

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
October 3, 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: Hugh E. Simpson, Jr., President; W.E. Purser, Vice President; Hugh Haffner, Secretary

Staff Present: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; David Papandrew, District Auditor; Nicole Clark, Executive Assistant; Dennis Shaw, General Superintendent; Mike Howe, Executive Communications Coordinator; Fred Mitchell, Power Supply & Utility Services Manager; Judi Chapman, HR Manager; Andrew Bisbee, Serviceman Representative; Tom Martin, Water & Wastewater Systems Assistant Superintendent

Others Present: Cindy Kelly; Teri Martin; Rob Ollikainen; Simon Barnhart; Virginia Erwin

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the September 19, 2011 regular meeting.

HR Manager Judi Chapman introduced new employee Andrew Bisbee, Serviceman Representative for the Clallam Bay - Sekiu area.

The regular meeting was recessed at 1:34 p.m. to conduct a budget hearing on the 2012 budgets. Treasurer Controller Bunch presented proposed budgets for 2012 for the Electric, Water, and Sewer Departments and compared the proposed budgets to 2011. Electric revenue figures reflect a projected 6 percent rate increase, as well as receipt of BTOP grant funds and use of 2010 bond proceeds. On the expense side, purchased power costs are up which is in anticipation of the BPA rate increase, for which an exact figure has not been announced. That increase, combined with reductions in revenues from conservation sources, is a significant impact to the budget. The BTOP projects are required to be completed in 2012. There is an expected shortfall of \$2.5 million. Commissioner Purser asked if the I-937 requirements could be broken out and detailed in the budget. In water systems, the cost of service study that was used for 2011 was carried forward for 2012 under the three year rate plan that was approved earlier this year. Water revenues were down due to wet weather and conservation so the projection has been adjusted accordingly. There is an expected shortfall of \$512,422. In wastewater systems there is a shortfall of just under \$5,000. A .10 per day increase has been factored in. The 2012 budgets are an updated version of the budgets presented at the August 29, 2011 meeting, and will undergo further revisions before they are presented for final approval later this year. Mr. Bunch said that staff will continue to revise the budgets and will meet with the Commissioners in a budget work session for further discussion. Cindy Kelly asked to see the budget revenues and expenses historically over the past five years. Following a time for public comment on the 2012 budgets, the hearing recessed at 2:04 p.m., and the regular meeting reconvened at that time. The budget hearing will reconvene at a future date and public comment will be taken.

The Washington PUD Association (WPUDA) Walkley Educational Scholarship nomination drawing was held. Scott Napiontek's son's name was drawn and will be forwarded to WPUDA for a final drawing by lot to be held at a later date for the chance to win a \$1,000 scholarship.

Correspondence and communication items were reviewed. The District received three communications awards from NWPPA.

Two lists of claim vouchers as certified by the General Manager and District Auditor were considered. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$1,510,335.60 for September 26, 2011. On motion of Commissioner Purser, seconded by Commissioner Haffner_ and carried, the Commission approved payment of claim vouchers in the amount of \$176,121.07 for October 3, 2011. There were 57 conservation rebates totaling \$27,022.80 for the two week period.

The regular meeting recessed at 2:28 p.m. to go into executive session for legal matters. The executive session adjourned at 3:33 p.m., and the regular meeting reconvened at that time.

Commissioner Purser reported that he attended the Clallam County Solar Tour. He also attended Energy Northwest meetings and an NRC relicensing hearing regarding the Columbia Generating Station. The Columbia Generating Station is 100 percent back online.

Commissioner Simpson reported that he attended a meeting with the County regarding the Carlsborg Sewer project. The City of Sequim has offered to take the effluent from Carlsborg into their system. The City of Sequim feels it would be a cost savings over the proposed treatment facility in Carlsborg and will hire a consultant for a feasibility study. The proposed LUD was discussed. Tom Martin said that the City has produced a draft scope of work for the county and District to review. If savings could be realized, the loan funds would have to be released and application made by the City. There are several issues with having the effluent handled by the City of Sequim. The next step is to wait for the scope of work to be completed by the City of Sequim.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 4:12 p.m. to meet again, Monday, October 10, 2011, at 1:30 p.m. in the Port Angeles office.