

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1

Minutes of the Regular Meeting of the Clallam County PUD No. 1 Board of Commissioners and Clallam County Board of Commissioners

Main Office | 104 Hooker Road | Sequim, WA 98382

September 12, 2022 at 1:30 PM - 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

Terry Lind, Operations Manager

Colin Young, Distribution System

Supervisor

Xanthius Christiansen, Engineer

Teresa Lyn, Executive Assistant

Steve Schopfer, IT Manager

Tom Martin, WWW Manager

Nicole Hartman, Communications Manager

Eric Jacobson, Business Analyst

Mike Hill, Engineering Manager

Sarah Canepa, Financial Analyst II

Bowen Kendrick, WWW Systems

Superintendent

Julie Metzger, Power Systems Project

Coordinator

Chelsey Jung, Payroll Coordinator

Tyler King, Power Analyst

Shawn Delplain, Broadband Supervisor

Others Present as Identified

Mark Ozias, County Commissioner

Randy Johnson, County Commissioner

Bill Peach, County Commissioner

Richard Sill, Risk Manager

Steve Gray, Transportation Program

Manager

Ron Cameron, Undersheriff

Diane Harvey, County Planner

Loni Gores, County Clerk of the Board

Bert Dee Boughton, Attorney

Carol Creasey, Hydrologist

Patti Morris

Greg Thompson

Shawn Hines

Dave Swinford

Mark Lane

Kenneth Reandeau

D. Harvey

Katherine no last name

Alan no last name

Mark Lane

Ken Hays

Ed Bowen

Hansi Hals

Peter Segall, PDN

Sanders, no other name provided

Zoom user, no name provided

Cheryl, last name not provided

360-461-4326

The meeting commenced at 1:30 PM.

PUBLIC COMMENT

Public comment was heard in appreciation of the District for quick completion of a joint project of the PUD, the Clallam Fire District, the Port of Port Angeles, and the Clallam County Amateur Radio Club to put in place a radio station that provides emergency and power outage

communications between the Hoko River water station and the District's Emergency Operations Center in Carlsborg.

AGENDA REVISIONS

Two agenda items were added to the agenda; a BPA rate case update and an invitation to join a PNGC Power-initiated discussion group.

CONSENT AGENDA

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 August 22 regular meeting;
- b. Claim vouchers for August 22 through September 6, 2022 for a total of \$1,174,761.08;
- c. Removal of delinquent accounts from the September 2022 active accounts receivable totaling \$12,019.69 including a 30% collection fee; and
- d. July 2022 Treasurer's Report.

BUSINESS ITEMS STARTING AT:

- A. **Part 1:** PUD Commissioners and Clallam County Commissioners discussed the status of the Carlsborg new water right application and service area expansion. The PUD wants to secure additional water rights before expanding the service area, and the County wishes to see some short-term action with the existing water right that would allow for more housing development within the unserved portions of the County's Carlsborg Urban Growth Area (UGA). Accordingly, staff of the two entities recently developed a Memo of Understanding (MOU) regarding Carlsborg water rights and expansion, which defines the mutual interests of the PUD and the County, as well as some of the individual interests. The MOU provides the collaborative foundation from which solutions can be developed by both entities working together to meet their mutual interests. The MOU was provided to the County Board for review on August 22nd, 2022. Commissioner Mark Ozias anticipates that the Clallam Board will support it. WWW Manager Tom Martin advised that a next step is for the Department of Ecology (DOE) to consider all the input, and then to potentially enter into a cost reimbursement agreement with Ecology. The agreement is for the County to pay Ecology (on behalf of the District) to select a contractor from their pool of consultants, or selected PUD's own consultant, to draft a report of examination. There are legal prerequisites to getting a water right and these are listed in the MOU. The District needs Ecology to give us a clear path of how to get additional water rights when we need them in the future. Additionally, comments from other stakeholders are needed, including: the State, the existing Carlsborg Local Utility District (LUD) participants; the Dungeness River Water Management Team; and the Jamestown S'Klallam Tribe.

Part 2: The Clallam Board of Commissioners inquired about three areas of the PUD's 2023 Strategic Plan: opportunities for resilience of local our energy grid; the potential for creation of micro-grids and other technologies that could help Clallam be a more resilient community in case of a significant disaster; and the suggestion that a different mix of renewables in the energy supply could aid in attracting future businesses. PUD is aware of public interest for the development of micro-grid and energy alternatives, and although

at this time these are not cost-effective, Assistant Manager John Purvis advised that a number of grants are becoming available that may make these alternative cost-effective in the near future. Accordingly, the 2023 Strategic Plan includes initiatives to coordinate with community partners in support of these grant opportunities, including: the Pacific Northwest National Laboratory (PNNL); the North Olympic Development Council (NODC); the Clallam County Economic Development Council (EDC); and the Jamestown S’Klallam Tribe. PUD commits to provide technical advice, letters of support, and as we have recently with PNNL, to coordinate on projects that are in the strategic interest of our public utility and our ratepayers, and to support grid-stability generation projects within transmission and regulatory constraints. In answer to Commissioner Ozias’ inquiry about what kind of grid stabilization project would make sense for Clallam County, Assistant Manager Purvis advised that dispatchable energy that is available when we specifically need it would stabilize the grid. However, if we go above twenty megawatts generation per interconnect project the PUD would be required by North American Electric Reliability Corporation (NERC) standards to initiate 24-7 system operations and other regulatory requirements, which would incur a major cost. Also discussed was PUD’s strategic initiative to support low-income community solar up to two hundred kW where the off take is devoted to low-income customers, if they are situated at locations where we can take the load. This alleviates a legislative requirement or goal to alleviate energy assistance need. Expected substantial growth due to electric vehicles in the county was also discussed, which could possibly be met by an alternative renewable energy sources as they are now cost-competitive with BPA’s Tier Two rate. Clallam Commissioner Johnson emphasized the need for collaboration of all major entities in the County to qualify for upcoming infrastructure grants. Clallam Commissioner Peach expressed interest in alternative energy sources but to also holding down the cost of energy for households that don’t have a lot of income.

- B. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board authorized Acceptance Memo of Completion for Purchase Order 24550 for the grading and resurfacing of the Forks pole yard at 241 Industrial Center in Forks. All work under this purchase order was completed by 2 Grade, LLC., on August 23, 2022 for a total contract cost of \$46,683.88, including WSST.
- C. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved RESOLUTION 2248-22 establishing the Current Electric Service Regulations and Requirements and rescinding Resolution 2239-22.
- D. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board passed Resolution No. 2249-22 authorizing the disposal of surplus property consisting of a 5000 KVA step transformer due to age and repairs needed. Item is valued at \$3760.00.
- E. There was no discussion of BPA Post-2028 contract updates.

- F. Assistant General Manager Purvis reported that per BPA’s August financial outlook, projected revenues of \$718 million are above their 120 days of cash on hand threshold of \$600 million. This will trigger the rate case maximum Reserve Distribution Clause (RDC) for 2023. This translates to rate relief for their preference customers, of which PUD is one. BPA’s elevated revenues are mostly due to two years of secondary sales of above contract high watermark generation into an elevated market driven mostly by California. General Manager Sean Worthington followed this news up with an announcement that the PUD will cancel its already approved rate increase for 2023. This action is made possible by dedicated adherence to the District’s Strategic Plan, strong fiscal management, award-winning internal controls and as well as the implementation of BPA’s Reserve Distribution Clause.

- G. General Manager Worthington reported on an invitation to join in on a PNGC Power-initiated discussion group for above high water mark and preference customers of BPA. PNGC Power is a Oregon-based electric generation and transmission (G&T) cooperative owned by 16 Northwest electric distribution cooperative utilities with service territory in 7 western states including Washington. Planned discussions topics are: the contract high watermark system; size and augmentation Tier One system; allocation and investments to net requirements; Tier Two products; non-federal power; integration costs; and election amounts and process. There is no cost to participate and discussion are expected to be virtual. Commissioner Purser and Paschall agreed that the PUD should participate.

CORRESPONDENCE/COMMUNICATIONS

General Manager Worthington advised that the PUD has received several letters of support – from Representatives Chapman, Tharinger, Kilmer, and Senator Van de Wege, the Makah Tribe, the Clallam County Commissioners; and several other County organizations in support of PUD’s \$6.8 million dollar federal grant application to build broadband infrastructure from the Port Angeles airport substation to Forks. If awarded this grant, PUD will construct a new fiber backbone approximately 75 aerial fiber miles to extend service to unserved areas from the western side of Port Angeles to west of Joyce, then connect to BPA infrastructure across backcountry, then attach to PUD infrastructure east of Beaver to Forks. This project will directly impact the communities of Forks and Beaver, Washington with potential future expansion to Neah Bay.

COMMISSIONER REPORTS

Commissioner Purser attended an Energy Northwest Executive Board work session. Topics discussed were siting options and licensing for Grant PUD’s small nuclear facility.

STAFF REPORTS

No staff reports.

BOARD ACTION ITEMS FOR STAFF

- a. Set up a work session with Carlsborg water stakeholders on the issues of Carlsborg water rights and expansion.

- b. Bring a Resolution before the board to cancel the 2023 planned rate increase based on BPAs excellent financial rate case.
- c. Send an email to Commissioners re: accepting PNGC's invitation to join in on BPA stakeholder group discussions.

COMMENTS FROM THE PUBLIC

There was no public comment.

ADJOURN

There being no further business to come before the board, the meeting adjourned at 3:04 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/>.

September 12, 2022