

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
Minutes of the Regular Meeting of the Board of Commissioners
Main Office | 104 Hooker Road | Sequim, WA 98382
September 14, 2020 – This meeting held remotely via ZOOM

Commissioners Present

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

Staff Present

Doug Nass, General Manager
John Purvis, Assistant General Manager
Sean Worthington, Finance Manager/Treasurer
Lori Carter, Controller/Auditing Officer
Tom Martin, Water and Wastewater Manager
Steve Schopfer, IT Manager
Larry Morris, Safety Manager
Nicole Clark, Communications Manager
Tyler King, Power Analyst
Rebecca Turner, Senior Accountant
Teresa Lyn, Executive Assistant

Others Present as Identified

Patricia Morris

The meeting commenced at 1:30 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 August 24th, 2020 regular meeting;
- b. Claim vouchers for August 24th through September 8th, 2020 for a total of \$3,257,723.20;
- c. Payroll vouchers for the period of August 1st through August 31st, 2020; and
- d. Removal of delinquent accounts from September 2020 active accounts receivable for \$7116.71, including a 30% collection fee.

AGENDA REVISIONS

GM Doug Nass advised that staff would report on BPA's secondary sales.

COMMENTS FROM THE PUBLIC

No public comment.

BUSINESS ITEMS

Upon recommendation of staff, and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commissioners approved Resolution 2180-20 declaring an emergency in accordance with RCW 39.04.280 and authorizing certain emergency work, without formal bid, for removing trees next to the Clallam Bay reservoir. The bid will be awarded to Dahlgren Logging Inc. for a quoted price of \$1600.

CORRESPONDENCE/COMMUNICATIONS

General Manager Doug Nass shared an article regarding Benton PUD's endorsement for transitioning from coal to natural gas to nuclear—particularly small modular reactors under development by Oregon-based NuScale Power (and against any new wind)—to meet the zero carbon emissions mandate set in the state's Clean Energy Transformation Act (CETA).

COMMISSIONER REPORTS

Commissioner Anderson attended virtual WPAG, NoaNet and North Olympic Development Council (NODC) meetings. He shared that the NODC is focusing on a conducting a countywide broadband needs assessment. He noted that some counties have utilized property taxes to help fund broadband, however Clallam's funding will likely come primarily from grants. He reported on a recent ProPublica article that recommends significantly increasing the number of planned and managed burns by the U.S. Fire Service to prevent future west coast mega fires. He stated that utilities are currently bearing more than their fair share of the Federal government's wildfire prevention burden.

Commissioner Waddell attended a virtual Western Public Agencies Group (WPAG) and Economic Development Council (EDC) meetings. Topics of discussion were: Bonneville Power Authority's (BPA) secondary sales, the impact of blackouts in southern California during heat waves and a concurrent (temporary) resource depletion due to removal of resources for planned plant maintenance; BPA's 2022 rate case presentation; their prediction that demand will be flat in 2022; and their planned resource mix, which includes significant battery inclusions, and some solar and wind renewables.

Commissioner Purser attended an Energy Northwest socially distanced (EN) workshop. He advised that soon-to-retire EN CEO Brad Sawatzke agreed to stay on through the next Columbia Generating Station's (CGS) upcoming refueling project, which will be complicated. CGS's equipment liability issue, (due to aging but recertified pumps), will be addressed by replacing them at a cost of \$50 million. Other topics discussed were emerging technologies; resource adequacy; coal retirements; environmental concerns; California Independent System Operator (CAISO); consumer preferences for green energy; and risk tolerance/management as it pertains to investing in new projects or technologies. Commissioner Purser suggested that Clallam consider discussing 'our own appetite for risk' in investing in newer technologies, as part of our decision-making process. He also participated in a CGS nuclear safety review board and called into the NoaNet meeting.

STAFF REPORTS

Information Services Manager Steve Schopfer reported that eight out of NoaNet's ten members gave their approval for NoaNet to go out to look for \$25 million in bond funding. Energy Northwest abstained and Pend Oreille voted no, as they did not obtain their board's approval. According to NoaNet's bylaws, Clallam PUD's underwriting portion of this bond issue will be 10.57%. The approved \$25 million dollars in bond issues will be used to pay off \$12 million loans, and will provide for an annual \$1 million dollar draw over the next ten years for capital projects.

Finance Manager Sean Worthington provided an update on the District's disbursement of Coronavirus Aid, Relief, and Economic Security Act (CARES) sub-recipient funding, received from the County at the end of August. Of the \$45,200 received, we have only been able to disburse \$5,325 to 22 residential customers. We have until the end of October to disburse the balance. While we have actively promoted the assistance to our past due residential ratepayers (via phone calls and door hangers, as well as through local media, and our newsletter and website) many who applied for the grant either do not have, or have not provided the required proof of hardship documentation. Evidence of proof of hardship could be a letter of unemployment, a letter from their employer confirming that their work hours are reduced due to COVID; or confirmation that they, or a household member, tested positive for COVID-19, etc.

Power Analyst Tyler King reported that BPA has overestimated their revenue from secondary sales (excess electricity that primary customers do not use) over the past several years. To address this issue, they recently developed a formula that they say will allow them to be more conservative in estimating their secondary sales. BPA argued that this would provide more stable rates and provide a cushioning for reserves. They put out a proposal for the formula, which the Public Power Council (PPC) rejected. Unofficially, BPA has dropped the proposal. Ryan Neal of WPAG is asking us to confirm our non-support. All three PUD No. 1 Commissioners agreed that they do not support BPA's proposal, primarily because of transparency concerns. Finance Manager Sean Worthington advised that he would relay this to Mr. Neale.

BOARD'S ACTION ITEMS FOR STAFF

No action items.

COMMENTS FROM THE PUBLIC

No public comment.

EXECUTIVE SESSION

At 2:21 PM, the meeting recessed for a short break, then reconvened at 2:25 for an executive session to discuss litigation, and/or network security with legal counsel, pursuant to RCW 42.30.110(1)(i) and 42.30.110(1)(aii). In attendance were Commissioners Purser, Anderson, and Waddell, General Manager Doug Nass, Assistant General Manager John Purvis, Treasurer Sean Worthington, and Ryan Espesgard, Legal Counsel from Don Cohen's office. No action was taken. The Executive Session adjourned at 2:34 PM, and the regular meeting reconvened at that time.

ADJOURN

There being no further business to come before the Commission, the meeting adjourned at 2:34 PM.

ATTEST:

President

Vice President

Secretary

September 14, 2020