

# DRAFT

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

### **Agenda for the Regular Meeting October 22, 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 October 8, 2019
4. Approval of Claims for October 22, 2019
5. 2020 Draft Budget Presentation
6. Other Business
7. Executive Session Per RCW 42.30.110 (i): Potential Litigation – Public Records Request
8. Adjourn

#### **Next Commission Meetings**

*November 12 & 26, 2019 – Regular Meetings*

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

*(360) 384-4288 • [www.pudwhatcom.org](http://www.pudwhatcom.org)*

#### **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**

**October 08, 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; Jon Littlefield, Electric System Supervisor; Devin Crabtree, Chief Water Operator; and Traci Irvine, Accountant I.

Public attending: Rick Maricle, Citizen  
Lauren Turner, Phillips 66  
Tom Mortimer, Attorney at Law  
Carole Perry, Citizen  
Max Perry, Citizen  
Dan Mahar, Northwest Clean Air Agency  
Robin Dexter, Environmental Working Group  
Dave Olson, Citizen

**2. Public Comment**

Carole Perry reiterated that the Commissioners need to be aware of what is happening, and election season is upon us. Citizens are dependent upon the integrity of the people elected to boards and commissions. She urged people to pay attention, especially staff, that your jobs and futures may not be protected.

**3. Approval of the Meeting Minutes of September 24, 2019 as presented; and,**

**4. Approval of the Claims of October 8, 2019:**

<b>VENDOR NAME</b>	<b>AMOUNT</b>
3-D CORPORATION	313.17
APPLIED DIGITAL IMAGING	35.87
BELLINGHAM HERALD	390.74
BRIDGEVIEW AUTO PARTS	30.90
CANYON INDUSTRIES	2,137.45
CASCADE RADIO GROUP	1,500.00
CDW/COMPUTER DISCOUNT WAREHOUSE	4,522.05
CESCO NEW CONCEPT CHEMICAL PRODUCTS	456.35
CHMELIK SITKIN & DAVIS	9,725.50
CRABTREE, DEVIN	186.77
DAY WIRELESS SYSTEMS	5,712.57
EAGLE-EYE AERIAL SOLUTIONS, LLC	9,405.00
EDGE ANALYTICAL LABORATORIES	374.00
FASTENAL	3.10
FEDERAL EXPRESS	40.96
FERNDAL ACE HARDWARE	17.34

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FERNDALE LUBE	69.40
FERROTEK CORPORATION	10,418.84
FRONTIER	1,460.22
GATEWAY CONTROLS	1,403.99
HACH COMPANY	275.03
HARDWARE SALES, INC	16.08
HEALTH PROMOTIONS NORTHWEST	90.00
HOMEWARD DESIGNS, LLC	1,592.50
INDEGY, INC	849.99
INDUSTRIAL SUPPLY, INC	232.71
IVOXY CONSULTING LLC	2,230.46
KAMAN FLUID POWER LLC	36.77
KCDA PURCHASING COOPERATIVE	35.19
MASSMUTUAL RETIREMENT SVCS LLC	10,608.33
MORTIMER, TOM	2,172.50
NORTH COAST ELECTRIC COMPANY	3,418.62
NORTHWEST CASCADE, INC.	112.50
NORTHWEST MOWING & GARDENING	514.54
PLATT ELECTRIC SUPPLY CO	1,537.47
PUBLIC UTILITY RISK MANAGEMENT SERVICES	9,872.83
PUD #1 OF WHATCOM COUNTY	1,420.00
PUGET SOUND ENERGY, INC	6,737.54
REGENCE BLUE SHIELD	41,540.47
REISNER DISTRIBUTION, INC	1,239.15
RICOH USA	237.31
SSC - SANITARY SERVICE COMPANY	465.97
TEAMSTER LOCAL #231	438.00
ULINE, INC.	252.92
UNITED WAY OF WHATCOM COUNTY	412.00
UTILITIES UNDERGROUND LOCATION	19.35
VERIZON WIRELESS	1,602.22
WASHINGTON DENTAL SERVICE	2,768.10
WASHINGTON TEAMSTERS WELFARE	10,040.70
WATERHOUSE ENVIRONMENTAL SERVICES	17,136.60
WESTSIDE LUMBER	163.71
WIN-911	1,130.00
<b>GRAND TOTAL</b>	<b>\$167,403.78</b>

**ACTION:** Commissioner Murphy motioned to APPROVE THE MINUTES OF THE REGULAR MEETING HELD SEPTEMBER 24, 2019 AND THE CLAIMS OF October 8, 2019. Commissioner Deshmane second the motion. Motion passed unanimously.

### 5. Report on Refinery Substation Power Outage

On the evening of September 19 at approximately 5:55 pm, the District's substation located at the Phillips 66 Refinery experienced an equipment failure. Electric System Supervisor Littlefield explained the situation and layout of the substation, noting the different transformers, insulators and various equipment involved. Two of the three transformers were up and running, one was down for oil maintenance. Initial studies indicate that an insulator failed between the south and west capacitor banks in the substation. This tripped the circuit breaker and resulted in an arc fault or flash causing the insulator to explode.

Fortunately, no one was injured or near the substation when the failure occurred. PUD staff was on scene within 30 minutes and had the power restored by 8:00 p.m.

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Staff is working with Brown and Kysar (electrical engineering consultants) to pin down the cause. Jilk declared an emergency in case it was needed for specific actions. Repairs for the substation include replacing all six switches and to consider installing a back-up generator, for station power, and automatic transfer switches. Littlefield said they will ramp up the frequency of ultrasonic inspections and complete a drone survey of the substation each year along with checks for other potential issues. Phillips 66 does a turnaround every five years so Littlefield hopes to increase the number of conducting inspections and maintenance during the next turnaround.

The insulator was sent for analysis and staff expects a final report on the root cause, with a follow-up to the Commission in the next month or so.

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

## 6. Other Business

### Watershed Management Board – Five Year Work Plan

Commissioner Deshmane asked Jilk to explain to the Commission about the Watershed Management Board's (WMB) approval process of the Five-Year Work Plan (Plan). Deshmane is the PUD's representative to the WMB but was not able to make that meeting. Jilk said that input from the Planning Unit and with consensus from all the WMB members the final plan was approved by the WMB and copies were distributed to the Commissioners.

In consideration of the newly approved Plan, the PUD can move forward on the Water Supply Plan (Strategy #3) as its grant recipient. There are three sub-basin pilot areas proposed and at tomorrow's Watershed Management Team meeting, a decision will be made on which two or all three sub-basins will move forward. The Washington State Department of Fish and Wildlife (WDFW) is administering the grant and will be working with Watershed Management Team/staff to finalize the scope of work.

It was discussed that it seems like the PUD is being targeted on some radio programs as well as editorials in the newspapers that the PUD wants to "take over". Jilk said that as the PUD moves forward with the Plan and Water Supply Plan strategy, it would be a great opportunity to engage the stakeholders and many others in the process.

### Bureau of Reclamation – Drought Contingency Plan (DCP)

The PUD received exciting news yesterday that the Bureau of Reclamation (BOR) has approved the Drought Contingency Plan! After a few requested changes to the draft plan by BOR, it was resubmitted on September 9, 2019. The Plan received "final" approval on October 7, 2019. The BOR is interested in learning more about how the process worked and hopes that the PUD will share any lessons learned through developing the plan, as they continuously seek for opportunities to improve the program.

The next step is to reconvene the Drought Contingency Task Force to begin working on identifying the projects that would support the implementation. Requests to coordinate with the State's monitoring efforts on the *Water Supply Availability Committee* (WSAC) for the PUD/Task Force to identify a local representative to WSAC, as well as to be on the Governor's *Executive Water Emergency Committee* to participate when Whatcom County is involved in a drought situation.

A stipulation of the grant required a local match – which ultimately came from PUD customers – and although the PUD may not directly benefit from the DCP, most of the work and dollars committed assists the entire community. Dave Olson added that the State Department of Health's Office of Drinking Water is aware of how a drought can affect small water systems and can offer insights and/or emergency grant funding as a conduit.

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## Substation Electrical Equipment - Reject All Bids

The bid opening for the project *Supply and Delivery Substation Electrical Equipment* was held Tuesday, October 1, 2019. Six bids were received and opened. All six bids were greater than 15% above our Engineer's Estimate. Per RCW 54.04.080, "no contract shall be let for more than fifteen percent in excess of the estimated cost of the materials or work." Due to this condition, the PUD cannot award the bid and must reject all bids. Brown and Kysar Engineers are preparing a new Engineer's Estimate and the project will go back out to bid as soon as possible.

## Articles of Interest

Jilk distributed articles related to a new UN Climate Report outlining likely Northwest hydropower impacts and Power Pools speakers say that capacity shortages will need regional solution. There are also two forums coming up that may be of interest to attend: PNWER Economic Leadership Forum (Nov. 17 – 19) and the 2019 Re-Wire Policy Conference on December 10.

## Celebrate Public Power Week

Governor Jay Inslee has proclaimed the week of October 6 – 12, 2019 as *Public Power Week*. Public power utilities in Washington provide homes, businesses, industries, farms, social service organizations and government agencies with efficient and cost-effective electricity while employing sound business practices, local accountability and transparency for the public benefit. More information is posted on the District's website.

## Commissioner Murphy Comments

### *NIPPC Conference*

Commissioner Murphy attended the Northwest and Intermountain Power Producers Coalition (NIPPC) annual conference. Speakers included representatives from Bonneville Power Administration, Northwest Gas Association, Renewable Hydrogen Alliance, Federal Energy Regulatory Commission, and others. Many topics were covered such as wind and solar power, lack of storage for wind and solar, shuttering coal plants with no replacements in mind, cybersecurity, the future of natural gas, and how the Lower Snake River Dams help with winter power needs.

## Commissioner McClure Comments

### *The Future of Energy*

This Bellingham/Whatcom Chamber of Commerce presentation is tomorrow morning at Silver Reef. All three commissioners plan to attend.

### *Whatcom Council of Governments Meetings*

McClure is the representative for WCOG and plans to attend the *Transportation Policy Board and Council Board* meetings Wednesday afternoon.

### *Strategic Plan/Cherry Point Initiatives*

McClure would like to plan a work session in mid-January 2020 to focus on the District's planned initiatives from the 2025 Strategic Plan for the Cherry Point Industrial Area.

## **7. Executive Session**

Commission President Jeff McClure requested an Executive Session pursuant to RCW 42.30.110(i) to allow the Commission to discuss potential water litigation and litigation on a public records disclosure request.

The estimated time for the Executive Session was sixty (60) 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 9:06 a.m.

- At 10:08 a.m., the President announced an additional twenty minutes for the Executive Session.

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- The Commission was in Executive Session for 82 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 10:29 a.m.

## **8. Adjourn**

There being no further business for the regular meeting, the Commission adjourned the regular meeting at 10:30 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