

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF A SPECIAL MEETING OF
THE BOARD OF COMMISSIONERS
DECEMBER 27, 2007

A special 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 10 a.m.

Commissioners present were: Hugh Haffner, President; Hugh E. Simpson, Jr., Vice President; and W.E. Purser, Secretary.

Staff present were: Mike Kitz, Acting General Manager; Joshua Bunch, Treasurer Controller; Jana Robbins, District Auditor; Fred Mitchell, Power Supply & Utility Services Manager; Donna Hansen, Human Resources Coordinator; and Ruth Kuch, Financial Assistant.

Others present were: Brian Gawley.

The budget hearing that recessed on October 1, 2007, reconvened at 10:01 a.m.

Treasurer Controller Joshua Bunch presented the proposed 2008 budgets for the Electric, Water, and Wastewater Operating Funds. The budgets have been revised since they were presented on October 1. He explained that the Water and Wastewater budgets included the impacts of the recent rate increase to water and wastewater rates, effective January 1, 2008. He further explained that the Electric Operating Fund budget assumed a 6.5% rate increase effective April 1, 2008. The assumed increase was necessary to cover the projected spending in the Electric budget; however, approval of the budget does not approve the increase.

A discussion of the possible outcome of a proposed interim agreement with Bonneville Power Administration and residential exchange benefits followed. The benefits could be known before April and may affect the proposed electric rate increase. The District has not increased electric rates since 2001, and decreased rates in 2002, but has experienced large increases in costs over the last several years.

Commissioner Haffner stated that by approving this budget he is not approving the electric rate increase. This will be discussed at future meetings, and a separate resolution would need to be adopted to authorize any rate increase.

Brian Gawley clarified that the budget assumes a 6.5 percent increase but that the electrical rate increase has not been approved and asked about capital projects. The most notable projects are the mobile substation at a cost of \$1,400,000 and the Johnson Creek Substation completion in April or May at a cost of \$1,500,000.

The budget hearing adjourned at 10:33 a.m., and the special meeting reconvened at that time.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1854-07, adopting the Electric Operating Fund, Water Operating Fund, and Wastewater Operating Fund Budgets as finally determined.

There being no further business to come before the Commission, the meeting adjourned at 10:47 a.m. The next regular weekly meeting of the Commission will be Monday, January 7, 2008, at 1:30 p.m. in the Port Angeles office.