

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
JANUARY 31, 2005

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

Staff present were: Dennis Bickford, General Manager; Shelley Burgett, Treasurer/Controller; Larry Morris, Operations Superintendent; Ken Morgan, Transmission and Distribution Systems Manager; Dave Proebstel, Distribution Systems Manager; Fred Mitchell, Telecommunications & Power Resources Manager; Linda King, Billing/CIS Supervisor; and Carol Biss, Executive Assistant.

Others present were: Bob Hoyle, Brian Gawley, Cindy Kelly, and Ed Tuttle.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the December 10, 2004 work session as submitted. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved minutes of the January 24, 2005 regular weekly meeting as submitted.

CIS/Billing Supervisor King received a Level III Excellence in Performance award for the work she did in identifying an alternate method of banking services for the Sekiu office. The only bank in Sekiu closed in January. Treasurer/Controller Burgett noted that Ms. King has had several other ideas that have benefited the District with significant cost savings.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the prequalification of 16 contractors to perform work for the District in 2005.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission accepted as complete Contract 030816 with Asplundh Tree Expert Company in the amount of \$449,083.21. The contract was for hourly tree trimming crew and equipment in all service areas in 2004.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved Change Order 040811-C-4 to the contract with Western States Electric, Inc. for an increased amount of \$15,630 for additional distribution transformers.

Ms. Cindy Kelly distributed brochures on the Skills Center's Electrical Utility Worker Program.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount for \$200,369.24 for January 31, 2005. Ms. Burgett reported that the claim vouchers included 20 rebates for conservation programs totaling \$10,640.55.

Commissioner Haffner reported on a watershed planning meeting for Water Resources Inventory Area No. 18 (WRIA 18) that was held at the Port Angeles office last week. Well drillers and water purveyors had been invited to attend the meeting to comment on the WRIA 18 Watershed Management Plan. Commissioner Haffner suggested that the District's letter regarding the proposed Plan should include comments of the water purveyors, well drillers, and the City of Sequim. He reported on a presentation he made to the Happy Valley water users group. Utilization of water rights and the impact of wells on instream flows were two of the items discussed at that meeting.

Commissioner Purser reported on a Sequim Chamber of Commerce meeting where there was a presentation about the jobs development program of the Clallam County Economic Development Council. He noted that *Clearing Up* reported that the January snowpack is the lowest it has been in 28 years. The article said that BPA based its rate reduction on the assumption that there would be an average snowpack.

Commissioner Simpson reported on the Washington PUD Association's meetings that were held in Olympia last week. Proposed bills that are of interest to public utility districts were discussed at the Legislative Committee meeting, including a bill that would expand the requirements for filing a water rights application and a bill that would mandate integrated resource plans and the use of renewables. He said that there is a Public Power Council Members' Forum on February 2, 2005, to address the treatment of the Direct Service Industries (DSIs). A discussion followed about benefits to the DSIs. Commissioner Simpson reported on the WPUDA Commissioners' Roundtable meeting last Friday. The WPUDA has hired EES Consulting to analyze the work done by another consultant on the proposed WPUDA building in Olympia. The EES report will be presented at the WPUDA's mid-February meeting. Commissioner

Simpson expressed his concern about the cost of the proposed building in Olympia. He discussed a presentation by a Washington State climatologist about greenhouse gases and global warming. He also reported on a discussion at the Commissioners Roundtable about Washington State sales tax on bandwidth services and an issue at a utility about State unemployment taxes related to part-time workers.

Mr. Bickford presented the General Manager's Report. He discussed an article in *Clearing Up* that reported that Chelan PUD's Commissioners were questioning annual membership dues, including the cost of WPUA dues. He discussed the American Public Power CEO Roundtable in Scottsdale Arizona, March 6-8. Mr. Bickford reported on upcoming events. There will be a retirement dinner for Jerry Leone, Manager of Public Power, on April 6. The KONP Home Show, sponsored by the District, will be held February 26-27. There are work sessions scheduled for February 9 from 9 a.m. to 3 p.m., February 16 from 10 a.m. to 12 Noon, and March 16 from 1 to 3 p.m.

Mr. Bickford called upon Transmission and Substation Systems Manager Morgan and Distribution Systems Manager Proebstel to review the November 1, 2004 outage near the Blyn Substation. Mr. Proebstel drew a diagram of the affected area showing the feeders from the Blyn Substation. The strong winds blowing on the day of the outage caused a large tree limb to break off and land on the lowest 69 kV transmission line conductor. The limb then proceeded to swing into the "B" or middle phase of the 12 kV distribution system. This act of nature caused a repeated high voltage condition for customers on "B" phase. The protective devices installed by the District performed as designed, but were unable to limit the high voltage condition. The Commissioners asked the General Manager to prepare an explanation of the outage for distribution to the affected customers. Operations Facilities Superintendent Morris discussed the claims the District has received to-date. He also reported that the District had to replace approximately 139 damaged AMR meters after the outage.

Telecommunications and Power Resources Manager Mitchell reported that the Lower Elwha Tribe signed a Memorandum of Understanding outlining general terms for a fiber-optic line to their tower, and the next step will be to incorporate that into a formal agreement. He said that the City of Port Angeles is interested in annexing commercial customers on the south side of Highway 101 in the urban growth area west of the City, which is currently served by the District.

There is an agreement in place that sets forth the terms and conditions for transfer of electric facilities, and the City has requested information under that agreement. Mr. Mitchell discussed the methods for calculating the purchase price of District facilities. The Commissioners indicated that any agreement should provide fair value for all customers of the District and the City.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 3:52 p.m. to meet again Monday, February 7, 2005, at 1:30 p.m. in the Port Angeles office.