

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
OCTOBER 11, 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, District Auditor; Larry Morris, Operations Facilities Superintendent; Fred Mitchell, Telecommunications & Power Resources Manager; Dave Proebstel, Distribution Systems Manager; Quimby Moon, Engineer; and Carol Biss, Executive Assistant.

Others present were: Daniel Anderson, Bob Jensen, Alan Bentley, Craig Johnson, Wayne Bowen, Dave Kacoroski, Larry Dunbar, Cindy Kelly, Brenda Hanrahan, Ann Mathewson, Ariel Hansen, Bill Roberds, Bob Hoyle, and Ed Tuttle.

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the October 4, 2004 meeting as submitted.

Telecommunications and Power Resources Manager Mitchell presented a brief overview on the District's Utility Services Program Assessment Study and reviewed key findings. The majority of respondents feel the District should take an active role in energy conservation. The majority feel strongly that the District's efforts to promote conservation programs will directly benefit the community as a whole, even though less than half of the respondents think those efforts will directly benefit their household. Mr. Mitchell reported on responses pertaining to existing and new conservation programs. Overall support for the District's involvement in Green Power was relatively strong.

Mr. Mitchell said that the District built a fiber-optic backbone for the internal control. During that time, input from the community indicated that it lacked certain infrastructure with respect to broadband. The Pilot Project was built to evaluate cost, customer demand, and service provider interest. The District sent out a request for proposals to evaluate the Pilot Project, and F.W. Bowen was selected to do the evaluation study. Mr. Bowen presented the "Clallam PUD NO. 1 Fiber to the Premise Pilot Project Evaluation Report." He said the purpose of the study was to provide a critical analysis for informed decisions directing future excess capacity offerings to the public by a public service company. He reviewed the most important findings and noted that all of the customers currently accessing the PUD's fiber optic broadband in the Pilot Project are small businesses that prefer greater capacity than DSL or cable. Mr. Bowen reviewed infrastructure capital investment, operating expense, and revenue of the Pilot Project. He reviewed retail customer demand and service provider interest. He also provided fiber-to-the-premise cost models and other cost models. Commissioner Purser invited public comment on the Pilot Project. Engineer Moon reviewed additional design work that was required for the Substation Control and Data Acquisition (SCADA) System and Substation Integration project. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved Change Order 030307-1 to the contract with Power System Engineering, Inc. in the amount of \$11,904.50. The increased amount was for additional services on the Substation Communications Network Design document.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission adopted Resolution No. 1759-04, authorizing the disposal of surplus property.

Mr. Ed Tuttle commented on the September 17, 2004 letter that the District received from the City of Port Angeles.

Mr. Bob Hoyle discussed wells in the area that might provide additional water sources for the District.

Ms. Cindy Kelly said that the third meeting for public comment on the Water Resource Inventory Area No. 18 Watershed Plan is scheduled for 10 a.m. tomorrow.

The regular meeting recessed at 3:26 p.m. to go into executive session for possible litigation. The executive session adjourned at 4:55 p.m., and the regular meeting reconvened at that time.

A list of claim vouchers as certified by the General Manager and District 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 \$1,685,928.45 for October 11, 2004. District Auditor Foster reported that there were no rebates for conservation programs.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 5:02 p.m. to meet again Monday, October 18, 2004, at 1:30 p.m. in the Port Angeles office.