

**PUBLIC UTILITY DISTRICT NO. 1  
of Jefferson County**

~~DRAFT~~

**August 4, 2010  
REGULAR MEETING  
MINUTES**

**CALL TO ORDER**

The Regular Meeting of the Public Utility District No.1 of Jefferson County was called to order by the President of the Board of Commissioners at 5:02 p.m. at the District Office, 230 Chimacum Road, Port Hadlock, Washington. Commissioners and staff present were:

Ken McMillen, President  
Barney Burke, Vice-President  
Wayne King, Secretary  
James Parker, District Manager  
Bill Graham, District Resource Manager  
Kate Pike, Brisa Services

**AGENDA**

The Agenda was approved with the addition of Discussion Item on Energy Northwest.

**APPROVAL OF MINUTES**

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to approve the Regular Meeting Minutes of July 21, 2010 and the Special Meeting Minutes of July 21, 2010.

**APPROVAL OF VOUCHERS**

MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously to approve payment of:

Warrants No.16480 through 16494 in the amount of \$ 23,98358; and  
Warrants No.16495 through 16530 in the amount of \$ 60,415.57; and  
Warrant No.16454 VOID

For a Total Amount of \$ 84,415.57

**ITEMS FROM THE FLOOR (not listed on the Agenda)**

None

**COMMISSIONER'S REPORTS**

**Commissioner Burke**

July 21: Attended Special Meeting to conduct a budget workshop at the District office.

July 22: Attended meeting of the Peninsula Development District in Blyn.

July 26: Met with Jim Parker and the City of Port Townsend Special Projects

Committee members, George Randels, David King, and Laurie Medicott regarding its franchise agreement with Puget Sound Energy.

August 4: Attended Special Meeting with Howard W. Barnes, applicant for development and submission of RUS (Rural Utility Service) loan for electrical utility acquisition and operation.

**Commissioner King**

July 21: Attended Special Meeting to conduct a budget workshop at the District office.

July 27: Attended meeting of the Transition Advisory Committee (with Puget Sound Energy).

July 29: Telephone conversation with Ken Slattery, Department of Ecology Water Resources Program Manager, regarding fees for water right holders.

August 4: Attended Special Meeting with Howard W. Barnes, applicant for development and submission of RUS (Rural Utility Service) loan for electrical utility acquisition and operation.

## **Commissioner McMillen**

July 9 & 10: Attended meetings of Washington Public Utility District Association (WPUDA) regarding reorganization process.

August 4: Attended Special Meeting with Howard W. Barnes, applicant for development and submission of RUS (Rural Utility Service) loan for electrical utility acquisition and operation.

## **ACTION ITEMS**

### **a) Contract with Howard Barnes - RUS**

The Manager presented a Professional Services Agreement for Application development and submission for Rural Utility Service (RUS) loan for Electrical Utility Acquisition and Operation. The Agreement is to be between the PUD and Howard W. Barnes who was present at a Special Meeting this date (8/4/10) to present qualifications and proposal. After brief discussion the Board took the following ACTION:

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to direct the Manager to enter into a Professional Services Agreement with Howard W. Barnes for Application development and submission for Rural Utility Service (RUS) loan for Electrical Utility Acquisition and Operation.

### **b) Resolution to Cancel Warrants**

The Manager presented RESOLUTION NO. 2010-011, canceling outstanding warrants (Nos. 14761, 14762, 14769, 14774, and 14791) not redeemed within one year.

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to adopt RESOLUTION NO. 2010-011, canceling outstanding warrants (Nos. 14761, 14762, 14769, 14774, and 14791) not redeemed within one year.

## **DISCUSSION ITEMS**

### **a) Energy Northwest**

Jim Oakley, Senior Member Relations Representative for Energy Northwest, was present for an update of Energy Northwest activities and announcements. The Executive Committee has hired Mark Reddemann as Vice-President and interim Chief Executive Officer while continuing a search for a permanent CEO. Mr. Oakley reported on the Columbia Generating Station, Nine Canyon Wind Project, Packwood Lake Hydroelectric Project, Kalama Natural Gas Generation Plant, and development of a solar project in Oregon. There was brief discussion with Mr. Oakley and the Board on the matter of biomass energy.

### **b) Fair Booth**

Bill Graham presented a schedule for Board members to fill in for Jefferson County Fair PUD booth attendance. He also noted some decorating and "give-away" ideas.

### **c) RFP for legal, administrative assistant**

The Manager presented a public notice Request for Proposals for part-time attorney services to provide legal advice, particularly with regard to the transition to provide public electric power.

### **d) 2011 budget**

The Manager reminded the Board that the 2011 PUD Budget is to be on file in the District Office on September 1, 2010. He presented some assumptions regarding income, operations, personnel and projects that will impact Budget. A final draft Budget will be presented to the Board for its review at the August 18 Regular Meeting.

### **e) Transition Team**

The Manager presented a Professional Services Agreement between the PUD and Discovery Bay Group L.L.C retaining the Group and its agent, Don McDaniel, to provide consulting services with regard to the Puget Sound Energy Transition Advisory Team.

After brief discussion, the Board took the following ACTION:

MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously, to authorize the Manager to execute the Professional Services Agreement between the PUD and Discovery Bay Group L.L.C.

Mr. McDaniel remarked that duties and workload on staff will increase; he suggested a larger support group.

## **MANAGER'S REPORT/OLD BUSINESS**

**Indian Island:** With regard to causeway construction, work is progressing with directional boring completed and water line installed.

**Power Authority:** Note ACTION ITEM a) and DISCUSSION ITEMS b) and e) above. Meeting of the Transition Advisory Committee (PSE & PUD) occurred on July 27, 2010. Comments to Bonneville Power Administration were closed on August 2; in order to fulfill the contract, the organization is to have our power usage information for the past five years by September; and BPA wishes to sign a power purchase agreement with the PUD in late August. Commissioner Burke and the Manager met with the City of Port Townsend Special Projects Committee members regarding its franchise agreement with Puget Sound Energy.

**Sahara Water System extension:** Public hearing is now scheduled for August 24, 2010.

**Sparling Well:** The Sparling Well 3 treatment project has been approved by the Department of Health; a pre-application conference with the Department of Community Development for non-conforming use is to be scheduled. Design drawings are being prepared, with address of septic situation. It appears that the Department of Health State Revolving Fund loan for \$1.6 million is approved and terms of contract will be outlined in August.

#### **PUBLIC COMMENT**

None

#### **CORRESPONDENCE**

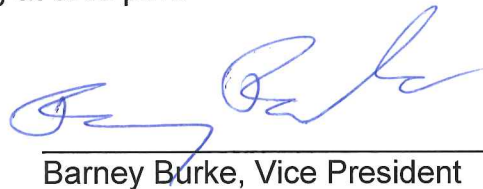
Letter of support to Bonneville Power Administration from City of Port Townsend Mayor Michelle Sandoval

#### **ADJOURNMENT**

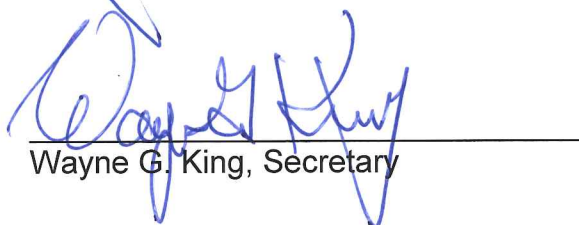
MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously, to adjourn the Regular Meeting at 6:49 p.m.



Kenneth A. McMillen, President



Barney Burke, Vice President



Wayne G. King, Secretary