

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
OCTOBER 13, 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; Dennis Shaw, General Superintendent; Fred Mitchell, Power Resources and Utility Services Manager; Tom Martin, Water and Wastewater Systems Assistant Superintendent; Judi Chapman, Human Resources Manager; Charlie McCaughan, Materials Superintendent; and Carol Biss, Executive Assistant.

Others present were: Jim Casey, Teri Martin, Norman Round, and Charles Strickland.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the October 6, 2008 regular weekly meeting as submitted.

Water and Wastewater Systems Assistant Superintendent Martin discussed a proposed change order with BHC Consultants for the Sewer and Water Reclamation and Reuse System – Carlsborg Urban Growth Area. The initial feasibility study completed by the consultant in Phase 1 of the project identified future phases of work to develop a sewer and water reclamation and reuse system. The proposed change order is for Phase 2 work, which includes finalizing the feasibility study and preparing a draft general sewer/capital facilities plan. Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved Change Order 2 for Phase 2 of the contract with BHC Consultants for a maximum amount of \$118,380. (Contract 060324)

Mr. Martin reviewed a letter from the City of Port Angeles informing the District that the City would be increasing its water rate effective January 1, 2009. This will affect the rate the District pays for water it purchases from the City.

Mr. Charles Strickland was present to ask about the source of the water to his residence and discuss other concerns such as conservation measures, future water supply, pressure, safety, and quality. Commissioner Simpson said that water Mr. Strickland's residence comes from water the District purchases from the City. Mr. Martin will meet with Mr. Strickland after the meeting to show him a map of the water system and the source of water for his residence and answer other questions.

Mr. Norman Round was present to discuss a heat pump rebate. He said he was told by a contractor that the heat pump rebate required duct sealing. Mr. Round said that was not clear in the District's rebate form. Power Resources and Utility Services Manager Mitchell said that the rebate is for increased efficiency and that the heat pump rebate is contingent on the efficiency of the unit along with duct efficiency. Mr. Mitchell said he would work with Mr. Round on his request for a heat pump rebate.

A list of claim vouchers as certified by the General Manager and District Auditor was considered. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$516,015.39 for October 13, 2008.

Commissioner Purser reported on a Sequim Dungeness Chamber of Commerce meeting. He said that Port Commissioner Jim McEntire talked about support for affordable housing in the Carlsborg area. Commissioner Purser said that he received many questions about the District's offer to purchase the Costco property in Carlsborg, and almost everyone he spoke with was positive about the decision.

Commissioner Simpson reported on the Port Angeles Business Association meeting that included a presentation by a Border Patrol Agent. Since September 11, 2001, the number of agents in Clallam County has increased, and a regional office may be located here in the future.

Commissioner Haffner reported on a Rotary meeting at which Senator Patty Murray spoke and another meeting where Representative Norm Dicks spoke. Attendees at both meetings were interested in issues related to the economy.

Mr. Mitchell reported on Regional Dialogue and Power Supply Issues. The Regional Dialogue contract negotiations have ended. Some, but not all, of the provisions the public utilities requested will be incorporated in the new long-term power sales contracts, which are forthcoming. There was no change with respect to the cap of 2000 megawatts available for Bonneville Power Administration (BPA) Slice customers. For the District, that would mean a Slice percentage of 47 percent, assuming other customers who have expressed interest in the Slice product also sign Slice contracts with BPA. He discussed other issues related to the load following and Slice contracts and said that the District will need to sign a contract by December 1, 2008. The Commissioners agreed to hold a work session with Terry Mundorf, Western Public Agencies Group legal counsel, on Monday, November 10, at 10 a.m. to discuss the BPA power sales contracts.

Mr. Mitchell said staff continues to look at meeting the Renewable Portfolio Standards. The District submitted an offer to Klickitat PUD last week to purchase the Renewable Energy Credits (RECs) from the

H.W. Hill Landfill Gas Power Plant. The District has also expressed interest in Energy Northwest's Radar Ridge Wind Project. Initial studies indicate the Project would have little environmental impact. Energy Northwest has asked for a "Reaffirmation of Interest" in the project and will follow up with pre-development agreements.

Attendance at meetings was confirmed and approved.

The regular meeting recessed at 3:34 p.m., to go into executive session for personnel matters. The executive session adjourned at 4:11 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 4:12 p.m. to meet again Monday, October 20, 2008, at 1:30 p.m. in the Port Angeles office.