

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
March 11, 2019

Commissioners Present:

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

Staff Present:

Doug Nass, General Manager
John Purvis, Assistant General Manager
Simon Barnhart, General Counsel
Sean Worthington, Finance Manager/Treasurer
Lori Carter, Controller/Auditing Officer
Doug Adams, Transmission & Substation System Supervisor
Tyler King, Power Analyst
Brad Partridge, Serviceman Representative
Nicole Clark, Communications Manager
Chanda Nipcon, Customer Service Supervisor
Teresa Lyn, Executive Assistant

Others Present:

Jim Schuenemann
Richard DeBusman
Terry Lee
Werner Buehler
Alix Romasanta
Briana Romasanta
Carole Romasanta
Mabel B.
Pam Bedford
Larry and Linda Brishin
Jake and Patti Bostwick
Paul V. Henson
Robin and Dave Baker
Rose and Rick Marshall
Donna Lambdin
Ron Goodwin

Ben Sanford
Victoria Jazwic
Deborah Meyer
Doug Green
Glenda and Richard Coeble
Lisa Romano
Alex Fane
Geraldine Lesser
Fred Moritz
Dan and Janice Palmiter
Stephen Lillquist
Rhonda Thout
Marcia Schraubelt
Gayle Powers
Althea Soest
B. Nafuen

Nicole Schoen
Penney Hendricks
Elden Housinger
Parrin Kommiss
Inga Able
Lindsey Wooten
Justin K. Diesen
Helen McNemar
Anne Smorder
Howard Corwin
Julie Larson
Ralph E. Lyons
Danielle Diesen
Candy Diesen
Randy Baelett

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 February 25th meeting.

AGENDA REVISIONS

RESOLUTION 2138-19 Authorizing the Disposal of Renewable Energy Credits (RECs) will be presented after Recommendation of Bid Award for Bid 190801. The staff report on self-reporting of meter readings will be included in the presentation of opt-out options.

PUBLIC COMMENT

A customer provided a list of written questions regarding the Community Solar Project to the Board for response.

A customer submitted a letter of inquiry regarding solar installations to the Board for response.

Public comment on the following topics were received by various customers:

- Expressing thanks to the Board for the three informational advanced meter meetings and for posting board packets on the website, along with a request for the model number of the meters to be installed.
- Objections to the opt-out fee cost.
- The replacement of analog meters with digital meters, which could result in an increase in billing. In response, Assistant General Manager Purvis advised that any increase in billing would be due to the reading accuracy of the new meters (as opposed to the reduced accuracy of analog meters, due to their extended age of up to 30 years). He noted the District has a fiduciary responsibility to all rate payers to ensure accuracy in meter billing, which is one of the major initiatives of the project.
- Concerns about some people's possible sensitivity to smart meters; one customer asked about the legality of charging customers with documented health issues due to smart meter sensitivity an opt-out fee.
- Gratitude for the great job that PUD lineman do in repairing equipment, along with a question about who will address AMI system security.
- A question about the cash flow analysis provided.
- A question about peak use time and how that could affect different kinds of customers. In response, Assistant General Manager Purvis stated that he did not anticipate time of use billing would occur until sometime in the future.

BUSINESS ITEMS

Upon recommendation of staff, and upon motion of Commissioner Anderson seconded by Commissioner Waddell and carried, the Commission considered and approved Recommendation Memo of Bid Award for Bid# 190801 for one (1) 3-phase, 12/16/20 MVA power transformer without load tap changer to Virginia Transformers Corporation, the lowest responsible bidder, in the amount of \$292,174.00 (not including WSST).

Upon recommendation of staff, and upon motion of Commissioner Waddell seconded by Commissioner Anderson and carried, the Commission considered and adopted RESOLUTION 2138-19 Authorizing the Disposal of Surplus Renewable Energy Credits (RECs).

Assistant General Manager John Purvis presented a review of the current Interconnection Requirements Policy regarding AC disconnect and source isolation for solar net-metering installations. In doing so, he outlined the history of and the reason for the Policy. He also provided four language options for revising the existing policy, along with the potential issues associated with each. He additionally provided the language for the WAC 296-45-335 Source Isolation Requirement. Mr. Purvis advised that the District is awaiting reconfirmation of Labor & Industries' (L&I) position on the source isolation requirement and stated that until L&I provides a reconfirmation of or a revision to the requirement, he does not feel comfortable bypassing the

regulation without being directed to do so by the Board. AGM Purvis requested that the board review the presentation and options, and provide guidance so a Resolution can be drafted accordingly.

Finance Manager/Treasurer Sean Worthington reported on the feasibility of the Districts' offering a self-reporting of meter reading option, utilizing information obtained from Ferry County PUD of northeastern Washington, as they offer a self-reporting meter option. He reported that some Washington State PUDs surveyed do not offer an opt-out, however nine do offer a monthly opt-out for a fees ranging from \$15 to \$64.34, with several charging one time fees from \$80 - \$250. Assistant General Manager Purvis and Finance Manager/Treasurer Worthington identified and analyzed the viability, costs, conditions, risks, and unknowns that would be involved for the District to offer interested customers a similar self report opt-out option. In doing so, they developed what they believe is a very cost competitive option, compared to other PUDs.

Commissioner Waddell indicated that he still had concerns about the proposed opt-out strategy and thus the two related Resolutions on the agenda and wished to postpone adopting them at this time. He and Commissioner Anderson related that they would like to see a 'pilot program' of the proposed self-reporting of meter usage opt-out option as put forth by Finance Manager/Treasurer Worthington and Assistant General Manager Purvis. They requested that the pilot program assume a quantity of 100 and 200 participating customers, in order to solidify the costs, level of participation, and other variables of the proposed option.

Based on the above requests, Commissioners Waddell and Anderson requested to postpone adopting the following agenda Resolutions:

- a. RESOLUTION 2136-19 Revision of the District's Residential Meter Policy and rescinding Resolution 2123-18. This revision would clarify that customers with multiple meters at one service address, under the same account name, would only be assessed a fee per service address, rather than per meter, should they wish to opt-out of advanced meters. In addition, in order to provide for a reduced opt-out fee, customer meters will be read every other month and an estimated billing will be produced on the non-read months.
- b. RESOLUTION 2137-19 Establishing the Current Schedule of Deposits and Charges and Line Extension Unit Prices and rescinding Resolution 2129-19 for the purpose of reducing the Advanced/Remote-Read Meter opt-out fee.

Commissioner Purser noted that the two Resolutions that would not be voted on represent an improvement and reduction in the opt-out price for the customer, therefore the opt-out charge remains \$30 versus \$18.

Upon recommendation of staff, and upon motion of Commissioner Anderson seconded by Commissioner Waddell and carried, the Commission approved removal of delinquent accounts on the list dated March 11, 2018 in the total amount of \$5,906.52 from the active accounts receivable, including a collection fee of \$1,311.25.

CLAIM VOUCHER APPROVALS

Claim vouchers as certified by the General Manager and Auditing Officer were considered. Upon recommendation of staff, and upon motion of Commissioner Waddell, seconded by Commissioner Anderson and carried, the Commission approved payment of claim vouchers for the period of weeks 3/4/19 and 3/11/19 in the combined total amount of \$486,223.45.

COMMISSIONER REPORTS

Commissioner Waddell reported that he attended Public Power Council's (PPC) March meeting. The topic was BPA's financial reserve miscalculation, which has been determined to be \$300 million, up from \$200 million. Commissioner Waddell advised that at the meeting he pointed out to the Fish and Wildlife Council representative attending, several inconsistencies in the PPC-provided information that the representative planned on presenting at the capitol.

Commissioner Purser reported that he attended PPC as well and said that BPA seems to intend to join up with California ISO (Cal Iso), a firm that manages California's energy grid. He expressed his concern that Cal Iso is focused on the needs of California and that Washington State needs a place at the table. He agreed with Commissioner Waddell that more transparency from BPA is required. He reported that John Prescott, a member of the Energy Imbalance Market (EIM) presented on EIM at the meeting. Commissioner Purser shared that PPC's Executive Director Scott Corwin is leaving PPC and moving to Northwest Public Power Association (NWPPA) to serve as Executive Director.

STAFF REPORTS

General Manager Doug Nass informed the Board that due to the presidential declaration for the December windstorm events that the County experienced, he expects that the District will receive approximately 80% of the \$900K in claims that the District submitted to FEMA, but likely not until 2020. He also reported on the latest annual average electricity price comparisons by state, which ranks Washington State with the second lowest-cost rate of all states, at 7.94 cents per Kilowatt-hour. Louisiana was the lowest at 7.75 cents and Hawaii was the highest, at 26.07 cents (see <http://www.neo.ne.gov/statshhtml/204.htm>). Additionally, Washington State continues to be one of the cleanest energy producers in the United States in 2018, according to the U.S. Energy Information Administration.

General Manager Nass additionally advised that an ongoing new agenda item 'Board Action Items for Staff' will be added to future Board agendas.

BOARD ACTION ITEMS FOR STAFF

- a. Submit to the Board a pilot program for a quantity of 100 and 200 customers for the two manual customer self-read and reduced-cost opt-out options and all identified conditions, deposits and charges, as presented to the Board at the March 11, 2019 meeting; those being:
 - i. A Customer Self-Report Meter Read with a Bi-annual PUD Read for a monthly charge of \$14.82 (recommended by the State Auditor's Office);
 - ii. The charge that the customer will incur if the monthly self-read is not performed within the established read period;
 - iii. The two levels of deposits required (based on customer payment history) if a self-report meter read option is selected;
 - iv. The additional charge (an estimated \$5.40 per month) for providing a refurbished analog meter if the customer prefers that; and
 - v. The estimated commencement date and completion date of the proposed pilot program.
- b. Provide an update on the Community Solar Project to the Board

ADJOURNMENT

There being no further business to come before the Commission, the meeting adjourned at 4:32 PM.