

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
OCTOBER 23, 2006

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 E. Simpson, Jr., President; W.E. Purser, Vice President; and Hugh Haffner, Secretary.

Staff present were: Michael McInnes, Interim General Manager; Joshua Bunch, Treasurer Controller; Mike Kitz, Water and Wastewater Systems Superintendent; Dave Proebstel, Chief Engineer; Fred Mitchell, Telecommunications & Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley, Cindy Kelly, and Patti Morris.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the October 16, 2006 regular weekly meeting as submitted.

On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1817-06, appointing Douglas Nass as General Manager and establishing his compensation.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission adopted Resolution 1818-06, establishing compensation for the District Auditor.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission nominated Telecommunications and Power Resources Manager Mitchell for the Public Power Council Executive Committee for 2007-2008.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the 2006 adjusted financial limits for prequalified contractors in accordance with the list dated October 23, 2006.

Interim General Manager McInnes reviewed three proposed electric line projects: La Push re-route, an underground installation on the Joyce-Piedmont Road, and an underground conversion on East Sequim Bay Road. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved an invitation to bid for converting overhead lines to underground and providing new three-phase underground distribution in the La Push area. Bids will be opened November 15, 2006. (Bid Number 060814)

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved an invitation to bid for installation of new underground electrical distribution facilities on the Joyce-Piedmont Road. Bids will be opened November 15, 2006. (Bid Number 060815)

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved an invitation to bid for conversion of overhead to underground electrical distribution facilities on East Sequim Bay Road and approved installing spare conduit as part of the project. Bids will be opened November 15, 2006. (Bid Number 060817)

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized the Interim General Manager to sign Addendum Number 10 to the Agreement for Professional Services with Earth Tech, Inc. for an amount not to exceed \$42,611. The additional cost is for providing services for startup of the Morse Creek Water Treatment Plant under Task Order 3, Phase 2.

Water and Wastewater Systems Superintendent Kitz reviewed additional work that was required for construction of the Morse Creek Water Treatment Plant. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved Contract Change Order Number 4 for an additional amount of \$13,306.79.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved changing insurance carriers from Hartford Life and Accident Insurance Company to Principal Life Insurance Company for ancillary benefits for employees.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission canceled the October 30 meeting.

Mr. McInnes reported that the District's membership dues for the American Public Power Association will increase by about \$150 for the year. The first payment is due on December 1. The remainder of the dues will be included in the 2007 budget.

The Commissioners received correspondence from the "No on Initiative 937 Campaign" urging the Commission to take a position against the initiative. After discussing the matter, the Commissioners agreed they would not take a position for or against Initiative 937.

Mr. McInnes said that a public meeting will be held on October 26 at 6 p.m. at the Greywolf Elementary School in Sequim. Information will be presented about the sewer feasibility study for the Carlsborg Urban Growth Area, and there will be opportunity for public comment and questions.

A list of claim vouchers as certified by the Interim General Manager was considered. On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$430,737.04 for October 23, 2006.

Commissioner Haffner reported on a meeting with the Department of Ecology for an initial discussion of water management and an instream flow rule for the Dungeness River. He said he discussed the need for water rights with DOE. There was also discussion regarding a proposed pilot project for water right applications in the Carlsborg area that would begin while DOE develops instream flow rules. He reported on a Clallam County Economic Development Council meeting, which featured a presentation about the Clallam Business Incubator project. He also reported on a Port Angeles Chamber of Commerce event that included a tour of the Lincoln Center facility.

Commissioner Purser reported on the meeting with the Department of Ecology to discuss water management and an instream flow rule for the Dungeness River. He talked about various methods of banking water from the Dungeness River, which had been presented by DOE. Other topics of discussion included water rights, water storage, and near source ground water. He recommended that, prior to the next meeting with DOE, the PUD Commissioners and staff hold a work session with the County and City of Sequim to discuss strategies for dealing with instream flow issues in the Dungeness River area. The Commissioners agreed to hold a work session on November 2, 2006, at a time to be determined.

Commissioner Simpson reported on Washington PUD Association (WPUDA) meetings that were held last week. The WPUDA board discussed and approved final revisions to WPUDA's position paper on the Bonneville Power Administration's Regional Dialogue proposal for post 2011. He noted that BPA has allocated funds for intertie connections for renewable energy resources in response to anticipated interest in renewables. He reported on the proposed WPUDA budget for 2007. It is about a 7.9 percent increase compared to the 2006 budget and includes funding for an Energy Services Director position beginning mid-year.

Treasurer Controller Bunch presented the Treasurer's Report for the month of September 2006. Interest for the month totaled \$31,005.87, cash totaled \$3,216,288.15, and the total amount invested was \$23,282,903.26.

Attendance at meetings was confirmed and approved.

The regular meeting recessed at 3:10 p.m. to go into executive session for property matters. The executive session adjourned at 3:58 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 3:59 p.m. to meet again Monday, November 6, 2006, at 1:30 p.m. in the Port Angeles office.