

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
SEPTEMBER 8, 2008

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

Staff present were: Doug Nass, General Manager; Joshua Bunch, Treasurer Controller; Jana Robbins, District Auditor; Dave Proebstel, Chief Engineer; Fred Mitchell, Power Resources and Utility Services Manager; and Carol Biss, Executive Assistant.

Others present were: Jim Casey, Bob Jensen, Cindy Kelly, Teri Martin, and Linda Rotmark.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the August 25, 2008 regular weekly meeting as amended.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission authorized the Treasurer Controller to transfer funds from the Electric System Operating Fund to the District's Rural Economic Development Revolving Fund in the amount of \$50,000.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried the Commission approved Magnum Power, LLC as prequalified to perform electrical work for the District in 2008.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the removal of delinquent accounts from the active accounts receivable in the amount of \$9,094.86 including collection fees of \$2,076.96.

Lists of claim vouchers as certified by the General Manager and District Auditor were considered. On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$172,691.46 for September 2, 2008. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$211,816.68 for September 8, 2008.

Commissioner Haffner suggested that District staff review the study showing that it was cost effective to have linemen working out of the Carlsborg Operations Center. He noted that, at the time of the study, fuel costs were significantly lower than they are now.

Power Resources and Utility Services Manager Mitchell reported on the Packwood Lake Hydroelectric Project. The current license for the Packwood Project expires in 2010, and an application for renewal was submitted. Benton and Franklin PUDs are currently purchasing the output from the project. Snohomish PUD has indicated an interest in purchasing the output from 2009 to 2011.

Mr. Mitchell reported on discussion at the September 5 Western Public Agencies Group meeting about regional power supply issues. Bonneville Power Administration's 2007 wholesale power rate case was reopened. Under the current proposal, preference customers are assured of a much smaller return than expected from the \$2.6 billion overpayment. Mr. Mitchell also reported on the status of BPA's Tiered Rates Methodology Process and the regional dialogue contracts. The Load Following contracts are done, and Slice Contracts should be arrive next week. A group of public power utilities is working on identifying proposed amendments to the Slice Contracts.

Treasurer Controller Bunch talked to the Commissioners about the District's investment policy and reviewed the District's current investment requirements for public depositories. He discussed possible changes to those requirements and options for reinvesting as current investments mature. Staff will bring back proposed revisions to the investment policy for the Commissioners consideration at a future meeting.

General Manager Nass reported on that status of number of projects that staff is working on: the Outage Management System, GIS and ESRI systems, Work Order System, Vegetation Management Plan, Remote Metering Pilot Program, reservoir storage for Gales Water System, the Strategic Plan, the radio system, a long line extension policy, and the Wellness Committee. The leads for each of these projects will provide progress reports at future meetings. He also noted that separate contracts have been drafted for each of the OPSCAN members (Olympic Public Safety Communications Alliance Network members). He said that Dennis Shaw had been selected to fill the position of General Superintendent.

Attendance at meetings was confirmed and approved.

There being no further business to come before the Commission, the meeting adjourned at 3:12 p.m. to meet again, Monday, September 15, 2008, at 1:30 p.m. in the Port Angeles office.

