

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY  
MINUTES OF THE REGULAR WEEKLY MEETING OF  
THE BOARD OF COMMISSIONERS  
SEPTEMBER 19, 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; Dennis Shaw, Procurement Manager; Larry Morris, Operations Facilities Superintendent; Fred Mitchell, Telecommunications and Power Resources Manager; and Carol Biss, Executive Assistant.

Others present were: Linda Rotmark

On motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission approved the minutes of the September 12, 2005 regular weekly meeting as submitted.

Operations Facilities Superintendent Morris discussed the bids received for a cab-chassis, manlift, and utility body and said that after further evaluation, staff recommends that rejection of all bids is in the District's best interest. Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission rejected all bids received for cab-chassis, manlift, and utility body, Bid Number 050801.

Telecommunications and Power Resources Manager Mitchell reported that the District received an additional \$32,000 from the Washington Consumer Energy Fund (WCEF) for commercial and industrial customers. The funds are part of an antitrust settlement negotiated by the Washington State Attorney General with El Paso Energy Corporation. After reviewing the proposed letter to customers, the Commissioners directed staff to add a paragraph about WCEF benefits for residential customers. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved sending the revised cover letter describing the WCEF distribution to commercial and industrial customers along with the refund checks.

Upon recommendation of staff and on motion of Commissioner Haffner, seconded by Commissioner Purser and carried, the Commission adopted Resolution 1790-05 recommending that BPA adopt the Transmission Improvements Group's proposal, and the Commission approved sending a letter to BPA Administrator Steve Wright in support of the TIG proposal. The resolution recommends that BPA suspend further work on the Grid West in order to implement the TIG plan.

Commissioner Simpson reported that Mr. Wright spoke to the Washington PUD Association (WPUDA) Board last week about Grid West and the TIG proposals. BPA is considering the proposals in an effort to improve the Northwest's power grid, and plans to make a decision by September 30. The WPUDA supports the TIG plan. Commissioner Haffner suggested that copies of the letter to Mr. Wright be sent to the congressional delegation along with a copy of the resolution adopted today.

Mr. Mitchell said that in December 2004, the Commission approved funding for a salmon recovery program through the Public Power Council, the Western Public Agencies Group, and other coordinated groups. This coalition, which has evolved into the Northwest RiverPartners, is working to achieve cost-effective, science-based salmon mitigation in the Columbia River Basin. The Northwest RiverPartners requested the District's continued support in 2006 at the same level as this year. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Haffner and carried, the Commission approved continued support in 2006 of Northwest RiverPartners in the amount of \$9,400.

Interim General Manager Burgett reported on a meeting with the County, Jamestown S'Klallam Tribe, and the Lower Elwha Tribe. The purpose of the meeting was to discuss satellite sewer systems in the Blyn, Carlsborg and the Lower Elwha areas.

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 \$171,318.89 for September 19, 2005. District Auditor Foster reported that the claim vouchers included 7 rebates for conservation programs totaling \$3,173.30.

Commissioner Haffner reported on the satellite sewer systems meeting and said that the participants were eager to move forward. He said it would be important for the group to obtain the services of a consultant who understands new technologies for treating wastewater. He noted that ground water recharge is a major issue.

Commissioner Purser said that the "Rants and Rave" section of the Peninsula Daily News included a "Rave" about the District's brushing crew. He reported on a Sequim-Dungeness Valley Chamber of Commerce meeting at which a report on the future of Sequim and the surrounding area was presented. After reporting on some of the statistics that were forecasted, he noted that they are looking to the District to provide water in the southwest quadrant. Commissioner Purser also reported on two topics of discussion at the Clallam netWorks meeting: the Buyers Excise Tax and the City of Port Angeles taking over the management of the Clallam Business Incubator (CBI) facility. Commissioner Haffner asked about the funds the County provided for the CBI. Commissioner Purser said that since the Clallam County Economic Development Council (EDC) deals with public money, the EDC should be more inclusive, both in providing a forum for all sides of an issue and in ensuring that benefits are spread fairly throughout the county.

Commissioner Simpson reported on Washington PUD Association (WPUDA) meetings last week. In addition to Mr. Wright's comments on Grid West and the TIG plan, he encouraged the WPUDA members to enter into long-term contracts with BPA. Commissioner Simpson also reported on the discussion at the WPUDA board meeting about the proposed Olympia office building. He said that Energy Northwest is planning a new wind farm near Spokane and will be soliciting participants. The ENW Members Forum will be held Friday, September 23, in Richland and is open to members and non-members. After a lengthy planning period, the WPUDA implemented a joint purchasing program. Commissioner Simpson noted that there is a Public Power Workshop on BPA's rate case scheduled for October 19.

Ms. Burgett reported that Water and Wastewater Systems Superintendent Kitz was interviewed on KONP Radio last week regarding the water issues and the Stage 3 Water Alert for customers in the Fairview System. She said that staff is planning a customer newsletter and asked if there were suggestions for topics besides the Neighborly Assistance Program and Rural Economic Development Revolving Fund. Commissioner Simpson suggested an update about water issues.

Ms. Burgett presented the Treasurer's Report for the month of August 2005. Interest for the month totaled \$124,476.60, cash totaled \$980,494.21, and the investments total was \$25,044,352.58.

Mr. Mitchell reported that the Packwood participants elected to enter into an agreement with Benton and Franklin PUDs for the sale of the output of the Packwood Hydro System to Benton and Franklin. What remains to be done is to list that in Exhibit C, Net Requirements, in the District's contract with BPA. He provided a draft of a letter to be sent to the District customers with large commercial services, asking them to endorse the Northwest Coalition for Affordable Power and its campaign to get BPA to lower its wholesale power rate.

The regular meeting recessed at 3:31 p.m. to go into executive session for personnel and legal matters. The executive session adjourned at 4:54 p.m., and the regular meeting reconvened at that time.

Attendance at meetings was approved.

There being no further business to come before the Commission, the meeting adjourned at 4:55 p.m. to meet again, October 3, 2005, at 1:30 p.m. in the Port Angeles office.