

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1

Minutes of the Regular Meeting of the Board of Commissioners

Main Office | 104 Hooker Road | Sequim, WA 98382

December 14, 2020 – This meeting was held remotely via ZOOM

Commissioners Present

Will Purser, President

Jim Waddell, Vice President

Rick Paschall, Secretary

Staff Present

Doug Nass, General Manager

John Purvis, Assistant General Manager

Alan Plasch, Power Systems Project Coordinator

Sean Worthington, Finance Manager/Treasurer

Ruth Kuch, Financial Analyst

Tom Martin, Water/Wastewater Manager

Nicole Hartman, Communications Manager

Steve Schopfer, IT Manager

Lori Carter, Controller/Auditing Officer

Rebecca Turner, Sr. Accountant

Teresa Lyn, Executive Assistant

Shawn Delplain, Broadband Supervisor

Jamie Spence, HR Manager

Teresa Lyn, Executive Assistant

Others Present as Identified

Patti Morris

Richard DeBusman

Rob, last name not provided

The meeting commenced at 1:30 PM.

CONSENT AGENDA

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

- Claim voucher lists for November 23, 2020, November 30, 2020, and December 7, 2020 for a total of \$3,602,476.24;
- Two payroll voucher lists covering November 1-30, 2020; and
- Removal of delinquent accounts from December active accounts receivable totaling \$8,714.03, including a 30% collection fee.

AGENDA REVISIONS

The Board welcomed and congratulated new Commissioner Rick Paschall.

COMMENTS FROM THE PUBLIC

A rate payer requested that the District include in the 2021 Strategic Plan a statement indicating that the District will continue to look at solar as an energy option.

BUSINESS ITEMS

Upon recommendation of staff, and upon motion of Commissioner Waddell, seconded by Commissioner Paschall and carried, the Commissioners accepted contract completion #191007 for an underground distribution relocation contract at Bagley Creek with MLS Enterprise, Inc. in the amount of \$53,316.90 including WSST.

Finance Manager/Treasurer Sean Worthington and Financial Analyst Ruth Kuch presented to the Board the final iteration of the 2021 budgets and projections, approved rate increases, the impacts of those increases, and our financial outlook. Four incorporated changes to the budget included a recently added project to replace and environmentally dispose of 118 40+ year-old distribution transformers that could possibly contain PCBs; the recalculation of personnel taxes and benefits; the addition of a part-time compliance analyst position; and an increase to the IT budget to address cybersecurity concerns. Discussion revolved around the impact that the required WSDOT relocates and fish passage projects have had on the water department's capital budget and resources. Clallam PUD, along with several other PUDs, are working with WPUA to try to find ways to fund these required relocation/fish passage projects which were unexpected and cost more than had been anticipated. Accordingly, a number of planned 2020 capital projects have been moved out to 2021 or indefinitely to pay for the related expenses. Finance Manager/Treasurer Sean Worthington explained that the 2021 budget factors in a two-year approved rate based on the District's 2018 cost of service study, which recommended transitioning to a true cost of service based on the minimum system size model. The resulting 2021 electric rate increase will impact the average residential customer by \$4.59 a month. Upon recommendation of staff, and upon motion of Commissioner Waddell, seconded by Commissioner Purser and carried, the Commissioners adopted Resolution 2187-20, for the Electric Operating Fund, Water Operating Fund, and Wastewater Operating Fund budgets as finally determined.

General Manager Doug Nass presented the final Strategic Plan, which incorporated several suggestions from the public, Commissioners, and staff. Commissioner Waddell stated that he would like the District to think about the future in a more strategic way. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Purser and carried, the Board adopted the 2021 Strategic Plan as submitted. Commissioner Waddell opposed the motion.

CORRESPONDENCE/COMMUNICATIONS

None today.

COMMISSIONER REPORTS

Commissioner Paschall reported that he is disappointed that the District have been kicked out of the Public Power Council (PPC). He shared that he reached out to the Pacific Northwest Utilities Conference Committee (PNUCC) to determine if we could become a member in order for us to have input in the upcoming BPA22 rate case, however he was informed that PNUCC is not interested in our membership at this time.

Commissioner Waddell said that he felt that our membership in the Western Public Agencies Group (WPAG) and Washington Public Utility Districts Association (WPUA) is sufficient for providing the District with a voice in the upcoming rate case. He received a call from a west end customer about a busted water main and he thanked Doug for keeping him posted on the bid to repair it.

He also attended WPUDA sessions and reported on DNR's initiative to build solar projects on DNR land, Energy Northwest's involvement in a 300-acre solar project, and digital equity as it relates to broadband.

Commissioner Purser reported that he called into the WPUDA conference. Topics discussed were BPA's ongoing process to join the Energy Imbalance Market (EIM) and their strategic planning; Northwest energy adequacy, litigation over the Columbia system operating plan; furthering and incentivizing broadband; investing in proactive versus reactive forest health activities to mitigate and reduce wildfires; 5G opportunities in rural areas, and the upcoming all-virtual legislative session. He also attended the monthly NoaNet meeting and reported that their financials are on course; they have elected new officers; approved their 2021 budget; and that their bond issue was successful and was well oversubscribed at \$76 million.

At 2:54 PM Commissioner Purser convened the meeting for a short break. The meeting reconvened at 3:08 PM.

STAFF REPORTS

Communications Manager Nicole Hartman reported that Governor Inslee has extended Proclamation 2028 (Version 14) the no public meetings directive until Jan 19, 2021. He also extended Proclamation 23 (Version 13) extending the moratorium on disconnects, the collection of late fees, and refusals to reconnect, until either the State of Emergency expires, or until April 30, 2021.

Finance Manager/Treasurer Sean Worthington advised that as CARES funding was disbursed, the District saw a slight dip in arrears, however for the first time we are now seeing 90-day arrears creep up to \$100K. This is concerning, especially since the cold weather is here now. He will continue to monitor and if more CARES (or other) funding becomes available he will negotiate with the county to revise the program in order to enable arrears to be paid.

IT Manager Steve Schopfer advised that we and the other utilities who backed the recent bond issue for NoaNet will have a say in what they spend the bond proceeds on.

Assistant General Manager John Purvis provided follow up on his November 23rd report on the proposed Tucci Energy Services solar project. He spoke to Mary Tucci and was able to confirm that the numbers presented were correct. He also addressed questions about the \$16/MWh Retail Support Service (RSS) cost estimate. He advised that the RSS cost estimate was for BPA services to back up the solar generation and was confirmed by BPA as an accurate estimate based on the information available. Mary Tucci mentioned that by the end of January they will know if there is sufficient interest to proceed. While the District is interested in supporting solar projects, Assistant Manager Purvis advised that this particular one, due to its project negative rate impact, would not benefit the District's ratepayers.

BOARD'S ACTION ITEMS FOR STAFF

1. Provide the November 23rd BOC meeting minutes to the Commissioners. **Note:** The recording was uploaded November 25th to the website at <https://clallampud.net/commission-meetings/>.
2. New Commissioner Rick Paschall will be publicly sworn in at the PUD Administration building on December 28, 2020 at 1 PM. All attendees to the oath swearing will meet outside the building under the awning of the meeting. All must social distance and wear a mask.

COMMENTS

There was no public comment.

ADJOURN

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