

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
JULY 18, 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: Shelley Burgett, Interim General Manager; Ken Foster, District Auditor; Fred Mitchell, Telecommunications & Power Resources Manager; Roger Hosto, Operations Superintendent; and Donna Hansen, Administrative Assistant.

Others present were: Bob Hoyle, Cindy Kelly, Rich Trimble, and Ed Tuttle.

Mr. Rich Trimble, Public Power Liaison from Energy Northwest (ENW), presented information on the proposed Integrated Gasification Combined Cycle (IGCC) project. He reviewed the process whereby electricity and other byproducts would be produced from gasification of coal or petroleum coke, and he explained the environmental benefits of IGCC technology. ENW has developed an alliance with the Big Sky Carbon Sequestration Partnership to investigate the potential to sequester carbon. ENW's Board of Directors will vote on the gasification project next week. Mr. Trimble asked the Commissioners to consider membership in ENW, which is a joint operating agency comprised of 16 public utility districts and 3 city utilities. He answered questions about the IGCC project. At Commissioner Simpson's request, Mr. Trimble provided information about other Energy Northwest projects, including the White Bluffs Solar Station and Nine Canyon Wind Project.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission adopted Resolution 1783-05 authorizing the disposal of surplus property.

Mrs. Cindy Kelly distributed copies of articles from the Washington State Grange News about the Washington State Grange Treasurer's travel to Washington, D.C., along with Tom Casey, Commissioner from Grays Harbor PUD, and others. The purpose of the trip was to meet with Congressional delegations from Washington and Oregon to discuss Bonneville Power Administration's power rates.

The Commissioners received a July 11, 2005 letter from Mr. Peter Ignatjev regarding a sound he believes is coming from District transformers. The letter included a review of contacts he has had with District employees over the past months and requested that the District either hire an acoustical consultant or purchase equipment to determine the source of the sound that he hears. Operations Superintendent Hosto reported on the site inspection he made and on his discussions with Mr. Ignatjev. After discussing the matter, the Commission authorized staff to purchase equipment for testing noise levels and asked staff to ascertain that the District's transformers in that area meet the standards for noise level established by the American National Standards Institute.

A list of claim vouchers as certified by the Interim 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 of \$407,779.40 for July 18, 2005. District Auditor Foster reported that the claim vouchers included 15 conservation program rebates totaling \$10,574.91.

Commissioner Purser reported on a meeting of the Biomass Energy Plant Task Force to discuss a feasibility study for this proposed project in Forks. He reported on the Task Force's discussion of the structure and scope of the study and noted that funding for the study has been committed. Commissioner Simpson said that on July 12, 2005, the Rural Economic Development Revolving Fund (REDRF) Board met and unanimously voted to grant \$15,000 for the feasibility study. The REDRF Board designated Bill Hermann as its representative on the Task Force.

Commissioner Simpson reported on Washington PUD Association meetings in Wenatchee. He reviewed the discussion at the Commissioners' Roundtable where PUD Commissioners reported on activities and issues in their districts. Some PUD's have been affected by drought conditions and conservation rates while others have not. Jefferson PUD is continuing its effort to deliver water to Marrowstone Island. The project was recently delayed due to the Department of Ecology requiring another review. Pend Oreille County PUD was granted a 50-year license for Box

Canyon Hydroelectric Project by the Federal Energy Regulatory Commission. At the WPUA Board of Directors meeting, the motion to construct a new office building in Olympia passed, although some Commissioners voted against the motion. He reported that the State announced a settlement with Enron. If any funds are recovered, it is likely that they would be disbursed through the Washington Consumer Energy Fund.

Interim General Manager Burgett presented the Interim General Manager's Report. She reported on the Rural Economic Development Revolving Fund Board meeting she attended. That Board approved funding in the amount of \$15,000 for the Forks Biomass Energy Plant Feasibility Study, but the REDRF Board members did not want to limit the scope of the study to electric production and recommended that the study be broadened to include ethanol and other marketable and profitable products. A letter confirming the REDRF Board's commitment to provide funding for the Feasibility Study will be sent to Linda Rotmark, Executive Director of Clallam County Economic Development Council. Ms. Burgett reported on the Strategic Planning process. Two management personnel met with each of the work groups to receive comments from employees on the draft Strategic Plan. She said that employees provided good comments and there were some common themes and similar concerns expressed. A meeting of managers and supervisors is scheduled on August 3 to incorporate employees' comments into the Plan. She reported on discussions with the District's legal counsel about privacy issues related to mailing information to District customers about the Direct Load Control Program.

At Mrs. Cindy Kelly's suggestion, a moment of silence was observed in memory of former Clallam County Assessor Linda Owings-Rosenburgh.

Attendance at meetings was confirmed and approved.

The regular meeting recessed at 3:53 p.m. to go into executive session regarding personnel matters. The executive session adjourned at 4:45 p.m., and the regular session reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:46 p.m. to meet again Monday, July 25, 2005, at 1:30 p.m. in the Port Angeles office.