

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
Minutes of the Regular Meeting of the Board of Commissioners
Main Office | 104 Hooker Road | Sequim, WA 98382
August 23, 2021 – This meeting was held remotely via ZOOM

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
Ben Phillips, Engineer
Charlie McCaughan, Materials Manager
Mattias Järvegren, Utility Services
Supervisor
Terry Lind, PA Operations Superintendent
Jamie Spence, HR Manager

Tom Martin, WWW Manager
Nicole Hartman, Communications Manager
Ruth Kuch, Financial Analyst
Tyler King, Power Analyst
Mike Hill, Engineering Manager
Larry Morris, Safety Manager
Julie Metzger, Power Systems Project
Coordinator
Teresa Lyn, Executive Assistant

Others Present as Identified

Paula Barnes
Janet Marx

Rob Ollikainen (PDN)
Ted Light, Lighthouse Energy Consulting

The meeting commenced at 1:30 PM.

CONSENT AGENDA :40

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

- a. Minutes of the August 9, 2021 regular meeting;
- b. Claim vouchers for August 9 through August 16, 2021 for a total of \$737,314.41; and
- c. Payroll vouchers for the period of July 16 through July 31, 2021.

AGENDA REVISIONS 1:00

Due to the number of business items to be addressed, the Evaluation of the District's Operating Reserve Line of Credit (LOC) presentation will be postponed to a later meeting. Public comments were moved up to precede the Executive Session. Depending upon the time that consultant presenter Ted Light becomes available to attend the meeting, the discussion sequence of other agenda items may be revised accordingly.

COMMENTS FROM THE PUBLIC 3:04

There was no public comment.

BUSINESS ITEMS STARTING AT 3:44

Please note: due to connection problems it was difficult to hear Commissioner Waddell's audio during some portions of these discussions. Combined with Mr. Light's later attendance into the meeting, some business agenda items and commissioner reports are out of sequence. Please refer to the times noted.

- a. **3:45** - Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board authorized Acceptance Memo of Completion for Bid Number 211004 for transmission road construction upgrades with Bruch & Bruch, Construction, Inc. The project consisted of supplying and performing the clearing, widening, grading and placement/compaction of rock and culverts for utility access roads in the vicinity of Highway 112 between Sail River to Snow Creek in Clallam County. The total contract cost is \$90,106.0, including WSST.
- b. **7:46** - Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board adopted RESOLUTION 2207-21 Amending the District's Charge Card Policy in order to enable the District to take advantage of a 1.59% rebate on specific purchases. The program is offered by US Bank and over the last quarter's program trial period the District realized rebates of over \$10,000 total.
- c. **9:59** - Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board adopted RESOLUTION 2208-21 approving of the disposal of the auditor-required annual compilation of miscellaneous surplus property which is either no longer needed or is obsolete. The total estimated value of this surplus property is \$6250.
- d. **14:21** - Utility Services Supervisor Mattias Järvegren provided the Board with an overview on the District's 2020/2021 Energy Efficiency Acquisition. Included in the presentation was a review of our biennial energy efficiency targets, acquisitions, compliance costs, where the efficiencies come from, and beneficial system peak and CO₂ reductions. Overall we are meeting or exceeding our Energy Independence Act (EIA) compliance targets for a relatively low cost for this biennium. Most of the savings were realized via PUD's LED bulb incentive program. The current omnipresence of LEDs means that future targets will likely be realized instead via customer upgrades to energy-efficient heat pumps.
- e. **39:44** - Ted Light of Lighthouse Energy Consulting presented on the District's 2021 Conservation Potential Assessment (CPA) Results. Included was an explanation ways the PUD could best save energy, and a comprehensive analysis of the likely energy-savings sources and the most cost-effective energy savings the District is likely to be able to implement, market barriers, historical targets, feasibility and potential, results, and the impact that state legislation (Energy Independence Act and the Clean Energy Transformation Act) will have on our conservation targets. It is expected that most savings will be achieved via the upgrade of or migration to residential ductless heat pumps, smart thermostats, more energy-efficient appliances, LED lighting fixtures, and improved water heating systems and weatherization efforts. Interior lighting and more efficient grocery refrigeration are expected to provide the most opportunities for commercial energy conservation.

- f. **1:19:10** - Following the above two conservation presentations, upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board adopted RESOLUTION 2209-21 Establishing the District's 2022 - 2031 Achievable Cost-Effective Conservation Potential and 2022 - 2023 Biennial Conservation Target.
- g. **25:41** - Regarding Bonneville Power Administration's (BPA)'s post-2028 contract: Commissioner Paschall commented that he noticed that the subject of that melded rates does not seem to be getting much traction. Commissioner Waddell reported that BPA's cash on hand is looking good at \$512 million in reserves however he questions how an \$165 million in unused capital and \$112 million in rollover figures into that reserve number. He also reported that BPA said they are not making much money in sales this year because of low river levels. Commissioner Purser advised that Energy Northwest (EN) is considering an extensive power upgrade project (+170MW) to the Columbia Generating Station (CGS) which if sold to BPA would free up more power for BPA to market.

CORRESPONDENCE/COMMUNICATIONS 32:40

None.

COMMISSIONER REPORTS 32:48

Commissioner Waddell advised that he attended BPA QVR workshop. He received a call from a Port Angeles council member asking for information on BPA's post-2028 contract process, which led him to suggest that City of Port Angeles Power Resource Manager Greg King be invited to listen in at upcoming BPA post-2028 contract process meetings. He also received a call from a biochar (charcoal biomass) firm interested in setting up a biochar plant on Elwha Tribal land. General Manager advised that District staff has an August 30th meeting scheduled with the firm's representatives to discuss the project. He will provide an update on the meeting to the Commissioners.

Commissioner Paschall attended a BPA Provider of Choice meeting and commented that BPA is doing a good job of providing background on this aspect of the utility industry.

1:21:52 - The meeting convened and recessed at 2:52 PM for a break. The meeting reconvened at 2:57 PM.

1:30:33 - Commissioner Purser attended the Northwest Power Pool's Resource Adequacy Symposium. He advised that the takeaway was that transmission will be heavily dependent upon the ability to obtain firm carbon-free resources, which will require much coordination between the different entities; and BPA's commitment to resource adequacy. Also discussed was construction of the Ruby Flats 150MW solar farm on Energy Northwest land which will be completed by August 2022 and for which purchase power agreement subscriptions are already being offered; and the feasibility, technology, siting, expandability, licensing, environmental review, and perception of new small nuclear reactors for Grant PUD.

STAFF REPORTS 1:41:06

Finance Manager Sean Worthington reported on a 2014 Bond Defeasance proposal. The District is in the position of taking advantage of an opportunity, through strategic financing and use of CETA and rate stabilization funds, to pay off and thereby remove the 2014 debt obligation from the balance sheet. Following the defeasance of the 2014 bonds the District would issue new bonds for upcoming capital projects. The combination of the defeasance and new debt issuance has the potential to save the District \$1.8 million dollars over the next decade. The Board of Commissioners provided permission for staff to proceed with developing a Bond Resolution to be submitted to them in September.

Port Angeles Operations Superintendent Terry Lind requested permission from the Board to deviate from standard operating procedure and go to bid earlier than normal (in October 2021 vs. January 2022) for the purchase of some vehicles, equipment, and materials in order to mitigate the long lead times that we are currently experiencing (and expect to continue to experience) in the delivery of these items. The Board of Commissioners provided permission for staff to proceed.

BOARD ACTION ITEMS FOR STAFF 1:47:25

There were no board action items.

COMMENTS FROM THE PUBLIC 1:53:25

None.

The meeting convened and recessed at 3:24 for Executive Session for approximately 30 minutes. The meeting reconvened at 4:00 PM.

EXECUTIVE SESSION 1:53:55

The Commissioners held an executive session to review the performance of a public employee, pursuant to RCW 42.30.110(1)(g). Immediately after the session it was announced that General Manager Doug Nass had submitted his retirement letter to the Board. Mr. Nass's planned retirement date is January 15, 2022.

ADJOURN 1:55:31

There being no further business to come before the Commission, the meeting adjourned at 3:58 PM.

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/>.

August 23, 2021