

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
DECEMBER 6, 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; Hugh Haffner, Vice President; and Hugh E. Simpson, Jr., Secretary.

Staff present were: Dennis Bickford, General Manager; Shelley Burgett, Treasurer/Controller; and Carol Biss, Executive Assistant.

Others present were: Brian Gawley and Cindy Kelly.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the November 29, 2004 regular weekly meeting as submitted.

Upon recommendation of staff and on motion of Commissioner Haffner seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1763-04 setting the procedure for alternative purchasing of materials as set out in RCW 54.04.082 and RCW 39.04.190 and rescinding Resolution 876 dated September 19, 1977.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1764-04 declaring Shakespeare Composite Structures™ as a sole source supplier.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the commission adopted Resolution 1765-04 opposing the approval of the proposed Developmental Bylaws for Grid West by the Regional Representatives Group and adoption of the Developmental Bylaws by the Board of Trustees of Grid West.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the removal of delinquent accounts from the active accounts receivable in the amount of \$2,841.83.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$1,798,740.88 for December 6, 2004.

Commissioner Simpson reported on the Washington PUD Association's Annual Meeting. He reported on addresses given by former U.S. Senator Slade Gorton and Steve Wright, Administrator of Bonneville Power Administration. Commissioner Simpson discussed BPA's position on Grid West. Mr. Wright indicated that the December 9 vote on the bylaws of Grid West is not a critical decision and is a step along a much longer journey. Commissioner Simpson said that he was opposed to Grid West and expressed concern that voting to adopt the Developmental Bylaws was a step down a slippery slope. He reported on an interactive polling exercise conducted by independent pollster Stuart Elway at the WPUA meeting.

Commissioner Haffner reported that he spent time in discussions with BPA Account Executives at the WPUA Annual Meeting. They discussed Grid West, and he explained why he, along with other public utilities, are opposed to the formation of this regional transmission organization. He said if BPA receives comments from individual utilities and from organizations in opposition to Grid West, he hopes BPA will delay voting on the bylaws.

Commissioner Purser also reported on the WPUA Annual Meeting. He reported on the discussion he had with BPA Account Executive Chuck Forman regarding the power agreements between BPA and the direct service industries. (DSIs) Commissioner Purser said it was reassuring to learn that BPA wants to structure agreements with the DSIs so that the power won't be resold.

General Manager Bickford presented the General Manager's Report. He said that Puget Sound Energy sent a letter of intent to purchase 150 MW from the Hopkins Wind Project. Since that is most of the project, Energy Northwest announced today that they were pulling out. He noted that there are two megawatts left from the Nine Canyons Wind Project. He discussed a Department of Community Trade and Economic Development report to the State legislature on green power programs in Washington. The report showed that the District had the highest level of sales as a percent of total utility sales, 1.11 percent. The next highest was Avista at 0.19 percent. Mr. Bickford reported on the lawsuit that Snohomish PUD filed against BPA regarding Grid West. The Washington Public Agencies Group (WPAG) recommended that member utilities approve participation as an intervenor. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson

and carried, the Commission approved the District's participation through WPAG as an intervenor in the litigation between Snohomish PUD and BPA. Mr. Bickford discussed two voluntary assessments for the Public Power Council's fish campaign and for defending the 2004 BiOp that NOAA-Fisheries issued on November 30, 2004. There was a discussion of PPC's effort to study the cost and the effectiveness of various fish and wildlife programs in the region. He reviewed planned power outages for conversion of the transmission system to 115 kV. Outages are scheduled for December 7 for the Sequim Substation, December 10 for the Sunland Substation, and December 14 for the Evergreen Substation. The outages will begin at 2 a.m. and last approximately two hours. He said there would be a work session to review the proposed 2005 department budgets on Friday, December 10, 2004, from 9 a.m. to 3 p.m. The Retirees Holiday Luncheon will be held on Tuesday, December 21, 2004, at 2 p.m. He said that staff has been discussing ways that would help the public more easily identify District employees in the field.

The regular meeting recessed at 3:30 p.m. to go into executive session for personnel matters. The executive session adjourned at 4:40 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:41 p.m. to meet again Friday, December 10, 2004, at 9 a.m. for a budget work session and on Monday, December 13, 2004, at 1:30 p.m. for a regular weekly meeting. Both meetings will be held in the Port Angeles office.