

# DRAFT

## PUBLIC UTILITY DISTRICT No. 1 *of Whatcom County*

### **Agenda for the Regular Meeting October 8, 2019 8:00 a.m. at the PUD Office**

1. Call to Order | Pledge of Allegiance
2. Public Comment
3. Approval of Meeting Minutes of the Regular Meeting of September 24, 2019
4. Approval of Claims for October 8, 2019
5. Report on Refinery Substation Power Outage
6. Other Business
7. Executive Session: Per RCW 42.30.110 (i) – Potential Litigation
8. Adjourn

#### **Next Commission Meetings**

*October 22 & November 12, 2019 – Regular Meetings*

*All meetings begin at 8:00 a.m. at PUD Administration Office -  
1705 Trigg Road, Ferndale, WA unless other location announced.*

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#### **Mission Statement**

*Public Utility District No. 1 of Whatcom County is a steward of water and energy resources providing locally controlled utility services and resource protection for the benefit of the residents, businesses and agricultural community of greater Whatcom.*

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**MINUTES OF THE REGULAR  
MEETING OF THE COMMISSION**

**September 24, 2019**

**1. Call to Order | Pledge of Allegiance**

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:00 a.m. by Commissioner Jeff McClure and Pledge of Allegiance recited. Said meeting was open to the public and notice thereof had been given as required by law. Those present included Commissioner Mike Murphy, Commissioner Atul Deshmane and Legal Counsel Jon Sitkin. Staff: Steve Jilk, General Manager; Brian Walters, Assistant General Manager; Ann Grimm, Administrative Assistant; Annette Smith, Director of Finance; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Alec Strand, Project Manager; Mike Macomber, IT/SCADA Technician; Aaron Peterson, IT/SCADA Technician; Paul Siegmund, Manager of Automation and Technology; Jon Littlefield, Electric System Supervisor; Devin Crabtree, Chief Water Operator; and Traci Irvine, Accountant I.

Public attending: Rick Maricle, Citizen  
Carole Perry, Citizen  
Max Perry, Citizen  
Robin Dexter, Environmental Working Group  
Lauren Turner, Phillips 66  
Dave Olson, Citizen

**2. Public Comment**

Carole Perry commented on attending the Whatcom County Planning Commission town hall meeting. Over 150 people made public comments about the proposed zoning amendments at Cherry Point. Many who commented were employees of Phillips 66. Matt Aamot displayed a chart of how the proposed amendments would affect the heavy industrial area. Perry said she cannot understand why people shouldn't know about the PUD's relationship with Cherry Point. Commissioner Deshmane suggested that Mrs. Perry make that comment at the next Planning Commission meeting.

**3. Approval of the Meeting Minutes of September 10, 2019 as presented; and,**

**4. Approval of the Claims of September 24, 2019:**

<b>VENDOR NAME</b>	<b>AMOUNT</b>
BONNEVILLE POWER ADMINISTRATION	819,930.00
BROWN & KYSAR, INC.	48,466.25
CDW/COMPUTER DISCOUNT WAREHOUSE	239.13
CENTRAL WELDING SUPPLY	77.12
CESCO NEW CONCEPT CHEMICAL PRODUCTS	153.72
COMCAST	183.29
CULLIGAN NORTHWEST	93.58
EDGE ANALYTICAL LABORATORIES	20.00
FERNDALE ACE HARDWARE	55.36
FERNDALE LUBE	104.19
FIBER INSTRUMENT SALES, INC.	1,458.48
GRAYBAR ELECTRIC COMPANY, INC	118.25
GUARDIAN SECURITY SYSTEMS, INC	358.05
HARDWARE SALES, INC.	250.93
HD FOWLER CO, INC	249.51
INTERNAL REVENUE SERVICE	15,217.50

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KAMAN FLUID POWER LLC	126.74
MURPHY, MICHAEL J	251.23
NESCO, LLC	4,041.47
PACIFIC SURVEY & ENGINEERING	10,459.75
PAYLOCITY	134.33
PAYROLL	164,634.13
PLATT ELECTRIC SUPPLY CO	2,614.52
PROBUILD - OSO LUMBER	71.09
PUGET SOUND ENERGY, INC	142.83
RDS - RECYCLING & DISPOSAL SERVICE	28.37
RH2 ENGINEERING, INC	16,893.54
TIGER CONSTRUCTION	407,239.17
TRIVAN TRUCK BODY	1,347.88
WA FEDERAL VISA CARD MEMBER SERVICES	3,265.90
WA ST DEPT OF ECOLOGY-CASHIERING	7,504.00
WA ST DEPT OF REVENUE	80,271.72
WA ST DEPT TRANSP-NW REGION	1,593.09
WESTERN CONFERENCE OF TEAMSTERS	6,948.00
WESTSIDE LUMBER	609.83
<b>GRAND TOTAL</b>	<b>\$1,595,152.95</b>

**ACTION:** Commissioner Murphy motioned to APPROVE THE MINUTES OF THE REGULAR MEETING HELD SEPTEMBER 10, 2019 AND THE CLAIMS OF SEPTEMBER 24, 2019. Commissioner Deshmane second the motion. Motion passed unanimously.

## 5. District Fiber Optic System Overview

Paul Siegmund, the District's Manager of Automation and Technology, gave an overview/update on the interconnectivity of the District's fiber system. Siegmund explained how far the District has come in terms of modern communication – from radios and slow telephone lines to high-speed fiber. Siegmund displayed several examples of the different cables, patch cords and fiber strands. The IT department has been working on upgrades such as installing cable-identifying markers and fixing some splices. The District has experienced quite a build-out since 2012. The communications fiber line was installed from Plant 1 to the Substation Refinery. In 2017, fiber was placed from the Repeater Tower to Plants 1 and 2, and to Grandview. The Douglas Road Vault was connected in 2018, and this year, connections were made to BPA's substation north of Grandview for real-time monitoring required by BPA, for compliance of the Transmission Operator (TOP) services agreement.

Future build-out plans include fiber extending to another BPA substation past Douglas Road vault to D-Station. The final plan is to close the fiber loop by running from D-Station to Olson Road and back to Plant 2. These projects will be included in upcoming budgets.

**ACTION:** No action taken. Information only.

## 6. Governance and Management Policy | Conflict of Interest/Ethics Policy

In consideration of issues raised around the Washington Public Utility Districts Association (WPUDA) in recent years related to the need to clarify the roles of Commission and Management, the General Manager has reached out to WPUDA for examples of policies developed for this discussion. Staff has been working with Legal Counsel and drafted two policies for consideration by the Commission: Governance and Management Policy and Conflict of Interest Code and Code of Ethics Policy.

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The issue of conflicts of interest additionally can arise for elected and appointed staff, which has been identified as questions of concern in the utility and municipal world; and, though not specifically with this PUD, but in some others, these issues have been raised in audits. The policies were presented to the Commission for review, and they were asked to discuss and provide direction at today's meeting on how to proceed with them. Commissioners decided that they would provide individual feedback to the General Manager. Comments will be collected and incorporated into a second draft for review with a work session to be set in early November. Following review and consideration, with suggested modifications, staff can draft final documents to the Commission for approval with a suggested implementation date of January 1, 2020.

**ACTION:** No action taken. Discussion only.

## 7. Other Business

### Refinery Substation Power Outage

Staff has been meeting with representatives from the refinery and working on an analysis of what caused the outage along with changes that will need to occur. A full report will be presented at the next Commission meeting on October 8.

### Vista Road/Water Main Line Extension Project

The project is complete and the water is on. The pond level at Grandview was also lowered to match streamflow in California Creek.

### Coldstream Dairy Project

The Department of Ecology met with Coldstream Farms and RH2 Engineering to discuss the potential discharge of the "clean water" produced from the dairy farm's Nano-filtration and reverse osmosis technology into the South Fork of the Nooksack River. A side channel of the South Fork was considered but sometimes dries up and is not the most viable option. If the water were released into the ground to recharge the aquifer, Ecology would consider this as an offset – as "new water". Coldstream Farm is working on a proposal to submit for state permitting and should receive a response within six weeks. As the PUD is a partner in the project, we agreed to pay the permit fees and would be allowed to claim the water for other uses, offset under 6091 or other allowed uses.

### Commissioner Deshmane Comments

- Lewis PUD Commissioner Dhalin passed away. Deshmane had the opportunity to get to know him better recently through Energy-Northwest. Dhalin will be missed.
- Attended the WPUDA September Committee Meetings. Topics discussed:
  - Advanced Metering – Plus/Minus and Smart Metering (can be adjusted to turn on only when in use).
  - Commissioner Education/Roundtable – Discussion encouraged dialog with legislators.
  - Succession Management – Working with headhunter firms to recruit talent for PUDs.
- Broadband Planning/Grant Submission – Although the Port is leading the effort in the county, two public agencies on grant applications are better than one – Deshmane asked if the PUD could help the Port "win" grants. Jilk replied that the District signed on as a partner and has supported the Port's grant applications – noting the EDI Funding and grant from the Department of Commerce.
- Clean Energy Transformation Act (CETA) signed into law in May commits Washington to be an electricity supply free of greenhouse gas emissions by 2045. Discussion included carbon related policies and the social cost of carbon such as how it is measured and as a PUD, how to address.
- Water Topics:
  - Oxygen in the water and how it can help increase production at fisheries.
  - Lunch Speaker at WPUDA Meeting was the Suquamish Chairman who spoke about the hot topic of removal of the four Lower Snake River Dams. A study regarding the dams, commissioned by the State is now underway.

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- The Washington State Court of Appeals Div. III has denied Crown West Realty appeal of the Department Ecology's ruling on the case.

## 8. Executive Session

Commission President Jeff McClure requested an Executive Session pursuant to RCW 42.30.110(g) to allow the Commission to discuss the General Manager's performance evaluation.

The estimated time for the Executive Session was forty-five (45) minutes. The Commission President indicated that no action was anticipated to occur after the adjournment of the Executive Session.

Commissioner McClure adjourned the Commission into Executive Session at 9:14 a.m.

- At 10:05 a.m., Legal Counsel announced an additional twenty minutes for the Executive Session.
- The Commission was in Executive Session for 90 minutes. No action was taken after the close of the Executive Session.

### Executive Session Adjourn

There being no further business for the Executive Session, the Commission reconvened to the regular meeting at 10:20 a.m.

## 9. Adjourn

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 10:23 a.m.

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Jeffrey L. McClure, President

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Michael Murphy, Vice President

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Atul Deshmane, Secretary