

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1

Minutes of the Regular Meeting of the Board of Commissioners

Main Office | 104 Hooker Road | Sequim, WA 98382

May 11, 2020 – This was a remote meeting

WebEx Link:

<https://pudno1ofclallamcounty.my.webex.com/pudno1ofclallamcounty.my/j.php?MTID=mbf9ba565893fd680d00906531ea139cd>

Call-in Number: 1-408-418-9388

Meeting Number (Access Code): 290 117 655

Meeting Password: mNmKSCBA239 (66657222 from phones and video systems)

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

Shawn Delplain, Broadband Supervisor

Steve Schopfer, IT Manager

Nicole Clark, Communications Manager

Teresa Lyn, Executive Assistant

Charlie McCaughan, Procurement & Facilities Supervisor

Others Present

Paula Simpson-Barnes

Jim Schuenemann

Fred Mitchell

Kurt Miller

Nina Sarmiento

Brian Grad

Patti Morris

Jane Vanderhoof

Richard DeBusman

The meeting commenced at 1:34 PM.

CONSENT AGENDA

Upon recommendation of staff, and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commissioners approved the following consent agenda items:

- a. Minutes of the February 24th, 2020 regular meeting;
- b. Claim vouchers from February 24th through May 4th, 2020;
- c. Payroll vouchers for the period of February 1st through April 21st, 2020;
- d. Removal of delinquent accounts from March active accounts receivable in the amount of \$3297.56 including a 30% collection fee;
- e. Removal of delinquent accounts from April active accounts receivable in the amount of \$3375.70 including a 30% collection fee;
- f. Removal of delinquent accounts from May active accounts receivable in the amount of \$9381.62 including a 30% collection fee;
- g. Removal of invoices from April active accounts receivable in the amount of \$6127.32

- including a 30% collection fee;
- h. Contractor pre-qualifications for Tice Electric Company in the amount of \$3,000,000 and for Titan Electric in the amount of \$5,000,000.

AGENDA REVISIONS

None.

STAFF REPORTS (Necessary-and-Routine Matters Only)

General Manager Doug Nass started out by congratulating the District's Legal Counsel, Mr. Simon Barnhart, who was recently appointed as a Clallam County Superior Court Judge by Governor Inslee. GM Nass proceeded to report the following: He was proud of the District and its employees during this time of crisis as PUD #1 was ahead of the curve in responding to COVID-19, with communications to employees, customers, and Commissioners and in implementing strategies for social distancing, screening, and maintaining business continuity and providing excellent customer service, all while conforming to the Governor's proclamations, and the State Attorney Generals' and CDCs' guidelines. He referred to the District's published response to pandemic events, specifically the **COVID-19 Safety Plan** and multiple internal communications, many of which are posted on the District's website. He recounted the District extensive activities over the past months, which were vetted through the District's Legal Counsel, Simon Barnhart. Additionally, at the request of Commissioner Anderson, he provided a detailed financial report to the Commissioners on May 8th. The District's meter readers were deployed last week, and the vegetation, line, and water crews are getting back to work. Returning employees are working staggered hours, practicing social distancing, and are required to comply with the **COVID-19 Safety Plan**. One major project that is underway is the construction of the Forks Operations Center, the construction of which meets COVID-19 requirements. GM Nass closed by stating that the District will continue to respond in a responsible manner.

Commissioner Purser commended the District in maintaining reliability during this crisis and congratulated Simon Barnhart on his judicial appointment.

Commissioner Waddell stated that he did not agree with staff's interpretation of the Governor's Proclamation 20-28 and the Attorney General's guidance on public meetings. He inquired if staff was looking into any scenarios regarding how to help small businesses. GM Nass advised that to date the District had not received any direct requests from small businesses, and requested that any such inquiries be directed to his attention. Finance Manager/Treasurer Sean Worthington advised that Customer Service Representatives are proactively calling customers in arrears so we can enter into payment plans with them. OlyCap offers utility assistance to qualified individuals which has already been pledged to some of our customers. We have also temporarily discontinued late fees – an impact of \$200K – and disconnects. Additionally he reported the following:

- As of May 8, under normal operations, 460 customers would be disconnected for nonpayment however most customers are opting into a payment plan;
- As of May 8, we had 1749 accounts on our 30/60/90 day arrears report for \$378K;
- Fewer customers are behind but those that are have larger balances;
- We have delayed some major capital budget projects. The exception is the Forks Operation Center project.
- We are close to budget but missed by 4% due to business closure which was offset by residential consumption as people stayed home;
- We are on track for electric revenue, but are 7% below budget for water, which should change as summer heats up;
- There will significant impact this year in bad debt. As things progress, in 4-6 months' time we will have a better idea of what the true impact is to the utility.

Commissioner Purser advised that by law the PUD has to recover its costs and stressed the need to continue to educate customers that at some point we need to be paid. He asked if we had done any scenario projections on how this can go and how to deal with it. Finance Manager/Treasurer Worthington said until we know what percentage of people will not pay we cannot know what the loss in revenue will be but he

estimates a half million dollars. Commissioner Waddell said BPA will be impacted as well and will pass surcharges to us. Finance Manager agreed and said that BPA likely will be kicking the can down the road.

BUSINESS ITEMS

Upon recommendation of staff, and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commissioners voted to ratify the General Manager’s action of awarding the contract for the purchase of one (1) Terex Hi-Ranger XT Pro 60/70 Aerial Device and Aluminum Line Body with accessories on a Freightliner M2-106 4x4 Regular Cab Chassis, from Terex Utilities, in the not-to-exceed pre-tax amount of \$249,370.

CORRESPONDENCE/COMMUNICATIONS (Necessary-and-Routine Matters Only)

Staff had no additional communications to share.

COMMISSIONER REPORTS (Necessary-and-Routine Matters Only)

Commissioner Anderson reported that he attended a virtual WPUDA Roundtable meeting and along with Water/Wastewater Superintendent Tom Martin virtual WPUDA Water meetings. He relayed the following:

- Comparing our PUD to others, we are generally following the same playbook;
- Water utilities are experiencing difficulty procuring recommended stock quantities of materials such as isopropyl alcohol, salt, and chlorine;
- Court-ordered WSDOT projects to relocate culverts to facilitate salmon friendly passageways are proceeding;
- It is difficult for crews to maintain the recommended 6 ft. distance when working together in a trench so adequate masks are critical;
- Online certification and safety programs are cropping up due to the current lack of onsite options;
- Tracking all costs that may qualify for FEMA reimbursement is highly recommended and Clallam has been good about tracking these;
- Some PUDs have placed liens on property for non-payment of water bills; and
- Some PUDs are mustering together retirees to come together to develop a social distancing plan in case of fire/wildfires.

Commissioner Waddell reported that he attended virtual WPUDA and WPAG meetings. WPUDA meeting discussions revolved around COVID-19. The WPAG meeting focused on the impacts COVID-19 was having on regional loads and market prices, utility revenues, actions taken by the region’s utilities, BPA’s role moving forward, and price increases for replacement hydropower turbines.

Commissioner Purser said that due to a lack of current American sources, components of critical infrastructure components will likely continue to be sourced from global markets, which are cheaper and will continue to be until or if a sufficient number American sources are developed. He attended several Energy Northwest virtual meetings where a number of bond issues were approved. He attended several virtual WPUDA meetings and a virtual NoaNet meeting. Several discussions revolved around developing rural broadband and identifying/creating WIFI hotpots.

FUTURE MEETINGS

The Commissioners agreed on an agenda format going forward with a public comment section at both the beginning and end of the meeting. Until further notice, WebEx will continue to be the software choice for future virtual meetings. Commissioner Waddell requested that the term *COVID-related* be included in the meeting agenda and minutes when using the terms *necessary and routine items*.

COMMENTS FROM THE PUBLIC

Following comments from the public were heard:

- I appreciate your video conferencing efforts and support the idea of a public comment period at the beginning and the end of the meeting. I appreciate your responses to the community. Your COVID-19 response has been very admirable.

- I am upset that PUD changed the billing that requires customers with solar installations to still pay something every month, even when they have a credit for the solar. I believe it is de-incentivizing to customers who have installed solar. I would like to see a discussion every week regarding why the Lower Snake River Dams are not being breached. I want a public comment session and the beginning and end of each meeting. We should be recording all meetings in the future.
- I disagree with PUDs interpretation of the Governor's proclamation. I would like to see the following topics discussed at future meetings: budgeting, recording meetings, BPA assets, transparency and disclosure, and the Public Power Council (PPC) actions against PUD #1.
- I appreciate managements' response to COVID-19 however I believe that we should have been having meetings. I believe we will be seeing more COVID-19 infections and am concerned about essential employees. They need to know they are sick. I am concerned about testing for employees. I want to know more about how we can mitigate our position with BPA.
- I appreciate and support the continued use of the internet for the meetings, and a public comment at the beginning and end of meetings.
- I was surprised the PPC letter dated April 18th was not divulged during Correspondence/Communications section. I think you are doing an excellent job of taking care of the customer.

BOARD'S ACTION ITEMS FOR STAFF (Necessary-and-Routine Matters Only)

- a. Add a public comment section to the beginning of the remote meeting agenda
- b. Continue to look at what other similar utilities are doing in regards to offering assistance to small businesses and notify the Commissioners if/when any feasible opportunities arise.
- c. Include the term *COVID-related* in the meeting agenda and minutes when using the terms *necessary and routine items*.

ADJOURN

There being no further business to come before the Commission, the meeting adjourned at 2:44 PM.

May 11, 2020