

PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
JUNE 2, 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; Jana Robbins, District Auditor; Joshua Bunch, Treasurer Controller; Dave Proebstel, Chief Engineer; Quimby Moon, Transmission and Substation Systems Manager; Fred Mitchell, Power Resources and Utility Services Manager; Linda King, CIS/Billing Supervisor; and Carol Biss, Executive Assistant.

Others present were: James Critchfield, Bill Hamilton, Eloise Kailin, Cindy Kelly, Teri Martin, and Dan Reidel.

On motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved the minutes of the May 12, 2008 regular weekly meeting. On motion of Commissioner Haffner, seconded by Commissioner Simpson and carried, the Commission approved the minutes of December 17, 2007 regular weekly meeting. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved the minutes of the January 29, 2007 regular weekly meeting.

Mr. James Critchfield, Mr. Bill Hamilton, and Mr. Dan Reidel were present to discuss how the recent electric rate increase is impacting Dry Creek Water Association, Inc. Mr. Critchfield, President of the Dry Creek Water Association Board, presented a letter to the Commissioners commenting on and asking questions about the District's Electric Cost of Service and Rate Study. In the discussion that followed, Commissioners and staff clarified the questions the group had about the customer classes for Dry Creek Water Association's accounts and the average overall percentage increase. The District has determined the need to review its policies regarding the breakdown of its rates class and will hire a consultant to assist in that process during the rest of the year. Staff agreed to review the large power class and determine how many water companies were included in the class.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission adopted Resolution 1870-08, which established network access charges for excess capacity and rescinded Resolution 1858-08.

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission awarded Bid No. 080808 to Transformer Technologies for transport and disposal of non-PCB electrical equipment, oil, and oily-water.

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission accepted as complete the contracts for distribution transformers with ERMCO for \$382,794.93, with Cooper for \$2,379,933.07, and with Western States for \$381,993.40, including Washington State sales tax. (Contract Numbers 040811-A, B, and C)

Upon recommendation of staff and on motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission accepted as complete the contract with ESCI, Inc. for safety coordinator services in the amount of \$23,550. (Contract 070301)

Upon recommendation of staff and on motion of Commissioner Purser, seconded by Commissioner Simpson and carried, the Commission approved removal of delinquent accounts from the active accounts receivable in the amount of \$14,079.12 for May 6, 2008.

On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission canceled the June 23, 2008 regular weekly meeting.

Dr. Eloise Kailin was present to provide information she collected about the pH readings of water from the City of Port Angeles' reservoirs, the Ranney Well, and the Elwha Pump Station.

CIS/Billing Supervisor King presented the Expanding Excellence Award for Innovation in Extending a Legacy System, which she accepted on behalf of the District on May 22, 2008, at the CS Week Conference. The award was one of six given for innovations in customer service at the conference, which is an annual event dedicated to the use of technology for customer service in the utilities industry. The innovation that prompted the award was using a report writer to generate a complex utility bill. This technology was subsequently used to schedule District Meter Readers. The Commissioners and staff expressed their appreciation to Ms. King and the Billing Department for a job well done.

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 \$3,179,180.98 for May 19, 2008. On motion of Commissioner Simpson, seconded by Commissioner Purser and carried, the Commission approved payment of claim vouchers in the amount of \$422,766.61 for May 27, 2008. On motion of Commissioner

Purser, seconded by Commissioner Simpson and carried, the Commission approved payment of claim vouchers in the amount of \$118,018.60 for June 2, 2008.

District Auditor Robbins reported that the claim vouchers for May 19 and 27 and June 2 included a total of 97 rebates for conservation programs totaling \$36,035.96. There were 14 rebates for conservation programs on May 19 totaling \$6,286; 23 rebates on May 27 totaling \$14,463.50; and 60 rebates on June 2 totaling \$15,286.46.

Commissioner Purser reported on the Northwest Public Power Association's 68th Annual Conference and Membership Meeting, which was held in Anchorage last month. The theme of the conference was "Public Power: Options for the Future." He reported on the keynote address by John Doggett, a professor at the University of Texas, about the impact of the global economy on the United States. Many of the other sessions pertained to green power and renewables, including presentations on financing alternative energy systems, wind and solar power, cap and trade, and carbon taxes.

Commissioner Simpson also reported on the keynote address at the Northwest Public Power Association's Annual Conference as well as presentations on wind and solar power. He reported on Washington PUD Association meetings held in Skamania, including strategic planning sessions, a Northwest Open Access Network workshop, and a WPUDA Energy Committee meeting. He said he was contacted last week to see if the Commission would be interested in supporting a Water Conservancy Board, which would work with water rights applicants and the Department of Ecology. The Commissioners agreed that they would be interested in further discussion regarding the formation of a Water Conservancy Board in Clallam County.

Commissioner Haffner reported that he was invited by a group in Jefferson County to be on a panel to discuss public power. The group has expressed interest in receiving electric services from a PUD. Commissioner Haffner said he emphasized local control as one of the benefits of a PUD.

Treasurer Controller Bunch presented the Treasurer's Report for April 2008. The total amount invested was \$19,264,803.43; cash totaled \$11,028,718.58; and interest for the month totaled \$62,377.36.

General Manager Nass reported that the District participated in the Port Townsend Rhody Festival Parade. Recently the Major Event Restoration Policy was completed after input from staff, foremen, and linemen. The purpose of the policy is to make on-duty employees safer during major restorations. Mr. Nass reported on the WPUDA meetings in Skamania. He said both Lewis and Grays Harbor PUDs reported a number of wire theft incidents in their service areas.

Power Resources and Utility Services Manager Mitchell reported that the Department of Revenue is no longer requiring sales tax on wholesale telecommunications services starting July 1, 2008. He and the Commissioners discussed the concept of open access for the District's broadband system.

Attendance at meetings was confirmed and approved.

The regular meeting recessed at 4:35 p.m. to go into executive session for personnel matters. The executive session adjourned at 5:04 p.m., and the regular meeting reconvened at that time. There being no further business to come before the Commission, the meeting adjourned at 5:05 p.m. to meet again, Monday, June 9, at 1:30 p.m. in the Port Angeles office.