

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
DECEMBER 20, 2004

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 were: W.E. Purser, President and Hugh E. Simpson, Jr., Secretary. Commissioner Haffner was excused.

Staff present were: Dennis Bickford, General Manager; Shelley Burgett, Treasurer/Controller; Ken Foster, District Auditor; Dave Proebstel, Distribution Systems Manager; Fred Mitchell, Telecommunications & Power Resources Manager; Shawn Delplain, Computer Systems Technician; and Carol Biss, Executive Assistant.

Others present were: Dick Goodman and Brian Gawley.

Commissioner Purser presented Computer Systems Technician Delplain with a Level III Certificate of Excellence in recognition of outstanding work completed in a short period of time. Telecommunications and Power Resources Manager Mitchell expressed his appreciation for Mr. Delplain's efforts in resolving a failure of the system back-up, installing a new IBM i-series computer, and provisioning Wave Broadband service with Northwest Open Access Network through creative solutions – all within a week's time.

The regular meeting recessed at 1:34 p.m. to reconvene the budget hearing that began on October 4, 2004. Treasurer/Controller Burgett reviewed the proposed budgets for the Electric, Water, and Sewer Departments, comparing the 2004 budgets to the budgets proposed for 2005 and noting any variances. The total income for the 2005 Electric Department budget was \$58,519,831, and expenses were \$45,914,803. Total income for the Water Department budget was \$5,440,140, and expenses were \$4,584,380. Total income for the Sewer Department budget was \$28,597, and expenses were \$18,196. The budget hearing adjourned at 1:45 p.m., and the regular meeting reconvened at that time.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved Resolution 1767-04 adopting the Electric Operating Fund, Water Operating Fund, and Sewer Operating Fund Budgets for 2005 as finally determined.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved as complete the contract with Superior Electric Northwest, Inc. for distribution reconductor projects in the amount of \$275,082.00, including Washington State sales tax. (Bid No. 040812)

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission authorized the General Manager to enter into a legal services agreement with Marsh Mundorf Pratt Sullivan and McKenzie and a consulting agreement with EES Consulting, Inc. for services to the Western Public Agencies Group in 2005.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission authorized the General Manager to enter into an agreement with Northwest Open Access Network for network coordinated services in 2005.

General Manager Bickford and Mr. Mitchell presented information about the Public Power Council's (PPC) regional effort to develop an integrated, comprehensive, and cost-effective salmon program for the Columbia River Basin. PPC is requesting voluntary contributions to fund this program and a legal defense of the new Biological Opinion (BiOp) for the federal hydrosystem, which was issued by the National Oceanic and Atmospheric Administration-Fisheries on November 30, 2004. The new BiOp has the potential to significantly reduce the amount of Bonneville Power Administration ratepayer funds spent on salmon recovery. The Western Public Agencies Group also asked its members to contribute to this effort. Funds paid to WPAG would offset the PPC assessment. Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission authorized the General Manager to make payments to PPC and WPAG and other coordinated groups up to a maximum sum of \$10,000 for the salmon program effort.

There was a discussion of the proposed Settlement Agreement for the Bonneville Power Administration 2006 Transmission Rate Case. The Settlement would result in an 8.9 percent increase in the transmission rates that BPA charges the District for delivery of power. A decision on the matter was deferred to the next meeting.

Mr. Bickford reviewed a proposed resolution authorizing the General Manager to incorporate administrative procedures for contractor pre-qualification and for use of the small works roster as outlined in the Revised Code of Washington. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission adopted Resolution No. 1768-04, providing for contractor pre-qualification and small works roster procedures and rescinding Resolution No. 1421-92.

On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission canceled the December 27, 2004 meeting.

In response to questions from Mr. Brian Gawley about new water sources, Mr. Bickford said that the District received a preliminary report on an analysis of possible water resources for the District.

The Commissioners received a memorandum from the Northwest Public Power Association calling for nominations for NWPPA 2005 Awards, which include Life Awards, Paul J. Raver Community Service Award, John M. George Public Service Award, and the William "Bill" McCrorie Distinguished Service Award. Nominations are due January 21, 2005.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$461,270.77 for December 20, 2004. District Auditor Foster reported that the claim vouchers included 14 rebates for conservation programs totaling \$8,113.72.

Mr. Bickford presented the General Manager's Report. All work under two contracts with TLC Excavating and Construction, Inc. has been completed. One project was for road building and maintenance – Fairmount Road to Four Corners Road for a total cost of \$73,825.15 plus Washington State sales tax. (Quotation No. 041005) The other project was clearing and grading a two-acre site near Peninsula College for a total cost of \$17,000 plus Washington State sales tax. (Quotation No. 041004) There is a planned power outage on December 21, 2004, from 2-4 a.m. at the Agnew Substation for the East End Transmission System conversion to 115 kV. Mr. Bickford reviewed upcoming events. There is a Retirees Holiday Luncheon on Tuesday, December 21, at 2 p.m. The Washington PUD Association (WPUDA) scheduled a DSI Benefits Workshop on January 5, 2005, in Portland. WPUDA meetings will be held in Olympia on January 13-14 and January 27-28, 2005. There is a Legislative Reception on January 13. The District-sponsored student science competition, "Power for the Future," is scheduled for March 19, 2005, at the Sequim Middle School.

The Commissioners approved holding a strategic planning work session on February 9, 2005, at 9 a.m. at the Port Angeles office.

Treasurer/Controller Burgett presented the Treasurer's Report for the month of November 2004. Interest for the month totaled \$23,814.93, cash totaled \$2,524,931.98, and the total investments were \$22,726,951.31.

Mr. Mitchell discussed a proposed memorandum of understanding to confirm the intentions of the District and the Lower Elwha S'Klallam Tribe regarding extending the District's fiber optic system. After discussing the matter, the Commissioners agreed on the basis for a contract to be negotiated by Mr. Mitchell.

Attendance at meetings was approved.

The regular meeting recessed at 3:42 p.m. to go into executive session for personnel matters. The executive session adjourned at 4:29 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:30 p.m. to meet again Monday, January 3, 2005, at 1:30 p.m. in the Port Angeles office.