

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
FEBRUARY 23, 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; Ken Foster, Auditor; Fred Mitchell, Telecommunications & Power Resources Manager; Mike Kitz, Water & Wastewater Systems Superintendent; Vicky Alward, Water Systems Representative; Larry Morris, Operations Facilities Superintendent; Ken Morgan, Transmission/Substation Systems Manager; and Carol Biss, Executive Assistant.

Others present were: Cindy Kelly and Mary Meyer.

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the February 9, 2004 meeting as submitted.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission authorized an Invitation to Bid for personnel, materials, and equipment to rebuild the Blyn Substation. (Bid 040803) Bids will be opened March 24, 2004.

Staff presented recommendations to adjust the following charges to more accurately reflect the cost incurred by the District for these services: Schedule of Deposits and Charges, Electric Line Extension Unit Prices, and Water Main Unit Prices. Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission adopted Resolution 1743-04 amending the current Schedule of Deposits and Charges and approving new Electric Line Extension Unit Prices and Water Main Extension Unit Prices.

In response to questions from Cindy Kelly, General Manager Bickford said that the bid for crew and equipment to install underground electrical cable under the Quillayute River was awarded to Hawkeye Construction, Inc. He provided information about the project and discussed an alternate overhead installation that had been considered.

Mary Meyer was present to report on local merchants that carry Xylitol products.

The Commissioners received information about the Washington PUD Association's 2004 Public Power and Water Tour, April 4-7, 2004. Commissioner Simpson noted that the Tour provides an opportunity to meet with legislators and their staffs and discuss issues that are important to public power.

The Commissioners received a letter from Craig Johnson of Capacity Provisioning Inc. and Terry Kennedy of Olypen, Inc., requesting dark fiber from the District. Staff will continue to work on a response and present their recommendation at a later date.

The Commissioners received a letter from the American Public Power Association requesting financial support in a case pending before the U.S. Supreme Court, *Federal Communications Commission v. Missouri Municipal League, et al.* The case pertains to the authority of states to erect barriers to entry into the provision of telecommunications services by public power systems. APPA is a party in this case and is managing the litigation. Staff will obtain additional information about this issue and the voluntary assessment.

Lists of claim vouchers as certified by the General Manager and Auditor were considered. On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved payment of claim vouchers in the amount of \$377,718.54 for February 17, 2004. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$2,821,634.41 for February 23, 2004. Auditor Foster reported that the claim vouchers for February 17 included 34 rebates for conservation programs totaling \$9,091.68. Claim vouchers for February 24 included 4 rebates for conservation programs totaling \$3,358.68.

Commissioner Simpson reported on Washington PUD Association (WPUDA) meetings in Olympia last week. He reported on the status of legislative bills that WPUDA has been monitoring. The WPUDA Board discussed a recommendation from the Fair Settlement Steering Committee for proposed activities

pertaining to Bonneville Power Administration rate relief and BPA's future. There was also a discussion of funding for those activities. Commissioner Simpson reported on a presentation by John Lubens of BPA and a presentation about the summer spill and the Endangered Species Act by Tom Karier, who is an appointee to Northwest Power and Conservation Council.

Commissioner Haffner reported on a Clallam County Economic Development Council (EDC) Board meeting and a Port Angeles Business Association meeting. He noted that the District's interlocal agreement with the Port is erroneously linked to the District's broadband system in the local news media. The Commissioners discussed the need to clarify that issue and options for getting the District's message out to the public

Commissioner Purser reported on the EDC Board meeting and on projects in the City of Sequim.

Mr. Bickford presented the General Manager's Report. There will be a Public Power council Members' Forum in Portland on March 3, 2004. The Forum will focus on the long-term future of BPA. He reported on the status of AquaEnergy's wave energy project in Makah Bay. AquaEnergy is looking for funding for the last part of a study and for completing the permitting process. They have also been discussing the project with potential investors. The KONP Home Show, sponsored by the District, is February 28-29, 2004, at the Port Angeles High School. Commissioner Purser will be interviewed on February 28 on KONP. Northwest Open Access Network's *CEO Brief to Members* reported that OlyPen selected the District and NoaNet to deliver route redundant services. Mr. Bickford reviewed the results of a recent auction of surplus property. The auction was a joint effort with the other governmental agencies.

Treasurer/Controller Burgett presented the Treasurer's Report for January 2004. Interest for the month totaled \$28,259.01, cash totaled \$2,249,241.85, and the investments totaled \$23,909,493.96. She reported on 2002 and 2003 statistics pertaining to customers who have selected green power rates. She reported that Mason PUD No. 3 has hired a benefits attorney and discussed the options for VEBA programs that are being analyzed. Since the time that the District offered to share the cost of legal fees with Mason PUD No. 3, other PUDs have expressed interest in participating. Therefore, the District's percentage of the legal costs may be lower than originally anticipated, but will not exceed \$5,000.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 3:50 p.m. to meet again Monday, March 1, 2004, in the Port Angeles office.