

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
August 1, 2011

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: W.E. Purser, Vice President; Hugh Haffner, Secretary

Commissioner Simpson was excused.

Staff Present: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; David Papandrew, District Auditor; Nicole Clark, Executive Assistant; Dennis Shaw, General Superintendent; Michael Howe, Executive Communications Coordinator; Fred Mitchell, Power Supply & Utility Services Manager; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Larry Morris, Support Services & Safety Manager

Others Present: Teri Martin; Cindy Kelly; Jim Oakley; Don Baker

Public comment was received from Don Baker of Clallam Bay. Mr. Baker thanked the District for inspecting and replacing five poles at two schools, but was disheartened that it took two letters to elicit a response. Mr. Baker also wanted to share the rumors that are circulating in his community, stemming from the announcement that Bonneville Power Administration is raising rates in the fall, and that the PUD may have to subsequently raise rates. Mr. Baker also asked for information on how much power the District purchases from wind generation. Mr. Baker's final question was in regards to senior citizens in his community. Mr. Baker said that he would like to see a Commissioner, or someone from the main office come out to speak to the senior citizen groups. General Manager Doug Nass said that the District has been actively promoting its Speakers Bureau program and that much more outreach has been made over the past year through the Hotline that arrives with customer bills, and through the media. Many of these questions have been addressed, but the District can arrange to have a speaker address the senior citizens group. General Manager Doug Nass also explained that wind power is approximately four times the cost of BPA power. There are agencies such as PPC that are watchdog agencies monitoring entities like BPA. BPA's rate increase has, in part, to do with the renewables requirements as well as other mandates. Commissioner Haffner pointed out that despite the increase, that we still have some of the lowest cost power in the nation. Commissioner Purser said that any rate increases are always preceded by public meetings across the county in order to take public comment.

Energy Northwest Member Services Representative, Jim Oakley, provided an update on Energy Northwest activities. The Columbia Generating Station underwent the inspections by NRC that were required of all plants in the United States as part of the post-Japan nuclear disaster review. Every nuclear plant in the nation passed. Everything during the refueling outage has gone well with the exception of the condenser replacement. However, because they have been offline longer than planned, they were able to do other projects that would not have been scheduled for another two years. It is fortunate that there has been such high water flow in the rivers, although the goal is to get back online before BPA has to go to the market for power. The Packwood and Nine Canyon Projects are performing better than anticipated. Radar Ridge is pending a USFWS third alternative. Mr. Oakley also provided an update on other generation projects being evaluated.

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission accepted Agreement No. 060305 with Osterberg Landscaping, Inc. as complete in the amount of \$62,304.

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved Change Order #1 to Contract #111001 with Hokkaido Drilling Company, increasing the contract amount by \$23,507.30 to a total of \$125,567.30, not including W.S.S.T.

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized staff to call for bids for five three-phase, 15kV power circuit breakers. (Bid #110806)

A list of claim vouchers as certified by the 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 \$244,338.46 for August 1, 2011. There was one conservation rebate in the amount of \$3,819.60.

Power Supply & Utility Services Manager Fred Mitchell presented a draft resolution regarding I-937 that supports two Senate and House bills that narrow the requirement for utilities to purchase eligible renewable energy resources or credits that are not needed to serve customers' loads. Staff will finalize the resolution and bring to the Commission when all three Commissioners are present for approval.

Mr. Mitchell also provided an update on the REP Settlement. There is a group that is going to file in the Ninth circuit and has asked Terry Mundorf to represent them. Because Mr. Mundorf represents both signers and non-signers to the Settlement, there lies a potential conflict. He feels he can handle both without conflict. The Commissioners agreed that Doug may sign the Waiver and Consent form.

General Manager Doug Nass reported on a meeting he attended with the County regarding the Carlsborg Sewer Project. Steve Tharinger was present and Commissioner Simpson also attended. The primary purpose was to look at potential wastewater treatment and potential percolation pond sites. Six alternatives were considered.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 3:12 p.m. to meet again, Monday, August 8, 2011, at 1:30 p.m. in the Port Angeles office.