

CLALLAM COUNTY PUBLIC UTILITY DISTRICT #1  
**Minutes of the Regular Meeting of the Board of Commissioners**  
Carlsborg Main Office | 104 Hooker Road | Sequim, WA 98382  
**April 22, 2019**

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**Commissioners Present:**

Will Purser, President  
Jim Waddell, Vice President  
Dave Anderson, Secretary

**Staff Present:**

John Purvis, Assistant General Manager  
Simon Barnhart, General Counsel  
Sean Worthington, Finance Manager/Treasurer  
Nicole Clark, Communications Manager  
Doug Adams, Transmission and Substation System Manager  
Teresa Lyn, Executive Assistant

**Others Present**

Werner Buehler  
Krestene Reed

The meeting commenced at 1:31 PM.

**APPROVAL OF MINUTES**

Upon recommendation of staff, and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commission approved the minutes of the April 8<sup>th</sup> meeting.

**AGENDA REVISION**

Completed 2018 Projects and Planned 2019 Projects was moved to **STAFF REPORTS**.

**PUBLIC COMMENT**

There was no public comment.

**BUSINESS ITEMS**

- a. The Commission approved utilization of the proposed “Consent Agenda” template as presented by staff. Utilization of a consent agenda will enable the Board to approve in one action routine business items such as minutes, vouchers or warrants, payroll, write-offs, and contractor pre-qualifications, thus freeing up the Board to concentrate on more complex, non-routine business matters.
  
- b. Upon recommendation of staff, and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commission authorized staff to call for bids for six (6) three-phase, 15 kV power circuit breakers; reference Bid No. 190803.

- c. Upon recommendation of staff, and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commission adopted RESOLUTION 2146-19 Amending the District's Investment Policy and Rescinding Resolution No. 2004-14.

### **CORRESPONDENCE AND COMMUNICATION**

Assistant GM John Purser reported on PPC Executive Director Scott Corwin's, April 12<sup>th</sup> letter to BPA's Administrator Elliot Mainzer regarding BPA's financial reserves and transparency, noting very similar comments are being submitted by Ryan Neale representing WPAG. Commissioner Purser mentioned that the independent auditing firm of Baker-Tilley Vichow Krause, LLP was contracted to audit BPA's own upcoming internal audit. Commissioner Waddell inquired about what the final discrepant amount turned out to be. Sean Worthington, Finance Manager replied that, if compound interest were included, the amount could be as high as \$306 million.

Assistant GM Purser advised that representatives from the Electric Vehicle Infrastructure Transportation Alliance (EVITA) will be coming to the Peninsula to partner the PUD with municipalities and businesses to develop Highway 101 as an electric vehicle corridor (the Evita-101 Project). AGM Purser advised that PUD's obligation would be no higher than \$15,000 per location, those locations being Forks and Sequim.

### **CLAIM VOUCHER APPROVALS**

Claim vouchers as certified by the Auditing Officer and General Manager were considered. Upon recommendation of staff and upon motion of Commissioner Anderson, seconded by Commissioner Waddell and carried, the Commission approved payment of claim vouchers for the period of weeks 4/15/19 and 4/22/19 for the combined total amount of 4,620,004.29.

### **COMMISSIONER REPORTS**

Commissioner Waddell reported that he attended WPUDA training and meetings. Meeting attendees received briefings from BPA, PPC, and others. BPA provided some charts, one of which he shared with the Board and staff. The chart illustrated BPA's revenue from surplus sales from 1998 to 2010; but not onwards to 2018. When Commissioner Waddell asked presenter Account Executive Scott Wilson for the 2011 to 2018 sales figures, he was told that "we didn't have that." After the briefings, Commissioner Waddell said he asked Mr. Wilson if the \$1 billion of Columbia River fish mitigation debt was included in their \$15 billion debt figure. Mr. Wilson's reply was that BPA didn't have an answer yet, but he "did not like the answers I was getting." Commissioner Waddell advised that he requested follow-up on his two inquiries as he felt the reporting did not add up.

Commissioner Waddell additionally relayed that based on the briefings, it appears that within the next ten years there would be a lot of chaos in the market. His viewpoint, based on the briefings and resulting discussions – is that we should push to get out of BPA contracts, learn more and not rely only on PPC for information. He advised that we need a real good clear picture of what open market vs. contracting with BPA will look like. Accordingly he advised that he would continue to follow up and ask questions. Along with BPA and PPC briefings there were several meetings regarding legislative issues. It is not yet clear how the legislative bills will turn out as they are still going back and forth between the House and Senate. However, one thing that WPUDA was confident about is the WA State Court of Appeals finding that allows PUDs to retain the authority - unless state lands have been dedicated to a particular public use - to condemn those lands for utility purposes.

Commissioner Anderson reported that he also attended WPUDA training and meetings. In talking with WPUDA's Policy Director Nicolas Garcia, he also said it was uncertain at this point what the final bills would look like when the governor signs them, as they are still going back and forth between the two houses. Commissioner Anderson also attended the WPUDA water roundtable however there was not much to discuss legislative-wise. He did say that the recently re-affirmed Dungeness Water Rule, which governs water use in the Dungeness River watershed, was setting a precedent and that the Olympic Resource Protection Council might go to state Supreme Court as it didn't get through the appeal process.

Commissioner Purser reported that he recently attended PPC and Energy Northwest meetings, including a tour of the Columbia Generating Station near Richland as part of the Corporate Nuclear Safety Review Board (CNSRB). During the tour, he and other board members observed and spoke to CSG managers and then reported out their findings. Due to these findings (which included extended shutdowns due to iron deposits on fuel rods which leads to corrosion; outage preparation deficiencies; and human performance issues such as the dropping of a multi-million fuel assembly had to be returned) the CNSRB gave Columbia a solid improving grade rather than excellent grade, which is what they were shooting for. He reported that CGS's goal is to be in the 1<sup>st</sup> quartile of all nuclear plants in the US. Currently they are 3<sup>rd</sup>, waffling down to 4<sup>th</sup>, however Commissioner Purser believes they will improve over time and he noted that the nuclear industry is very self-critical. He also advised that Energy Northwest supports 100% renewable legislation because renewables plus zero carbon emissions translate into nuclear and he can see that industry expanding to include small nuclear reactors.

The meeting convened and recessed at 2:18 PM for a break. The meeting reconvened at 2:27 PM.

## **STAFF REPORTS**

Assistant John Purvis presented a PowerPoint reporting on completed 2018 projects and outlining 2019 planned and in-process projects. Most major electric projects are identified up to 10 years before construction, are fully documented in Clallam's 10 Year Planning Study, and are incorporated into the 10 year budget plan for the Electric Department. Clallam is the only PUD of our size capable of performing the engineering and operational activities at the level of complexity required to complete these projects.

Projects included:

1. A central feeder upgrade to create a redundant 115KV transmission loop between Port Angeles and Joyce for loss of station and transmission contingencies
2. "Gunstone Transmission Project – a line between Discovery Bay and Blyn that will serve as the transmission backup supply for much of the greater Sequim area
3. Several substation consolidations and two new substations, which are necessary for increased reliability, reduced losses, and for cost effective implementation of modern technologies and equipment, including SCADA

4. West Fir (Sequim) overhead to underground conversion, which will significantly improve traffic safety near schools
5. Grid modernization projects at the old Sequim substation site including: a 30 KW Community solar project valued at about \$115,000 (2019); a City of Sequim and Clallam PUD EV charging station project valued at up to \$25,000 (2019); and a proposed PNNL and PUD collaborative micro-grid and battery project valued at \$550,000 (2020?)
6. EVITA-101 Project – Coordinating with the Electric Vehicle Infrastructure Transportation Alliance (EVITA) to partner with municipalities and businesses to develop Highway 101 as an electric vehicle corridor
7. Several conservation voltage reduction (CVR) projects
8. West Bluffs Drive (Port Angeles) emergency work to address an endangered a single phase radial electric cable tap as well as the PUD water main
9. Undi Road Slide restoration work to temporarily reroute electric around slide area (pending FEMA reimbursement)
10. Corriea Sophus Loop to facilitate commercial development (Jamestown expanded casino and new resort)
11. LaPush reroute to significantly reduce future O&M, loss reduction and enhance reliability
12. Several cable replacement projects to significantly reduce trending fault rates and resulting emergency responses
13. Multiple (some unknown as yet) upcoming road project utility relocations due to fish passage requirements and new construction, including Elwha bridge relocation project and Black Diamond Road project
14. Facility projects including PA Ops backup generator and wash station, Forks Ops building

#### **BOARD ACTION ITEMS FOR STAFF**

The Board requested follow up on the following issues:

- a. Assistant GM Purser reminded staff that prior to submitting an updated Deposit and Charges policy to the Board at an upcoming meeting, staff is to provide to the Commissioners a red-lined version for review two weeks prior to the Resolution submittal.
- b. Commissioner Purser inquired what administrative fee would be charged by the Washington State Local Government Investment Pool to administer the local government investment pool (LGIP).

**ADJOURNMENT**

There being no further business to come before the Commission, the meeting adjourned at 3:46 PM.