

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
SEPTEMBER 29, 2008

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 2:30 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; Jana Robbins, District Auditor; Joshua Bunch, Treasurer Controller; John Purvis, Distribution Systems Manager; Michael Kitz, Water and Wastewater Systems Superintendent; Tom Martin, Water and Wastewater Systems Assistant Superintendent; and Carol Biss, Executive Assistant.

Others present were: Bob Jensen and Bill Roberds.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the September 22, 2008 regular weekly meeting.

Commissioner Haffner reported on the entrance conference with the State Auditor's staff and provided the Commissioners with a copy of the Washington State Auditor's Office Entrance Conference.

Distribution Systems Manager Purvis discussed a proposed quit-claim deed for a 110-foot wide easement along two parcels originally granted in 1973. A new 30-foot easement sufficient for the existing pole line and future upgrades has been submitted as a substitute. The new 30-foot wide easement is consistent with other easements for the same pole line along Yellow Rock Lane. Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved a quit-claim deed to release an electrical easement to Greg and Cynthia Hasek as recorded in Auditor's file number 429332.

Mr. Bill Roberds of Excel Utilities Construction urged the Commission to reconsider the purchase of the Costco property in Carlsborg. He indicated he thought it would be in the best interest of all the citizens if the District did not purchase that property, so that the property could be utilized by a commercial entity. General Manager Nass said that purchasing the property was in the best of interest of all of the District's customers, and that the facilities study done by Driftmier Architects confirmed that. Mr. Roberds also talked about projects that District crews are working on near Sunland and along Edgewood Drive. He was invited to meet with Mr. Nass to discuss the matter in more detail at another time. Mr. Roberds said he thought the District could save on construction project costs by contracting out jobs to local contractors.

Commissioner Purser reported on a Peninsula Development Association meeting and the work the group is doing on setting goals for 2009. The list of future projects included several alternative energy projects, such as biomass, wave, wind, and solar. Other proposed projects for the PDA in 2009 include expanding the Innovative Partnership Zone and sponsoring an annual green entrepreneur conference.

Commissioner Simpson reported on a Port Angeles Business Association meeting where a local businessman gave a presentation on world-wide terrorism.

Commissioner Haffner reported on three forums he participated in. At one of the forums, he talked to Representative Lynn Kessler about renewable energy requirements.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$240,300.03 for September 29, 2008. District Auditor Robbins reported that the vouchers included 34 rebates for conservation programs totaling \$17,959.41.

Water and Wastewater Systems Assistant Superintendent Martin presented a progress report on an engineering study for a new Gales Addition Reservoir. The project is divided into four phases: Project Definition, Preliminary Design, Final Design, and Construction. He reported on completed tasks in the first phase of the project and said the study determined that the reservoir should be prestressed concrete with a capacity of 1.29 million gallons. Potential sites have been selected and ranked. Upgrades are necessary to the existing distribution system due to the impact of raising the reservoir level. They include constructing a new pipeline and three pressure reducing valves in Gales Addition and possibly a new pipeline to gravity feed water to Deer Park Reservoir, and replacing pumps. The next steps are to contact owners of potential sites, acquire a site, and start work on the second phase.

Mr. Martin reported on an engineering study for a new Fairview Water System resource. The project tasks are to (1) Assess a 30-year water supply and infrastructure needs, (2) Investigate and rank

availability of potential new water supply alternatives, (3) Identify constraints, and (4) Develop cost estimates and rank feasibility of alternatives. Using District historical data and the County's growth projections and zoning buildout model, the Fairview System's future saturation date and corresponding water supply needs were estimated. Mr. Martin reviewed three potential alternative groundwater sources - the Bluffs Well, Agnew Well, and Morse Creek Aquifer Storage and Recovery, and discussed the "first guess" cost estimates for facility planning for each. The next steps are to complete future water needs assessment, investigate the three groundwater alternatives, and develop other water supply alternatives.

Water and Wastewater Systems Superintendent Kitz reported that the stream flow in Morse Creek is currently at 20.8 cubic feet per second according to the Department of Ecology's (DOE) gauging station. The District has an interruptible water right on Morse Creek, which states that all diversions shall cease when the stream flow in Morse Creek has dropped below 25 cubic feet per second. In lieu of shutting down and in accordance with the District's agreement with DOE, the District may continue to take water, but must implement mandatory outdoor restrictions and indoor conservation, which is Stage 4 of the District's Drought Response Plan. A news release has been sent to the local media, and customers will receive a message by the phone notification system. Customers who cannot be contacted by phone will be notified by post card sent to their current address.

Treasurer Controller Bunch presented the Treasurer's Report for August 2008. Interest for the month totaled \$32,209.08; cash totaled \$6,024,171.18; and the total amount invested was \$23,470,341.80.

Mr. Nass reported on the Northwest Public Power Association's Annual Power Supply Conference. Steve Wright, Administrator for Bonneville Power Administration (BPA), was one of the presenters. He confirmed that BPA needs power supply contracts from its wholesale customers by December 1. He also talked about BPA's capacity to firm up wind energy and renewable standards in California. Mr. Nass said that Commissioners and staff need to have further discussions regarding renewable energy requirements.

Attendance at the following meeting was confirmed: and approved.

There being no further business to come before the Commission, the meeting adjourned at 4:41p.m. to meet again, Monday, October 6, 2008, at 1:30 p.m. in the Port Angeles office.