

## **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 8, 2022 at 1:30 PM** - This meeting was held remotely via ZOOM

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### **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

Mike Hill, Engineering Manager

Tom Martin, WWW Manager

Nicole Hartman, Communications Manager

Colin Young, Distribution System

Supervisor

Jenean Keate, Contracts Coordinator

Sarah Canepa, Financial Analyst II

Chelsey Jung, Payroll Coordinator

Tyler King, Power Analyst

Kaylie Hunter, Procurement and Facilities

Supervisor

Eric Jacobson, Business Analyst

Shawn Delplain, Broadband Supervisor

### **Others Present as Identified**

JoJo Bead

Patti Morris

Ken Hays

Janet Marx

Krestine Reed

The meeting commenced at 1:30 PM.

### **PUBLIC COMMENT :58**

There was no public comment.

### **AGENDA REVISIONS 1:49**

There were no agenda revisions.

### **CONSENT AGENDA 1:59**

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 July 25 work session;
- b. Minutes of the July 25 regular board meeting;
- c. Claim vouchers for July 25 through August 1, 2022 for a total of \$3,516,522.20;
- d. Removal of delinquent accounts from the August 2022 active accounts receivable totaling \$5,678.92 including a 30% collection fee; and
- e. July 2022 treasurer report.

## **BUSINESS ITEMS STARTING AT 2:35**

- a. **2:38:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved the Acceptance Memo for a cost increase to Contract No. 200334. This contract is for engineering services on LUD 3 infrastructure pre-construction, and was originally contracted at \$65,998.00. Due to additional requirements with City of Port Angeles, a change order was previously created and approved by the General Manager to extend the agreement time and add to the scope of work for an additional \$31,601.00, for a total project cost not-to-exceed \$97,599.00. Due to the extended delay in conditional use permit and purchase and sale agreement, it is determined that more time in engineering services is needed on the agreement in order to complete the scope of work on the sub-division and project design. The extended service time increases the agreement amount over 10% with an additional \$4,806.00, for a total project cost of \$102,405.00, and further extends the completion date from May 31, 2022, to January 31, 2023.
- b. **6:16:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved the Acceptance Memo for a cost increase for Contract No. 200328. This contract is for engineering services on Clallam Bay/Sekiu water main upgrades pre-construction, originally contracted at \$349,452.00. Due to delays and design changes with Washington State Department of Transportation (WSDOT), a change order was previously created and approved by the General Manager to extend the agreement time and add to the scope of work for an additional \$34,843.00, for a total project cost not-to-exceed \$384,295.00. This request is for additional services not included in the original scope of work including: costs associated with attending the bid opening (travel time and mileage); review and recommendation of bids; a reference check of the lowest responsive bidder; and the costs to provide necessary documentation. The additional scope of work and time increases the agreement amount over 10% with an additional \$4,172.00, for a total project cost of \$388,467.00, and extends the completion date from December 15, 2021 to August 10, 2022.
- c. **9:53:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved an Acceptance Memo of Completion for Contract No. 221022 for the Central Warehouse Facility's (CWF) roof restoration for a total contract cost of \$269,382.72, including WSST. All work with CHG Building Systems Inc. has been completed. The project consisted of all necessary services, labor, and materials required to clean, prep, and restore the roof and gutters of CWF at 100 Hooker Road, Sequim, due to deterioration of existing roof sealant and leaking gutters.
- d. **12:50:** Distribution System Supervisor Colin Young presented to the Commissioners for discussion and review a potential modification to construction cost sharing. The goal of the proposal is to provide direction to the Commissioners for a future Resolution on sharing regulations. The recommendation is to eliminate sharing due to the cost of the program and the inherent liabilities with administering it. The option presented simplifies the program and reduces employee administration time. Commissioners Pursers and

Paschall requested the proposed modification be made available for customer feedback prior to the Commissioners consideration of a Resolution to modify construction cost sharing as per today's presentation.

- e. **27:28:** General Manager Sean Worthington presented a 46 page document to the Commissioners that compiled all verbal and written comments received prior to and at the Strategic Plan work session on July 25<sup>th</sup>. Staff reviewed each comment, noted suggested edits, and added recommendations the Strategic Plan, as provided in today's board packet with the changes highlighted. General Manager Worthington asked for Commissioner approval on the Plan in order to move forward with the budgeting process and to begin developing the strategic projects and capital work associated with the Plan. He also advised that the meeting to discuss the Strategic Plan with the County Commissioners is scheduled for September 12 during the regular PUD board meeting. Should something substantial comes from that joint meeting, Commissioners have the option of an addendum to the Strategic Plan. Commissioner Waddell complimented staff on initiating dialogue with the County Commissioners and Tribes and the EDC. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board accepted the 2023 Strategic Plan as presented.
  
- f. **32:05:** Commissioners and staff discussed recent BPA Post-2028 contract updates. Topics included: a potential for a reduced PF rate assuming what future secondary revenues will be (and which is changeable based on the type of water year); secondary sales outside of the Tier 1 rate; the potential for some type of refund or dividend that preference customers could receive; a \$60 to \$70 per megawatt hour price based on the latest rate case discussions; Colombia Generation Station (CGS) upgrades; the potential for displacement of Tier 1 into Tier 1; Energy Northwest's request for \$31 million to continue engineering and licensing studies on the CGS upgrade (included in BPA's budget); pushing utilities to come up with defining system size; BPA's appearing to commit to a Tier 1 finished product that is carbon-free; and the reset of contract high water marks in the new contract. Commissioner Paschall asked if our PUD has a position on system size for the new contract.

#### **CORRESPONDENCE/COMMUNICATIONS 48:09**

General Manager Sean Worthington reported on several items of correspondence and communication:

1. The County Commissioners have requested to attend PUD's September 12<sup>th</sup> regular board meeting; this will be the first business item. The County Commissioners would like to discuss the Strategic Plan and Carlsborg water rights expansion efforts. Water and Wastewater Manager Tom Martin will be attendance as will Steve Gray and Carol Creasey from the Public Works Department. PUD Commissioners are requested to confirm by the end of this week if they will be available for the September 12<sup>th</sup> regular board meeting.

2. The City of Sequim has extended an invitation to the PUD Commissioners for a meet and greet on September 12th from 5 to 6 PM at the City of Sequim chambers during their pre-board meeting work session. Commissioners may attend in person or may Zoom in to the City's in-person meeting. The purpose of the meeting as relayed to General Manager Worthington is to meet and have a brief discussion; although no agenda has been provided by the City to date, Deputy Mayor Brandon Janisse recently sent an email with questions regarding the BPA contract which may be a topic of discussion. Once the City agenda is received it will be forwarded to the Commissioners.
3. Communication from Robert Knapp, Environmental Planning Manager of the Jamestown S'Klallam Tribe, was received regarding the Strategic Plan. Although the Tribe provided no specific comments, they requested continued dialogue with the PUD and specifically requested that the PUD Commissioners engage with Tribal leadership. Accordingly General Manager Worthington is coordinating with Mr. Knapp to set up a joint session later this Autumn. Commissioners are requested to review the three dates proposed and confirm their availability for each
4. The North Olympic Development Council (NODC) in conjunction with the Clallam County Broadband Team (of which PUD is a member) will host a broadband summit on September 1st from 10 AM to 4 PM at Seven Cedars Hotel and Casino. The summit is specifically geared toward broadband project developers and local ISPs. PUD is co-sponsoring this event. If Commissioners are interested in attending, please advise as soon as possible. Assistant Manager Purvis advised that the participant number is ranging around 50 in number including Mason 3 PUD; a speaker from the State broadband office; and a speaker on grants.
5. The Director of the Sequim location of the Pacific Northwest National Laboratory (PNNL) invited General Manager Worthington and Assistant Manager Purvis to attend a Community Roundtable on energy resilience in rural areas. Known attendees are: US Department of Energy Secretary Jennifer Granholm; Representative Derek Kilmer; Representative Steve Tharinger; Chairman W. Ron Allen of the Jamestown S'Klallam Tribe; Chairman Timothy J. Greene, Sr. of the Makah Tribe; and Karen Affeld of the North Olympic Development Council. The Roundtable is scheduled for this Wednesday at PNNL and will focus on the energy needs of the north Olympic Peninsula, including the challenges and opportunities associated with the integration of emerging carbon free-technologies and system infrastructure upgrades. Secretary Granholm will share the DOE's vision for its supporting role in energy transitions and the importance of community in these transitions. Commissioner Waddell commented that this kind of dialogue - getting regional input countywide - can help shape the strategic agenda.
6. Regarding opening the lobby to the public: The county dashboard continues to show declining COVID numbers; last week it was at 562 and this week today it is at 509. PUD has not had at-work transmission over the last two months; all employee cases have been via community transmission. Therefore General Manager Worthington requested the Commissioners authorize opening the lobby to the public. PUD will be interacting with customers at the County Fair and would like to open the lobby prior to the Fair. Public

meeting spaces will not be opened as yet and board meetings will continue to be held virtually. After some discussion, Commissioners authorized opening the lobby.

### **COMMISSIONER REPORTS 1:00**

Commissioner Waddell attended a Northwest Power Conservation Council (NPCC) Resource Adequacy Advisory committee meeting. Topics were: Hydro plant operational constraints and priorities; and simulated operations, market availability, and prices based on NPCC's new Genesis Model. He attended Clallam County Economic Development Council meeting. The topic of which was realistic minimum/subsistence wages. He attended a Western Public Agencies Group (WPAG) meeting. He also attended a free presentation/meeting led by a group in Eugene, OR. Topics were earth justice and the lower Snake River dams.

Commissioner Paschall attended a Western Public Agencies Group (WPAG) meeting. Topics were: Tier 1 and 2 rates and demand rates.

Commissioner Purser attended an Energy Northwest (EN) Board of Directors meeting and a joint meeting with EN's Executive Board. Topics were: salary inflation trends; difficulties in attracting and retaining talent and digital skills professionals as well as hourly employees; health benefits and job security, key factors in attracting and retaining employees; recent Columbia Generating Systems (CGS) downtime due to economic dispatch and equipment problems; CGS supply chain issues encountered in preparing for the next refueling outage; and the Nine Canyon, Packwood, and other EN wind farms, which are doing well; and the Horn Rapids Battery Energy Storage System (an eight megawatt solar farm with a one megawatt battery) which experienced battery functionality problems requiring the import of technicians from China. Additional topics were: EN's Electric Vehicle Infrastructure Transportation Alliance (EVITA) which advocates for sustainable electric transportation infrastructure in Washington State and the Pacific Northwest; \$3.4 million in project grants applied for EV charging stations on the Highway 101 loop mainly through Clallam County (grants not approved this year; however EN was encouraged to reapply next year to move up in the queue for financing); ongoing permitting and meetings for the 50 megawatt Ruby Flats solar energy system (construction is to start in January 2023); Grant PUD's new nuclear program (where to site it and whether to contract with X-energy or NuScale); a Memo of Understanding (MOU) between EN and a firm developing technology to recycle spent fuel - part of that understanding is that EN will consider having the first reactor to load that recycled fuel.

### **STAFF REPORTS 1:14**

Power Analyst Tyler King provided a briefing on the Climate Commitment Act (CCA). The CCA is an economy-wide cap-and-invest program, passed by Washington state in 2021. The program begins in 2023 and finalized rules are expected in October. The program includes in-state generation and imported electricity. The entity with the obligation for complying with the program for the electricity sector is called the First Jurisdictional Deliverer (FJD). The program covers imported electricity (BPA power is considered imported electricity) if the cumulative annual total is >25,000 MT CO<sub>2</sub>e. The CCA gives BPA the option to decide to participate in WA's program as the FJD. BPA will not be the FJD for 2023, but will consider 2024 after WA finalizes the program rules. CCA goals are: nearly \$1 billion in revenue per year (estimates for

WA) by the late 2020; a reduction in the total number of credits/allowances each year, increasing the price of pollution; a reduction of GHG emissions by 95% by 2050; proceeds from the CCA allowance auctions, which must be invested in critical climate projects, addressing issues in environmental justice and inequity; and a requirement that 35% of funds be invested in projects for overburdened communities, with a minimum of 10% going to projects with Tribal support.

#### **BOARD ACTION ITEMS FOR STAFF 1:34**

- a. Make Engineering's proposal to modify construction cost sharing available for customer feedback prior to the Commissioners consideration of a Resolution to modify construction cost sharing per today's presentation on this topic;
- b. Set dates for upcoming joint meetings with the County, the City of Sequim, and the Jamestown S'Klallam Tribe and communicate these to the Commissioners;
- c. After meeting with the above, ask the Commissioners if they wish to create an addendum to the approved 2023 Strategic Plan;
- d. Advise on the confirmed lobby open date; and
- e. Present a load and greenhouse gas emission forecast to the Board by the end of 2023.

#### **COMMENTS FROM THE PUBLIC 1:35**

There was no public comment.

#### **ADJOURN**

There being no further business to come before the board, the meeting adjourned at 2:36 PM.

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*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 8, 2022