

**MINUTES OF THE SPECIAL
MEETING OF THE COMMISSION**

February 2, 2021

1. Call to Order | Pledge of Allegiance

The special meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 8:04 a.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present via Zoom teleconference included Commissioner Mike Murphy, Commissioner Christine Grant, Commissioner Atul Deshmane, and Legal Counsel Jon Sitkin. Staff attending via teleconference: Steve Jilk, General Manager, Ann Grimm, Executive Assistant; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Annette Smith, Director of Finance; Brian Walters, Assistant General Manager; Duane Holden, Director of Utility Operations; Paul Siegmund, Manager of Automation and Technology; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Devin Crabtree, Chief Water Operator; and Jon Littlefield, Electric System Supervisor.

Public attending via teleconference:

Carryn Vande Griend, PSE
David Hostetler, Citizen
Ellyn Murphy, Citizen
Jill McIntyre Witt, Citizen
Lauren Turner, Phillips 66
Sue Gunn, Citizen
Mary Rivkin, Citizen
“RB”

2. Commissioners Work Session to Discuss Energy Resource Management

Commissioner Deshmane suggested each Commissioner list what they would like to discuss on the subject and develop the agenda from the topics.

Deshmane:

- Municipalization Study (raised from the City of Bellingham’s Climate Study and follow up with citizens)
- Community Renewable Energy Projects

Murphy:

- Murphy doesn’t have specific topics

Grant:

- Clean Energy Transformation Act (CETA) Rule Making – is relevant for municipalization conversation
- Current Legislative Bills to consider supporting

Jilk added that at the next two regular Commission Meetings, there are planned presentations from *The Energy Authority* to discuss energy resources and possible policies for consideration.

Deshmane suggested focusing on the CETA policy and municipalization conversations, and then possible renewable energy projects if time allows.

Municipalization

At the January 12 Commission Meeting, a few public comments were made about public power acquisition and a possible feasibility study. The outcome of the study needs to be determined first. Deshmane came up with a list of actions to consider:

Communitywide:

- 1) City of Bellingham municipalization (taking over electric grid to create its own retail authority)
- 2) City of Bellingham to consider “California model” that would allow the community to have control and focus on their consumption (aggregation)
- 3) City of Bellingham entering into a green-direct program with PSE (citywide)
- 4) PUD municipalizing countywide
- 5) CETA compliance as indicated

Next, have each entity above research the following:

- Cost of Energy
- Jobs Impact
- Broader Economic Development
- Carbon Emissions Footprint
- Connectivity
- Identify a Potential Savings for Laying Aerial Fiber

These could present different options for changing the Whatcom County grid/resource that improves carbon and economic development characteristics for our community.

Jilk asked for clarification on items number four and five; Are these in collaboration with the City of Bellingham, so it is not just the PUD outside of the cities? If the City of Bellingham would go out on its own for a feasibility analysis, it would seem to be more effective to do it jointly. Deshmane responded that countywide would not include the cities of Blaine and Sumas, it would include Bellingham but he was not considering both PUD and City to municipalize. Exactly how these scenarios should be fine-tuned would be a subject for another discussion. Deshmane wants the City to cosponsor the study. It would make sense for the PUD to oversee the study and Bellingham to participate.

Jilk commented that if this was to be a countywide study, and establishment of a countywide utility, he suggests including Blaine and Sumas in the conversation as to how they can benefit or integrate their utilities into a countywide “public utility”. Deshmane would provide a matrix with clarity on potential action and provide to the Commission for later discussion. He would also like to send it to the Bellingham City Council to see if they are willing to provide resources to conduct the study. With collaboration, there is a possibility of utilizing EDI funds for the financing.

Grant has talked about public ownership in the past and she believes the reason why there is discussion in the community is due to a lack of local control, which is a leading reason for municipalization efforts. Many of these have failed because the private investor utilities can provide tremendous resources to prevent municipalization from happening. She suggests being cautious about public ownership because it does not necessarily mean a faster transition to cleaner energy. Nationwide, the trend is not there.

She has been researching the Clean Energy Transformation Act and rule making. The transition over the next few decades is tremendous (it commits Washington to an electric supply free of greenhouse gas emissions by 2045). The other topic she hears a lot about is energy transmission and how there are not adequate transmission resources. She would like to see more energy produced locally to reduce the transmission costs. It is also a good way to produce jobs locally. Her work with utilities has been more on the demand-side of the resource. Grant would like to find a middle path. Performing a feasibility study to look at the many options is a good idea. Two benefits of being a public utility are the grant and

loan programs available.

Murphy is interested in the benefits of public power; however, he feels it is best to work with those who have interests and find a solution. Hopefully, others will join the effort, instead of saying the PUD will take over the whole county because without the additional support, we will fail. Grant said she has had several people from Bellingham and other communities comment to her on their concerns and needs for power. Most concerns regard the delay in transitioning to clean energy, as it has been perceived and adequate service or performance upgrades that are needed. She suggests a survey for better information on how community members think about it.

Murphy said if the City of Bellingham has the most interest for public power, then perhaps that is where to start. The District needs look at hiring the right people or consulting firm to head up the studies; as current staff is already overloaded. If the City agrees and would be willing to co-fund, then he could see moving ahead.

Because the public is talking about municipalization, Deshmane said it should be discussed. He will prepare a document to send to the Commissioners to address funding/collaboration on the study (City, Whatcom County), and that the voices of the community are heard to give input on the study. He suggested a countywide forum to provide input before a final Request for Qualifications. Grant said it is important that one of the Commissioners communicate with Puget Sound Energy and to have healthy, open dialogue with PSE on where the community wants to go, and in the most economically way. If we don't go that direction, the analysis is needed in order to make a fully-informed decision. Grant offered to be the liaison with PSE.

Deshmane has reviewed the latest Integrated Resource Plan (IRP) from PSE, and it appears that coal use will be reduced and replaced with natural gas production. In regards to ongoing legislation, the push is for *all* utilities toward further electrification.

Grant has been learning more about the rule making process. One item in the rule making requires investor-owned utilities to work more directly with communities regarding clean energy implementation plans and the Utilities and Trade Commission will have more of a say in the implementation plans in the future. There is a strong equity focus on the Integrated Resource Plan (IRP) to identify communities that have been the most impacted or likely to be highly impacted by climate change and existing energy infrastructure. Hydropower does count under CETA as long as there are no new diversions. This could be an opportunity to look at micro hydro production with the District's existing infrastructure.

There might be a common interest for Snohomish PUD, Whatcom PUD and PSE to meet with the local CETA rule-making process. Nicholas Garcia of WPUA is very knowledgeable and Deshmane proposed meeting with Garcia first then proceed. Walters commented that Whatcom PUD is subject to meeting the goals of CETA, and we are about six percent short of our power supply that does not meet CETA requirements, and we do have the resources to bid into Snohomish PUD's IRP. Small-scale resources to serve community needs may not meet existing customers' needs, and we may end up serving large loads. Municipalization can take on many different forms. Sitkin added that on January 20, 2021 the UTC approved the IRP for PSE.

Next steps:

Deshmane suggested a meeting on the subject of CETA and rule making. Grant said the process is to determine the vision of the community, how to get there as quick as possible, with the lowest rate. If PSE is ready to be a community partner, show us the current business model and collaborate in every way possible, or the PUD can take its own path. Deshmane suggested an "energy summit" with PSE. Grant will follow up with PSE and Deshmane with Garcia.

Jilk does not see these as standalone issues. It would be a good approach for Commissioner Grant to reach out to PSE. In addition, at the next two upcoming Commission Meetings, presentations on energy issues are planned by *The Energy Authority*. Perhaps the first meeting in March will be a good opportunity to discuss. There will also be further discussions on broadband and create more demands for public outreach on the Commission and staff's workload to move the discussion forward.

Deshmane will send his document out about municipalization and other study options. Murphy added that he appreciates the subject coming up – and we need to figure out the next step. He has always focused on water issues and appreciates the other Commissioners' knowledge in this arena.

3. Adjourn

There being no further business for the special meeting, Commissioner Deshmane adjourned the special meeting at 9:04 a.m.

Atul Deshmane, President

Michael Murphy, Vice President

Christine Grant, Secretary

APPROVED: FEBRUARY 26, 2021
