

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
Minutes of the Regular Meeting of the Board of Commissioners
Main Office | 104 Hooker Road | Sequim, WA 98382
February 14, 2022 – This meeting was held remotely via ZOOM

Commissioners Present

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

Staff Present

Sean Worthington, General Manager
John Purvis, Assistant General Manager
Jamie Spence, HR Manager
Larry Morris, Safety Manager
Lori Carter, Controller, Auditing Officer
Nicole Hartman, Communications Manager
Ruth Kuch, Finance Manager/Treasurer
Steve Schopfer, IT Services Manager
Teresa Lyn, Executive Assistant
Tom Martin, WWW Manager

Chanda Halverson, Customer Service
Supervisor
Shawn Delplain, Broadband Supervisor
Terry Lind, Operations Manager
Mattias Järvegren, Utility Services
Supervisor
Sarah Canepa, Financial Analyst
Chelsey Jung, Payroll Coordinator
Tyler King, Power Analyst
Rebecca Turner, Sr. Accountant
Mike Hill, Engineering Manager

Others Present as Identified

Janet Marx
Fred Mitchell
Patti Morris
Audrey Grafstrom

The meeting commenced at 1:30 PM.

CONSENT AGENDA :22

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

- a. Minutes of the January 24, 2022 regular meeting;
- b. Claim vouchers for January 24 through February 7, 2022 for a total of \$5,412,478.95;
- c. Payroll vouchers for the period of January 1 through February 4, 2022;
- d. Removal of delinquent accounts from the February 2022 active accounts receivable totaling \$30,428.33 including a 30% collection fee; and
- e. Contractor prequalification for Mi-Tech Services, Inc. in the amount of \$500,000 for the upcoming calendar year.

AGENDA REVISIONS 2:43

There were no agenda revisions.

COMMENTS FROM THE PUBLIC 2:55

There was no public comment.

BUSINESS ITEMS STARTING AT 3:27

- a. **3:33:** Assistant General Manager John Purvis presented a comprehensive **Power Supply Analysis**. Topics covered: BPA billing determinants; costs of power and transmission; an analysis of alternative supply; market trends; and probable future market impacts. He also provided an update to the District's September 2020 presentation **Future Power Supply Options and CETA** in which the latest renewable offerings of wind and solar were discussed and analyzed in terms of procurement, efficacy, cost, and impact. Additional topics were recent battery trends, their current viability, availability, and cost trends. It is likely that vehicle electrification will be substantially delayed due to battery component costs and availability. Accordingly, the economic viability of the planned Distribution Scale Battery project will be pushed out due to higher project cost and slower cost recovery. The next presentation, a **Tier 1 System Size Analysis Overview** provided an analysis of public power system variances, volatility, volume, obligations, generation and output, and market and secondary sales impact. The closing presentation focused on the Western Public Agency's Group (WPAG) recent Post 2028 Concept Paper: **Public Discussion and BPA System Size and Allocation**. Discussed was the critical power inventory 2002 through 2023. The District favors fixing Critical Firm Power for the duration of the upcoming contract.

At the closing of these in-depth presentations Assistant Manager Purvis recommended that the District proceed with its' principle to seek the lowest future cost power supply option(s) and technologies while conforming to CETA carbon requirements. Additionally, he recommended that the District communicate to WPAG that our preference is Option 2: to fully reallocate Critical High Water Marks (CHWMs) to be used starting with the first rate period under the new contracts based on updated loads and resources. He also recommended communicating to WPAG that the District would entertain – depending on details – Option 4: to set the post-2028 CHWM for each customer at the higher of its CHWM under Option 1 and Option 2. A discussion of recent market volatility ensued. All three Commissioners agreed with the above stated principle and staff recommendations of Option 2 and 4. It was agreed that we look outside of BPA if alternate source's costs become cost competitive compared to those of BPA.

- b. **1:25:28:** Bonneville Power Administration's (BPA)'s post-2028 contract: this topic was thoroughly discussed during the above Business Item a presentations.

The meeting convened and recessed at 2:58 PM for a five minute break. The meeting reconvened at 3:03 PM.

CORRESPONDENCE/COMMUNICATIONS 1:28:00

General Manager Sean Worthington presented on and asked for Commissioner feedback and approval on the District's draft Provider of Choice education letter, composed in response to recent public comment from Mark Ozias, County Commissioner, and in response to letters regarding the District's Provider of Choice from the City of Forks, City of Sequim, and the Port of Port Angeles. Commissioner Waddell disagreed with the response letters as written. Commissioners Purser and Paschall agreed with letter as written. Commissioner Purser moved to send the letter out as is and Commissioner Paschall seconded.

COMMISSIONER REPORTS 1:30:00

Commissioner Waddell attended Public Power, Power and Conservation, EDC, and WPAG meetings and BPA's quarterly IPR meeting. Topics were financial and asset management.

Commissioner Paschall attended a WPAG meeting and a Northwest RiverPartners meeting at which their five year plan and their pro-Snake River Plan as well as related efforts to prevent disinformation about the lower Snake River dams were discussed.

Commissioner Purser attended WPAG and NoaNet meetings. He attended an Energy Northwest virtual meeting. Topics there were the high level of COVID cases, nuclear and security worker agreements, and a major cyberattack which it is believed came from Russia and which was defeated. Also discussed were EN budgets, work on an extended power upgrade to and an eight year licensing extension for the Columbia Generating System. EN purchased six additional electric charging stations and discussed an upcoming a bond issue for the \$650 million bond issue for regional cooperation debt over a 10 year period.

STAFF REPORTS 1:42:46

Customer Service Supervisor Chanda Halverson provided an update on the District's recent customer survey regarding the upcoming change in the Sekiu office hours. 2000 phone calls were placed providing information and a route to provide us with feedback. No customers communicated opposition to the change in office hours.

Broadband Supervisor Shawn Delplain provided an update on broadband grants that the County applied for and were awarded. He advised that to date our PUD has applied for (and not awarded) four state or federal grants. We are currently working towards a middle mile application via USDA Rural Reconnect Phase 3 which is due April 29th 2022. This build is for connecting the Elwha River area to Forks.

BOARD ACTION ITEMS FOR STAFF 1:52:00

- a. Completed: Staff is to communicate to WPAG that our PUD favors fixing Critical Firm Power for the duration of the upcoming BPA process; and
- b. Completed: Staff is to communicate to WPAG that our PUD favors Option 2 or Option 4 as presented in today's *Future Power Supply Options and CETA* PowerPoint.

COMMENTS FROM THE PUBLIC 1:53.05

There was no public comment.

The meeting convened and recessed at 2:24 PM for an executive session estimated to last 30 minutes. No action is expected after the executive session.

EXECUTIVE SESSION 1:54:00

The Commissioners held an executive session for the purpose of discussing the potential acquisition of real estate pursuant to RCW 42.30.110(1)(b). In attendance were Commissioners Purser, Waddell, and Paschall, General Manager Sean Worthington, Assistant General Manager John Purvis, and Human Resources Manager Jamie Spence.

ADJOURN

The meeting reconvened at 3:57 PM. There being no further business to come before the Commission, the meeting adjourned at 3:57 PM.

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