

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
February 22, 2010

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, President; Hugh Haffner, Vice President

Commissioner Simpson was excused.

Staff Present: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Jana Robbins, District Auditor; Nicole Clark, Executive Assistant; Jeff Beaman, Executive Communications Coordinator; Dennis Shaw, General Superintendent; Fred Mitchell, Power Supply & Utility Services Manager

Others Present: Cindy Kelly; Robert Knapp; John Miller; Judith Parker; Rudy Meyer

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the February 8, 2010 regular weekly meeting.

On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the minutes of the February 10, 2010 work session.

There was an agenda revision to move the public comment period ahead of business items.

Judith Parker and Rudy Meyer from the League of Women Voters presented a balloon bouquet to the Commission and thanked them for their commitment to serving the community. The League is celebrating the 100th anniversary of women receiving the right to vote in Washington State. Each year the League publishes a directory of elected officials, copies of which were distributed to the Commissioners.

General Superintendent Dennis Shaw provided a list of five applicants to the Small Works Roster. Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the prequalifications of contractors on the list dated February 22, 2010 for inclusion on the Small Works Roster.

Power Supply and Utility Services Manager Fred Mitchell reported that he has been working with a small group of Packwood hydro project participants to negotiate the purchase of shares under a power purchase agreement that has been proposed through 2028. The District would purchase a participants share of the project output at cost plus ten percent. The agreement would also seek to assign the Seller's Bonneville Power Administration (BPA) Tier 1 Renewable Energy Certificates (RECs) to the District. The RECs will be the RECs associated with the Seller's BPA Tier 1 power purchases, up to the lesser of the full amount of such RECs available to the Seller or the entire Project output associated with the Seller's Project share, which helps to satisfy the District's I-937 requirements. There is some resistance from BPA as to whether they can assign the RECs. Staff suggested that if the RECs become unavailable the size and price of the resource alone would be beneficial to the District's above Tier 1 power requirements. Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized the General Manager to execute a Memorandum of Understanding with various Packwood Participants regarding the District's purchase of participant shares under the terms and conditions as generally presented. A contract will be brought to the Commission for approval at a later date.

Two lists of claim vouchers as certified by the General Manager and District Auditor were considered. On motion of Commissioner Purser seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$1,182,038.33 for February 16, 2010. On motion of Commissioner Haffner seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$1,959,129.10 for February 22, 2010.

Commissioner Purser reported he attended an Energy Northwest Board Meeting. He has submitted his name as one of the candidates for the Executive Board.

Power Supply and Utility Services Manager Fred Mitchell presented information on the opportunity for the District to participate in a collaborative effort to share a Resource Conservation Manager position with Clallam County, City of Sequim, City of Port Angeles, Olympic Medical Center, and Clallam Transit. Robert Knapp and John Miller from Clallam County were present to comment on the discussion. Several agencies within the county have collaborated in providing a proposal for a grant application for a two-year Conservation Manager position. The position would study how conservation methods could conserve energy particularly in electrical usage, focusing primarily on low or no-cost strategies. The candidate would be employed by the County on a temporary not-to-exceed two year basis as a full-time or contracted employee. The grant funding is for \$75,000 over two years. The cost would be \$100,000 annually so the participants would pay the difference, allocated based on their percentage of the total participants cost of energy. Since the District has its own conservation programs and resources, there was discussion by the Commissioners regarding how District staff may be able to utilize the collaborative process to better serve its customers. On motion of Commissioner Purser seconded by Commissioner

Haffner and carried, the Commission authorized the General Manager to enter into a collaborative interlocal agreement to share a Resource Conservation Manager position with Clallam County, City of Sequim, City of Port Angeles, Olympic Medical Center, and Clallam Transit with a contribution of \$5,000 per year, for a two-year period. The District will receive the benefit of fulfilling its role as a public utility, fostering conservation to the benefit of the District and its customers.

Mr. Mitchell reported on staff research into potential uses for Enron settlement funds. As a result of the energy crisis in 2001, the State sued Enron and other participants and ended up with a settlement that may be used for utility assistance for low income customers or for weatherization assistance programs. The District received a check in the amount of \$59,724.40, based on the number of customers served. Commissioner Haffner requested that staff look into programs for low income customers that would assist on a "structural" level to provide long term solutions to high energy bills, rather than temporary bill assistance. Mr. Mitchell said that he would review the Community Action Program to see if a need could be identified that would qualify and provide a structural solution.

Mr. Mitchell provided an update on the status of a long term Renewable Energy Certificate purchase contract. A draft contract has been submitted to the seller and is under review. The contract may be executed by the seller in the next weeks. Commissioner Haffner requested that when the contract is presented to the Commission for approval, that language concerning the risk analysis is included in the motion to approve in order to show the due diligence work that has been conducted on risk mitigation on the part of the District.

The regular meeting recessed at 3:08 p.m. to go into executive session for real estate matters. The executive session adjourned at 3:44 p.m., and the regular meeting reconvened at that time.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 3:45 p.m. to meet again, Monday, March 1, 2010, at 1:30 p.m. in the Port Angeles office.