

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 13, 2022 - This meeting was held remotely via ZOOM

Commissioners Present

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

Staff Present via Zoom

Sean Worthington, General Manager
John Purvis, Assistant General Manager
Lori Carter, Controller/Auditing Officer
Ruth Kuch, Finance Manager/Treasurer
Teresa Lyn, Executive Assistant
Xanthius Christenson, Engineer
Kaylie Hunter, Procurement and Facilities
Supervisor
Bowen Kendrick, WWW Systems
Superintendent
Shawn Delplain, Broadband Supervisor
Jamie Spence, HR Manager
Tom Martin, Water/Wastewater Manager

Sarah Canepa, Financial Analyst
Julie Metzger, Power Systems Project
Coordinator
Mary Doran, Accountant
Rebecca Turner, Sr. Accountant
Tyler King, Power Analyst
Eric Jacobson, Business Analyst
Ben Phillips, Engineer
Chanda Halvorson, Customer Service
Supervisor
Colin Young, Distribution System
Supervisor
Barb Sires, Accounts Specialist

Others Present as Identified

Fred Mitchell
Patti Morris
Alan – last name not provided
Emily Scavarda
Eric Clarke
Logan Hammond

Lisa Marie Donaldson
Paul Dunn
Ken Hays
CT – initials only, no name provided
James Scheunemann
Sam Woods

The meeting commenced at 1:30 PM.

PUBLIC COMMENT :29

Public comment was received via a letter from Emily Scavarda on behalf of Estes Builders to petition for action and a resolution to the extreme scarcity of pad mounted transformers and the refusal of new service accounts that require transformers for the foreseeable future. The letter was forwarded to the Commissioners.

Public comment was heard regarding a request to expedite water rights to the Carlsborg community within the UGA to facilitate the building of a 53 unit manufactured home targeted for workforce housing.

Public comment was heard regarding a request to expedite water rights within the Carlsborg UGA community.

Public comment was heard regarding recent Northwest RiverPartner ads.

AGENDA REVISIONS 7:41

There were no agenda revisions.

CONSENT AGENDA 7:42

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

- a. Minutes of the May 9, 2022 regular meeting;
- b. Minutes of the May 19, 2022 special meeting;
- c. Claim vouchers for May 9 through June 6, 2022 for a total of \$4,783,588.90;
- d. Payroll vouchers for the period of April 16 through April 30th, 2022 and May 1 through May 31, 2022;
- e. Removal of delinquent accounts from active accounts receivable in the amount of \$13,748.59, including a 30% collection fee;
- f. Contractor prequalification for Wasatch Electric in the amount of \$10,000,000 for the upcoming calendar year; and
- g. The March 2022 Treasurer's Report.

BUSINESS ITEMS STARTING AT 8:18

- a. **8:20:** On behalf of the Commissioners, Commissioner Will Purser congratulated Treasurer/Auditing Auditor Lori Carter and her accounting staff as well as Finance staff on receiving the coveted Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. The District's annual comprehensive financial report for the fiscal year ended December 31, 2020 and per the GFOA, the District "*went beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure.*" The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.
- b. **10:16:** Assistant General Manager John Purvis provided an update on transformer supply chain issues and on a related proposed capacity charge. Our PUD has not yet received any of our transformer orders scheduled for delivery in calendar year 2022 and quoted delivery dates continue to be pushed out. The primary issue is associated with 15-50 KVA single-phase pad transformers, the most commonly used transformers for new services. The underlying issue is a lack of high grade grain orientated electric steel (GOES) used in manufacture of transformer cores. Causes include curtailed pandemic production, more nations adopting of high efficiency standards requiring more specialized GOES, diminished global exports as nations allocate production to local needs, and reduced availability of GOES due to reconfigured international supply chains due to war in eastern Europe; as well as a growing demand for EV motors which also requires GOES. A review of stock on hand and on order was provided as well as the actions the District is taking to reduce the impact of transformer shortages, including emergency Resolution 2243-22, submitted to the Board today for approval. Current transformer pricing, as well as escalation costs for transformers already scheduled for

delivery in 2022 and 2023 will increase our transformer procurement costs dramatically from about \$800,000 per year to over 2,300,000 per year which very likely will result in an approximate 2.3% rate impact by end of 2023. For consideration today is a modification to Deposits and Charges that will introduce a new service capacity charge that will shift elevated transformer costs to customers requesting new service, as opposed to existing rate payers. This action would not apply to the backlog of existing requests and will adjusted downward if elevated transformer costs subside. The transformer supply chain issue is also being exacerbated by growth (Clallam is one of only eleven rural counties nationwide experiencing growth).

- c. **38:40:** Staff submitted and recommended that the board approve RESOLUTION 2241-22 and rescind Resolution 2236-22. This Resolution authorizes additions to the 2022 Schedule of Deposits and Charges and introduces a new service capacity charge that will shift the elevated transformer cost to customers requesting new service, as opposed to the existing rate payers. The Commissioners requested that the Resolution be posted to the website for two weeks of public viewing prior to resubmitting to the board for approval at the June 27th meeting.
- d. **50:11:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board passed RESOLUTION 2243-22 declaring an emergency and authorizing the purchase of various sizes and types of transformers, without formal bid, for immediate and necessary District needs and supply. The purchase order is to be awarded to Wesco Distribution, Inc., reference Sourcewell Contract 121218-WES for a not-to-exceed amount of \$520,000 not including WSST.
- e. **54:27:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board passed RESOLUTION 2242-22 authorizing the disposal of water fittings and appurtenances that are either damaged, outdated or otherwise do not meet the current business needs of the District. The total estimated surplus value is \$3294.81. This surplus property will be recycled or listed on the surplus website in accordance with the provided list.
- f. **58:31:** Commissioners and staff discussed recent BPA Post-2028 contract information. WPAG meeting topics were: provider of choice; a review of BPA's quarterly business review/financial update; BPA integrated resource planning; system size and allocation; transformer curtailments and re-dispatchment; balancing scenarios to integrate solar wind and battery into future resource portfolios; a request from Energy NW (ENW) to BPA to allocate \$32 million in their preliminary budget for Columbia nuclear power generating station (CGS) upgrades and relicensing, which would result in an additional 180 MW of energy; and a suggestion to invite ENW to present to the District on those activities. Assistant General Manager John Purvis shared that the District's concern about Tier 2 pricing has been somewhat alleviated by the news that BPA expects to utilize above high contract water mark generation to fulfill the predominance of Tier 2 requirements, which will reduce the price of Tier 2 for 2024 from \$60 to \$39 per megawatt hour.

CORRESPONDENCE/COMMUNICATIONS 1:03:12

General Manager Sean Worthington reported on a recent letter from Carlsborg Village Properties, Inc. requesting the District to wait to provide water outside the current Carlsborg UGA until water has been provided to property owners currently within the UGA. He also received email correspondence regarding tree-trimming activities in the District's right-of-way area.

COMMISSIONER REPORTS 1:05:24

Commissioner Waddell attended a WPAG meeting; topics covered are referenced under the BPA discussion section. He also attended a BPA financial plan workshop regarding debt financing.

Commissioner Paschall complimented General Manager Sean Worthington for his great communication in explaining in detail the District's vegetation management practices to a customer.

Commissioner Purser relayed that the Public Power Council (PPC) is in support of the Columbia nuclear power generating station (CGS) planned upgrades and relicensing. He shared information on Southwest Power Pool (SPP), who is in competition with California Independent System Operator (CAISO) to become a regional transmission organization (RTO). He also attended an NWPPA meeting, at which recently retired District General Manager Doug Nass received a Lifetime Achievement award.

STAFF REPORTS 1:15:52

Broadband Supervisor Shawn Delplain provided an update on our PUD's broadband projects. To provide some history, he referred to two recently passed 2021 bills, HB 1336 and SB 5383, which allows not-for-profit, community-owned public utility districts (PUD), ports, and counties to provide retail broadband service directly to customers. Under previous legislation enacted in 2000, PUDs have been able to build out the infrastructure for broadband internet, but were required to let private internet service providers deliver (retail) service. Since passage of those 2021 bills, our PUD has applied for (but did not receive) four state or federal grants. We are currently working on a middle mile grant application via National Telecommunications and Information Administration (NTIA)/Infrastructure Investment and Jobs Act (ITJA) with NOANET that is due at end of September 2022. The application is for a build to connect Elwha River/Lairds Corner to Forks. Preliminary estimated build costs \$11 to 13 million. The District is also working on a project to build the infrastructure that will provide Lake Dawn residents with the ability to meet at our pole line for direct cabling to their residences. Our PUD was instrumental in assisting Clallam County with three of their grant-award dependent projects, supports eight local internet providers, and maintains 120 fiber miles of internet infrastructure (not including the individual drops to businesses and homes), many with multiple river crossings. Commissioner Purser advised that to date Jefferson is the only WA county that has decided to offer retail broadband, the cost of which he believes will be subsidized by their electric customers. The competition of several already established private internet service providers was also discussed.

BOARD ACTION ITEMS FOR STAFF 1:36:40

- a. Respond to the public commenter regarding NW RiverPartners.
- b. Look into the feasibility of reviewing/increasing stock of electrical equipment supplies (cable, wiring – items other than transformers) in order to be able to recover from any (potential) supply chain issues for these items in the future.
- c. Public commenter noted in the Zoom meeting room chat that resolution 2243-22 may not comply with RCW 39.04.280. Staff reviewed and vetted the Resolution for compliance.
- d. Address questions regarding water rights for Carlsborg UGA (Note: a staff report/update on this topic is scheduled to be provided at the June 27 board meeting).

COMMENTS FROM THE PUBLIC 1:40:33

No public comment.

ADJOURN

The meeting adjourned at 3:11 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/>.

June 13, 2022
