

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
OCTOBER 18, 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; Ken Foster, District Auditor; Larry Morris, Operations Facilities Superintendent; Dave Proebstel, Distribution Systems Manager; and Carol Biss, Executive Assistant.

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

On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the October 11, 2004 meeting as submitted. On motion of Commissioner Simpson, seconded by Commissioner Haffner and carried, the Commission approved minutes of the special meeting on March 17, 2003, regarding the Broadband Pilot Project in Sequim.

General Manager Bickford discussed two options in renewing membership in Northwest Public Power Association (NWPPA) for 2005. There are annual membership dues and an optional Educational Sustaining Membership at an additional cost. Discounts on the cost of some of NWPPA's educational courses are available for Educational Sustaining Members (ESM). In 2003, the District paid significantly more for its ESM dues than it saved on the cost of courses that the District's employees attended at the discounted ESM rate. The Commissioners concurred with the staff recommendation to renew membership in Northwest Public Power Association for 2005, but not to renew the Educational Sustaining Membership for 2005.

Membership in the American Public Power Association (APPA) was discussed. The Commissioners agreed to renew the District's membership in APPA for 2005.

Mr. Ed Tuttle reported on meetings he had attended regarding Water Resource Inventory Area No. 18 Watershed Plan (WRIA 18 Watershed Plan). Commissioners Haffner and Purser said that several people contacted them about their concerns with the Plan.

Mr. Bob Hoyle reported on possible water resources for the District.

The letter from the District to the County commenting on the WRIA 18 Watershed Plan was discussed. The District requested that the Watershed Plan be remanded back to the Planning Commission where it could be reviewed and modified in a full and open public process where all interested parties could be heard.

The Commissioners received information about the State Telecom Advisory Committee on October 19 at SeaTac. The Committee, which was convened by the State Auditor's Office, will take input for developing the new telecom accounting standards called for in Senate Bill 6598. The Washington PUD Association encouraged all PUDs that provide broadband telecommunications services to attend.

The Commissioners received the ballot for the Public Power Council Executive Committee for a two-year period commencing January 2005. Mr. Bickford reviewed the Hare System of Proportional Representation, which the Public Power Council uses to elect Executive Committee members. The Public Power Council (PPC) requested voting members to rank the candidates on the ballot.

There is a special Participants' Review Board (PRB) conference call meeting on October 21, 2004. Commissioner Simpson, who is the PRB President, said the call is to elect one member to fill a current vacancy on the Board.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$484,647.52. District Auditor Foster reported that the claim vouchers included 14 rebates for conservation programs totaling \$3,669.96.

Commissioner Simpson reported on a Washington PUD Association meeting last week at Snohomish PUD in Everett. At the workshop on salmon issues, Mr. Shane Scott from the Public Power Council spoke on the cost of fish and wildlife restoration projects on the Columbia River. PPC is leading an effort to advocate for more efficient fish and wildlife mitigation projects and river operations. Commissioner Simpson reported on the WPUDA Board meeting. The WPUDA Budget Committee reported that the preliminary budget for 2005 would be presented at the WPUDA's November meetings. The increase in the 2005 budget will be approximately three percent. There was a discussion with Mr. John Lebens of

Bonneville Power Administration regarding BPA's treasury payment and the debt optimization fund. Commissioner Simpson said a customer who is buying green power suggested that the District recognize customers who are purchasing green power.

Commissioner Haffner reported that he attended a Clallam County Commissioners' workshop and spoke about the WRIA 18 Watershed Plan.

Commissioner Purser reported on a Forestry Resource Cluster meeting, which included a discussion of a wood-fired co-gen project using wood waste from logging operations. More study would be needed to determine if a co-gen project could be justified based on BPA power cost. The project will be discussed in more detail at a meeting on November 9 in Forks. Commissioner Simpson said that the District had done a study on wood-fired co-gen about ten years ago. Commissioner Purser reported that, at a Peninsula Development Association meeting, there was a discussion of the need for developing a three-year plan for water infrastructure in Clallam and Jefferson Counties. He also reported on a Resource Conservation and Development meeting and said that they discussed a replacement for the Coordinator, who is retiring, and a ball field in Neah Bay.

Mr. Bickford presented the General Manager's Report. He said that the study on alternatives to federal power marketing is ready to be released. PUDs that participated in the study are being asked for additional funding for an executive summary. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission authorized an additional amount not to exceed \$5,000 for the study by Preston, Gates, and Ellis. Mr. Bickford reported that the Commissioners received a total of 140 cards, signed by customers, regarding fluoridation. Those opposed to fluoridation totaled 137, and those in favor totaled 3. He reviewed a proposal from Power Resource Managers (PRM) to present four workshops on the District's future relationship with BPA. The cost will be \$3,000 per session. The Commissioners agreed to PRM's proposal and will hold work sessions on November 17, 2004; December 15, 2004; January 4, 2005; and February 16, 2005. The workshops will be held at the Port Angeles office beginning at 10 a.m. He noted that Commissioner Purser wrote a letter in response to ABB's protest about a bid award, and ABB has responded by e-mail. Mr. Bickford reviewed a letter from a customer about pole replacement in Bullman Beach. Staff will look into the matter and respond to the customer. He reported on a staff proposal to have an all-employee meeting on Martin Luther King Day. He also noted that the customer that wrote this week about a building permit in the Urban Growth Area east of Port Angeles is on the PUD's list of customers who have requested new water service connects in that area. The Commissioners agreed to hold a workshop on long line extensions on Monday, October 25 at 9 a.m., a workshop on the broadband system and the pilot project on Monday, November 8 at 9 a.m., and an executive session on real estate acquisition and possible litigation at the next board meeting.

Attendance meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 4:24 p.m. to meet again, Monday, October 25, 2004, at 1:30 p.m. in the Port Angeles office.