

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 27, 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
Jamie Spence, HR Manager
Tom Martin, WWW Manager
Nicole Hartman, Communications Manager

Larry Morris, Safety Manager
Lori Carter, Controller/Auditing Officer
Mattias Jarvegren, Utility Services
Supervisor
Ruth Kuch, Financial Analyst
Rebecca Turner, Sr. Accountant

Others Present as Identified

Paula Barnes
Patti Morris
Nancy Neraas, Attorney and Bond Council
for the District

Don Cohen, District Attorney
Ryan Espegard, Attorney

The meeting commenced at 1:32 PM.

CONSENT AGENDA 2:30

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

- a. Minutes of the September 13, 2021 regular meeting;
- b. Claim vouchers for September 13 through September 20, 2021 for a total of \$2,624,861.58; and
- c. Payroll vouchers for the period of September 1 through September 15, 2021.

AGENDA REVISIONS 3:54

Assistant General Manager John Purvis will provide a quick report on BPA's low-density discount ratio in staff reports.

COMMENTS FROM THE PUBLIC 4:13

There was no public comment.

BUSINESS ITEMS STARTING AT 4:33

- a. **4:34:** Finance Manager/Treasurer Sean Worthington introduced to the Board Ms. Nancy Neraas, the District's attorney and bond counsel from Foster Garvey. Ms. Neraas provided an explanation for today's proposed bond Resolution, which she and her staff drafted. Essentially the Resolution enables the Board to approve (a legal requirement) the Districts' debt, and provide for potential opportunities for significant future savings. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board adopted RESOLUTION 2214-21 authorizing the issuance and sale of electric system revenue bonds to finance capital improvements of the District; fixing the form and covenants of the bonds; and delegating authority to a designated representative to approve the final terms of the bonds.

- b. **15:58:** Regarding The Bonneville Power Administration's (BPA)'s post-2028 contract: Finance Manager Sean Worthington advised that BPA issued a press release today announcing their decision to join the Western Energy Imbalance Market in March 2022. EIM participation is expected to further enhance the value of the Northwest's federal power and transmission system. "The decision aligns with Bonneville's strategic plan and opens up an opportunity to increase revenues through additional sales of surplus power and to reduce costs through greater efficiencies." per BPA Administrator John Hairston. "As the West moves rapidly to decarbonize the grid, Western EIM participation will help us navigate future challenges and leverage opportunities to benefit our customers and the Northwest." There was some discussion around the assumption that BPA is pushing for 20-year contracts, a topic which Commissioner Waddell suggested should warrant additional discussion in terms of the pros and cons.

CORRESPONDENCE/COMMUNICATIONS 23:10

There was nothing to report on today.

COMMISSIONER REPORTS 23:23

Commissioner Waddell had nothing to report.

Commissioner Paschall attended WPUDA energy meetings: topics discussed were Clean Energy Transformation Act (CETA) requirements as they pertain to BPA: resource adequacy in regards to the Power Council's new forecast (a 5 year look forward), bills proposing a potential new WA building code requirement for rooftop solar and new requirements for charging stations; carbon cap and trade; and vegetation management on DNR land. He also attended the Water Workshop and commended WWW Manager Tom Martin on his fine representation on behalf of the District.

Commissioner Purser attended an Energy Northwest nuclear safety review board which entailed the employment of nuclear energy experts to review, identify, and provide guidance on potential areas for safety, security, and performance improvement of the Columbia Generation Station (CGS). He also attended a resource adequacy task force meeting where the topic was BPA's potential interest in building a small nuclear reactor rather than upgrading the CGS.

STAFF REPORTS 37:14

Assistant General Manager John Purvis reported on Bonneville Power Agency's calculation ratio of their low-density discount for utilities with less than 12 consumers per mile, of which Clallam has been a recipient of since the discount's inception. This 5.151% discount on a BPA power bill is significant, as losing it could transfer into an estimated 2% retail rate hike for our customers. He advised that if the District's customer growth rate (currently 11.473 consumers per mile) continues to increase, it is likely that we will no longer qualify for the discount by 2028. He is hoping that BPA will recalculate and increase the ratio so the District can continue to qualify for the discount, and advised taking advantage of every opportunity in upcoming discussions with BPA to stress that we want to remain a recipient and the density should be predicated on a relative analysis.

BOARD ACTION ITEMS FOR STAFF 49:25

- a. Forward WPAG's literature on BPA's low-density discount ratio to the Commissioners for review, and reach out to other low-density PUDs to determine if we can work together on the effort to continue to receive the discount in the future.

COMMENTS FROM THE PUBLIC 50:42

There was no public comment.

The meeting convened and recessed at 2:22 PM for a five minute break. The meeting reconvened at 2:27 PM and then again recessed at 2:27 PM for an Executive Session. The session is expected to last 45 minutes, after which there may or may not be action taken.

EXECUTIVE SESSION

The Commissioners held an Executive Session to review the performance of a public employee and evaluate the qualifications of an applicant for public employment, pursuant to RCW 42.30.110(1)(g). In attendance were Commissioners Purser, Waddell, and Paschall, Attorneys Don Cohen and Ryan Espgaard, General Manager Doug Nass, and Finance Manager/Treasurer Sean Worthington.

The meeting reconvened at 3:39 PM. Commissioner Purser advised that the Executive Session would continue for another 30 minutes. The meeting then recessed at 3:39 to continue the Executive Session.

The meeting reconvened at 4:06 PM. Commissioner Purser advised that the Executive Session would continue for another additional 30 minutes. The meeting then recessed at 4:06 to continue the Executive Session.

The meeting reconvened at 4:32 PM

ADJOURN

There being no further business to come before the Commission, the meeting adjourned at 4:32 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/>.

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