

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
Minutes of the Regular Meeting of the Board of Commissioners
Main Office | 104 Hooker Road | Sequim, WA 98382
November 23, 2020 – This meeting was 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
Rebecca Turner, Sr. Accountant
Nicole Clark, Communications Manager
Teresa Lyn, Executive Assistant
Shawn Delplain, Broadband Supervisor
Jamie Spence, HR Manager
Tom Martin, Water/Wastewater Manager

Others Present as Identified

Patti Morris
Richard DeBusman
Rick Paschall

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 November 9th, 2020 regular meeting;
- b. Claim vouchers for November 9 through November 16, 2020 for a total of \$963,241.51;
- c. Payroll vouchers for the period of October 16 through October 31, 2020;
- d. Contractor prequalification for Potelco, Inc. in the amount of \$5,000,000 for the upcoming calendar year; and
- e. Contractor prequalification for J H Kelly, LLC in the amount of \$5,000,000 for the upcoming calendar year.

AGENDA REVISIONS

A discussion of customer, Commissioner, and staff input for the draft 2021 Strategic Plan was added as Business Item B by General Manager Doug Nass.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

BUSINESS ITEMS

Upon recommendation of staff, and upon motion of Commissioner Purser, seconded by Commissioner Waddell and carried, the Commissioners passed RESOLUTION 2186-20 in appreciation of David Anderson for his service to Clallam County PUD No. 1.

General Manager Doug Nass shared with the Board that public, Commissioners, and staff suggested revisions were received for the draft 2021 Strategic Plan, which was posted for public comment and input on the District's website on October 13, 2020.

Commissioner Waddell suggested an additional strategic objective for identifying external opportunities and threats related to changing and emerging energy technologies. Assistant Manager John Purser replied that we could build out the existing Managing Risk strategic objective to evaluate energy technology opportunities and threats. General Manager Doug Nass invited Commissioner Waddell to develop and provide a draft of his ideas to staff for review and subsequent submittal to the Board.

CORRESPONDENCE/COMMUNICATIONS

Finance Manager/Treasurer Sean Worthington provided the Board with an update (as provided by the Western Public Agencies Group) on BPA's recent workshop regarding its intention to include approximately \$95 million/year of revenue financing for capital projects in setting the Tier 1 rate for set power, transmission, and ancillary and control area service rates for the FY 2022-2023 rate period, in order to preserve scarce federal borrowing authority. While the initial BP-22 rate proposal will include a Tier 1 power rate increase of zero percent (0%) **on average** compared to the BP-20 Tier 1 power rate, based on history, Finance Manager/Treasurer Worthington advised this could result in a 3 to 4 % increase to the District's Tier 1 customers. He also shared that WPAG suggests that BPA forego its revenue financing proposal and instead apply the \$95 million/year to reduce the Tier 1 rate, giving preference customers a likely Tier 1 power rate decrease of approximately 4.5% on average in BP-22 compared to the BP-20 Tier 1 rate. He will continue to update the Board on the proposal as it is firmed up.

Assistant General Manager Purvis provided an update on an offering from Tucci Energy Services for a solar project being developed on 300 acres owned by Energy Northwest and located near the Columbia Generating Station in Richland. The offering is a request for a non-binding expression of interest from Energy Northwest members who would have first option as off takers. The generating capacity of the project is expected to be 70 to 100MW. The cost of power number is expected to be under \$40 per MW, however with the additional estimated cost of retail and power support services, the actual cost to Clallam would be \$50 to \$60 MWh. After conducting a preliminary scope of the offer, Assistant General Manager Purvis determined that for most billing months the offering would have a negative impact on the District's BPA load factor and would likely result in fractionally higher BPA supply unit cost. He recommended that the District not express interest due to a) the relative cost and potential rate impact; b) contract constraints; and c) because the carbon content of the District's supply is not at risk with respect to CETA. After some discussion, the Commissioners concurred with Assistant General Manager Purvis' plan to respond to the offering by declining it for the reasons provided above.

COMMISSIONER REPORTS

Commissioner Anderson attended several virtual WPUDA association meetings. Topics of conversation were the Tucci solar project; the status of the Horn Rapids solar storage project; the increase in prices for pipe for water projects; and reports that some utilities who were recipients of CARES funding will have to give some back as they were not able to distribute it before the distribution deadline. He commended District staff for their creativity in reaching out to eligible recipients which had the effect of dispersing all CARES funding to those in need. Commissioner Anderson also attended the Sequim Chamber of Commerce meeting where the increased price of lumber and the impact on local construction projects was discussed. He also spoke about the significant and underfunded financial impact that utilities are bearing as they relocate water and electrical utilities to comply with the 9th District Court ruling to facilitate fish passage on the Olympic Peninsula and commended Water/Wastewater Manager Tom Martin for his leadership on this issue. He concluded by commending the District's dramatically improved reliability, infrastructure, and process improvements over his past 17 years as a rate payer. He shared that throughout his utility career he has worked with a number of information technology teams and stated that the District's Information Technology group was "second to none." He also complimented the Customer Service Representatives for all they do to keep our customers happy.

Commissioner Waddell commented on BPA's Quarterly Business Review (QBR) and specifically complimented new BPA CEO John Hairston's thorough overview of the issues that BPA is working on. Other QPR topics were the Environmental Impact Statement (EIS) on the Snake River dam and fish recovery. He attended WPUDA meetings where topics included public disclosure rules, the hiring of general managers, transition plans, upcoming legislative issues, CETA rulemaking (which is to be finished by the end of the year), a \$2.4 billion impact to the state budget due to COVID, and WPUDA's budget, and the District's WPUDA dues.

Commissioner Purser attended a virtual NWPPA post-election forum. Topics of discussion were general public power issues, predictions on climate change legislation (little at federal level, active at state level), the Columbia River Treaty and river temperatures, and the high likelihood of virtual or hybrids of virtual organization and legislative meetings in the future, after COVID. He attended the NoaNet Board meeting which revolved around reporting financials (all good indicators) and the backing and issuance of NoaNet's \$25 million bond, 10% of which will go towards capital projected, and the balance to go to refinancing and debt paydown. One of the capital investments discussed was funding community broadband needs, especially as they relate to rural school districts. The Public Works Board goal of obtaining additional state funds to fund grants aimed at facilitating digital equity was also discussed at one of the WPUDA meetings he attended. Commissioner Purser also represented the District at the State Auditor Exit Conference and commended the District on their very clean audit, one in a line of many throughout the years.

STAFF REPORTS

Finance Manager/Treasurer Sean Worthington advised the Board that all of the District's \$45,200 in CARES funding had been exhausted with a total of 189 grants disbursed to eligible residential ratepayers. He commended Customer Service Supervisor Chanda Halvorsen and her staff of representatives for their diligent work with customers to get the money to them and he thanked Communications Manager Nicole Hartman and other staff for their community outreach, including canvassing of neighborhoods and hanging of door hangers to notify the community of the grants.

He noted that as one of the first CARES funding recipients, the District was subject to tighter restrictions than other counties and if/when additional funding became available, he was hopeful that we could disburse grants more quickly with fewer restrictions.

BOARD'S ACTION ITEMS FOR STAFF

1. Commissioner Waddell is to draft a strategic objective outlining opportunities and threats in regards to emerging and changing energy technologies.
2. Assistant General Manger John Purser is to research further the estimated RSS cost of off-taking solar with Tucci Energy Services.

COMMENTS FROM THE PUBLIC

A ratepayer requested training on and input into the District's upcoming 20-year contract negotiation with BPA.

ADJOURN

There being no further business to come before the Commission, the meeting adjourned at 3:08 PM.