

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
NOVEMBER 17, 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 1:30 p.m.

Commissioners Present: Hugh Haffner, President; Hugh E. Simpson, Jr., Vice President; W.E. Purser, Secretary

Staff Present: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Jana Robbins, District Auditor; Fred Mitchell, Power Resources and Utility Services Manager; Nicole Clark, Executive Assistant; Mike Kitz, Water & Wastewater Systems Superintendent; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Ruth Kuch, Financial Analyst

Others Present: Teri Martin

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the November 10, 2008 regular weekly meeting as amended, and the November 10, 2008 Work Session. In the November 10 minutes, the last sentence in paragraph seven of the first page was amended to read "...the Commission approved a 15 percent participation in the development cost of the Radar Ridge Wind Project."

Power Resources and Utility Services Manager Mitchell reported on estimates of greenhouse gas emissions resulting from the proposed Bonneville Power Administration (BPA) power sales contract. RCW 80.80 requires that the District's Board, prior to signing any long-term contract for power or ownership of generating facilities, make a determination that the contract meets a greenhouse gas emission performance standard. That standard requires that the power purchased must have greenhouse gas (GHG) emissions less than or equal to 1,100 pounds of CO<sub>2</sub> per MWh. In the next couple of weeks, the District will be entering into a new agreement with BPA. Mr. Mitchell took a conservative approach on the emissions evaluation which resulted in a calculation of the highest greenhouse gas emissions that could be expected. By year 17, the emissions under the contract would be 781 lbs/MWh, which is well under the 1,100 lbs/MWh standard. This evaluation shows compliance with RCW 80.80 and will be attached to the resolution authorizing the General Manager to enter into the BPA contract.

Treasurer Controller Bunch presented delinquent accounts. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved removal of delinquent accounts from the active accounts receivable in the amount of \$7073.02, including a collection fee.

Treasurer Controller Bunch reviewed a proposed resolution authorizing District investments to be placed in the Washington State Local Government Investment Pool (LGIP). The Investment Committee met and recommends that the District invest excess funds in the LGIP due to economic conditions that have been limiting the District's investment opportunities under current policy. The Investment Committee will also look at revising the policy that determines the criteria under which financial institutions must be evaluated before District funds may be invested in them. Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved Resolution 1882-08 authorizing investment of District monies in the Local Government Investment Pool. Mr. Bunch also requested that the Commission consider increasing the maximum investment in any one financial institution. He suggested a method to account for growth would be to have the policy written such that investments would not be limited by dollar amount, but as a percent of assets in any one institution. Commissioner Haffner asked that Mr. Bunch bring a resolution to the next regular Board meeting with the proposed revisions. Commissioner Simpson asked that information about the District's bond coverage be included with the proposal.

Gene Voight wished to comment on power lines coming across from Victoria. He was concerned that their energy source was coal power. He also suggested that the District consider a pole treatment facility to create jobs. The facility could compete with the cost of fiberglass poles and sell to other PUDs. He wants to see our public entities and government strong and said that we should be proud of our public entities. Mr. Haffner responded to the comments regarding power lines from Victoria saying that there are proposed wind farms on Vancouver Island and it is the District's understanding that power from Victoria shouldn't be coal powered energy, only wind and hydro.

Teri Martin of the Clallam County Economic Development Council (EDC) announced that there will be an EDC board meeting Thursday at 10 am at Clallam Transit Center. This will be an important meeting concerning nominations, bylaws, and the budget. The EDC offices will be closed the week of the 24<sup>th</sup> while they move to Lincoln Center. They should be back in full operation in suite 137 at the Lincoln Center the first week of December.

Ms. Charlotte McElroy was present to come before the Commission in regards to a letter that she wrote to which she has not received a response. She recently installed solar power and was charged about \$600 for the metering which she felt was excessive. Mr. Mitchell said that it might be related to net metering. Mr. Mitchell departed the meeting with Ms. McElroy to meet privately to understand the situation. Mr. Mitchell returned to the meeting and explained that after review of the situation, that the issue is unique and would only affect a handful of PUD customers because of the type of meter. The solution would be to limit the customer's cost to only what they would have had to pay if they had a traditional meter. General Manager

Nass asked Mr. Mitchell to respond to the customer and thank her for bringing this unique situation to our attention. Mr. Mitchell said that he would bring a policy revision as a resolution to the Commission.

Treasurer Controller Bunch reminded those present that there will be a second work session on the District's proposed 2009 budget next Wednesday, November 26, at 9 a.m. at the Port Angeles office.

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 \$427,198.65 as amended for November 17, 2008. District Auditor Robbins reported that the vouchers included 41 rebates for conservation programs totaling \$24,603.49, including 10 rebates for Weatherization, and 31 for Air Sealing/Duct Sealing.

Commissioner Purser attended the Sequim-Dungeness Chamber Board meeting last week. Commissioner Purser reported there on RPS, carbon tax, and the impact to the PUD, rates. He said that there were a lot of questions and discussion about the topics. The group agreed to write letters to the legislature and delegation regarding their concern over whether the public can tolerate the increased cost in the current economy. He also received some comments about the old Costco building.

Commissioner Simpson attended a Port Angeles Business Association meeting. There was an election of officers and Commissioner Simpson was elected Vice-Chair.

Commissioner Haffner reported on attending the Public Utility Risk Management Services (PURMS) Board meeting. PURMS is developing travel policies. The self insurance fund is also to be increased so next year there will be additional assessments.

Water & Wastewater Systems Superintendent Kitz and Water & Wastewater Systems Assistant Superintendent Martin gave an update on WRIA 19. The streambeds have eroded to be deeper and wider so it takes more water to get the same kind of depth and flow as there was historically. The timber industry is voluntarily changing their practices. The District has stated that there is good common ground between all of the initiating agencies. Other methods must be researched, such as off-stream storage, diversion from non-fish bearing streams, reuse of waste water, and desalinization. The District also believes that there needs to be a reasonable reserve for people for future growth. An additional section of the plan is needed with strategy for future development. The Department of Ecology is trying to do instream flows based on current data, not pre-erosion. The District's opinion is that the flows should be measured and reviewed every five years. Because the P.U.D. is looking out for the "little guy," it needs to make sure that there is good flow data and that it is revisited. Commissioner Purser agreed that this is the right position for the District to take. Mr. Kitz and Mr. Martin will be at both the Joyce and Sekiu meetings this week.

General Manager Nass reported on the Conditional Use Permit Hearing on the old Costco property. The hearing was last week. The Driftmier Architects gave a thirty minute presentation and Mr. Nass and Mr. Irwin also spoke on the District's current position. There were seven to eight people in the audience who expressed their concerns. Mr. Nass is expecting a response from the County by November 26.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 3:30 p.m. to meet again, Monday, November 24, 2008, at 1:30 p.m. in the Port Angeles office.