

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1
Minutes of the Regular Meeting of the Board of Commissioners
Main Office | 104 Hooker Road | Sequim, WA 98382
November 14, 2022 at 1:30 PM - This was a hybrid meeting

Commissioners Present (in person):

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

Staff Present (in person or via Zoom):

Sean Worthington, General Manager
Doug Adams, Transmission and Substation System Supervisor
Lori Carter, Controller/Auditing Officer
Ruth Kuch, Finance Manager/Treasurer
Tom Martin, WWW Manager
Terry Lind, PA Ops Superintendent
Jason Siebel, Carlsborg Ops Superintendent
Eric Jacobson, Business Analyst
Jamie Spence, HR Manager
Teresa Lyn, Executive Assistant
Tyler King, Power Analyst
Bowen Kendrick, WWW Manager
Nicole Hartman, Communications Manager
Steve Schopfer, IT Manager

Colin Young, Distribution System Supervisor
Shawn Delplain, Broadband Supervisor
Chelsey Jung, Payroll Coordinator
Annette Long, Finance Coordinator
Sarah Canepa, Financial Analyst II
Ben Phillips, Engineer III
Julie Metzger, Power Systems Project Coordinator
Mattias Jarvegren, Utility Services Supervisor
Greg Thompson, Engineering Technician

Others Present as Identified (in person or via Zoom):

Werner Buehler
Katie Woodin (LWVCLA Observer)
Patti Morris
Janet Marx
Ken Hays
Krestine Reed
Alan, last name not provided

The meeting commenced at 1:30 PM.

PUBLIC COMMENT :21

There was no public comment.

AGENDA REVISIONS :35

There were no agenda revisions.

CONSENT AGENDA :43

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 October 24 regular meeting;
- B. Claim vouchers for October 24 through November 7, 2022 for a total of \$1,438,186.30;
- C. Payroll vouchers for the period of October 16 through October 31, 2022;
- D. Removal of delinquent accounts from the November 2022 active accounts receivable totaling \$5,174.58 including a 30% collection fee; and
- E. Contractor prequalification for Magnum Power LLC., in the amount of \$10,000,000 for the upcoming calendar year.

BUSINESS ITEMS STARTING AT 3:11

- A. **3:22:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved Acceptance Memo for a cost increase to Agreement No. 200328 for Clallam Bay/Seki water main upgrades pre-construction, originally contracted at \$349,452.00. Due to delays and design changes with Washington State Department of Transportation (WSDOT), previous change orders were approved to extend the agreement time and add to the scope of work with additional project costs for a total project cost not-to-exceed \$388,467.00. The additional scope of work and time increases the agreement by \$8,753.36, for a total project cost of \$397,220.36.
- B. **8:01:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved Acceptance Memo of Completion for Bid No. 220805 for completion of upgrades to the Forks substation. Olympic Electric Company, Inc. completed the project for a total contract cost of \$612,044.03, including WSST. The project replaced aging equipment at the Forks substation to bring it up to current industry standards.
- C. **10:10:** Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board approved Acceptance Memo of Completion for Bid No. 220803 for pole inspection, treating, and reporting of 2,255 electrical transmission and distribution poles. Pacific Pole Inspection, LLC. completed the project for a total contract cost of \$148,782.15, including WSST.
- D. **13:35:** Commissioners discussed approving Resolution 2253-22 adopting the 2023 Electric Operating Fund, Water Operating Fund, and Wastewater Operating Fund budgets as finally determined. Commissioner Paschall requested that the EDC and NW RiverPartners fees be reduced to \$5000 each. Commissioner Waddell approved of the reduction to NW RiverPartners; however not to the EDC reduction. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Purser and carried, the Board approved Resolution 2253-22 adopting the 2023 Electric Operating Fund, Water Operating Fund, and Wastewater Operating Fund budgets as finally determined, with the exception of fee reductions to \$5000 each to NW RiverPartners and to the EDC.

- E. **27:31:** Commissioners and staff discussed recent BPA post-2028 contract updates. General Manager Sean Worthington spoke to our BPA account executive Marcus Perry, who advised that BPA's response to our letter to them regarding the western line is under review and will be provided to us within three weeks. Commissioner Paschall expressed concern about moving away from critical water planning in the new contract because the majority of our resource stack is hydro, with annual variances. Critical water planning is used to compensate for these variances in order to define firm, dependable water, which if it is lacking will require that BPA go out to purchase power to cover the lack at greater cost. Commissioner Purser advised that BPA has already approached ENW to determine if they can augment hydro resources with more costly renewables or nuclear. Commissioner Paschall noted that the expected 30% increase in load due to transitioning to electric vehicles due to EV load creates risk for our utility. Accordingly, he recommends the board to support WPAG's Option Three, which best represents Clallam PUD and significantly reduces the need for PUD to pay for costlier Tier 2 resources. Upon recommendation of staff, and upon motion of Commissioner Paschall, seconded by Commissioner Waddell and carried, the Board agreed to support WPAG's proposed Option Three in regards to BPA post-2028 contract negotiations.

CORRESPONDENCE/COMMUNICATIONS 45:25

General Manager Sean Worthington advised that staff has taken all four of the specific actions (which were unanimously approved by the board) requested by Assistant General Manager John Purvis at the October 24, 2022 board meeting in response to candidate Ken Hays' false statements about Mr. Purvis. The actions were: post Assistant Manager Purvis's response on the PUD website; a statement to all employees regarding the same; a cover letter to KONP; and a cover letter to the Hays campaign.

General Manager Sean Worthington advised that he received a letter from Energy Northwest who is taking the lead for all of their member utilities in obtaining and applying for upcoming grant monies for EV charging stations, infrastructure builds, and small nuclear reactors, etc. on behalf of interested utilities, which General Manager Worthington advised them we are.

General Manager Sean Worthington advised that the Jamestown S'Klallam Tribe has asked PUD to provide a letter of support for a DOE Clean Energy Fund Electrification of Transportation Systems grant. We have done so and will also be an advisor to the Jamestown project.

COMMISSIONER REPORTS 48:08

Commissioner Waddell attended a WPAG meeting. Topics included: resource adequacy; BPA's capacity and power surplus; the process work involved in the Western Resource Adequacy Program (WRAP); and the cost/benefits of the program. He also attended the Peninsula Energy Futures conference, which was sponsored by NODC, PNNL, and the PUD and he complimented Assistant Manager Purvis on his great conference presentations.

Commissioner Paschall advised that he believes that now is the time to for BPA to enter into the WRAP, due to the risk of losing hydro resources to California. He also commented on the current average cost of EV's (\$66K) and lithium batteries (six times what it was two years ago) and expressed concern that legislative mandates to transition 48% of the utility industry's

resource stack to renewables other than hydro, etc. may be difficult to meet without significant increases in costs.

Commissioner Purser attended Energy Northwest executive board and power forum meetings. Topics were: climate change; DOE grants for nuclear power; EN's partnership with Grant PUD which is faltering due to disagreements over siting, the flow of economic benefits, and technologies; talks with BPA about a small nuclear reactor on the Columbia River; micro-reactor opportunities; and the formation of LLCs to move forward with these opportunities.

STAFF REPORTS 1:08

Assistant Manager John Purser attended the Peninsula Energy Futures conference, which was sponsored by NODC, PNNL, and the PUD. He participated in a reliability/resilience panel which conveyed the work we do on an ongoing basis to improve reliability within our service territories. He also participated on a panel on greenhouse emissions and how to work together to reduce them re: EVs; hydrogen fuel cell batteries; and partnerships. Seventy individuals attended including: Clallam County Commissioners; senior management from PNNL, NODL, and the Jamestown and Quinault Tribes; as well as representatives from BPA, the City of Port Angeles and Sequim; Jefferson PUD; newspapers, WSU; regional transportation planners; Department of Commerce; Clallam emergency management groups; and various other stakeholders. Other topics discussed at the conference were: the possibility of a seismic-stabilized microgrid at the Fairchild airport for emergency operations with which PUD will try to help with grants; Tribes interests in energy projects; challenges with recruiting customers that have large energy requirements due to constraints; minimum levels of acceptable reliability; the problematic BPA-Sappho line; the potential for battery-operated micro-grids to avoid high-demand charges; utilizing our existing AMI system to utilize battery or demand response; and the importance of strategically working together to apply for very competitive grant monies.

Operations Superintendent Jason Siebel provided a report out of the recent outages, which began Friday night about 9 PM. The result of the storm and snow was ten broken power poles and a loss of eight to ten transformers, which resulted in 9,000 customer outages by Saturday morning. The PUD split into three-man crews to address safety issues first and then continued working until all customers were back up within three days. No transmission lines were lost. A brief update on the transformer shortages was provided by Assistant Manager John Purser; we are receiving ad-hoc emergency transformer shipments; however we have not yet received large shipments against our orders. Assistant General Manager Purvis complimented Jason Siebel on his excellent management of the outage. Commissioner Purser and Paschall thanked the crews.

BOARD ACTION ITEMS 1:38

- A. Staff is to revise the budget to reduce the dues to be paid to NW RiverPartners and to the EDC to \$5000 for 2023.

PUBLIC COMMENT 1:38

There was no public comment.

The meeting convened and recessed at 3:09 PM for an executive session which is expected to last approximately 30 minutes. No action after the executive session is expected.

EXECUTIVE SESSION 1:39

Commissioners held an executive session to review the performance of a public employee, pursuant to RCW 42.30.110(1)(g). Those in attendance were Commissioners Purser, Paschall, and Waddell, and General Manager Sean Worthington.

ADJOURN

At 3:50 PM, the meeting reconvened. There being no further business to come before the board, the meeting adjourned at 3:50 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/>.

November 14, 2022