

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
OCTOBER 24, 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; Mike Kitz, Water and Wastewater Systems Superintendent; Dave Proebstel, Chief Engineer; and Carol Biss, Executive Assistant.

Others present were: Bob Hoyle, Bart Irwin, Cindy Kelly, Ken Morgan, and Linda Rotmark.

On motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved the minutes of the October 17, 2005 regular weekly meeting as submitted.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission awarded all items of Bid Number 050807 for furnishing underground electrical cable to WESCO Distribution, Inc. in the amount of \$617,580 plus Washington State sales tax.

Water and Wastewater Systems Superintendent Kitz reported on general water issues. Last week, Mandatory Outdoor Water Restrictions for District water customers in Gales Addition, Mt. Angeles, and Monroe Water Systems were lowered to Voluntary Water Restrictions. Morse Creek, which is the water source for customers in the Fairview Water System, has not sustained a high enough flow, as yet, to remove the Mandatory Outdoor Water Restrictions, so they remain in effect for Fairview customers. Referring to a graph of the Morse Creek flow, Mr. Kitz showed that the flow was above 25 cfs for a short time and then dropped down below that level. It is currently at 22 cfs. There was a discussion of the Water Resource Inventory Area 19 Watershed Plan process. The next step in the process is to recompile the draft of the Plan and distribute it to participating entities for review. Ray Newkirk at the Department of Ecology recommended that DOE approve the District's application for grant funds for drought wells, one near Deer Park Road and one near the Morse Creek Water Treatment Plant.

Commissioners Simpson said that the ideas shared at the Washington PUD Association's Water Committee meeting last week might be of interest to the District. Jim Waldo, water policy advisor to former Governor Gary Locke, and Rob Caldwell talked to the Committee about combining authorities of PUDs and irrigation districts in joint efforts to solve local water supply problems. They also gave an overview of innovative water resource management projects, including water recharge projects.

The Commissioners received a letter from customers commending Water Department employees Bob Groves and George Bower for their quick and courteous service in finding and correcting a water problem.

A list of claim vouchers as certified by the Interim General Manager was considered. On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$325,894.59 for October 24, 2005.

Commissioner Haffner reported on a meeting of the Washington PUD Association's (WPUDA) Budget Committee that was held last week. A financial report for the current year was given, and the Committee reviewed the proposed WPUDA budget for 2006. Staff salary ranges were reviewed along with a salary study that compared WPUDA staff salaries with like positions. There was a short discussion about the construction of an office building in Olympia.

Commissioner Purser reported on an article in the Peninsula Daily News about Energy Northwest's proposed integrated gasification combined cycle (IGCC) plant. Electricity would be produced from the gasification of coal or petroleum coke. Energy Northwest is interested in air quality issues related to this technology and is participating in a study to determine how carbon dioxide emissions from the IGCC plant could be captured for storage.

Commissioner Simpson reported on presentations and discussions at the WPUDA meetings he attended last week. Repairs to the Swift No. 2 hydroelectric project are nearly complete, and Cowlitz PUD expects commercial operation to resume soon. Mason and Skagit PUDs are actively looking at small satellite sewer systems. Water quality is becoming a major issue in Hood Canal and Puget Sound. There is going to be pressure to solve these problems, and funding may become available for mitigation. Tim Simpson, PUD representative to the Public Works Board, reported that there is an effort to try to protect the Public Works Trust Fund so that money is available for critical infrastructure projects and not diverted to other projects, such as economic development. A representative of a group of Vashon Island residents talked about the group's interest in forming a public utility district for water and wastewater services. Mark Gendron provided an update on Bonneville Power Administration activities and talked about the Residential Exchange Program and public power. The Nine Canyons Wind Project continues to experience problems with propeller bearings. The WPUDA Board approved the Building Committee's recommendation to construct an office building in Olympia of less than 10,000 square feet.

Interim General Manager Burgett reviewed the articles in the Hotline newsletter that will be sent to customers in November. She noted that there is a work session with Linda Rotmark, Executive Director of Clallam County Economic Development Council, on October 27, 2005, at 9 a.m. at the Port Angeles office.

Attendance at meetings was approved.

The regular meeting recessed at 2:37 p.m. to go into executive session for legal matters. The executive session adjourned at 4:30 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:31 p.m. to meet again Monday, October 31, 2005 at 1:30 p.m. at the Port Angeles office.