

**PUBLIC UTILITY DISTRICT NO. 1 OF CLALLAM COUNTY
MINUTES OF THE REGULAR WEEKLY MEETING OF
THE BOARD OF COMMISSIONERS
JANUARY 29, 2018**

The regular weekly meeting of the Board of Commissioners of Public Utility District No. 1 of Clallam County was held at the Main Office, 104 Hooker Road in Carlsborg, WA, on the above date commencing at 1:31 PM.

Commissioners Present: Hugh (Ted) E. Simpson, Jr., President (via telephone)
Will Purser, Vice President
Hugh Haffner, Secretary

Staff Present: Doug Nass, General Manager
Teresa Lyn, Executive Assistant
David Papandrew, District Auditor/Acting Treasurer-Controller
Nicole Clark, Communications Manager
Lori Carter, Accountant
John Purvis, Assistant General Manager
Gary Moore, Operations Superintendent
Sean Worthington, Customer Service Manager
Tyler King, Power Analyst
Mattias Jarvegren, Utility Services Advisor
Steve Schopfer, IT Manager

Others Present: Paula Barnes
Werner Buehler
Terry Lee
Jim Nelson
Andy Cochrane
John Konrath
Richard DeBusman
Bob Laurence
Ken Lauderback
Fred Mitchell
Sheriden Steaberg
Jack Smith
Paul V. Hansen
Marsha Maguire
Bill May
Pat Schoen
Jim Waddell
Michael Clemens

On motion of Commissioner Haffner seconded by Commissioner Purser and carried, the Commission approved the minutes of the January 8, 2018 regular meeting.

Before hearing comments, Commissioner Will Purser communicated that the District is and has been fully supportive of solar, conservation, and other sources of renewable power. The District's energy is 98% clean and 88% carbon free. PUD meets the I-937's (Energy Independent Act) 2016 9% renewable requirement and will meet 2020's 15% renewable requirement. PUD has not ended the net-meter program; existing solar customers will continue to receive the retail rate, however after February 1, 2018, credits due to the excess generation of new installations will be credited at the wholesale power rate. This ends subsidization by non-solar customers, is fair, and avoids unnecessary rate increases.

Public comment was received by Terry Lee regarding what the protocol would be to have the board meetings changed to the evening. Mr. Lee also presented a document to the Commissioners with the request that they review it and get back to him.

Public comment was received by Bob Laurence of Port Angeles. Mr. Laurence expressed his concern about the need for clean energy programs like solar to continue into the future. He also expressed his concern that the recent reduction in net-metering will result in a significant reduction in solar installations in Clallam County.

Public comment was received by Paula Barnes of Sequim. Ms. Barnes expressed her concern about climate change and her disappointment in the manner that the PUD implemented the recent net-metering reduction decision. Ms. Barnes requests that the Commission reconsider its' decision regarding net-metering and requests that PUD in the future not revise meeting agendas to include Resolutions that affect rate-payers directly without informing the public first.

Public comment was received by Paul Hansen of Sequim. Mr. Hansen expressed his thanks for PUD's conservation efforts. Mr. Hansen stated that he believes that we are in a climate crisis and need to do everything within our power to fight climate change to encourage and/or provide renewable power sources such as solar. He stated that the net-metering reduction will have a chilling effect on solar installations and feels that any effect to non-solar rate-payers will be infinitesimal, in contrast to the need for renewable power sources.

Commissioner Will Purser stated that the PUD currently has nearly 31,000 non-solar customers of which an estimated 250 have solar.

Public comment was received by Richard DeBusman of Sequim. Mr. DeBusman stated that he saved his whole life to install solar on his roof and is saddened that this utility is making a move that would suppress solar. He would like to know why this move was made and what the problem is. He asked where is PUD's support data? He would like to know how much revenue the PUD thinks they are going to lose by reducing net-metering. He would like the PUD to show that net-metering leads to higher rates. He asked why the PUD was doing this act with solar and not with energy conservation. He stated that he feels that the PUD is taking away options from the community.

Public comment was received by Jim Nelson of Port Angeles. Mr. Nelson asked the board to please not make this move (reducing net-metering) now. He requests that the PUD wait to reduce net-metering until Senate Bill 6081 is enacted, as it will update the current net-metering law.

Public comment was received by Jim Waddell of Port Angeles. Mr. Waddell stated that this PUD has been advocating that hydropower is clean and that lower Snake River dams are good. . Mr. Waddell provided a paper to the Commission that explains why the Bonneville Power Association (BPA) is having to raise its rates continuously. Mr. Waddell would like to know who is calculating the wholesale rates.

Public comment was received by Michael Clemens or Port Angeles. Mr. Clemens expressed his concern about climate change and stated that renewable energy is the future. He asked the PUD to think of the future.

Public comment was received by Andy Cochrane, President of Power Trip Energy of Port Townsend. Mr. Cochrane stated that his company installed approximately 225 of the 275 solar installations on the Olympic Peninsula. He said that all the other utilities have not chosen to change from the retail rate, only Clallam PUD has. He has questions that he will submit to the PUD.

Public comment was received by John Konrath of Sequim. Mr. Konrath stated that he is trying to understand the rationale behind the PUD's net-metering decision, as people are sticking their necks out to support solar.

General Manager Doug Nass requested that any additional questions be forwarded to him and the District will respond.

Upon recommendation of staff, and upon motion of Commissioner Haffner and seconded by Commissioner Will Purser and carried, the Commission approved removal of delinquent accounts from the active accounts receivable on the list dated 1/11/18 in the total amount of \$5,459.26 including a collection fee of \$1,219.63.

Acting Treasurer-Controller Dave Papandrew presented on the proposed 2018 Budget which included a summary of the PUD's projected electric, water, and sewer revenues, expenditures, and changes in reserves. The PUD's 2018 budgeting objectives are 1) to provide stable rates, 2) be financially responsible, and 3) maintain healthy financial metrics (cash reserves at or above 3 months of operating and purchased power costs and a debt service coverage ratio of > 2.0x). To meet these objectives, it is recommended that the PUD consider 1) passing through BPA increases and regulatory costs at the time they occur, 2) cut costs to 2018 and future budgets to maintain reserves at target levels, 3) consider debt financing of major projects, and 4) a 4.8% more rate increase to our electric customers.

Commissioner Will Purser suggested and Acting Treasurer-Controller Dave Papandrew concurred that we will have a 10-year budget projection work session in Spring 2018.

Upon recommendation of staff, and upon motion of Commissioner Haffner seconded by Commissioner Purser and carried, the Commission adopted RESOLUTION 2098-18 Adopting the Electric Operating Fund, Water Operating Fund, and Wastewater Operating Fund Budgets as Finally Determined and the corresponding rate measures as determined.

Assistant General Manager John Purvis commended Operations Superintendent Gary Moore for his work on finding ways to significantly reduce the 2018 Operations budget.

Upon recommendation of staff, and upon motion of Commissioner Will Purser seconded by Commissioner Haffner and carried, the Commission approved that the bid for the Carlsborg sewer connection be awarded to RJ Services, Inc., the lowest bidder (Reference Bid No. 171006) with a not-to-exceed amount of \$62,500.00 (not including WSST 8.4%) and a completion date of March 1, 2018.

General Manager Doug Nass reported on a RiverPartners article that argues that the courts recent order for more spills over the Columbia River dams in 2018 will result in little to no impact on fish survival, and will cost an estimated \$40 million more per year, which will be passed on to energy customers via a spill surcharge and cost Clallam PUD customers an additional BPA increase of approximately 2%. He also commented on the American Public Powers Association (APPA) 2017 Year in Review publication, which focused on 7 key concerns: rate management; new technologies; workforce and leadership; grid security; legislative and regulatory threats; operational excellence; and promoting public power.

Three lists of claim vouchers as certified by the General Manager and Auditing Officer were considered. On motion of Commissioner Will Purser seconded by Commissioner Haffner and carried, the Commission approved payments of claim vouchers in the amounts of \$175,776.79 for January 16, 2018. On motion of Commissioner Haffner seconded by Commissioner Will Purser and carried, the Commission approved payments of claim vouchers in the amounts of \$3,750,008.02 for January 22, 2018. On motion of Commissioner Will Purser seconded by Commissioner Haffner and carried, the Commission approved payments of claim vouchers in the amounts of \$520,924.48 for January 29, 2018.

The meeting convened and recessed at 2:49 for a break. The meeting reconvened at 2:59PM.

Commissioner Purser reported that he attended Energy Northwest (ENW) board meetings in Olympia where he participated in discussions on ENW executive compensation and upcoming ENW CEO selection committee.

The regular meeting recessed at 3:06PM to go into executive session to evaluate the performance of a public employee, pursuant to RCW 42.30.110(1)(g). Those in attendance were Commissioner Haffner, Commissioner Purser, Commissioner Simpson, General Manager Doug Nass, Acting Treasurer-Controller Dave Papandrew, and Assistant General Manager John Purvis. The executive session adjourned at 3:30PM, and the regular meeting reconvened at that time.

There being no further business to come before the Commission, the meeting adjourned at 3:30PM.