

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
OCTOBER 10, 2005

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: Shelley Burgett, Interim General Manager; Ken Foster, District Auditor; Dennis Shaw, Procurement Manager; Mike Kitz, Water & Wastewater Systems Superintendent; Roger Hosto, Operations Superintendent; Larry Morris, Operations Facilities Superintendent; Dave Proebstel, Chief Engineer; and Carol Biss, Executive Assistant.

Others present were: Gwen Bridge, Cindy Kelly, Shawn Koorn, Patti Morris, Linda Rotmark, and Ed Tuttle.

On motion of Commissioner Purser seconded by Commissioner Haffner and carried, the Commission approved the minutes of the September 26, 2005 regular weekly meeting as submitted. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the minutes of the October 3, 2005 regular weekly meeting as submitted.

Water and Wastewater Systems Superintendent Kitz continued the discussion from the last meeting about the Hoko River reserve options as part of the Water Resources Inventory Area 19 (WRIA 19) Watershed Plan. When a draft of the plan was presented previously, it included a recommendation for the District to receive 1 cubic foot per second (cfs) with no stream flow limitations in addition to the 1 cfs water right the District already has for the Hoko River. He discussed the District's need for the additional water in order to serve future growth in the area. Ms. Gwen Bridge discussed the Makah Tribe's interest in protecting fish, especially during periods of low flow. The Tribe is now recommending that the District receive the additional water only when the Hoko River flow is above 30 cfs.

Interim General Manager Burgett said that an analysis of the District's water system development charges has been completed and cost-based charges were developed. Mr. Shawn Koorn of HDR Engineering, Inc. was present to report on the analysis. He gave an overview of system development charges, which are one-time charges for new connections. The purpose of system development charges (SDCs) is to balance the cost requirements for new utility infrastructure between existing and new customers and to generate revenue for growth-related facilities. Sections of the Revised Code of Washington that affect SDCs were briefly reviewed. He discussed the criteria typically used to establish SDCs, general SDC assumptions, and the components of the water SDCs. He showed the plant components of the new net system development charge and reviewed the proposed new water SDCs by meter size. The conclusions and recommendations of the analysis were discussed. The Commissioners agreed that staff should begin preparing documents to implement the new water system development charges.

Operations Superintendent Hosto reported on the customer work order process for addressing customer inquiries for electrical line extensions. He reviewed the four-step process, from the first on-site meeting with the customer until construction begins. He showed how the timeframes for each of these steps has significantly increased in 2005. To reduce the waiting time for customer work, the Port Angeles Serviceman Representative will be given additional assistance, underground cable replacement will be temporarily suspended so additional crew will be available for customer work orders, and West End Operations personnel will help with work in Joyce and west Port Angeles service area. The goal is to significantly reduce the timeframes by December 2005. Staff is also looking at ways to mitigate the potential for delays in the beginning of customer work orders because of unavailability of certain materials.

Procurement Manager Shaw reported on factors that are affecting the availability and the cost of certain products the District uses and how that may impact customer work. He discussed the shortage of raw materials including resin for PVC pipe and high-grade core steel for transformers. He noted there is currently a very long lead-time for procuring transformers. Some manufacturers committed a large portion of their products to storm-damaged areas in the Gulf Coast; for example, wood poles and crossarms. Even if the product is available, there may be a significant delay in delivery because of difficulties in obtaining a freight carrier. Material costs have risen significantly and continue to escalate. Mr. Shaw said that on some items, like the PVC pipe he ordered last month, the quantity ordered is reduced by the vendor, there is no guarantee of a shipping date, and a final price will not be quoted until the product is ready to ship. He has made every effort to find materials that are available in order to stock the District's inventory. Commissioner Purser suggested that staff make customers aware of this situation, perhaps in the customer newsletter.

Chief Engineer Proebstel talked about the District's need for a mobile substation. With the conversion from 69 kV to 115 kV, the District needs a mobile substation that is rated for 115 kV. Staff has prepared a contract with Ken Morgan Consulting to prepare contract documents, develop low bid evaluation criteria, and evaluate manufacturers' submittals for a new mobile substation.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission adopted Resolution 1791-05 authorizing the disposal of surplus property, namely one oil reclamation trailer. (Number 93-150)

A list of claim vouchers as certified by the Interim General Manager and District Auditor was considered. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$495,343.19 for October 10, 2005. District Auditor Foster reported that the claim vouchers included 24 rebates for conservation programs totaling \$5,705.05.

Commissioner Purser reported that the task force reviewed the request for proposals for the feasibility study for the Biomass Wood-fired Electrical Generation Plant in Forks and narrowed the proposals down to three for interviews plus alternates. Interviews are being scheduled for October 14.

Ms. Burgett presented the Interim General Manager's Report. She reported on the acceptance of three contract completions: (1) the contract with Busby International for the steel substation components for Laird's Corner Substation Addition in the amount of \$21,803.63, including Washington State sales tax; (2) the contract with Aldergrove Construction, Inc. for the House on Wheels in the amount of \$23,694.29, including Washington State sales tax; and (3) the contract with Lakeside Industries for asphalt paving and installation of a berm at the Carlsborg Operations Center in the amount of \$24,367.50, including Washington State sales tax. She showed the Commissioners samples of the new bill design, which will go into production December 1, 2005. The new bill format is more streamlined than the current bill and was designed to give customers more information. She suggested that the satellite sewer system study would be an appropriate project for the Rural Economic Development Revolving Fund Board to consider, and the Commissioners agreed.

Attendance at meetings was confirmed and approved.

The regular session recessed at 4:15 p.m. to go into executive session for legal and personnel matters. The executive session adjourned at 4:59 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 5 p.m. to meet again Monday, October 17, 2005, at 1:30 p.m. in the Port Angeles office.