

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
SEPTEMBER 25, 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; Ken Foster, District Auditor; Fred Mitchell, Telecommunications and Power Resources Manager; Larry Morris, Operations Facilities Superintendent; and Carol Biss, Executive Assistant.

Others present were: James W. Bourget, Brian Gawley, Eloise Kailin, Cindy Kelly, Caryl Fullingim, Richard T. Smith, and Bill Ussack.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the September 18, 2005 regular weekly meeting as amended.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission accepted Contract Number 030806 with Areva T&D, Inc. as complete for furnishing power circuit breakers in the amount of \$197,224.62, including Washington State sales tax.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission accepted the contract with Terex Utilities West as complete for furnishing a cab-chassis/manlift/utility body in the amount of \$249,954.94, including Washington State sales tax. (Contract Number 050808)

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 change Order No. 1 under contract Number 050317 with Lisenbury Fire Protection. The change order added additional facilities to the contract, which provides for servicing and maintaining fire extinguishers.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized the Interim General Manager to sign Revision No. 5, Exhibit C to the Power Sales Agreement with Bonneville Power Administration, which updates the District's share of the Packwood resource assigned to Benton and Franklin PUDs for 2007, changes a reference to the Conservation Rate Credit, and acknowledges the District's one-year extension for purchasing power from the Roosevelt landfill gas project. (Power Sales Agreement Number 00PB-12051)

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized the Interim General Manager to execute the Telecommunications Right of Way License Agreement renewal with the City of Port Angeles.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized the Interim General Manager to execute the Conservation Acquisition Agreement with Bonneville Power Administration.

Several people were present to express their concerns about issues regarding fluoridated water that the District purchases from the City of Port Angeles for District water customers. Dr. Eloise Kailin said that two citizen's initiatives had been filed with the City of Port Angeles, and the City subsequently asked for a legal decision on whether the initiatives are eligible to be put on the ballot. She asked the Commissioners to intervene in the legal proceedings. Mr. Richard Smith presented the Commissioners with a petition requesting that the PUD intervene in the lawsuit on behalf of PUD water customers who signed the petition. After hearing the concerns and comments of the group, the Commissioners concurred that this issue is primarily a political issue about the initiative process within the City of Port Angeles. The Commissioners said they would seek legal counsel on the matter.

Interim General Manager McInnes reported that the consultant conducting the feasibility study for a satellite sewer system in the Carlsborg urban growth area has asked to reschedule the date for the next public meeting. The Commission agreed to hold the public meeting regarding the feasibility study on October 26, 2006, at 5:30 p.m. at a location to be determined.

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 \$815,442.66 for September 25, 2006. District Auditor Foster reported that the claim vouchers included 15 rebates for conservation programs totaling \$3,363.26.

Commissioner Haffner reported on a Clallam County Economic Development Council (EDC) meeting. One of the items addressed at that meeting was a \$50,000 grant that EDC received through the Peninsula Development Association. The EDC is working on deliverables for the project, which are due by February 2007.

Commissioner Purser reported on a meeting of the North Olympic Peninsula Resources Conservation and Development Council. (RC&D) The NASA Water Resource Project was discussed, and the Council requested the services of Water and Wastewater Systems Assistant Superintendent Martin for thirty hours per month. Commissioner Purser discussed related issues that will need to be reviewed, including District policy covering a District employee in such a role. Commissioner Purser also discussed officers and directors liability insurance for RC&D Council members and recommended that a letter be sent from the District to RC&D. District Auditor Foster will obtain additional information from PURMS on this matter. Commissioner Purser noted that one of the RC&D Council members asked about available space at the District's Barn Building in Carlsborg.

Commissioner Simpson reported on a Port Angeles Regional Chamber of Commerce meeting. Those at the meeting heard from some of the candidates running for positions on the Regional Chamber Board of Directors. Former Deputy Mayor Orville Campbell presented information on the design and cost of a proposed aquatics center in Port Angeles and a bond issue to fund the project, which will be on the November ballot.

The regular meeting recessed at 3:23 p.m. to go into executive session for personnel and contract matters. The executive session adjourned at 4:44 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:46 p.m. to meet again, Monday, October 2, 2006, at 1:30 p.m. in the Port Angeles office.