

**COMMISSIONERS PREAGENDA  
FOR THE REGULAR MEETING OF  
CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1  
BOARD OF COMMISSIONERS  
JUNE 28, 2021 at 1:30 PM**

**Join Zoom Meeting:** <https://zoom.us/j/99970467762?pwd=M3Jwd20rRWdaVlZFUDRyd0hqVWZEQT09>

**Meeting ID:** 999 7046 7762 | **Passcode:** 784111

**One tap mobile:** +12532158782,,99970467762#,,,,\*784111# US (Tacoma)

**Dial by your location:** +1 253 215 8782 US (Tacoma)

- **Consent Agenda Items**

The Commissioners will consider approving Consent Agenda items.

- **RESOLUTION 2202-21 Adopting the District's Financial Policy**

The Commissioners will consider adopting Resolution 2202-21 Adopting the District's Financial Policy.

**Staff requests a motion, second, and vote:** The Board adopts 2202-21 Adopting the District's Financial Policy.

- **RESOLUTION 2205-21 Amending the Panoramic Heights Water System Service Area**

The Commissioners will consider adopting Resolution 2205-21 Amending the Panoramic Heights Water System Service Area.

**Staff requests a motion, second, and vote:** The Board adopts Resolution 2205-21 Amending the Panoramic Heights Water System Service Area.

- **District's Solar Energy Presentation**

In response to recent customer inquiries regarding solar and net-metering, staff will provide background and history on the District's activities, an overview of energy efficiency measures, the implications of the Clean Energy Transformation Act (CETA) requirements, and an overview of the District's current endeavors as they relate to solar energy and net-metering.

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*The Commissioners will also consider the customary business matters associated with approval of payments, minutes of the previous meeting, reports from Commissioners and staff, comments from the public, and other items of information or general business. Items may be added to, or removed from, the agenda at the meeting.*

**AGENDA**  
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**1. CALL TO ORDER**

**2. APPROVAL OF CONSENT AGENDA**

- a. Minutes of the June 14, 2021 regular meeting;
- b. Claim vouchers for June 14 through June 21, 2021 for a total of \$2,918,531.57; and
- c. Payroll vouchers for the period of June 1 through June 15, 2021;and
- d. Contractor prequalification for KVA, Electric Inc., in the amount of \$750,000 for the upcoming calendar year.

**3. AGENDA REVISIONS**

**4. COMMENTS FROM THE PUBLIC**

**5. BUSINESS ITEMS**

- a. RESOLUTION 2202-21 Adopting the District's Financial Policy Sean Worthington
- b. RESOLUTION 2205-21 Amending the Panoramic Heights Water System Service Area Travis McClain
- c. BPA Post 2028 Contract Discussion Staff and Commissioners

**6. CORRESPONDENCE/COMMUNICATIONS**

**7. COMMISSIONER REPORTS**

**8. BOARD ACTIONS FOR STAFF**

**9. STAFF REPORTS**

- a. Solar Energy Presentation Mattias Jarvegren

**10. EXECUTIVE SESSION**

**11. COMMENTS FROM THE PUBLIC**

**12. ADJOURN**

**CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1**

Minutes of the Regular Meeting of the Board of Commissioners

Main Office | 104 Hooker Road | Sequim, WA 98382

**June 14, 2021 – This meeting was held remotely via ZOOM**

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**Commissioners Present**

Will Purser, President  
Rick Paschall, Vice President  
Jim Waddell, Secretary

**Staff Present**

Doug Nass, General Manager  
John Purvis, Assistant General Manager  
Sean Worthington, Finance Manager/Treasurer  
Tom Martin, Water/Wastewater Manager  
Xanthius Christensen, Engineer  
Travis McClain, WWW Systems Coordinator  
Xanthius Christensen, Engineer  
Charlie McCaughan, Procurement and Facilities Manager  
Mike Hill, Engineering Manager  
Terry Lind, Operations Superintendent  
Doug Adams, Transmission and Substation Supervisor

Colin Young, Distribution System Supervisor  
Lori Carter, Controller/Auditing Officer  
Ruth Kuch, Financial Analyst  
Jamie Spence, HR Manager  
Rebecca Turner, Sr. Accountant  
Larry Morris, Safety Manager  
Steve Schopfer, IT Manager  
Teresa Lyn, Executive Assistant  
Mattias Jarvegren, Utilities Supervisor  
Tyler King, Power Analyst  
Chanda Halverson, Customer Service Supervisor  
Don Cohen, Legal Counsel

**Others Present as Identified**

Janet Marx  
James Schuenemann  
Richard deBusman  
Patricia Morris

The meeting commenced at 1:30 PM.

**CONSENT AGENDA :58**

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

- a. Minutes of the May 24, 2021 regular meeting;
- b. Claim vouchers for May 24th through June 7, 2021 for a total of \$3,931,193.07;
- c. Payroll vouchers for the period of May 1 through May 31, 2021;
- d. Removal of delinquent accounts from the June 2021 active accounts receivable totaling 8,808.39 including a 30% collection fee; and
- e. Contractor prequalification for Christenson Electric, Inc. in the amount of \$2,500,000 for the upcoming calendar year.

**AGENDA REVISIONS 1:42**

Due to the length of the staff report on today's agenda on vegetation management and the District's wildfire mitigation plan, General Manager Doug Nass advised that it will be presented instead at a separate public work session on Monday, June 21<sup>st</sup>.

**COMMENTS FROM THE PUBLIC 6:38**

Public comment was heard regarding Resolution 2200-21 in regards to its perceived potential effects on net-metering solar producers.

## **BUSINESS ITEMS**

Water and Wastewater Manager Tom Martin provided an update on the District's Application Certification for a Public Works Board Loan in the amount of \$6.6 million dollars at less than 1% interest for the Clallam Bay/Seki Water Infrastructure Upgrade Project. Upon recommendation of staff, and upon motion of Commissioner Paschall seconded by Commissioner Waddell and carried, the Board authorized staff to apply for the loan.

Upon recommendation of staff, and upon motion of Commissioner Waddell, seconded by Commissioner Paschall and carried, the Board approved Resolution 2200-21 Establishing a District Policy on Interconnection of Electric Generating Facilities.

Upon recommendation of staff, and upon motion of Commissioner Paschall seconded by Commissioner Waddell and carried, the Board adopted Resolution 2201-21 Establishing the Current Electric Service Regulations and Requirements and Rescinding Resolution 2100-18.

Upon recommendation of staff, and upon motion of Commissioner Waddell, seconded by Commissioner Paschall and carried, the Board adopted Resolution 2203-21 Adopting a District Food and Beverage Policy and Rescinding Resolution No. 1735-03.

Upon recommendation of staff, and upon motion of Commissioner Paschall seconded by Commissioner Waddell and carried, the Board approved Resolution 2204-21 Authorizing the Disposal of Surplus Property consisting of ten regulators that have reached their 25 year life cycle and three that are unrepairable. The total value is to be determined at a later date when their recycled value is determined.

## **CORRESPONDENCE/COMMUNICATIONS 57:08**

There were no correspondence/communication items.

## **COMMISSIONER REPORTS 57:17**

Commissioner Paschall attended a Western Public Agency Group (WPAG) meeting. The topic of discussion was the "true-up" or balancing of the Bonneville Power Authority's (BPA) budget, which consisted of a delayed amount of \$9 million dollars hitting the books now, due to a number of projects that were delayed or stopped during the pandemic but which now are starting back up.

Commissioner Waddell is attending Northwest Power and Conservation Council (NPCC) meetings three or four times a week. The meetings consisted of various NPCC modeling/scenario presentations regarding demand, surplus, resource adequacy, and the dichotomy of modeling scenarios between different organizations.

Commissioner Purser attended a BPA/Public Power Council (PPC) rates and contract presentation. Topics were a request for feedback regarding the format of the meetings going forward throughout October 2021; a detailed background on tiered rates methodology; and the definition of critical net power as it pertains to hydropower. He also attended a NoaNet meeting. Topics of discussion were NoaNet's pension plan funding (it is currently underfunded however they are on-target with contributions per their 10-year catch-up funding plan; financials (which are good and over 2020 numbers); and their recent clean audit (via Moss Adams). Also discussed was Franklin PUDs broadband customers, revenue, ISP's and expansion of their broadband facilities via bond issues; the government grant funding currently available for broadband, and the continuing strong demand for broader, better and cheaper access to broadband; problems with long lead-times, higher costs, and scarcity of broadband materials, especially chips and fiber. He also reported that NoaNet in partnership with Energy Northwest received a grant to study and monitor WIFI connection at smart electronic vehicle charging stations.

## **STAFF REPORTS 1:16:55**

- a. General Manager Doug Nass advised that the planned staff report on today's agenda regarding vegetation management and wildfire mitigation will be presented instead at a separate public work session on Monday, June 21st.

**COMMENTS FROM THE PUBLIC 1:17:15**

There was no public comment.

The regular meeting recessed at 2:48 PM for a break and reconvened at 2:53 PM.

**BOARD ACTIONS FOR STAFF**

- a. Hold open discussions on the BPA Post 2028 Contract

**EXECUTIVE SESSION 1:17:39**

The regular meeting went into Executive session at 2:53 PM for approximately 45 minutes to discuss litigation or potential litigation with legal counsel, pursuant to RCW 42.30.110(1)(i). Those in attendance were General Manager Doug Nass and Commissioners Purser, Waddell, and Paschall, and Legal Counsel Don Cohen. Commissioner Purser advised that there may, or may not be an action after the Executive session.

The regular meeting reconvened at 3:47 pm. Commissioner Purser made a motion to approve proceeding with exploring the District’s rejoining membership of the Public Power Council and to authorize the General Manager to arrange the District’s Interim General Counsel to conduct any appropriate legal research and analysis on the subject. Motion failed for lack of a second.

**ADJOURN 1:25:01**

There being no further business to come before the Commission, the meeting adjourned at 3:51 PM.

**ATTEST:**

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

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*A detailed transcript of this meeting via audio recording is available to the public on the Commission Meetings page of the PUD website here: <https://clallampud.net/commission-meetings/>.*

June 14, 2021

**SUMMARY VOUCHER APPROVAL**  
**PUBLIC UTILITY DISTRICT #1 OF CLALLAM COUNTY**  
**OPERATING FUND**

We certify, under penalty of perjury, that the materials have been furnished, the services rendered, or the labor performed as described herein, and that the attached list of claims are a just, due and unpaid obligation against Public Utility District No. 1 of Clallam County, and that we are authorized to authenticate and certify said claims.

SIGNED Yoni Carter DATE 6/22/2021  
AUDITING OFFICER

[Signature] DATE 6/23/2021  
FOR GENERAL MANAGER

Vouchers audited and certified by the Auditing Officer and the General Manager have been recorded on the attached list(s) which has been made available to the Board of Commissioners of Public Utility District No. 1 of Clallam County. We, the undersigned Board of Commissioners of Public Utility District No. 1 of Clallam County, approve for payment those vouchers included on the attached list(s):

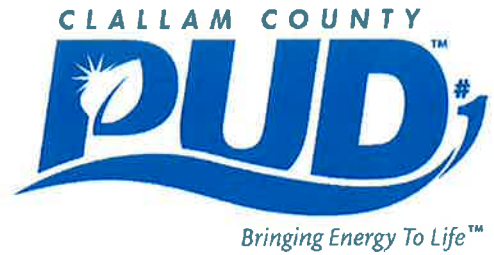
Summary for Voucher Lists Dated 6/14/2021–6/21/2021

Checks	\$	823,501.86
Wire Transfers		2,074,025.85
E-Payment		21,003.86
Prepays		
Total	\$	2,918,531.57


\_\_\_\_\_  
COMMISSIONER

\_\_\_\_\_  
COMMISSIONER

\_\_\_\_\_  
COMMISSIONER



MEMORANDUM

Date: June 28, 2021  
To: Doug Nass, General Manager  
From: John Purvis, Assistant General Manager   
Re: CONTRACTOR PREQUALIFICATION APPLICATIONS

The contractor on the following list is requesting approval for prequalification for the upcoming calendar year. Sean Worthington, Treasurer/Finance Manager, has examined the financial data submitted with the application as well as the bonding letter from their surety and/or bonding company and has recommended the prequalification amount as indicated:

Contractor	Previously Approved Amount	Recommended Amount
KVA Electric, Inc	\$750,000	\$750,000

Approved by Board of Commissioners at meeting of: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Doug Nass, General Manager

District Use Only: MH  JP  TL  BD  SW  JS

Previous Pre-Qual Amount: \$ 750,000 New Pre-Qual Amount: \$750,000

References checked by: \_\_\_\_\_ (on new contractors only) Date \_\_\_\_\_

Date To Board: June 28, 2021



**APPLICATION FOR PREQUALIFICATION TO BID ON  
CONSTRUCTION OR IMPROVEMENT OF ELECTRICAL FACILITY**

Contractors wishing to apply to the PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY for designation as a pre-qualified bidder for construction or improvement of any electrical facility shall complete the following questionnaire and submit all the information requested.

As used herein, the term "construction or improvement of any electrical facility" shall mean the construction, the moving, maintenance, modification, or enlargement of facilities primarily used or to be used for the transmission or distribution of electricity at voltages above seven hundred fifty volts, including structures directly supporting transmission or distribution conductors but not including site preparation, housing, or protective fencing associated with but not included in a contract for such construction, moving, modification, maintenance, or enlargement of such facilities.

1. Name of Business: KVA Electric, Inc.
2. Address -- Mailing: 13933 Jim Creek Rd. Arlington WA 98223  
Business: Same as mailing  
Telephone Number: 360-403-8301  
FAX Number: 360-435-6145  
E-Mail Address: Ivy@kvaelectric.com / Lucas@kvaelectric.com  
U.B.I. Number: 602-156-335  
Contractor Registration No: KVAELET862LP  
WA Employment Security No: 252909 00 0  
Dept. of Revenue State Excise Tax No: \_\_\_\_\_  
Company Federal Tax ID No: 91-2149780  
Sole Proprietorship  Partnership  Incorporation



3. If Applicant is a corporation:

- a. State of incorporation: WA
- b. Name and address of registered agent: Kevin T Duncan  
25829 Jim Creek Rd. Arlington WA 98223
- c. Names and addresses of officers of the corporation and their length of time with corporation. Indicate by an "\*" those authorized to sign contracts:  
Kevin Duncan - president  
Lucas Smith - VP national operations
- d. Number of years the corporation has been in business: 20 yrs.

4. If Applicant is a partnership, state -

- a. Names and addresses of all partners:  
\_\_\_\_\_  
\_\_\_\_\_
- b. Length of time partnership has been in business: \_\_\_\_\_

5. If Applicant is a sole proprietorship, how long have you been in business? \_\_\_\_\_

6. Number of years Applicant has performed the type of work for which Applicant is bidding: \_\_\_\_\_

7. Has the Applicant paid all current license fees to the State of Washington:

(circle one) **YES** NO

License type: Electrical  Construction  Both

License # KVAELEI062LP License # KVAELEI901LA

- 8. Attach a **general résumé** setting forth applicant's experience, technical qualifications, and organization's ability to perform the proposed construction.
- 9. Attach a **list of your supervisory personnel, their qualifications, and years of experience.** Also list the number and type of craftsmen available, and list equipment available for work.
- 10. Attach a **list of clients served over the last three (3) years** including their names, addresses, location of the jobs performed, and contract amounts of the larger contracts. Be sure to include all work done with other Washington public utility districts.
- 11. What is the maximum amount of work, expressed in dollars, which you consider you are capable of undertaking? \$ 5,000,000.00

19. Applicant confirms they are not on any State or Federal Suspended/Debarment lists. If for any reason applicant is placed on any State or Federal Suspended/Debarment lists, applicant must inform the District immediately and is banned from bidding on any project until the Suspension/Debarment is lifted and at the discretion of the District.

For which of the following classes of work are you seeking prequalification? *Indicate by use of "X" in proper square.*

- A. DISTRIBUTION
  - 1. Hot Work - Overhead
  - 2. Overhead Construction
  - 3. Underground - Primary
  - 4. Underground - Secondary
  - 5. Plowing
  - 6. Trenching
  
- B. TRANSMISSION
  - 1. Wood or Fiberglass Poles
  - 2. Steel Tower
  - 3. Steel or Concrete Poles
  - 4. Underground
  - 5. Stringing and Sagging Conductor
  
- C. POLE AND WOOD PRODUCT INSPECTION
  - 1. Inspection and Treatment of Poles in Place
  - 2. Inspection of New Crossarms and Poles
  
- D. SUBSTATION
  - 1. Complete Installation
  - 2. Control Wiring and Metering
  - 3. Maintenance
  
- E. AREA AND STREET LIGHTING
  - 1. Installation
  - 2. Maintenance
  
- F. TREE TRIMMING AND BRUSHING
  - 1. Involving "Hot" Lines
  - 2. Not involving "Hot" Lines
  
- G. RIGHT-OF-WAY CLEARING
  
- H. ENVIRONMENTAL CLEANUP SERVICES
  
- I. MISCELLANEOUS (List any special class not covered above)
  - \_\_\_\_\_
  - \_\_\_\_\_

□

I certify that information herein and/or attached is correct, true, and complete.

SIGNED this 3<sup>rd</sup> day of May, 2021.

*Ivy Bonell*

Signature of Applicant

Ivy Bonell - Project Manager, Project Developer  
Name and Title (Typed or Printed)

STATE OF WASHINGTON)

County of Snohomish ) ss.

Signed or attested before me on this 3<sup>rd</sup> day of May, 2021, by

Kari Stoddard

*Kari Stoddard*

NOTARY PUBLIC in and for the

State of Washington

My Commission Expires: 8/10/2024



[Notary Seal]



March 2, 2021

KVA Electric, Inc  
Attn: Bid Department  
13933 Jim Creek Rd  
Arlington WA 98223

RE: Contractor Prequalification

Ladies and Gentlemen:

In accordance with Washington State requirements, we are enclosing a Certified Statement of Pre-qualified Bidder form. Your firm can reaffirm that all of the information furnished in your previous application is still true and in force and effect.

Please complete and sign the enclosed affidavit. Completing and returning this form to our office will fulfill the requirements for prequalification for the next year.

Sincerely,

A handwritten signature in blue ink that reads "Jenean Keate".

Jenean Keate  
Contracts Coordinator

Enclosure



**CERTIFIED STATEMENT OF PREQUALIFIED BIDDER**

I, the undersigned, do hereby certify that I am the \_\_\_\_\_ of \_\_\_\_\_ (Title)

KVA Electric, Inc  
Name of Pre-qualified Bidder

13933 Jim Creek Rd, Arlington WA 98223  
Mailing Address

360.403.8301                                  360.435.6145  
Phone Number                                  Fax Number

lucas@kvaelectric.com  
Email Address

a pre-qualified bidder for electrical work for **PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY** for March 2021 to March 2022, and that all of the information previously furnished in our application for pre-qualification remains in full force and effect, except as set forth below:

*(List any exceptions)*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Pre-qualified Bidder: KVA Electric, Inc

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print/Typed)

Date: \_\_\_\_\_

At: \_\_\_\_\_  
(City and State)

RESOLUTION NO. 2202-21

A RESOLUTION Adopting the District's Financial Policy

WHEREAS the Public Utility District #1 of Clallam County Board of Commissioners ("the Board") desires that the District establish financial policies for managing its finances; and

WHEREAS it is the intent of the District to develop financial plans and set utility rates for current and future years; and

WHEREAS a District strategic objective is to be financially responsible; now, therefore, be it

RESOLVED, That this RESOLUTION in its entirety becomes effective on June 28, 2021.

2. That the attached Financial Policy is hereby adopted, effective immediately.

PASSED, by the Board of Commissioners of Public Utility District No. 1 of Clallam County, Washington, this 28th day of June, 2021.

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President

ATTEST:

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Vice President

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Secretary



<b>Policy#</b>	701		
<b>Name</b>	District Financial Policy		
<b>Department</b>	Finance		
<b>Policy Owner Name/Title</b>	Sean Worthington, Finance Manager/Treasurer		
<b>Creation Date</b>	5-27-2021	<b>Issue Date</b>	6-28-2021
<b>Resolution#</b>	2202-21	<b>Date Adopted</b>	6-28-2021
<b>Approval Authority</b>	Board of Commissioners		
<b>Directive Required?</b>	Yes		

## DISTRICT FINANCIAL POLICY

### I. PURPOSE

Establishes the District’s financial policies for managing its finances, including developing financial plans and setting utility rates for current and future years, while being fiscally responsible to the ratepayers.

### II. DEFINITIONS

- A. **Reserves Target:** A measure of how much cash is necessary to keep on hand to meet financial obligations in the event of an unexpected loss or outlay of cash.
- B. **Debt Service Coverage:** A measure of cash flow available to pay current debt obligations.
- C. **Leverage:** A measure of assets consumed if the debt balance was paid in full.
- D. **Rate Stabilization Fund:** A cash reserve created to stabilize utility operations during an unexpected event that negatively impacts cash flows.

### III. POLICY

- A. **Operating Reserves Target:** The District shall maintain adequate reserves, relative to the District's risk profile and independent of Paragraphs B, C, D, and E of this section, in order to mitigate unforeseen financial challenges and maintain its credit rating objective. The minimum reserve level is 120 days cash on hand with a target of 180 days cash on hand.

- B. **Debt Service Coverage Target:** The District shall develop financial plans to maintain a Debt Service Coverage Target of 2.0x. The minimum Debt Service Coverage, pursuant to bond resolution covenants is 1.25x. Debt Service Coverage is calculated by dividing the net revenues, as defined in the bond resolution, by the total annual debt service payment.
- C. **Leverage Target:** The District shall develop financial plans to maintain a debt to asset ratio of 40% or less. The debt to asset ratio is calculated by dividing outstanding long-term debt by the sum of total assets less depreciation. The Commission must authorize District exceptions that temporarily exceed this ratio on a temporary basis when circumstances warrant (e.g., purchase of a long-term generation asset or capacity or other major capital project).
- D. **Rate Stabilization Fund:** The District's Rate Stabilization Fund was initially funded in 2010 and shall be set at 6% of the budgeted rate revenue for the current year. If funding the Rate Stabilization Fund causes the Reserves Target to fall below the established minimum level in section 3.A, the District shall rate fund the Rate Stabilization Fund to the threshold established, in this policy, and do so at an amount not less than 1% of budgeted rate revenue per year. The District's Rate Stabilization Fund will be used only with Commission approval to meet the Debt Service Coverage Target, offset occasional revenue shortfalls, or manage utility rate increases in a manner consistent with the District's Strategic Plan.
- E. **Capital Fund:** The District may set up special funds for the purpose of Capital Projects. These funds will primarily be for the purpose of long-term capital planning where significant impacts to rates could be avoided through early planning (e.g., CETA Decarbonization Fund, building construction, substation re-builds, transmission re-builds).

**IV. IMPLEMENTATION**

This policy shall be implemented by staff upon adoption of Resolution 2202-21

**V. EXHIBITS/ATTACHMENTS: None**



A RESOLUTION Amending the Panoramic Heights Water System  
Service Area Boundary

WHEREAS, the District has received requests for water service from property owners adjacent to the current Panoramic Heights Water System Service Area Boundary; and

WHEREAS, per District Resolution 2074-17, in general, District policy is not to extend or enlarge a retail service area until and unless sufficient water rights have been secured to serve an expansion area; and

WHEREAS, the Panoramic Heights Water System Service Area Boundary currently includes a projected full build out of 20 Equivalent Residential Units (ERUs); and

WHEREAS, the Panoramic Heights Water System Water Rights capacity is 50 ERUs and the Water System Physical Capacity is 32 ERUs as identified in Table 9-1 from the District's 2017 Water System Plan; and

WHEREAS, on July 26, 2018 the Washington State Department of Health approved the District's Water System Plan and approved up to 32 connections within the Panoramic Heights Water System; and

WHEREAS, the attached, amended Service Area Boundary Map for the Panoramic Heights Water System includes a projected 25 ERUs; and

WHEREAS, the Panoramic Water System has sufficient capacity to support the Service Area Boundary on the attached map, and

WHEREAS, changes to the Service Area Boundary of a water system must be approved by the Washington State Department of Health; be it

RESOLVED, the Panoramic Heights Water System Service Area Boundary be amended in accordance with the attached map pending final approval by the Washington State Department of Health.

PASSED, by the Board of Commissioners of Public Utility District No. 1 of Clallam County, Washington this 28th day of June, 2021.

\_\_\_\_\_  
President  
ATTEST:

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

A RESOLUTION Regarding Water Service Expansion Policy

WHEREAS, Public Utility District No. 1 of Clallam County ("District") owns and operates Group A water systems with retail service areas and future service areas as described in the District's Water System Plan, approved by the Department of Health in 2010; and

WHEREAS, pursuant to landowner petitions, in 1989 the District initiated development of a public water system in the Carlsborg area by establishing Local Utility District ("LUD") No. 10 within a specifically described boundary for the purpose of distributing water for domestic use, and within four years established three additional LUDs in Carlsborg; and

WHEREAS, the District's Carlsborg water system has three water rights that have been dedicated to serving the District's existing customers and commitments in the LUD retail service area, which has not changed since 1993, and since that time the District has followed an informal policy of not extending the system in advance of securing sufficient water rights; and

WHEREAS, Clallam County has led planning for urban-level development and utility services in Carlsborg, a 560-acre area that the Clallam County Board of Commissioners established as an Urban Growth Area ("UGA") on December 5, 2000; and

WHEREAS, to serve the planned buildout in that portion of Clallam County's Carlsborg UGA that is outside of the District's LUD retail service area but within the identified future service area, the District's Carlsborg water system would require additional water rights, new infrastructure (including water production wells, water storage reservoirs, pump stations, water conveyance and distribution pipes), and land and/or easements to site these facilities; and

WHEREAS, effective January 2, 2013, the Department of Ecology ("Ecology") adopted the Dungeness River Water Resources Management Rule ("Rule") finding that "water is not reliably available for new consumptive uses", setting instream flows and closures for identified streams, and requiring mitigation of all new water uses that would deplete any such stream; and

WHEREAS, in December 2012, Clallam County and Ecology entered a Memorandum of Understanding regarding implementation of the Rule in which Clallam County's responsibilities include issuing land development permits consistent with state law and, specifically, "Prior to approval of development applications, confirm that applicable mitigation obligations, if any, have been met"; and

WHEREAS, on March 19, 2013, the District and Clallam County entered the Interlocal Agreement for the Carlsborg Wastewater System (the "2013 District-County Interlocal Agreement") providing i) for the District to assign to Clallam County a \$10 million Public Works Trust Fund loan (the "PWTF Loan") for design and construction of a "new wastewater collection, treatment and reclaimed water reuse system" for the Carlsborg UGA (the "System"), ii) for Clallam County to be "solely responsible" for all planning, design, permitting, construction, ownership, operation, and maintenance of the System, and iii) for Clallam County to exercise due diligence in evaluating the feasibility and cost-effectiveness of undertaking sewage treatment and water reclamation and reuse at the Sequim Water Reclamation Facility (the "Sequim Alternative") as compared to the preferred alternative of treating the sewage and reclaiming and reusing water in the Carlsborg UGA, with "particular consideration" given to "water-use mitigation costs for future development in the UGA"; and

WHEREAS, in the event Clallam County proceeded with the Sequim Alternative, the 2013 District-County Interlocal Agreement provided for Clallam County to "purchase or otherwise procure" for the District additional water rights in sufficient quantity to supply water for full buildout of the Carlsborg UGA that is outside of the District's Carlsborg retail service area as of March 2013; and

WHEREAS, in May 2013, the District and Clallam County entered an Assignment and Assumption Agreement for the PWTF Loan, whereby the District assigned and Clallam County assumed the \$10 million loan for design and construction of the System; and

WHEREAS, in November 2014, Clallam County and the City of Sequim entered the Interlocal Agreement for Carlsborg Wastewater Disposal under which Clallam County purchased sewage treatment capacity at the City of Sequim's plant and a right of first refusal to purchase a

limited quantity of reclaimed water, but Clallam County did not secure reclaimed water rights or make any provision for water rights mitigation in Carlsborg; and

WHEREAS, in December 2014, Clallam County adopted the 2014 Carlsborg Wastewater Facilities Plan Amendment for the Carlsborg UGA, which contained a preliminary analysis of the streamflow depletions predicted to result from increased groundwater pumping to supply the Carlsborg UGA at full buildout that shows depletions of the Dungeness River and Matriotti Creek and several streams east and west of the Dungeness River; and

WHEREAS, in January 2015, Ecology conditionally approved Clallam County's 2014 Sewer Facilities Plan, subject to Clallam County's completion of a water rights impairment analysis, which Clallam County has not completed and Ecology has not approved; and

WHEREAS, Section 33.20.060 of the Clallam County Code provides that all new land divisions shall connect to an approved public water supply consisting of either the District's Carlsborg water system or a private Group A water system that can meet applicable standards and provide the required level of service; and

WHEREAS, in July 2016, Clallam County issued a variance from Section 33.20.060, for property in the Carlsborg UGA outside of the District's retail service area, that contains a novel condition for the landowner to obtain a "no protest" agreement with the District and, in November 2016, Clallam County approved a short plat with water supply to come from a small, permit-exempt, domestic well; and

WHEREAS, recent court decisions regarding water law and water resources management rule development have created a situation where securing new water rights will be increasingly difficult, uncertain and expensive; now therefore, be it

RESOLVED, That the District will maintain its current policy approach to use of existing water rights and water service expansion as set forth in the currently-effective Water System Plan.

2. That, in general, District policy is not to extend or enlarge a retail service area until and unless sufficient water rights have been secured to serve an expansion area.

3. That, with respect to Clallam County's Carlsborg UGA, the existing rights held by the District's Carlsborg water system will continue to be only for serving the existing retail service area (LUD areas) until new water rights are procured by Clallam County.


4. That, absent a comprehensive agreement with Clallam County, the District will not negotiate or enter "no protest" or other agreements with individual property owners located in future service area(s).


5. That, absent a comprehensive agreement with Clallam County, the District will continue to perform the 2013 District-County Interlocal Agreement, which is still in force, and the District will urge Clallam County to make performance of the 2013 District-County Interlocal Agreement a high priority in the near term so as to make new water connections available in the Carlsborg UGA expansion area.

6. That District staff is directed to continue work on the District's Water System Plan update consistent with the terms of this Resolution No. 2074-17.

PASSED, by the Board of Commissioners of Public Utility District No. 1 of Clallam County, Washington, this 9th day of January, 2017.

  
\_\_\_\_\_  
President

ATTEST:  
  
\_\_\_\_\_  
Vice President

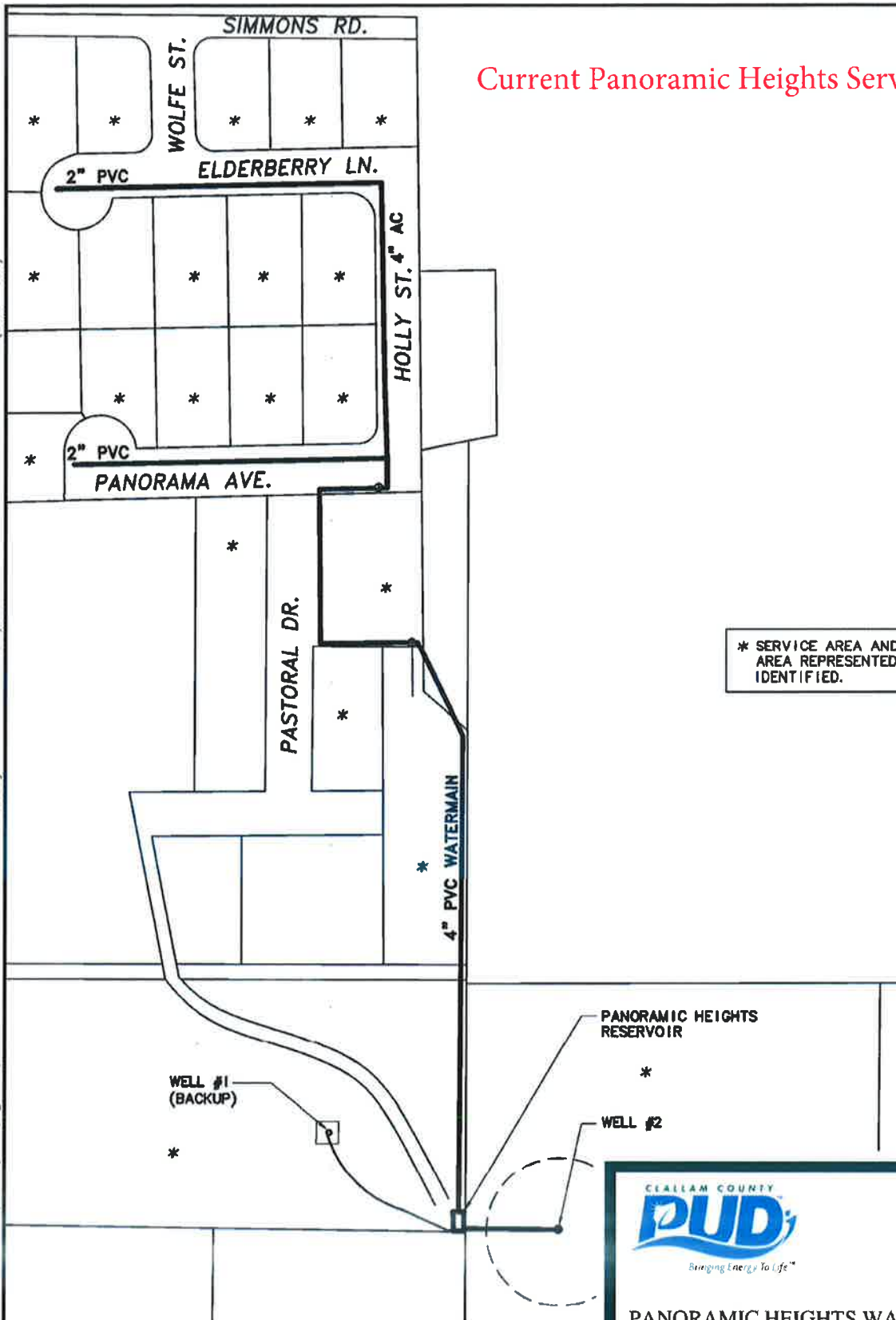
  
\_\_\_\_\_  
Secretary

# Current Panoramic Heights Service Area Map



\* SERVICE AREA AND RETAIL SERVICE AREA REPRESENTED BY 20 LOTS IDENTIFIED.

K:\TAC\_Projects\15\1750 Clallam PUD WSP Update\CAD\Figures\15-1750-WA-SERVICE AREA MAPS.dwg FIGURE 9-1 10/4/2017 8:23 AM NATHAN.ROSTAD 21.0s (LMS Tech)



CLALLAM COUNTY  
**PUD**  
*Bringing Energy To Life™*

FIGURE 9-1

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PANORAMIC HEIGHTS WATER SYSTEM  
SERVICE AREA MAP

April 2017

**MSA**  
Murray, Smith & Associates, Inc.  
Engineers/Planners

15-1750

**Table 9-1  
System Summary**

<b>Item</b>	<b>Panoramic Heights Water System</b>
<b>Number of Accounts Served, Year 2014<sup>1</sup></b>	
Residential	17
Commercial	0
Total	17
Estimated Population, 2014 <sup>2</sup>	38
<b>Estimated Number of ERUs Served, Year 2016<sup>3</sup></b>	
Residential	17
Commercial	0
Total	17
<b>Existing Water Facility Capacity</b>	
Total Source Capacity, gpd	28,800
Total Instantaneous Water Right Capacity, gpd	28,800
Total Annual Water Right Capacity, acre-feet	9
Total Annual Water Right Capacity, gallons	2,932,459
Total Storage Capacity, gallons	18,000
Number of Pressure Zones	1
<b>System Capacity in ERUs</b>	
Source	86
Treatment	86
Equalizing Storage	32
Standby Storage	32
Distribution	>32
Transmission	>32
Water Rights	50
Water System Physical Capacity <sup>4</sup>	32

Notes:

- <sup>1</sup> Number of accounts served provided by the District from existing records.
- <sup>2</sup> Current population estimated based on 2.22 people per residential connection per 2010 US Census.
- <sup>3</sup> ERU calculations are discussed in **Section 3**.
- <sup>4</sup> The maximum system capacity (in ERUs) is the lesser of the water system capacities noted.





STATE OF WASHINGTON  
DEPARTMENT OF HEALTH  
SOUTHWEST DRINKING WATER REGIONAL OPERATIONS  
*PO Box 47823, Olympia, Washington 98504-7823*  
*TDD Relay 1-800-833-6388*

July 26, 2018

Tom Martin  
Clallam County PUD #1  
104 Hooker Road  
Carlsborg, Washington 98324

Subject: Clallam County PUD, Owner ID #002087, Clallam County; Water System Plan Update, ODW Project #17-0502, APPROVAL

Dear Tom Martin:

The Water System Plan (WSP) received by the Office of Drinking Water (ODW) on May 1, 2017, along with the subsequent submittals received on October 24, 2017, February 26, 2018, March 19, 2018, April 23, 2018, and June 26, 2018, have been reviewed and are **APPROVED**.

Approval of this WSP is valid as it relates to the standards outlined in WAC 246-290 revised January 14, 2017, WAC 246-293 revised January 1991, and RCW 70.116 (Municipal Water Law) effective September 2003, and is subject to the qualifications herein. Future changes in the rules and statutes may be more stringent and require facility modification or corrective action.

An approved update of this WSP is required on or before July 26, 2024, unless ODW requests an update or plan amendment pursuant to WAC 246-290-100(9).

#### **APPROVED NUMBER OF CONNECTIONS**

This WSP includes capacity analysis for the six water systems owned by the PUD. Based upon the information supplied in the WSP, each of those water systems has sufficient capacity to meet the growth projections for the identified six-year planning period. The approved capacity of each system is set out in the tables below. ODW will reflect each systems capacity by noting a specified connection limit or if appropriate the “**unspecified**” designation for its approved number of connections on the Water Facilities Inventory (WFI) form and Operating Permit.

The number of approved connections for each system are as follows:



<b>Port Angeles Composite Water System</b>	
Limiting Factor	Storage, Equalizing and Standby
Total water budget capacity	5204 ERUs
Current usage	3416 ERUs
Water available for additional connections	1788 ERUs
Existing approved number of connections	Unspecified
<b>New approved number of connections available provided all future connections serve single-family residences.</b>	<b>Unspecified</b>
Maximum Day Demand (MDD) per day per equivalent residential unit (ERU)	350 gpd/ERU

<b>Clallam Bay/Sekiu Water System</b>	
Limiting Factor	Storage, Equalizing and Standby
Total water budget capacity	2180 ERUs
Current usage	1918 ERUs
Water available for additional connections	262 ERUs
Existing approved number of connections	620
<b>New approved number of connections available provided all future connections serve single-family residences.</b>	<b>333 + 262 = 595</b>
Maximum Day Demand (MDD) gallons per day per equivalent residential unit (gpd/ERU)	247 gpd/ERU

<b>Island View Water System</b>	
Limiting Factor	Storage, Equalizing and Standby
Total water budget capacity	84 ERUs
Current usage	44 ERUs
Water available for additional connections	40 ERUs
Existing approved number of connections	41
<b>New approved number of connections available provided all future connections serve single-family residences.</b>	<b>33 + 40 = 73</b>
Maximum Day Demand (MDD) gallons per day per equivalent residential unit (gpd/ERU)	400 gpd/ERU

<b>Carlsborg Water System</b>	
Limiting Factor	Storage, Equalizing and Standby
Total water budget capacity	736 ERUs
Current usage	378 ERUs
Water available for additional connections	358 ERUs
Existing approved number of connections	241
<b>New approved number of connections available provided all future connections serve single-family residences.</b>	<b>246 + 358 = 604</b>
Maximum Day Demand (MDD) gallons per day per equivalent residential unit (gpd/ERU)	455 gpd/ERU

<b>Evergreen Water System</b>	
Limiting Factor	Storage, Equalizing and Standby
Total water budget capacity	1184 ERUs
Current usage	650 ERUs
Water available for additional connections	534 ERUs
Existing approved number of connections	Unspecified
<b>New approved number of connections available provided all future connections serve single-family residences.</b>	<b>Unspecified</b>
Maximum Day Demand (MDD) gallons per day per equivalent residential unit (gpd/ERU)	745 gpd/ERU

<b>Panoramic Heights Water System</b>	
Limiting Factor	Storage, Equalizing and Standby
Total water budget capacity	32 ERUs
Current usage	17 ERUs
Water available for additional connections	15 ERUs
Existing approved number of connections	33
<b>New approved number of connections available provided all future connections serve single-family residences.</b>	<b>17 + 15 = 32</b>
Maximum Day Demand (MDD) gallons per day per equivalent residential unit (gpd/ERU)	336 gpd/ERU

**Based on the analysis presented in the WSP, the systems listed above are approved to operate up to the specified number of connections.**

You are responsible for permitting the addition of new service connections to your water systems in a manner consistent with the approved WSP. We expect you to maintain a process that recognizes all new connections added to the water system and the water demands associated with each connection. Your process must ensure that physical capacity and water right limitations are not exceeded.

#### **LOCAL GOVERNMENT CONSISTENCY**

Nathan West, Director of Community & Economic Development, signed the local government consistency (LGC) statement for the City of Port Angeles on July 26, 2017. A.P. Tjemsland, Utilities Manager, signed the LGC for the City of Sequim on February 28, 2018. Carol L. Creasey, Hydrogeologist, signed the local government consistency statements for Clallam County Community Development on June 26, 2017. This meets local government consistency requirements for WSP approval pursuant to RCW 90.03.386 and RCW 43.20.

#### **SERVICE AREA AND DUTY TO SERVE**

Pursuant to RCW 90.03.386(2), the service areas identified in this WSP service area maps may now represent an expanded "place of use" for these systems' water rights. Changes in service area should be made through a WSP amendment.

The Clallam County PUD has a duty to provide new water service within its retail service areas. This WSP includes service policies to describe how your system plans to provide new service within your retail service areas.

#### **CONSTRUCTION WAIVERS**

Standard Construction Specifications for distribution main extensions in this WSP are approved. Consistent with WAC 246-290-125(2), this system may proceed with the installation of distribution main extensions provided this system completes and keeps on file a construction completion report form in accordance with WAC 246-290-125(2) and WAC 246-290-120(5) and makes it available for review upon request by ODW.

#### **WATER RESOURCES**

*Our approval of your WSP does not confer or guarantee any right to a specific quantity of water. The approved number of service connections is based on your representation of available water quantity. If the Department of Ecology (Ecology), a local planning agency, or other authority responsible for determining water rights and water system adequacy determines that you have use of less water than you represented, the number of approved connections may be reduced commensurate with the actual amount of water and your legal right to use it.*

Tom Martin  
July 26, 2018  
Page 5

## WATERSHED PLANNING

Clallam PUD Water System Service Areas are located in three Water Resource Inventory Areas (WRIA). Evergreen is located in WRIA 17 (Quilcene/Snow) and 18 (Elwha-Dungeness). Carlsborg, Port Angeles Composite and Panoramic Heights are located in WRIA 18 (Elwha-Dungeness) and Clallam Bay/Seki and Island View are located in WRIA 19 (Lyre/Hoko). Please contact Ecology for more information regarding watershed planning.

We recognize the significant effort and resource commitment involved in the preparation of this WSP.

If you have any questions, please contact Mark Mazeski at (360) 236-3038 or by e-mail at [mark.mazeski@doh.wa.gov](mailto:mark.mazeski@doh.wa.gov), or Jocelyne Gray at (360) 236-3034 or by e-mail at [jocelyne.gray@doh.wa.gov](mailto:jocelyne.gray@doh.wa.gov).

Sincerely,



Mark J. Mazeski  
Office of Drinking Water, Regional Planner



Jocelyne Gray, P.E.  
Office of Drinking Water, Regional Engineer

cc: J. Brent Gruber, Murray, Smith & Associates, Inc.  
Mary Winborn, Clallam County Department of Community Development  
Sue Waldrip, Clallam County Health and Human Services  
Tammy Hall, Department of Ecology



# Solar Then, Now, and In the Future

June 2021





## Agenda

- Background
- History and comparison
- Energy efficiency
- Clean Energy Transformation Act (CETA)
- Current endeavors

“Providing reliable, efficient, safe, and low cost utility services in a financially and environmentally responsible manner.”







## **Solar and net-metering history**

### **Net Metering Laws:**

- 1998, Substitute House Bill 2773
- 2006, Engrossed Substitute House Bill 2352
- 2019, Engrossed Second Substitute Senate Bill 5223

### **Additional Incentives**

- State production incentives (incentive cap reached)
- Sales tax exemption in place through 2029
- Federal tax credits through 2023







## **Solar and net-metering history**

The District has offered net metering since 1998 and now has integrated more than 350 customer owned renewable distributed generation systems

The District has implemented a community solar project located in downtown Sequim

Clallam County PUD has the 4<sup>th</sup> highest amount of solar of the PUD's in Washington

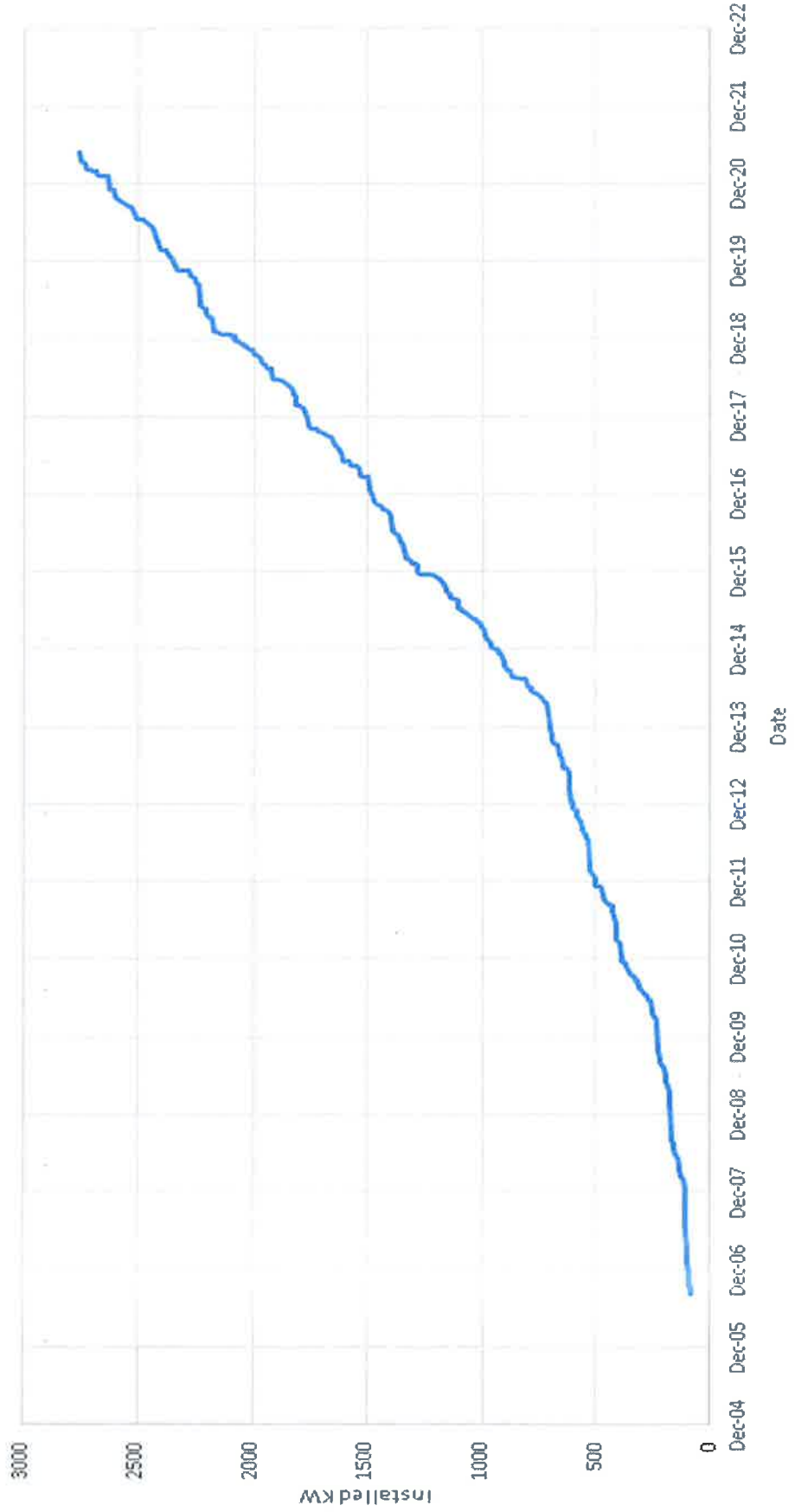


# Growth in customer solar continues after end of State incentives

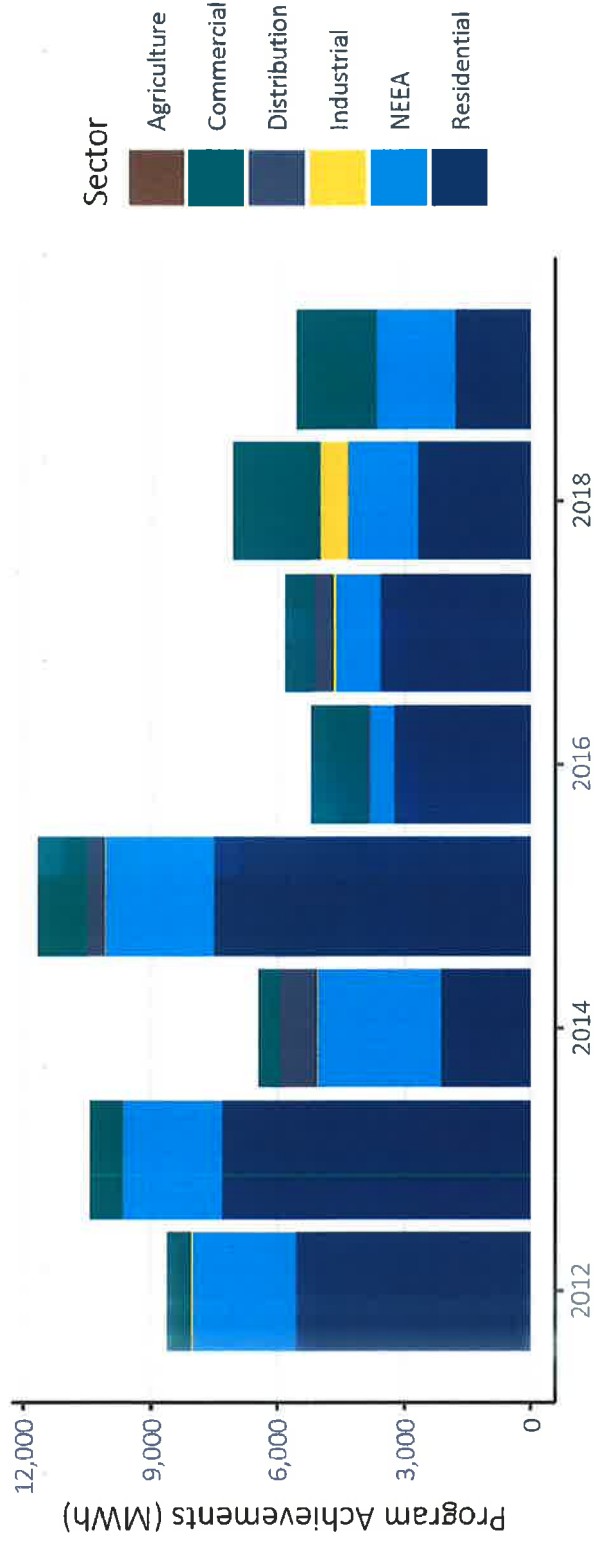


Bringing Energy To Life™

### Growth of Rooftop Solar Clallam County

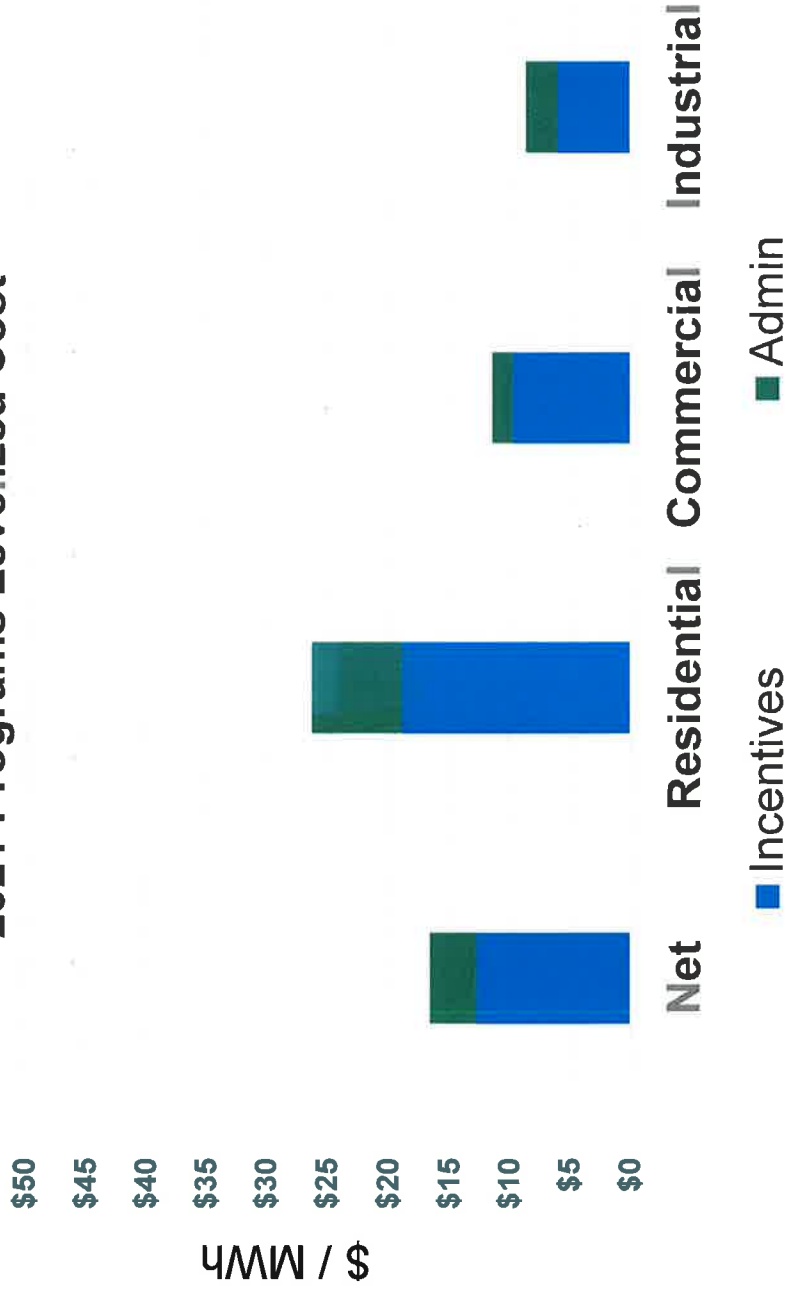


## Energy efficiency



# Energy efficiency

## 2021 Programs Levelized Cost





## **CETA Refresh and its implications**

### **Power supply**

Power supply carbon neutral by 2030  
Carbon free by 2045

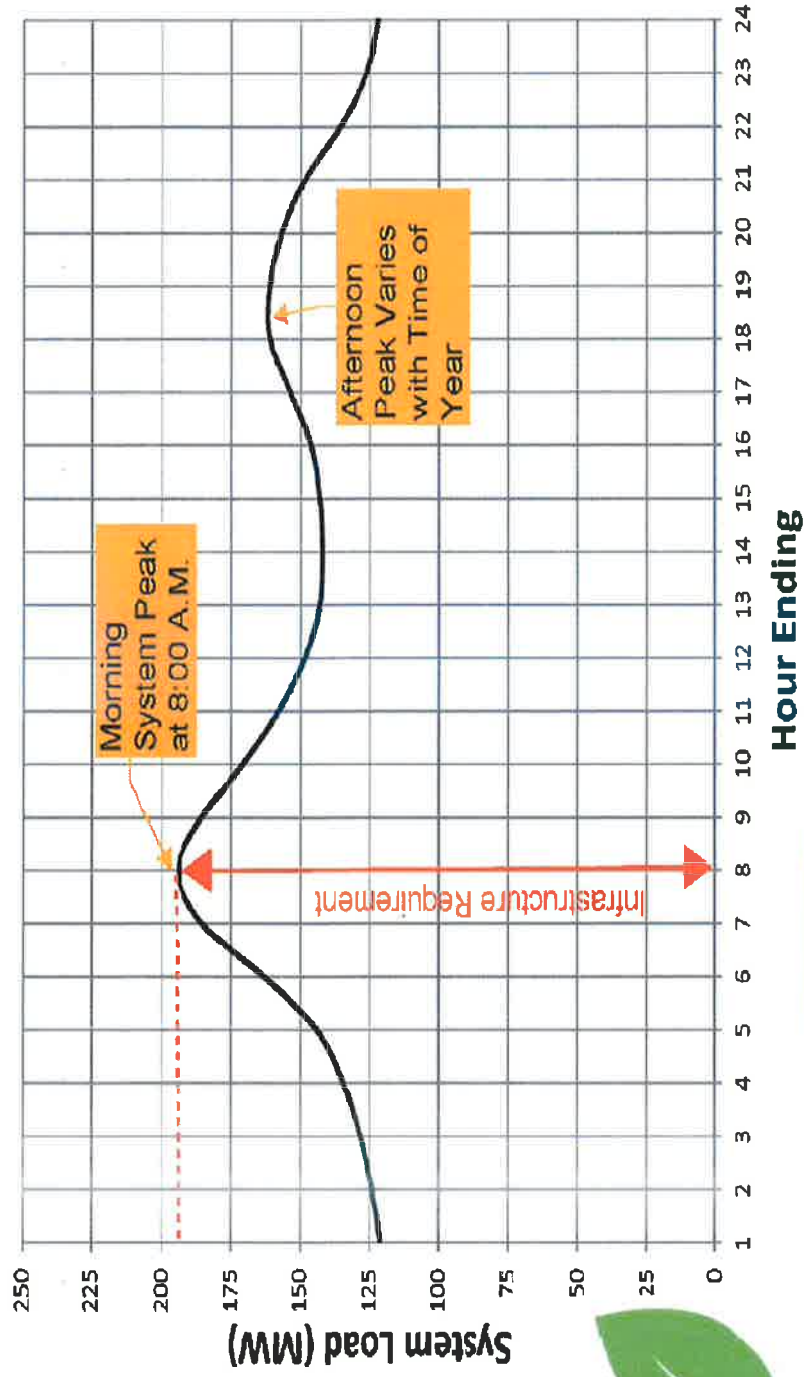
### **Equity**

Reduce Energy Assistance Need 60% by 2030  
Reduce Energy Assistance Need 90% by 2050  
Can't charge low income or vulnerable populations



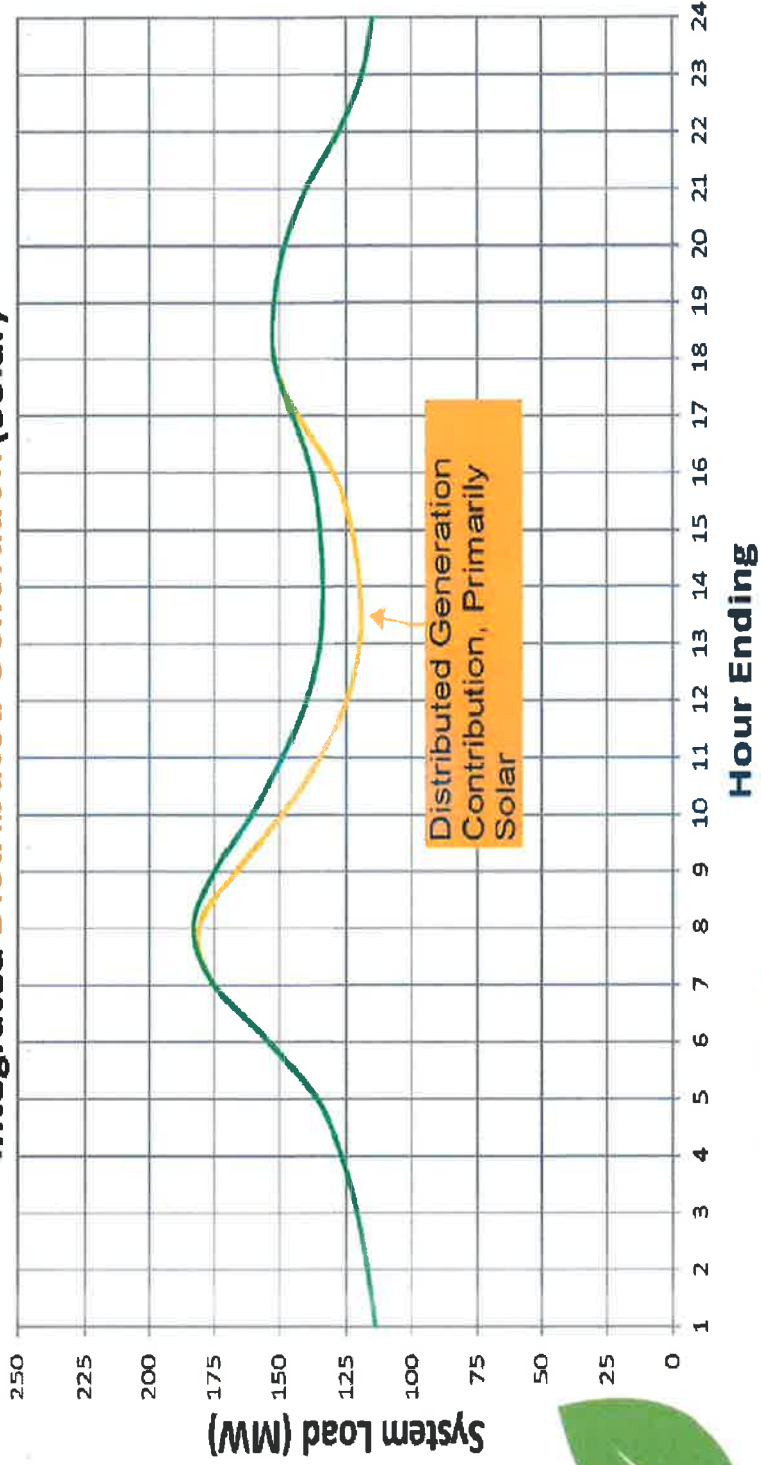
# CETA Refresh and its implications

## Winter Daily Weekday Load Profile for System



## CETA Refresh and its implications

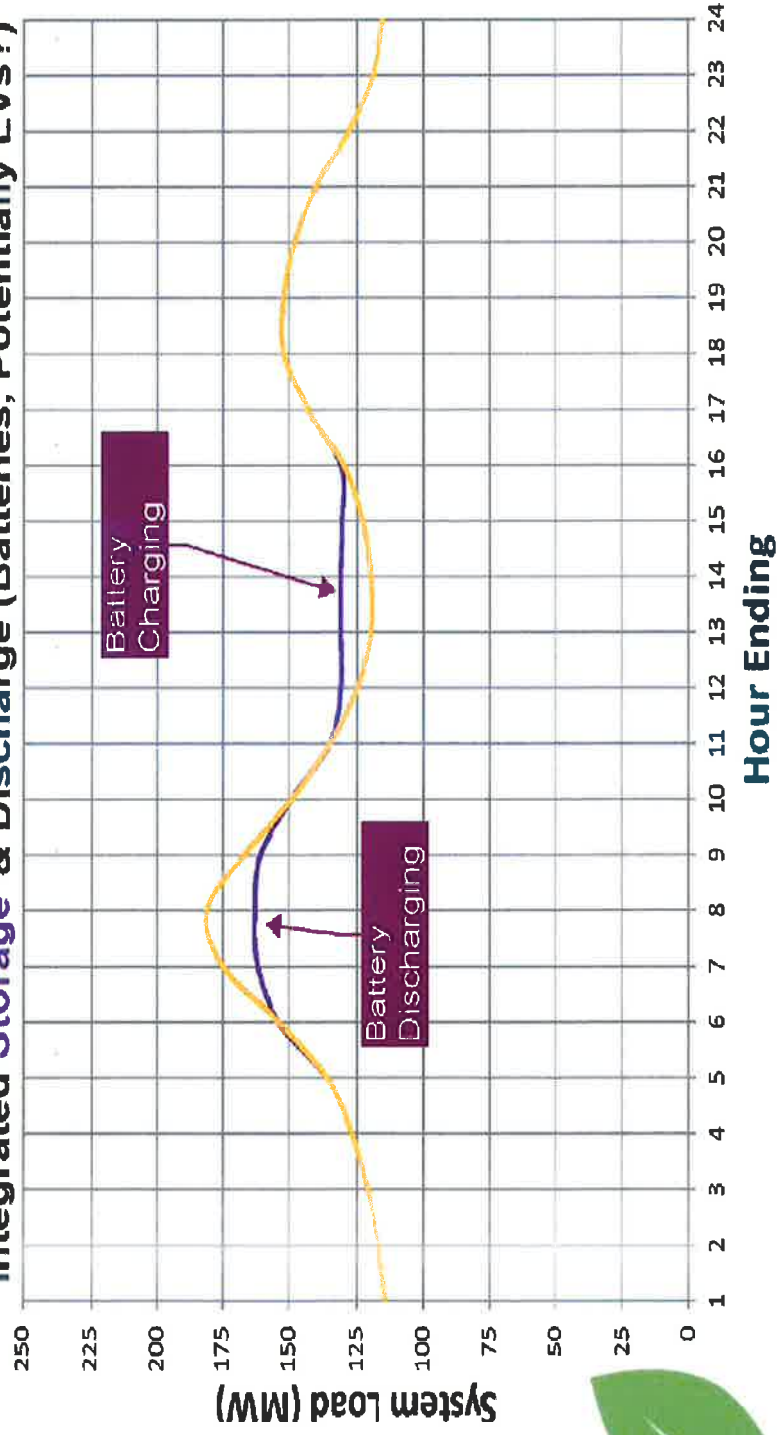
Winter Daily Weekday Load Profile for System  
 Integrated **Distributed Generation (Solar)**





## CETA Refresh and its implications

Winter Daily Weekday Load Profile for System Integrated Storage & Discharge (Batteries, Potentially EVs?)





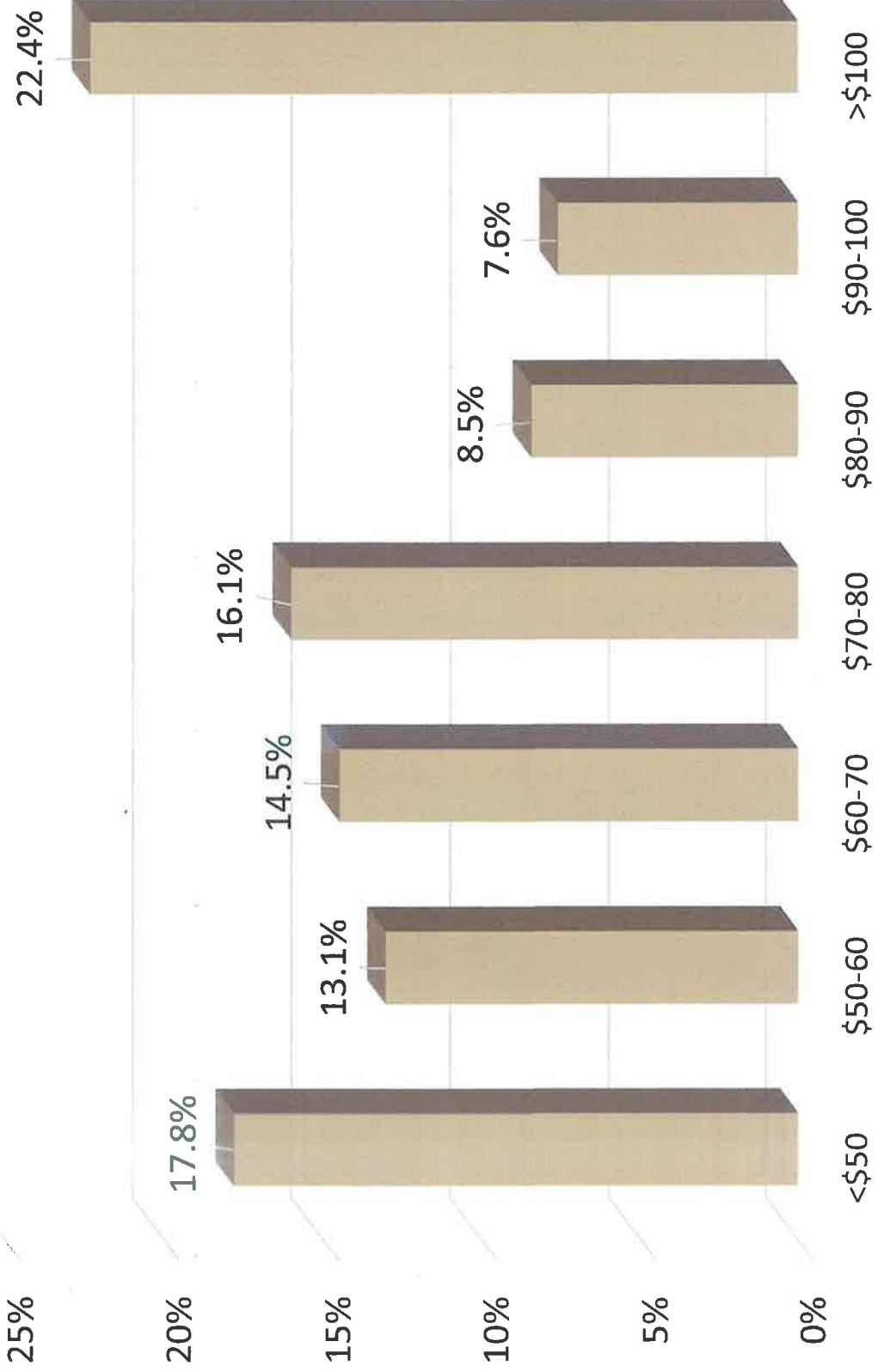


## **CETA Low income implications**

- Current District low income programs are based on direct assistance applied to the monthly charge
  - Potential to address only a portion of District Energy Assistance Need (EAN)
  - No conservation (energy), health or societal benefits
- Weatherization conservation targeted to high energy burden households is the lowest cost remedy to meet 2030 EAN target
- In many cases, conservation kits consisting of the following are comparable to the most cost effective weatherization inventory
  - Low flow showerheads
  - Basic air sealing materials for DIY projects
  - Low flow aerators
  - Smart thermostats
  - Energy use literature and education materials



# Weatherization Inventory



Project Cost for MWH Saved



# CETA Section 12 Project Comparison 2020



Facility & Location	Effective "Cost" Energy Basis (\$ / MWh)	Annual Cost to Meet 2030 CETA EAN <sup>(1)</sup> Target
Direct Monetary Assistance Based on Retail Rate	74.0	\$2,460,000
Community Solar without Battery	87.5	\$2,909,000
Median Weatherization Project – PUD Cost	71.1	\$2,364,000
Targeted Weatherization	50.0	\$1,662,000
	60.0	\$1,995,000
	70.0	\$2,337,000

(1) EAN = Energy Assistance Need





## **CETA Low income implications**

- **Low-income community solar is likely to become the lowest cost effective way to meet the 2050 EAN target**
  - Potential future reduction in generation costs below the cost of direct assistance, as is already the case in parts of Eastern Washington
  - We will exhaust the more cost effective weatherization inventory and conservation kits at some point after 2030

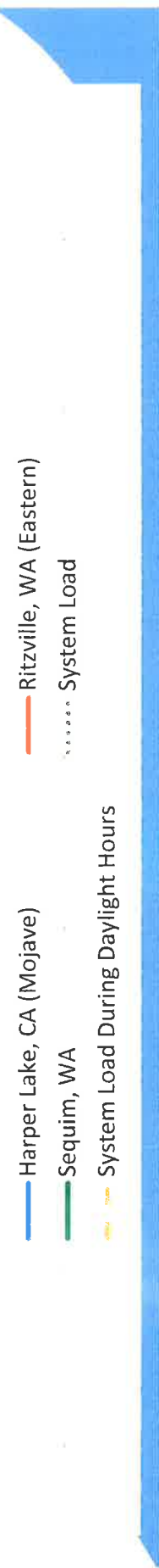
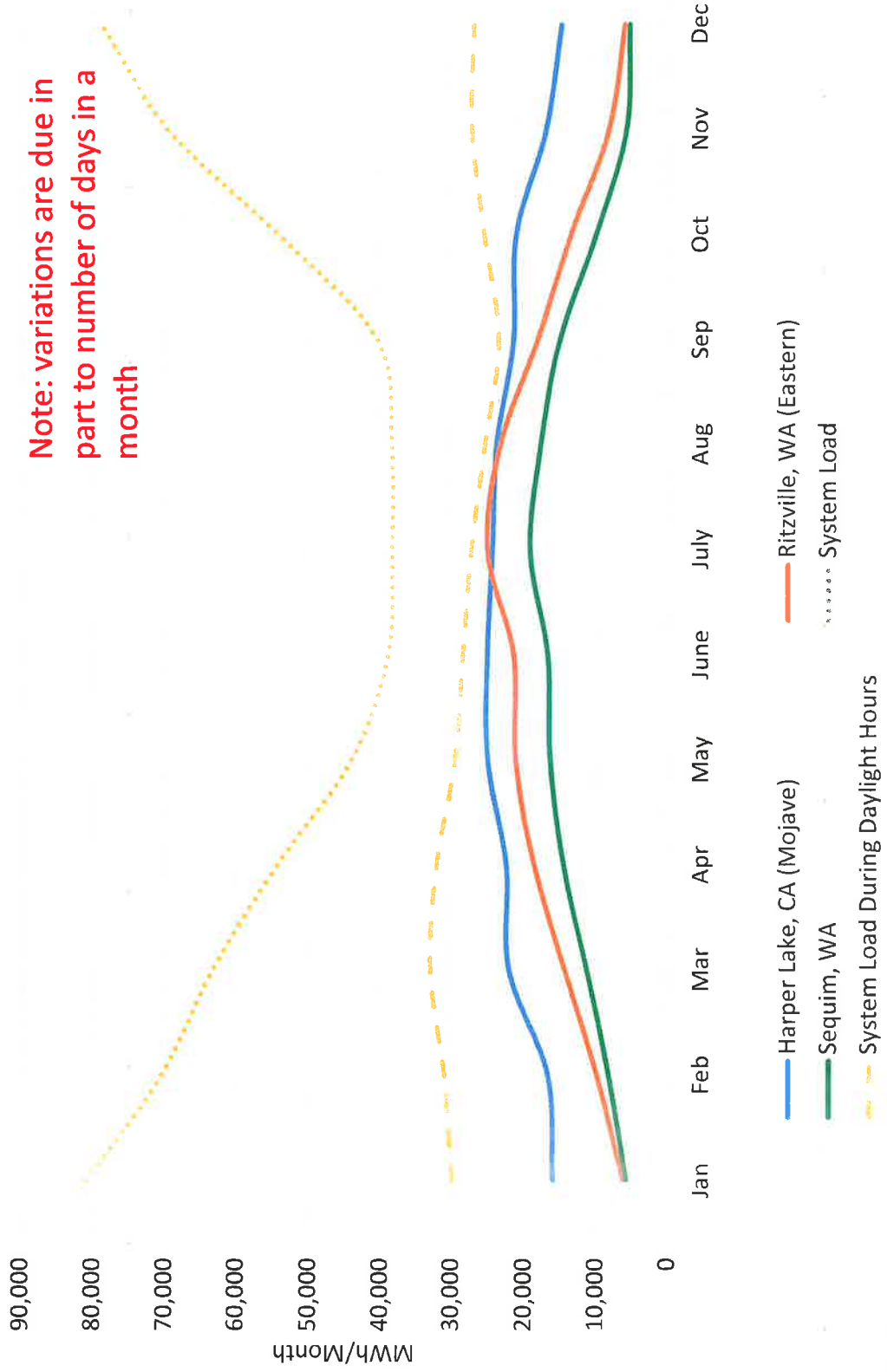


# Solar Challenges for our area Farm Analysis 2020



100 MWdc Solar Farm (MWac Output)

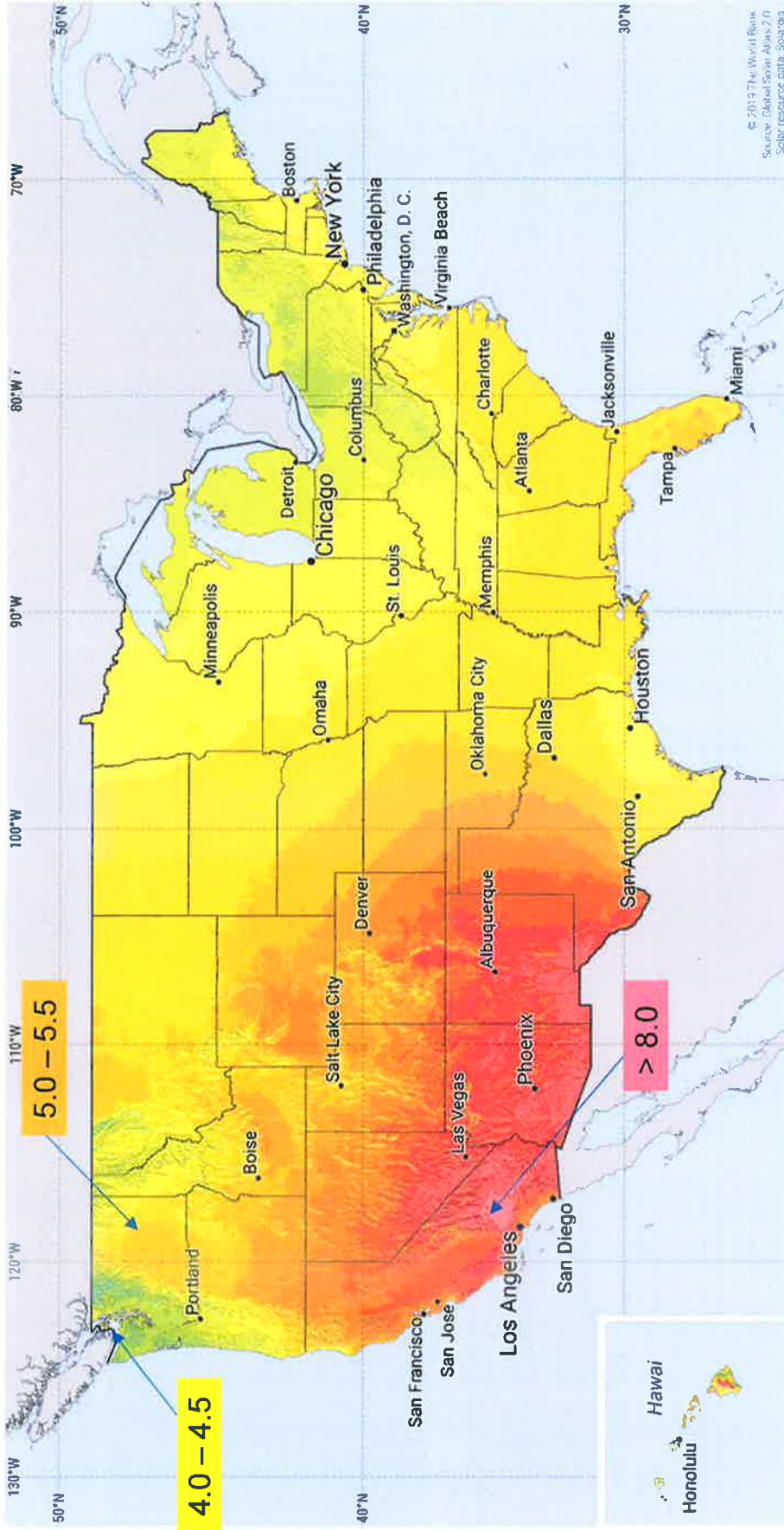
2<sup>nd</sup>





SOLAR RESOURCE MAP

**DIRECT NORMAL IRRADIATION  
UNITED STATES OF AMERICA**

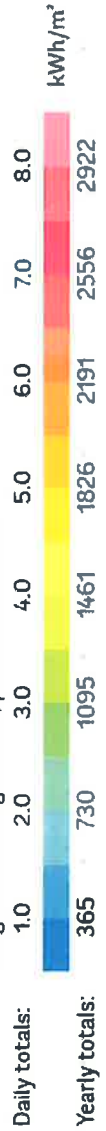


5.0 – 5.5

4.0 – 4.5

> 8.0

Long term average of DNI, period 1999-2018



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## Theoretical End User Costs

Location	Generation	Transmission to Clallam <sup>(1)</sup>	Balancing and Services	Total Cost (\$ / MWh)
Harper Lake Rd, CA, (Mojave Desert)	28.6	13.8	6.0	48.4
Ritzville, WA	38.5	3.1	6.0	47.6
Sequim, WA	49.2	0	?	49.2 ?

(1) Based on unconstrained transmission, \$2,400 MW-mile



# Energy Storage



➤ The District is planning for a 5 MW Distribution Scale Battery within 5 years

- Reduce BPA demand costs
- Lower power supply costs
- CETA investment
- Potential to shape intermittent generation

➤ As part of this storage project

- The District will provide customers an opportunity to integrate customer owned battery systems, including EVs, under an interconnection net meter arrangement
- It will be based on the reduction in District power supply cost for the interconnect. The demand response element will require a contractual commitment regarding battery availability when needed







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## Recap

- Clallam County PUD has the 4<sup>th</sup> highest amount of solar of the PUD's in Washington
- Clean Energy Transformation Act (CETA) will provide challenges, but it will make the power system less reliant on carbon resources
- We are currently working and planning under the assumption that solar will play an important part in meeting our CETA section 12 requirements
- Solar and other renewable and non-emitting sources, as well as energy storage systems will be part of a lower carbon and eventual non-carbon supply



**Thank You**



**Mattias Järvegren**  
**[MattiasJ@ClallamPUD.net](mailto:MattiasJ@ClallamPUD.net)**  
**(360) 565-3263**

