

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
October 11, 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; David Papandrew, District Auditor; Nicole Clark, Executive Assistant; Dennis Shaw, General Superintendent; Fred Mitchell, Power Supply & Utility Services Manager; Mike Howe, Executive Communications Coordinator; Tom Martin, Water & Wastewater Systems Assistant Superintendent

Others Present: Cindy Kelly; Teri Martin

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the September 27, 2010 regular weekly meeting.

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the September 30 2010 work session.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the October 4-8 work sessions.

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the prequalifications of contractors on the list dated October 11, 2010 for inclusion on the Small Works Roster.

Power Supply & Utility Services Fred Mitchell was selected to be the District's nominee to the Public Power Council Executive Committee.

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the updated list of delegates to Committees and Organizations.

The Washington PUD Association (WPUDA) Walkley Educational Scholarship nomination drawing was held. Water & Wastewater Helper Mark Hess's son's name was drawn and will be forwarded to WPUDA for a final drawing by lot to be held in November for the chance to win a \$1,000 scholarship.

General Manager Nass provided information on the District's capital plan. The plan is being updated based on decisions that came out of the prior week's strategic planning sessions. A work session was held that considered financing options to refinance 2001 bonds and include new money. Current rates are attractive and the refinance would save \$100,000 per year in interest for seven years. Low construction costs and low financing rates make capital investment more viable than previously thought. It was concluded that the District can meet its renewable energy requirements for the short-term without investment in a large Oregon solar project, and instead focus on long-term needs. The Commissioners expressed concern over the financial burden that is created by I-937, which mandates the purchase of renewable energy at a much higher cost than hydropower, despite in some cases, not having the load to justify a need. Mandatory conservation requirements under I-937 will also be the source of significant expense in the next couple of years.

Treasurer Controller Joshua Bunch presented information related to the need for a rate increase. A public hearing on rates will be held during the regular meeting on October 18 and the resolution of adoption will be presented to the Commission for approval on October 25 to go into effect for all bills rendered on or after December 1.

Teri Martin announced that the Board of Directors of the Clallam Economic Development Council would be meeting on October 21.

General Manager Doug Nass and Executive Communications Coordinator Mike Howe were interviewed on the radio in Forks about outage preparedness this morning (October 11.).

Two lists of claim vouchers as certified by the General Manager and District Auditor were considered. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amended amounts of \$314,210.66 for October 4, 2010, and \$303,490.60 for October 11, 2010. There were 210 conservation rebates totaling \$44,947.44 for the two week period.

Commissioner Simpson reported that he attended the Port Angeles Business Association meeting. All three commissioners attended the three strategic planning sessions during the week of October 4-8.

Water & Wastewater Systems Assistant Superintendent Tom Martin presented information about the process for updating the District's Water System Plan. The plan is expected to be submitted to the Department of Ecology for approval on November 1. The updated plan shows that in a full build-out, the water system in LUD #10 would need more water rights. However, looking forward to only year 2030,

using previous growth rates, there would be enough water to expand the LUD out to the UGA. The other major change to the plan is in calculating equivalent residential units in the LUD. New figures estimate 178 gallons per Equivalent Residential Unit (ERU.) Prior estimates were for 400 gallons per day. Prioritization will need to be determined. A public presentation on the water plan is scheduled for October 18 during the regular meeting, with adoption of the plan scheduled for approval on October 25.

Water & Wastewater Systems Assistant Superintendent Tom Martin provided the Commissioners with an update on the Fairview Water Project. A water right change application has been submitted to the Department of Ecology to replace the Bluffs well. A monitoring well has been installed to meet Ecology requirements to monitor for water level and salinity. Approval of the water system plan is required to meet the requirements for the project loan.

Treasurer Controller Bunch presented the Treasurer's Report for August 2010. Interest for the month totaled \$9,105.06; cash totaled \$16,990,223.07; and the total amount invested was \$12,156,560.95.

There being no further business to come before the Commission, the meeting adjourned at 3:25 p.m. to meet again, Monday, October 18, 2010, at 1:30 p.m. in the Port Angeles office.