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 1:33 p.m.

Commissioners Present: Hugh Haffner, President; Will Purser, Secretary

Commissioner Simpson was excused.

Staff Present: Doug Nass, General Manager; David Papandrew, Treasurer Controller; Dennis Shaw, General Superintendent; Nicole Clark, Executive Assistant; Michael Howe, Communications & Government Relations Manager; Mike Kitz, Water & Wastewater Systems Assistant Superintendent; Fred Mitchell, Power Supply & Utility Services Manager

Others Present: Pat Reynolds; Steve Reynolds; Edna Willadsen; Harvey Kailin; Eloise Kailin; Ross Krumpe

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the June 23, 2014 regular meeting.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission authorized the General Manager to sign the Mutual Aid and Assistance Agreement for Intrastate Water/Wastewater Agency Response Network (WARN).

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved removal of delinquent accounts on the list dated June 2, 2014 in the total amount of $12,849.36 from the active accounts receivable, including a collection fee of $2,837.66.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the prequalifications of contractors on the list dated July 7, 2014 for inclusion on the Small Works Roster.

There were several people in attendance as a follow-up to the prior business meeting to comment on smart meters and radio read meters. One person asked whether the District has done a cost-benefit analysis of the meter conversion to digital. General Manager Nass explained that such a comparison was done of RF and digital compared to analog and the numbers do justify replacing the old analog meters. The Commissioners have received copies of the written comment submitted and it will take some time to review. Commissioner Haffner said that privacy is a concern to him and the District’s meters don’t collect data as smart meters can. In addition he stated that the District has little control over the regulation of meters and that it is up to the federal government to establish regulations. Power Supply & Utility Services Manager Fred Mitchell explained that the policy was designed to accommodate both those customers that want to opt-in to have the RF meter ahead of schedule, as well as those who want to opt out. Another person asked if the radio read meters can report on which appliances are being used in the house, to which the response was that they cannot. Another person asked about NoaNet funds that could be used to implement a smart meter program and that some meters can be instantly upgraded to smart meters so she is concerned that smart meters could be implanted at any time. General Superintendent Dennis Shaw said that if we were to go to two-way meters, they would have to be brought in from the field and retrofitted in the shop which is a large expense. It is not practical to retrofit in the field. Another person asked if the two-way meters are essentially smart meters, or could become smart meters in which case he would opt out. It was explained that the District’s meters of choice are not smart meters. Another person asked what software the District is utilizing. General Superintendent Dennis Shaw responded that
the District is running Itron software and that one of the key factors in the District’s decision on AMI is that it costs millions of dollars and presently is not justified. Because of the slow-down of the analog equipment as they age, it justified replacement with digital meters purely based on economics. Commissioner Haffner suggested that a work session to be held for staff to update the Commissioners and discuss the subject in detail. Someone asked if the District has any redundancy for power besides BPA in the case of a catastrophic event. Power Supply & Utility Services Manager Fred Mitchell explained that Bonneville owns the transmission lines so regardless of the source of power it has to travel over their lines and that alternative power generation is prohibitively expensive. Another person commented that there seems to be a lot of pressure to have the digital meters and he wondered where the pressure is coming from. He submitted written comment for the record.

Correspondence and communication items were reviewed.

Two lists of claim vouchers as certified by the General Manager and Auditing Officer were considered. On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of $1,648,713.35 for June 30, 2014. On motion of Commissioner Purser seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of $100,290.98 for July 7, 2014. There were 31 conservation rebates in the total amount of $15,147.00 for the two week period. The cumulative amount to date for 2014 is $329,173.69.

Commissioner Purser reported that he attended Energy Northwest Executive Board meetings with Bonneville.

Treasurer Controller David Papandrew presented the Treasurer’s Report for May 2014. Interest for the month totaled $5,007.19, and cash and investments totaled $33,785,664.15.

General Superintendent Dennis Shaw provided an update on the construction and remodel of certain District facilities. The Coastal View building will be moved off the site for the new building soon. The old Sequim office is in a ready position to be demolished. To bring it up to current building standards is prohibitively expensive. The target for the new building is to advertise and have a bid opening by mid-August. Completion is still estimated to be September 2015. Engineering dispatch and the substation shop may have some cost savings if bid along with the admin building under one contract. The latest engineering estimates are still on budget. The Forks equipment building we will brought to the Commission as a task order for approval soon.

Fred reported that on July 28 there will be a conservation work session. He also updated the Commissioner on proposed comments that the District plans to submit to Bonneville on BPA’s Integrated Program Review, Capital Investment Review, and debt management strategies.

There being no further business to come before the Commission, the meeting adjourned at 3:35 p.m. to meet again on Monday, July 14, 2014, at 1:30 p.m. at the Port Angeles Main Office.