

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

**DRAFT
June 7, 2011
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 5:00 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
Kate Pike, Brisa Services

AGENDA

The Agenda was approved with the addition of address just after Approval of Vouchers by R. Scott Corwin, Executive Director of Public Power Council.

APPROVAL OF MINUTES

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to approve the Regular Meeting Minutes of May 17, 2011.

APPROVAL OF VOUCHERS

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

Warrants No.17390 through 17408 in the amount of \$ 22,155.85; and

Warrants No.17409 through 17446 in the amount of \$ 321,187.88;

For a Total Amount of \$ 343,343.73

PUBLIC POWER COUNCIL ADDRESS

Scott Corwin addressed the Board regarding the Public Power Council (PPC) that represents the interests of consumer-owned utilities in the Northwest and represents its members in all Bonneville Power Administration proceedings in matters before the Northwest Power and Conservation Council, in other regional power forums and in Washington, D.C. Members are in seven western states, diverse in size, and have legal and historic rights to federal power. A PPC charge is to protect these rights and create a platform for members to create consensus and pursue advocacy around issues affecting power supply. Mr. Corwin invited the Board to sit in on meetings and receive the newsletter in its consideration of joining PPC.

COMMISSIONER'S REPORTS

Commissioner Burke

May 19 & 20: Attended Rhododendron Festival and encountered Ned Shuman, Olympus Net, and U.S. Naval Indian Island base commander. Discussed relevant PUD matters.

May 26: Attended a meeting of Peninsula Development District. (did this happen??)

June 3: Attended meeting of Citizens for Local Power for update.

June 15: Expect to attend meeting of Climate Action Committee.

June 23: Expect to attend meeting of Peninsula Development District.

Commissioner King

May 17: Attended a luncheon meeting with Karl Kazmar, Puget Sound Energy.

May 19: Attended a meeting of WRIA16 Planning Unit.

May 25: Attended a forum/open house of East Jefferson Watershed Council.

June 1: Met with representatives of Quilcene Fire Department, Quilcene School District, Port of Port Townsend and Linda Herzog regarding fire flow provision in Quilcene.

June 4: Attended Green Building Symposium sponsored by Power Trip Energy Corp.

June 8: Expect to attend meeting of Habitat for Humanity.

June 9: Expect to meet with Port of Port Townsend and Linda Herzog regarding Quilcene fire flow.

Commissioner McMillen

May 18-20: Attended meetings of the Washington Public Utilities Association.

MANAGER REPORT - electrical power transition update

The Manager presented a summary of 2011 costs related to power transition (\$159,915.76) with total to-date costs of \$1,169,050.85. With regard to the possible inclusion of the Port Townsend Paper kraft pulp and paper mill load in the Jefferson PUD contract high water mark (CHWM), Bonneville Power Administration is seeking comment through July 1, 2011. Accommodation of the request for inclusion could require changes to the BPA New Large Single Load policy and the Tiered Rate Methodology CHWM calculations. Regarding the Residential Exchange Program Settlement agreement, the transition high water mark (THWM) applying to consumer-owned utilities has been reduced to a needed threshold of 75 per cent, permitting the REP settlement to become part of the rate case. A draft Record of Decision is anticipated around June 14, 2011 and a final Record of Decision on July 25, 2011. The Transition Advisory Committee (with PSE), who meets again on June 22, 2011, continues addressing cost/price adjustments, completion of a vendor list, listing of planned and expected improvements, and any possible early transfer of facilities.

ITEMS FROM THE FLOOR (not listed on the Agenda)

Linda Herzog commented on interest of the Port of Port Townsend, Quilcene Fire District and PUD No. 1 of Jefferson County to support commercial fire flow provision in Quilcene. A letter of interest is expected for submission to Jefferson County by June 15, 2011.

ACTION ITEMS

a) Resolution 2011-008 - Water System Plan Approval

MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously, to adopt Resolution 2011-008, adopting the updated Water System Plan dated June 2011.

b) Resolution - PUD electrical policies

MOTION: By Commissioner Burke, Second by Commissioner King, carried unanimously, to adopt Resolution 2011-10 adopting various Public Utility District Electric Service Regulations and Plans in anticipation of the District's operational ownership and control of the electrical distribution facilities in Eastern Jefferson County.

c) RUS Resolutions

Resolutions 2011-004, 2011-005, 2011-006 and 2011-007, as well as a Secretary Certificate, all relating to public power provision, will be addressed at the next Regular Meeting.

DISCUSSION ITEMS

b) Interagency Agreement with Mason PUD No.1 for groundwater monitoring

The Resource Manager presented for review a Memorandum of Agreement Between Mason County PUD No. 1 and the PUD No. 1 of Jefferson County to gather groundwater monitoring data from selected wells throughout the watershed. Cost to the PUD No. 1 of Jefferson County is minimal and will include staff and travel time for quarterly monitoring of Jefferson wells.

b) Peterson Lake payoff

The Manager presented for review a Memo for Record relating to a possible sale of Peterson Lake which was purchased as part of the conservation mission and prior to the process of electrical infrastructure purchase. A recommendation is that investigation of sale begin, assuring maintenance of conservation safeguards remain and assuming that full bonding capacity of current taxing authority is available for electrical system acquisition.

c) 2012 Budget

The Manager presented for review Section 54.16.080 of the Revised Code of Washington (RCW) which addresses the budget procedure. The proposed 2012 budget is to be prepared on or before the first Monday in September and a public hearing regarding is to be held on the first Monday in October. A 2012 budget workshop will be scheduled for August 2, 2011 at 2:00 p.m. in the District office.

d) Quilcene County Infrastructure Fund Request

The Manager presented for review a Memo for Record regarding costs for a Quilcene Fire Flow upgrade. Said memo addresses existing conditions, Coordinating Act requirements, some estimated costs and some funding requirements and options.

MANAGER'S REPORT/OLD BUSINESS

Indian Island:

No updates are available on any proposed water system transfer. The archeologist study over easement has been completed and has been forwarded to Tribes, U.S. Department of the Navy and the Department of Archaeology & Historic Preservation.

Sahara Water System Extension: Seton Construction has begun construction and encountered no major problems.

Sparling Well: CH2M Hill has begun work. An invoice is to be submitted to Jefferson

County for reimbursement of some County Infrastructure funding. Static levels are the highest in 12 years for this time of year.

PUBLIC COMMENT

None

CORRESPONDENCE

None

EXECUTIVE SESSION

The Regular Meeting was adjourned at 7:38 p.m. to Executive Session, expected to last approximately 20 minutes, with no ACTION anticipated for the purpose of discussion of potential litigation.

The Board returned to its Regular Meeting at 8:02 p.m.

ADJOURNMENT

MOTION: By Commissioner King, Second by Commissioner Burke, carried unanimously, to adjourn the Regular Meeting at 8:03 p.m.