

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
Minutes of the Regular Meeting of the Board of Commissioners
Carlsborg Main Office | 104 Hooker Road | Sequim, WA 98382
OCTOBER 28, 2019

Commissioners Present

Will Purser, President
Jim Waddell, Vice President
Dave Anderson, Secretary

Staff Present

Doug Nass, General Manager
John Purvis, Assistant General Manager
Simon Barnhart, General Counsel
Sean Worthington, Finance Manager/Treasurer
Lori Carter, Controller/Auditing Officer
Ruth Kuch, Financial Analyst
Nicole Clark, Communications Manager
Larry Morris, Safety Manager
Steve Schopfer, IT Manager
Tom Martin, WWW Superintendent
Bowen Kendrick, WWW Systems Assistant Superintendent
Travis McClain, WWW Systems Coordinator
Teresa Lyn, Executive Assistant

Others Present

Patti Morris
Werner Buehler
Janet Marx
Krestene Reed
Rick Paschall

The meeting commenced at 1:30 PM.

AGENDA REVISION

An AMI update from Assistant GM John Purvis will be provided as a staff report.

CONSENT AGENDA

Upon recommendation of staff, and upon motion of Commissioner Waddell seconded by Commissioner Anderson and carried, the Commission approved the following:

- a. Minutes of the October 10, 2019 joint meeting between PUD and Clallam County;
- b. Minutes of the October 14, 2019 regular meeting;
- c. Claim vouchers from October 14 through October 21, 2019 for a total of \$3,320,873.56;
- d. Payroll vouchers for the period of October 1 through October 15, 2019; and
- e. Contractor prequalification for Magnum Power, LLC in the amount of \$10,000,000.00 for the coming calendar year.

PUBLIC COMMENT

There was no public comment.

BUSINESS ITEMS

Upon recommendation of staff, and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commission passed Resolution No. 2162-19 establishing phased one-system rate structures for water and wastewater systems. At the direction of the Board, the rate tables, Resolution, and an FAQ were posted to the District website shortly after the October 14th Board meeting. There were no public inquiries.

CORRESPONDENCE/COMMUNICATIONS

GM Doug Nass reported that Port Angeles School District Superintendent Brewer contacted the District to ascertain if he could come before the board to present/discuss a proposed capital levy which is expected to be on the February 2020 ballot.

GM Nass also advised that due to the November 11th Veteran's Day holiday, the next Board meeting is scheduled for November 4th.

COMMISSIONER REPORTS

Commissioner Anderson reported that he attended the recent North Olympic Development Council (NODC) meeting. The Port of Port Angeles reported that they are preparing a Request for Proposals to procure a feasibility study for expanding broadband in Clallam County's rural areas.

Commissioner Waddell reported that he attended a Western Public Agencies Group (WPAG) meeting. Topics discussed: BPA getting into the Energy Imbalance Market (EIM); BPA's December 15th scheduled surcharges; and their 38 days of reserves. He also attended recent Port Angeles Business Association (PABA) meeting and said that based on questions asked of Charter Review candidates, it seems like there is still much public confusion about the difference between smart meters and 5G. He also shared that PABA voted on a letter regarding the Rayonier site cleanup.

Commissioner Purser reported that he will be attending Energy Northwest (EN) meetings this week and Public Power Council (PPC) meetings in two weeks.

STAFF REPORTS

Assistant GM John Purvis provided an update on the installation of smart meters. He said that the District's summer installation start goal was impacted by the delayed receipt of meters. Currently 27 test meters will be installed in Neah Bay by end of the week. Starting in November, two way meters will be installed in Neah Bay at a rate of 200 meters per week, for a total of a little over 800 meters. Additionally, the District will be installing a new router, a new collector, and fiber extensions in November in the Dungeness area where 500 smart meters will be installed. He expects that the balance of meter installations north of Sequim and the Dungeness area will be completed by the end of January 2020 for a total of 4000 smart meter installations. Assistant GM Purvis shared that the District has posted on our website what kind(s) of meters are being installed, in an effort to correct the bad information that is being circulated.

Treasurer/Finance Manager Sean Worthington presented the District's proposed 2020 Budget to the Commissioners for their review. He provided a brief overview of the budgets objectives; provide stable rates; be financially responsible; maintain system reliability; and maintain healthy fiscal targets. He shared current challenges to the budget, specifically: declining kilowatt sales (2.5% since 2014 due to conservation and solar); more instances of changing and unpredictable weather; increasing costs, due to BPA's October 2019 increase; and increased personnel costs due to FMLA, and retirement and healthcare costs; capital improvements and replacements that are required to maintain sound infrastructure and systems; and regulatory costs. Treasurer/Finance Manager Worthington additionally shared the following budget assumptions: anticipated .75% customer/meter growth; BPA rate increases; conservation expenses; mandated retirement contribution increases; collective bargaining agreement salary increases; and proposed rate adjustments (3.5% for electric; 4.2% for water; and 5.9% for waste water).

Commissioner Waddell asked if the District had a cost-savings incentive program in place that encourages managers to cut costs. GM Nass advised that cost savings is part of the District's Strategic Plan and as such, is regularly reviewed. Commissioner Waddell noted that that the District's budget control appears to be pretty rigorous, however he encouraged the District continue to seek cost savings in what we pay for power. GM Nass advised that compared to similar PUDs, District pricing falls somewhere in the middle. He noted that these utilities are facing similar issues with BPA. He advised that through participation in the utility organizations we belong to we will continue to put pressure on BPA to reduce costs.

BOARD ACTION ITEMS FOR STAFF

1. Staff is to:
 - a. Send a letter to the Makah Tribal Council notifying them of upcoming November meter replacements in Neah Bay; and
 - b. Notify Neah Bay customers whose meters we are replacing.
 - c. Identify and notify PASD Superintendent Brewer of an upcoming Board meeting at which we can accommodate his capital levy presentation.

There being no further business to come before the Commission, the meeting adjourned at 3:16 PM.