

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

Agenda for the Regular Meeting of February 11, 2025
8:15 a.m. at the PUD Office
(Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance
2. Approval of Agenda (2 minutes)
3. Consent Agenda (5 minutes)
 - a) Approval of the Minutes of the Regular Meeting of January 28, 2025
 - b) Approval of Claims for February 11, 2025
4. Public Comment (10 minutes – Individual speakers: 3 minutes)
5. General Manager Report (10 minutes)
6. Operations Report (10 minutes)
7. Old Business (30 minutes)
 - a) Broadband Update
 - b) Adjudication Update
 - c) Geothermal Update
 - d) Strategic Plan Update
8. New Business (30 minutes)
 - a) Action 1: Approve Letter Agreement for Cost Reimbursement by AltaGas Ferndale Terminal for Whatcom PUD Expenses Associated with the Douglas Road Vault and Meter Replacement Project
 - b) Resolution 1: Approve Resolution No. 871 Authorizing Cancellation of Warrant For Puget Sound Energy
9. Commissioner Reports (10 minutes)
 - a) Upcoming Per Diem Requests
Commissioner Arnett: None as of publication
Commissioner Ury: None as of publication
Commissioner Deshmane: None as of publication
10. Public Comment (10 minutes– Individual speakers: 3 minutes)
11. Executive Session: None as of publication
12. Adjourn (Estimated 10:20 AM)

Notice:

All Commissioners will participate either via Zoom/internet or teleconference.

The public meeting can be accessed;

By internet: <https://us02web.zoom.us/j/83759821760>

NOTE: IF ATTENDING VIA ZOOM WE WOULD APPRECIATE YOUR FULL NAME FOR THE COMMISSION RECORD THOUGH IT IS NOT REQUIRED

<p>Or telephone: Dial 1 (253) 215 8782 <u>or</u> 1 (253) 205 0468 Webinar ID: 837 5982 1760</p>

2025 BOARD OF COMMISSIONERS

JAIME ARNETT
ATUL DESHMANE
EDDY URY

Next Commission Meetings

February 25 and March 11, 2025 |8:15 a.m.| Regular Meetings

Meetings to be held at the District Office

1705 Trigg Road, Ferndale, WA 98248

or other location announced

Contact: Chris Heimgartner, General Manager (360) 384-4288 x 119

info@pudwhatcom.org

www.pudwhatcom.org

**MINUTES OF THE REGULAR
MEETING OF THE COMMISSION
January 28, 2025**

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 8:15 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 at the meeting included:

COMMISSION AND STAFF

Atul Deshmane	Commissioner
Jaime Arnett	Commissioner
Eddy Ury	Commissioner
Jon Sitkin	Legal Counsel
Chris Heimgartner	General Manager
Aaron Peterson	IT/SCADA Technician
Andrew Entrikin	Director – Broadband and New Power Supply
Annette Smith	Director of Finance
Brian Walters	Assistant General Manager
Garrett Love-Smith	Engineering Manager
Joseph Shay	Clerk of the Board / Records
Kurt Wank	Assistant General Manager
Lisa Moeller	Director – HR & Communications
Mike Macomber	IT/SCADA Technician
Rebecca Schlotterback	Contracts and Regulatory Compliance Manager
Stephanie Hooper	Accountant I

VISITORS

Todd Lagestee	Citizen
James Van Der Voort	Nooksack Salmon Enhancement Association
Dave Olson	Citizen

2. Approval of Agenda

ACTION:

Commissioner Arnett made a motion to approve the agenda. Commissioner Ury seconded the motion. The motion passed unanimously.

3. Approval of Consent Agenda

a) Approval of the Minutes of Regular Commission Meeting of January 14, 2025 & Approval of the Claims of January 28, 2025:

Commissioner Ury made a motion to approve the consent agenda as a whole including both the minutes and the claims. Commissioner Arnett seconded the motion. The motion passed unanimously.

Claims of January 14, 2025:

ALUMICHEM CANADA INC (formerly WATERHOUSE ENV.)	31,467.20
ANVIL CORPORATION	1,365.00
APPLIED INDUSTRIAL TECHNOLOGIES, INC	32.81
INDUSTRIAL SUPPLY, INC	51.06
BONNEVILLE POWER ADMINISTRATION	683,330.00
BRIM TRACTOR COMPANY	351.81
CENTRAL WELDING SUPPLY	105.53
CHMELIK SITKIN & DAVIS	7,838.00
CLEAN EARTH INC.	101.63
COMCAST	322.09

COMCAST - NWRC	300.00
CONSOR NORTH AMERICA, INC.	24,027.20
EAGLE-EYE POWER SOLUTIONS LLC	2,622.50
FERNDALE ACE HARDWARE	89.34
FERNDALE AUTO PARTS	106.74
HARDWARE SALES, INC .	111.74
HD FOWLER CO, INC	4,139.60
HESS, DEVIN	816.26
INSIGHT PUBLIC SECTOR, INC.	3,356.50
INTERNAL REVENUE SERVICE	26,781.01
IVOXY CONSULTING LLC	4,788.35
MASSMUTUAL RETIREMENT SVCS LLC	13,160.00
NORTH COAST ELECTRIC COMPANY	548.38
NORTHWEST CASCADE, INC.	165.50
ODP BUSINESS SOLUTIONS LLC	626.44
P&P EXCAVATING, LLC	1,871.36
PAYLOCITY	189.64
PAYROLL	287,914.43
PERRY PALLET	20.00
PLATT ELECTRIC SUPPLY CO	547.32
PUD #1 OF WHATCOM COUNTY	17,194.44
PUGET SOUND ENERGY, INC	1,072.37
SIEGMUND, PAUL M	183.88
STAR RENTALS	3,302.88
ULINE, INC.	1,632.54
WA FEDERAL VISA CARD MEMBER SERVICES	4,561.59
WA PUBLIC UTILITY DISTRICTS ASSOCIATION	15,099.00
WA ST DEPT OF REVENUE - EXCISE TAX	83,254.38
WA ST DEPT OF REVENUE - LEASEHOLD TAX	707.10
WESTERN CONFERENCE OF TEAMSTERS	17,451.00
WHATCOM COUNTY AUDITOR	202,002.95
WHATCOM COUNTY COUNCIL OF GOVERNMENTS	150.00
WHATCOM FARMERS CO-OP	162.41
GRAND TOTAL	\$ 1,443,921.98

4. **Public Comment** – Todd Lagestee addressed the commission thanking them for continuing to say the Pledge of Allegiance. Mr. Lagestee said that he had heard discussion of refraining from saying the Pledge at a different public meeting and was appreciative that the PUD continues to do so at its commission meetings.

5. **General Manager’s Report** – General Manager Heimgartner reported several things to the commission including:
 - a. That Whatcom County has had issues during their transition to a new accounting system. The general manager assured the commission that staff is working to correct this situation ASAP.
 - b. The PUD received a bill for its portion of the cost of the Whatcom County Elections as determined by Whatcom County. The PUD had budgeted \$180,000 to cover the costs of the elections. The bill from Whatcom County was over \$200,000 with the entire cost of the elections being just over \$700,000 therefore the PUD paid roughly one-third of the entire election costs. The general manager stated that he will be looking into what can be done to resolve the high-cost to the PUD of elections.
 - c. Annette is working with the Teamster’s union on their audit of the PUD.
 - d. The PUD’s bond rating meeting will be on January 31, 2025 and the general manager is hopeful and expects a good rating.
 - e. Management is in the final stages of preparing the contract with Maul Foster Alongi for consulting services on the strategic plan.
 - f. Crina Hoyer is working with staff to put together a team building retreat with a tentative date of Friday March 14, 2025 in Blaine.

6. Operations Report – Kurt Wank, Assistant General Manager presented photographs to the commission showing the progress of the construction of the Plant 2 turbidity vault.

7. Old Business

a) Broadband Update – Andrew Entrikin, Director of Broadband and New Power Supply, gave an update on BEAD grant application process.

b) Adjudication Update – John Sitkin, Legal Counsel updated the commission on the recent court hearings regarding the upcoming adjudication process. He explained that the biggest hurdle facing the process is how to ensure information gets to all interested parties. Mr. Sitkin explained that as far as he is aware there is no precedent of a case with this many potential claimants (Approximately 10,000 or so). Mr. Sitkin is working with his committee to keep the costs of this legal process down for the potential claimants and working to find a solution to streamline the notification process.

c) Geothermal Update – General Manager Heimgartner reported that there would be a presentation of the findings of the geothermal study on February 7, 2025.

d) Strategic Plan Update – Addressed during the general manager’s report.

8. New Business

a) Action 1: Nooksack Salmon Enhancement Association 2025 Funding Request – Rebecca Schlotterback, Contracts & Regulatory Compliance Manager introduced James Van Der Voort from the Nooksack Salmon Enhancement Association who gave a presentation to the commission outlining how the PUD’s financial contribution to the association has been used by the association. After the presentation Commissioner Arnett made a motion to approve the Nooksack Salmon Enhancement Association 2025 Funding Request. Commissioner Ury seconded the motion. The motion passed unanimously.

b) Action 2: Approval of Agreement with Complete Design, Inc. for Analysis and Upgrade Design for Plant 1 Intake Structure – Kurt Wank, Assistant General Manager reported to the commission regarding the hiring of Complete Design, Inc. to review and redesign the Plant 1 intake structure to allow for staff to be able to perform regular maintenance on the intake system has not been able to be performed on the current system. This design work would be part of the Plant No. 1 rebuild design. Commissioner Arnett made a motion to approve the agreement with Complete Design, Inc. Commissioner Ury seconded the motion. The motion passed unanimously

9. Commission Reports/Per Diem Requests:

Commissioner Arnett reported on her online attendance to the recent WPUDA meeting and that she plans on attending the upcoming WPUDA meeting in person

Commissioner Ury reported on his attendance to the recent new commissioner meetings at WPUDA and requested and was approved a per diem request to attend the geothermal study presentation on February 7, 2025.

Commissioner Deshmane reported on the various meetings he has attended and made mention of input he has received from members of the public.

10. Public Comment – Todd Lagestee referred back to the NSEA presentation earlier and noted their use of incense cedar trees in their planting. He informed the commission that there is a sale happening on incense cedar seedlings should anyone be interested.

11. Executive Session

Executive Session: The Commission recessed the meeting at 10:20 am for a brief executive session to discuss the general manager’s performance review. No action was taken The Commission reopened the meeting at 10:30 AM.

12. Adjourn

There being no further business Commissioner Arnett adjourned the meeting at 10:33 a.m.

Atul Deshmane, President/Commissioner

Jaime Arnett, Vice President/Commissioner

Eddy Ury, Secretary/Commissioner

Commission Clerk Note:

Video recordings of the Whatcom PUD Commission Meetings are available online at the following link on the PUD's Website: <https://www.pudwhatcom.org/the-commission/agenda-packets-meeting-minutes-recordings/>

Memo

To: Commissioners Arnett, Deshmane, and Ury
From: Kurt Wank, Assistant General Manager
Date: February 11, 2025
Re: Approve Letter Agreement for Cost Reimbursement by AltaGas Ferndale Terminal for Whatcom PUD Expenses Associated with the Douglas Road Vault and Meter Replacement Project

Requested Action: APPROVE LETTER AGREEMENT WITH ALTAGAS FERNDALE TERMINAL FOR REIMBURSEMENT OF WHATCOM PUD EXPENSES ASSOCIATED WITH THE DOUGLAS ROAD VAULT AND METER REPLACEMENT PROJECT AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT.

Background: Whatcom PUD's Douglas Road Vault is located at the western end of the Whatcom PUD Douglas Road 24" transmission main. There are existing connections to the Alcoa Intalco Aluminum Plant and the AltaGas Terminal Facility. Whatcom PUD has several concerns with these service connections. The metering point for the AltaGas Terminal is at the Terminal's end of the line and not at the service connection to the PUD's transmission main. Subsequently, the meter cannot be utilized for leak detection. The isolation valve for the Terminal's line is decades old and is deemed unreliable. Failure of this valve would require PUD staff to close a main valve upstream on the PUD's 24" transmission main. This would result in terminated water service to both Alcoa and AltaGas for an extended period until the problem could be repaired. The existing vault is below grade and the lid doesn't seal properly, leading to substantial debris and water infiltration. The Project involves replacement of the vault and meter; valving to isolate each facility; improvements to the service connections and adjacent portions of the transmission line.

It is understood by both Whatcom PUD and AltaGas that the rebuild of the Douglas Road Vault is a mutually beneficial activity. By AltaGas' direct reimbursement to the PUD, a necessary construction project is afforded the ability to proceed. As the delivery point of industrial water to the Ferndale Terminal, a fully functioning Douglas Road Vault is in the best interest of both parties.

Fiscal Impact: Approval of the Letter Agreement with AltaGas will have no fiscal impact on the District's approved 2025 Annual Budget as it has been accounted for within RW-33.

Recommended Action: APPROVE LETTER AGREEMENT WITH ALTAGAS FERNDALE TERMINAL FOR REIMBURSEMENT OF WHATCOM PUD EXPENSES ASSOCIATED WITH THE DOUGLAS ROAD VAULT AND METER REPLACEMENT PROJECT AND AUTHORIZE THE DISTRICT'S GENERAL MANAGER TO EXECUTE THE LETTER AGREEMENT.

February 11, 2025

Derek Vallee
General Manager – Export Operations
AltaGas Ltd.
1700, 355 4th Ave. SW
Calgary AB T2P 0J1

**LETTER AGREEMENT REGARDING COST REIMBURSEMENT BY ALTAGAS' ALA FERNDALE TERMINAL
FOR WHATCOM PUD EXPENSES ASSOCIATED WITH DOUGLAS ROAD VAULT AND METER
REPLACEMENT PROJECT**

Dear Derek,

Public Utility District No. 1 of Whatcom County ("**PUD**") and AltaGas Ltd. (for its Ferndale Terminal) ("**AltaGas**") have agreed that it is in their mutual interest to facilitate and advance the development of the ALA Energy Vault SP14 and Meter Project (the "**Project**"). The Project engineering package setting out the agreed-upon scope of the Project is attached as Schedule "A" hereto.

Purpose

The purpose of this document ("**Letter Agreement**") is to set out a limited cost reimbursement agreement to support certain activities by the PUD necessary to rebuild the Douglas Road industrial water metering and delivery facility ("**ALA Energy Vault SP14**"). This Letter Agreement, if executed, enables the PUD to request and receive reimbursement from AltaGas for the expenses associated with the PUD's and its consultants' construction activities.

It is understood by both the PUD and AltaGas that the rebuild of the ALA Energy Vault SP14 is a mutually beneficial activity. By AltaGas' direct reimbursement to the PUD, a necessary construction project is afforded the ability to proceed. As the delivery point of industrial water to the Ferndale Terminal, a fully functioning ALA Energy Vault SP14 is in the best interest of both parties.

Rights and Obligations of the Parties

The following rights and obligations are conferred to the parties upon execution of this Agreement.

PUD:

- Has the right to receive reimbursement by AltaGas for a total not to exceed one million two hundred and sixty-one thousand dollars (USD \$1,261,000) for expenses reasonably incurred by the PUD for the ALA Energy Vault SP14 rebuild (New valve, vault, meter and appurtenances for metering, modulating, and delivering industrial water) (the "**Work**"); which is 100% of the Engineer's estimated cost of the Project (attached as Schedule "B" hereto).
- Will take commercially reasonable measures to enforce the applicable construction contracts obligating its contractors to perform the Work in accordance with the design and standards as set out in Schedule "A" and in accordance with good industry practice and applicable laws.
- Will make reasonable efforts to accomplish the Work in the timeframes required, however failure to do so shall not be a breach or be deemed a waiver of any right, nor result in any penalties, delay damages or similar.

- Will coordinate with AltaGas in advance of undertaking any Work and shall only proceed with a Project execution plan (including an outage plan with respect to water supply into the Ferndale Terminal) with AltaGas' prior written approval.
- Will use reasonable efforts to plan the Work so as to reduce downtime with respect to disruptions to industrial water supply to the Ferndale Terminal to 8 hours or less, with any such downtime to be agreed upon in advance by AltaGas and the PUD. Will include expected downtime hours and an outage plan reviewed and accepted by AltaGas in the bid requirements.
- Any provision of replacement water supply by the PUD, if the total supply disruptions exceed 48 hours, will be at AltaGas' expense, provided that all water supply disruptions occurring as a result of the Work will require AltaGas' written approval.
- Will provide AltaGas with regular and timely updates during the course of planning and executing the Project with respect to scheduling, progress of the Work and any anticipated delays to completion.
- Will remit to AltaGas, as an invoice credit, any penalty amounts received from contractor arising from the Work exceeding prescribed outage hours as specified in the construction contract, including those amounts set out herein.
- Will submit to AltaGas and/or make available for review documentation as back-up verification of the total expenses for the Project (i.e., copies of consultant invoices, PUD staff labor hours, miscellaneous expense receipts).
- Will submit periodic updates of timelines and milestones for construction activities by dates agreed to by the PUD and AltaGas.
- Will, within 30 days after Project commissioning submit invoices for reimbursement by AltaGas of the Work. In no event will the PUD seek, nor will the PUD have any right to, reimbursement of any expenses for the Work in excess of one million two hundred and sixty-one thousand dollars (\$1,261,000).
- Will retain ownership and title to ALA Energy Vault SP14 upon completion. Ownership and title to any pipeline downstream of the meter at the ALA Energy Vault SP14 shall remain with AltaGas.

AltaGas:

- Will make reasonable efforts to accomplish the following in the timeframes required, however failure to do so shall not be a breach or be deemed a waiver of any right.
- Will reimburse the PUD for a total not to exceed one million two hundred and sixty-one thousand dollars (\$1,261,000) for expenses reasonably incurred by the PUD for the Work; which is 100% of the Engineer's estimated cost of the Project (attached as Schedule "B" hereto). In no event will AltaGas be liable for any expenses incurred by the PUD in connection with the Work that exceed one million two hundred and sixty-one thousand dollars (\$1,261,000).
- Will make prompt payment within 60 days of receipt of the invoice submitted by the PUD for the Work AltaGas has agreed to reimburse.

AltaGas also has the following rights:

- The right to request from the PUD back-up documentation for Project expenses incurred by the PUD.
- Until the time the PUD awards the bid contract for the Work to a contractor, AltaGas may terminate this Letter Agreement without penalty upon written notice to the PUD.

Change Process

The parties hereto agree that if AltaGas, following the execution of this Letter Agreement, requests a change to the project cost estimate set out in Exhibit "B" that would result in an increase to the estimate set out in Exhibit "B", the parties will mutually agree to amend this Letter Agreement, and Exhibit "B", to reflect the increased project cost. Any increase to the cost of the project beyond the amount set out in Exhibit "B"

and not reflected by the change procedure set out in the immediately preceding sentence will be for the account of the PUD.

This Letter Agreement shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to any choice or conflict of laws provision or rule that would cause the application of the laws of any jurisdiction other than the State of Washington. Venue for any disputes shall be in the Whatcom County Superior Court, Whatcom County, WA.

This Letter Agreement constitutes the entire agreement of the parties hereto, and supersedes all prior agreements and undertakings, both written and oral, among the parties, with respect to the subject matter hereof.

Intending to be legally bound, the parties by signing the attached Letter Agreement Signature Page agree that this Letter Agreement reflects their current understanding as of the date first written above.

Sincerely,

Chris Heimgartner
General Manager

LETTER AGREEMENT SIGNATURE PAGE

The parties hereto may sign this Letter Agreement in several counterparts, each of which will be deemed an original but all of which together will constitute one instrument. Delivery of this Letter Agreement by facsimile, email or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

COMPANY: ALTAGAS LTD.

SERVICE ADDRESS: 4100 Unick Road, Ferndale, WA 98248

SIGNATORY:

SIGNATURE: _____

DATE: _____

ATTEST: _____

SERVICES PROVIDER: PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY

SIGNATORY: CHRIS HEIMGARTNER

SIGNATURE: _____

TITLE: GENERAL MANAGER

DATE: _____

ATTEST: _____

SCHEDULE "A"

ENGINEERING PACKAGE

[Insert Engineering Package]

SCHEDULE "B"

PROJECT COST ESTIMATE

[Insert Project cost estimate]

Action Memo

To: Commissioners Arnett, Deshmane, and Ury
From: Stephanie Hooper, Accountant I
Date: February 11, 2025
Re: Approve Resolution No. 871 – Cancellation of Warrant

Requested Action: APPROVE RESOLUTION NO. 871 AUTHORIZING CANCELLATION OF WARRANT FOR PUGET SOUND ENERGY.

Background: Warrant No. 01251447 was issued on January 28, 2025 in the amount of \$4,205.84 to Puget Sound Energy. The invoice was for multiple PSE invoices, however there was an issue in the claims excel spreadsheet that added two invoices to the list that were due to another vendor. The district has notified the County that the Warrant has not been tendered and has asked the County to cancel and disregard the Warrant. A new Warrant will not be issued.

Fiscal Impact: No fiscal impact.

Recommended Action: APPROVE RESOLUTION NO. 871 AUTHORIZING CANCELLATION OF WARRANT FOR PUGET SOUND ENERGY.

RESOLUTION NO. 871

**RESOLUTION BY THE BOARD OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY (DISTRICT)
AUTHORIZING THE CANCELLATION
OF WARRANT NO. 01251447**

WHEREAS, the warrant referenced in Exhibit A (the “Warrant”) was issued to pay multiple invoices from PSE.

WHEREAS, following the Commission’s authorization of the issuance of the Warrant, the County’s Administrative Services Department (“County”) printed the original Warrant on January 28, 2025; however, there was an issue in the claims excel spreadsheet that added two invoices to the list that were due to another vendor. The district notified the County that the Warrant was issued in error and has asked the County to cancel and disregard the Warrant;

WHEREAS, the County has provided the Warrant that was issued on January 28, 2025, was issued in error, the Warrant having not been tendered to Puget Sound Energy, the District does now wish to cancel the Warrant, as provided by law; and

NOW THEREFORE BE IT RESOLVED that the district hereby cancels the warrant listed in Exhibit A.

ADOPTED by the Commission of Public Utility District No.1 of Whatcom County at its regular meeting held on the 11th day of February, 2025.

**PUBLIC UTILITY DISTRICT NO.1
Of WHATCOM COUNTY**

Atul Deshmane, President/Commissioner

Jaime Arnett, Vice President/Commissioner

Eddy Ury, Secretary/Commissioner

RESOLUTION NO. 871

Exhibit A
Cancellation of Warrant

Warrant No.	Warrant Date	Vendor	Amount
01251447	01/28/2025	Puget Sound Energy	(4,205.84)