

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
June 7, 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; Hugh E. Simpson, Jr., Secretary

Staff Present: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Nicole Clark, Executive Assistant; Dennis Shaw, General Superintendent; Jeff Beaman, Executive Communications Coordinator; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Mike Kitz, Water & Wastewater Systems Superintendent; Fred Mitchell, Power Supply & Utility Services Manager

Others Present: Kathryn Gehret; Teri Martin; Rob Ollikainen; Shannon Greene; Don Carbonari; Carol Creasey

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the June 1, 2010 regular weekly meeting.

Commissioner Purser added an agenda revision in order to allow public comment on the Radar Ridge project. Kathryn Gehret was present, representing the Columbia River Alliance for Nurturing the Environment (CRANE.) Crane had distributed a letter prior to the meeting in response to the Radar Ridge agenda item, asking that the Commissioner not approve the budget amendment and further to vote to terminate the project due to the impact on Marbled Murrelets and their habitat. Commissioner Simpson asked if CRANE had any recommendations on meeting renewable energy requirements. Ms. Gehret responded that CRANE does not have a recommendation at this time. Commissioner Simpson asked if CRANE considers hydropower a renewable resource. Ms. Gehret said that CRANE has not made any such statement. Commissioner Purser asked if CRANE is actively involved in helping support legislation to exempt PUDs from the I-937 requirements. Ms. Gehret said that CRANE is not involved in any such lobbying and that she was only present to speak on the subject of the Radar Ridge project.

Power Supply and Utility Services Manager Fred Mitchell provided an update on the Radar Ridge wind project and a discussion was held about a letter received from Energy Northwest asking for approval of the amended development budget. The amended budget includes funds for a goshawk study, testing of the Merlin radar system, independent peer review work, meteorological data, and activities around the Department of Natural Resources lease. The District's share of the amended budget through July would be \$38,000. The other three participants have approved the amended budget. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the Radar Ridge budget amendment that increases the District's share of the costs by an additional \$38,000.

Water and Wastewater Systems Assistant Superintendent Tom Martin presented Task Order #4 of Contract #080310 for preliminary design activities for the Gales Addition Reservoir Project for consideration. Upon recommendation of staff, and on motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission awarded Task Order #4 of Contract #080310 to CH2M HILL INC. for preliminary design activities for the Gales Addition Reservoir Project in an amount not to exceed \$292,067.

Shannon Greene and Don Carbonari were present, representing the Bonneville Power Administration (BPA) to discuss the Integrated Program Review that is underway, and specifically issues related to debt service optimization, including Energy Northwest projects and the Columbia Generating Station. BPA is required to set its rates based on models that look at all debt responsibilities. Currently there are peaks to future debt which may require that BPA increase its rates. The proposed debt restructuring moves around the future bond maturities and levels the peaks in order to mitigate the possibility or size of future rate increases. BPA will be discussing the proposal and asking for public comment at a future meeting. General Manager Nass asked about what the debt load looks like after 2024 which is where the provided data ended. Mr. Carbonari said that the only debt at that point in time would be any planned capital expenditures to support the Columbia Generating Station, based on a 20 year plan set by Energy Northwest.

A list of claim vouchers as certified by the General Manager and Acting District Auditor were considered. On motion of Commissioner Haffner seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$173,662.66 for June 7, 2010. There were 67 conservation rebates, totaling \$11,262.80.

Water and Wastewater Systems Assistant Superintendent Tom Martin provided an update on the Carlsborg Sewer and Water Reuse Facility. The facilities plan has been completed. Staff has applied to the Public Works trust fund for a \$10 million loan, and to the U.S. Department of Agriculture – Rural Development for a grant. The District has also received a letter of commitment from the County for \$4 million in a combination of a loan and grant. The District is in the preliminary stages of developing an assessment methodology. The Department of Ecology is asking that the Sequim tie-in alternative be evaluated as an option. Initial assessment figures were deemed unacceptable. At this point, assessment figures are on hold until the project can reach a goal of 50 percent funding by grants.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 3:31 p.m. to meet again, Monday, June 14, 2010, at 1:30 p.m. in the Port Angeles office.