

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1

Minutes of the Regular Meeting of the Board of Commissioners

Main Office | 104 Hooker Road | Sequim, WA 98382

APRIL 11, 2022

This meeting was HYBRID (held remotely via ZOOM with designated staff in person)

Commissioners Present

Will Purser, President

Rick Paschall, Vice President

Jim Waddell, Secretary

Staff Present in Person

Sean Worthington, General Manager

John Purvis, Assistant General Manager

Lori Carter, Controller, Auditing Officer

Ruth Kuch, Finance Manager/Treasurer

Nicole Hartman, Communications Manager

Charlie McCaughan, Procurement/Facilities
Supervisor

Doug Adams, Transmission/Substation
Supervisor

Xanthius Christianson, Engineer

Mattias Järvegren, Utilities Services
Supervisor

Eric Jacobson, Business Analyst

Erica Olsen, Desktop Technician

Teresa Lyn, Executive Assistant

Staff Present via Zoom

Jamie Spence, HR Manager

Tom Martin, Water/Wastewater Manager

Larry Morris, Safety Manager

Steve Schopfer, IT Services Manager

Sarah Canepa, Financial Analyst

Kaylie Hunter, Procurement/Facilities
Supervisor

Chelsey Jung, Payroll Coordinator

Ben Phillips, Engineer

Greg Thompson, Engineering Technician

Julie Metzger, Power Systems Project
Coordinator

Mary Doran, Accountant

Jenean Keate, Contracts Coordinator

Mike Hill, Engineering Manager

Darian Rentas, Materials Specialist

Tyler King, Power Analyst

Others Present as Identified

Janet Marx

The meeting commenced at 1:30 PM. Communications Manager Nicole Hartman provided a brief tutorial on how the new “Owl” camera and hybrid audio will work.

CONSENT AGENDA 2:06

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

- a. Minutes of the March 14, 2022 regular meeting; and
- b. Claim vouchers for March 14 through April 4, 2022 for a total of \$5,411,051.79;
- c. Payroll vouchers for the period of March 1 through March 31, 2022; and
- d. Removal of delinquent accounts from the April 2022 active accounts receivable totaling \$4,669.68 including a 30% collection fee;

- e. Removal of delinquent accounts from the April 2022 miscellaneous accounts receivable totaling \$38,815.14 including a 30% collection fee; and
- f. Contractor prequalification of Par Western Line Communications, Inc., for the upcoming year in the amount of \$10,000,000.00.

AGENDA REVISIONS 5:57

- a. Contractor prequalification of Par Western Line Communications, Inc., for the upcoming year is for the amount of \$10 million.
- b. Doug Adams, Transmission/Substation Supervisor will present Business Item A Invitation to Bid 220805 for the Forks substation.
- c. Item added to staff reports: Mutual aid assistance provided to Cowlitz County

COMMENTS FROM THE PUBLIC 6:32

There was no public comment.

BUSINESS ITEMS STARTING AT 6:52

- a. **7:07:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board authorized District staff to solicit formal bids for Bid No. 220805 via the Peninsula Daily News and by such other means as determined by staff to be prudent, inviting sealed proposals from prequalified contractors for the replacement of aging equipment of the Forks Substation. The substation is located at 441 West E Street, Forks, WA. The engineer's estimate for the project is \$547,080, not including WSST.
- b. **9:12:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved RESOLUTION 2236-22 adopting the 2022 Schedule of Deposits and Charges and Electric Line Extension Unit Prices and rescinding Resolution 2196-21.
- c. **14:05:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board authorized District staff to approve Acceptance Memo of Completion for Bid No. 211007. The project, contracted to CHG Building Systems, Inc., consisted of all necessary services, labor, and materials required for skylight replacement on Central Warehouse Facility at 100 Hooker Road, Sequim, due to leaking of the existing skylights for a total contract cost of \$121, 128.32 (including WSST). This Resolution was presented by Charlie McCaughan, Procurement/Facilities Supervisor, who will be retiring from PUD on Thursday, April 21, 2022. The Commissioners expressed their appreciation of Charlie for his years of fine service. He will be missed.
- d. **16:53:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved RESOLUTION 2237-22 authorizing the disposal of surplus property consisting of various old-style high-pressure sodium light fixtures, lamps, and related accessories with a total surplus value of \$19,050.

- e. **19:39:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved RESOLUTION 2238-22 reestablishing the dollar amounts for the Working Funds and rescinding Resolution 2174-20.
- f. **22:11:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved RESOLUTION 2239-22 establishing the current Electric Service Regulations and Requirements and rescinding Resolution 2225-21.
- g. **27:00:** Bonneville Power Administration's (BPA)'s post-2028 contract discussion: Commissioner Purser advised that the WPAG concept paper is complete and has been presented to BPA. We are now waiting for their response. Commissioner Paschall advised that this is Phase One. Phase Two is likely to be more contentious as BPA will want templates (traditional) but public power will want something different. Commissioner Waddell agreed and advised that we need to stay engaged and remain adaptable as quickly-changing markets, technologies costs, CETA and climate change will all have impacts. BPA will issue their concept paper July 1st. Other related topics were suggestions to tag energy according to source, EIA RECs, contract high-water marks, and the need for further clarification of the term 'carbon-neutrality'

47:00: CORRESPONDENCE/COMMUNICATIONS 47:00

General Manager Sean Worthington shared that former General Manager Doug Nass will be awarded NWPPA 2022's Life Membership Award for his contributions to Clallam PUD and public power at the Annual NWPPA Conference in Coeur d'Alene, ID in May. All Commissioners wholeheartedly agreed that Doug should be sent to that event.

COMMISSIONER REPORTS 48:34

Commissioner Waddell attended Washington Public Utility Association (WPUDA), Western Public Agencies Group (WPAG), and Economic Development Council (EDC) meetings.

Commissioner Paschall also attended WPUDA and WPAG meetings.

Commissioner Purser attended various Energy Northwest (EN) meetings, Columbia Generating Station Review meetings, and attended the in-person EDC gala.

The meeting convened and recessed at 2:46 PM for a short break. The meeting reconvened at 2:51 PM.

STAFF REPORTS 1:16:25

Utility Services Supervisor Mattias Järvegren presented an update on the District's energy efficiency program. He reviewed the District's 2020/21 Energy Independence Act (EIA) biennial energy efficiency target, acquisitions, compliance costs, and benefits. The District met its 2021 target with a minimal compliance cost. The outlook for 2022/23 EIA targets are looking good, specifically due to continued popularity of the residential heat pump and ductless heat pump programs; the potential for still fair commercial lighting incentives; and growth in the smart

thermostat program. The window program is slowing down and the heat pump water heater program continues to struggle with contractor skepticism, but given the success in other programs we will continue promoting them. The District's EIA 2022/23 target is projected to be met as well at a very low per MWh cost.

Assistant Manager John Purvis reported on the catastrophic supply chain issues that we are experiencing in regards to distribution transformers. Industry-wide, public power is experiencing horrific material delivery delays and exorbitant cost escalations. Distribution transformers are particularly problematic due to extensive lead-times and limited emergency supplies of the most common pad transformers. Specifically, there has been a 75% increase in pricing quoted over the past year; lead times of 16 to 18 weeks are now a year; and these numbers are escalating rapidly with March 2022 quotes increasing 300% over last year's quotes and current quoted lead times are now at 66 months minimum. All of this translates to a seven-fold increase from \$750K a year to \$5 million a year and potentially into a 6% rate increase hike for 2023. Mitigation actions that the District is taking include: specification modifications; the return of all idle 25KV pad transformers to stock; repair and recondition of old transformers whenever feasible; and providing customers with the alternate option of pole and overhead transformers in the short run. Additionally we are working to consolidate in-service transformers wherever possible and communicating the situation to all new service applicants. Commissioners were advised to expect in the very near weeks significant numbers of customer calls regarding this issue.

Assistant Manager John Purvis reported on the April 4th (6:45 PM) to April 5th (4:00 AM) electric outages affecting approximately 6000 customers on the West End. The outage was due to a fault, most likely caused by a tree, on a BPA line. The length of time to respond to outages in these kinds of rural locations is typically eight to nine hours – three hours for BPA to travel to the outage location and another five or so to patrol for safety along all affected parts of the line while it is being re-energized.

General Manager Sean Worthington informed the Commissioners that the District was called upon this morning to dispatched a crew to provide mutual aid assistance to Cowlitz County to mitigate substation issues caused by heavy snows.

BOARD ACTION ITEMS FOR STAFF 2:03:24

- a. Request that Assistant GM John Purvis report on the District's plan to accommodate expected new load growth as a result of electric vehicle charging.
- b. Reach out to BPA and ask them to provide us with the outage times by utility for their customers in order to possibly provide us with some leverage with BPA in regards to their servicing of transmission outages on the Olympic Peninsula.
- c. Press release regarding the District's conservation efforts and successes.

COMMENTS FROM THE PUBLIC 2:04:22

There was no public comment.

ADJOURN

The meeting adjourned at 3:35 PM.

ATTEST:

President

Vice President

Secretary

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/>.

April 11, 2022