

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
October 18, 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; Mike Howe, Executive Communications Coordinator; Mike Kitz, Water & Wastewater Systems Superintendent; Tom Martin, Water & Wastewater Systems Assistant Superintendent; Dave Proebstel, Chief Engineer

Others Present: Cindy Kelly; Linda Wyman

On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the October 4, 2010 budget hearing.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the October 11, 2010 regular meeting.

Upon recommendation of staff, and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission awarded the bid for one 3-phase, 12/16/20 MVA power transformer without LTC to CG Power Systems USA, Inc. in the not to exceed amount of \$301,771.00 plus WSST. (Bid #100814)

Water & Wastewater Systems Assistant Superintendent Tom Martin held the customer meeting to review the updated Water System Plan. The purpose of the plan is to summarize the status of the District's nine water systems. The plan includes expected system improvements, and their associated costs. Mr. Martin also presented the Water Use Efficiency Program and goals for saving within the distribution system and in reducing consumption. After this public presentation, the next step is for the Water System Plan and Water Use Efficiency Program to be brought before the Commission on October 25 for approval.

Treasurer Controller Joshua Bunch presented information related to the proposed rate increase. The cost of service study conducted in 2008 indicated a need to increase rates at that time, including the base rate, which was shown to not be covering the cost of service. Since then, Bonneville Power Administration has raised their rates to the District by approximately 5 percent in October of 2009 and again by another approximately 5 percent in October of 2010. Neither of these increases was factored into the 2008 study. The staff recommendation is to increase rates 8 percent effective for all bills rendered on or after December 1, 2010. This would include usage starting in November. The rate design and financial impact of the proposal was discussed. The rate proposal will be brought to the Commission on October 25 for approval.

Correspondence and communication items were reviewed. The District received two Excellence in Communication Awards from the Northwest Public Power Association.

A list 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 amount of \$829,388.95 for October 18, 2010. There were 84 conservation rebates totaling \$34,300.33.

Commissioner Simpson attended the October Washington PUD Association meetings and reported on committee activity.

Commissioner Purser reported that he attended the Sequim Chamber luncheon. He also attended the Chamber board meeting.

There being no further business to come before the Commission, the meeting adjourned at 4:45 p.m. to meet again, Monday, October 25, 2010, at 1:30 p.m. in the Port Angeles office.