vouchers included 10 rebates for conservation programs totaling \$12,452.68 on November 13 and 5 rebates totaling \$5,514.16 on November 19.

Commissioner Purser reported on a North Olympic Peninsula Resource Conservation and Development Council meeting and a Peninsula Development Association meeting. A meeting is scheduled later this month to discuss merging these two organizations. He presented a brochure, "Reduce Your Carbon Footprint – One Step at a Time." He said that one of the Jefferson County PUD Commissioners indicated Jefferson PUD staff is interested in discussing electric authority with District staff. Commissioner Purser also reported on a session about Northwest Open Access Network (NoaNet) activities that was held during the Washington PUD Association meetings. NoaNet staff presented its accomplishments over the past year and efforts in economic development, education, public service, and research and development. NoaNet's long-term debt is expected to be paid off in 2011.

Commissioner Simpson reported on a Port Angeles Business Association meeting and a Port Angeles Chamber of Commerce meeting. He also reported on the Washington PUD Association meetings last week. He discussed the seminar on climate change and said that it is likely that there will be state and federal legislation to address this issue. He reported on the Commissioners Roundtable and activities at several other PUDs. The WPUDA Board of Directors approved continued participation in the I-937 rulemaking process. They also heard a presentation by a panel of public power representatives on a proposal for the Residential Exchange Benefit that was signed by Scott Corwin of Public Power Council, Terry Mundorf of the Washington Public Agencies Group, John Saven of Northwest Requirement Utilities, and others from consumer-owned and investor-owned utilities. He reported on comments from those who support the recommendations and those who are opposed to them.

Water and Wastewater Systems Assistant Superintendent Martin reported on the District's plans to comply with the Water Use Efficiency Rule. Efficiency Planning, Efficiency Standards, and Performance Reporting are key elements of the Rule. The Washington State Department of Health has set a ten percent leakage standard, which the Port Angeles Composite will be required to meet. Mr. Martin proposed a timeline that included having the proposed goals available for public review by December 31, 2007 and holding a public meeting on January 14, 2008 to receive public comment on the proposed goals. A student intern from Peninsula College has been interviewed to assist the Water and Wastewater staff in evaluating the effectiveness of the existing water conservation efforts.

Power Supply and Utility Services Manager Mitchell reviewed the District's obligations under Renewable Portfolio Standards (RPS). He presented an option for meeting the District's upcoming RPS through the purchase of Renewable Energy Credits.

Mr. Mitchell reported on recommendations for resolving issues concerning the Residential Exchange Benefits. The U.S. Ninth Circuit Court of Appeals ruled in May that Bonneville Power Administration did not follow the Northwest Power Act regarding the exchange program. He reviewed recommendations that were agreed to by a group of investor-owned and consumer-owned utilities to resolve this issue. He also discussed a dissenting opinion from the General Manager of Grays Harbor PUD. The Washington Public Agencies Group will continue discussion of the matter when it meets tomorrow.

Chief Engineer Proebstel, Operations Superintendent Hosto, and IS Manager Schopfer reported on the November 12 outages caused by a wind storm. As many as 18-20,000 customers were out of power at the peak of the storm.

General Manager Nass briefly reported that he had met with the line crew regarding a proposed letter of understanding addressing work during outages.

Treasurer Controller Bunch presented the Treasurer's Report for October 2007. Cash totaled \$2,083,377.29; the total amount invested was \$18,674,561.11, and interest for the month totaled \$110,435.88. Mr. Bunch discussed options for actuarial work to disclose post employment health benefits as a liability as required by the Governmental Accounting Standards Board Statement 45. He also reported that the District's bond counsel recommended Seattle Northwest Securities. The Commission agreed that Mr. Bunch should proceed with discussions with Seattle NW Securities.

Attendance at the following meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 4:22 p.m. to meet again in a regular weekly meeting on Monday, November 26, 2007, at 1:30 p.m. in the Port Angeles office.