



PUBLIC UTILITY DISTRICT NO. 1
of Jefferson County

February 13, 2017

Citizen Advisory Board Meeting

**Final
Minutes**

A meeting of the Public Utility District No. 1 of Jefferson County (PUD) Citizen Advisory Board (CAB) was held at 310 Four Corners Road, Port Townsend, Washington, on February 13, 2017. The meeting was convened by Stan Nealey at 2:30 p.m. Attending:

CAB Members:

Roger Risley
Stan Nealey
Doug Huber
Peter Lauritzen

PUD Representatives:

Commissioner Jeff Randall (at 3:22)
Bill Graham, Resource and
Conservation Manager (at 3:35)
Pamela Browning, District Recorder
Cammy Brown, Trainee Recorder

Audience: Tom Thiersch and Leonard Mermod, interested future member, District 2

Call to Order 2:36 by Stan Nealey. No Quorum.

Agenda Review: Add turn off complaints issue.

Minutes: January 9, 2017 quorum/no action
Approve at March meeting

Public Comment: Leonard Mermod introduced himself.

PUD Conservation Program Update – Bill Graham (EEI – Energy Efficiency Program)

Bill Graham handed out two handouts.

Reported on dollars from BPA to improve energy efficiency.

Resident rebate program for heat pumps, water heaters; low increment weatherization work – most of funding will be for ductless heat pumps.

Spent funding early in period; same with thirty other utilities and it is not uncommon

BOC budgeted for energy audits to come from BPA payment – 8 cents/kwh saved from BPA; our funding dropping to 4 cents. Now \$50,000 a year. Won't pay for four staff person addition; will have to use rates funding.

Reviewed Budget and Olycap program

Review burn rate – will probably run out of dollars in late spring – consequences – have to adopt.

Three options from BPA to address shortfall:

1. Bilateral transfer – borrow money from utilities – next rate period pay back – swap money; problem is many in same boat; mostly buyers/not sellers, less likely option; asked BPA to investigate – not looking good.
2. Pay now/get reimbursed later. What we are recommending is to pay rebates to customers now and get reimbursement at start next rate period; painless to customers. It makes next year's program smaller. Tradeoff.

Stan Nealey: 2.5 years ago many utilities not interested in energy conservation. Now everyone in the boat.

Bill Graham: Many out of EE Business; that money does not get allocated in contracts. Money stays with BPA.

Commissioner Jeff Randall: Maybe not collected from utilities.

Roger Risley: Saturation point? Could spend same amount year or harder two find customers?

Bill Graham: With low income stuff easier, big demand – don't see cap. Without lighting project; no pattern; depends on Navy and Mill programs – Will use funding; could change.

Stan Nealey: Good news; when CAB recommends EEI budget – concern money can't be spent without helping low income.

Bill Graham: Low income emphasis. BOC support - more demand exists - being more analytical regarding low income jobs. Should see if customers saving money. If not should give more alternatives. Problem with heat pump – sexy item – if have paper insulation won't lower

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bills; need to ensure program doing what intended, BPA program doesn't ask for savings verification; working with Olycap and energy project – want to ensure leveraging funds doing what intended.

Stan Nealey. We should verify, regardless BPA requirement.

Don McDaniel: BPA money may decrease; utilities need to develop own programs independent of BPA.

Bill Graham: Staff salaries coming from rates more and more.

Commissioner Jeff Randall: Pent up customers demand for us as new utilities to offer EEI Programs; will eventually flatten off.

Bill Graham: Older utilities can budget more easily; hard for us to project direction.

Commissioner Jeff Randall: If we have two year cycle money and have large commercial customer that wants to spend dollars, do you have ability to pay? as long as it fits requirements? Have discussion?

Bill Graham: Yes, BPA flexible; we can implement as we want; past – first come first serve. Navy/Port/PDA get first in line – tradition; try to be as fair as possible – first come first serve.

Commissioner Jeff Randall: Look at rate periods – percentage spent on resident commercial government and this number of projections and how much kwh saved; therefore could say need a certain amount – commit percentage of budget to that; will be hard but could then justify not first come first served.

Bill Graham: We did no demand in past and district across service territory; now – paid Cascadia Consulting to manage first six months of rate period; no longer doing.

Tom Tiersch: Incentive payment cut in half by BPA? Anything we can do?

Bill Graham: Requirements selling over 60% of load to residents (drop mill).

Commissioner Jeff Randall: BPA said change in formula changed staff reimbursement – but same amount received – spending more on conservation but half towards staff reimbursement.

Bill Graham to Tom Tiersch: Regarding more perf payment funding; simply save more energy; if target projects towards commercial lighting – more bang for buck – more perf payment from BPA – more kwh save – higher perf payment; overall budget fixed; amount can take from it based on kwh saved.

Bill Graham – can't help low income if focused solely on kwh saved.

Pete Lauritzen: Pay now/ reimburse later okay if use perf payment to subsidize rebates.

Bill Graham: Jim Parker said okay re lighting give always.

Commissioner Jeff Randall: If burning through, why hire additional person? Other than using Bill Graham in other areas; maybe policy s/b use all BPA for projects and fund staff through rates/reg budget.

Stan Nealey: Unusual business model; spending money to make less money.

Bill Graham: Hedge against buying more expect power in the future.

Commissioner Jeff Randall – Long term loads not going down – fossil fuel available will reduce; electric demand will increase; need to have long term commit to energy conservation.

Bill Graham: Other option No. 3 – customer doesn't get rebate until 10-01-17.

CAB may want to provide recommendation regarding pol choices outlined in summary (handout); would like to have overall kwh reduction per year/per rate period; then certain amount to low income; certain amount to resident.

Peter Lauritzen: Any need for rationing of EEI programs? How do?

Bill Graham: Put where can't pursue programs; rationing already.

Roger Risley: CAB Task – performance evaluation on previous projects?

Bill Graham: Would requirements access/training to bill system?

Roger Risley: We can do quarterly; draw up with Bill Graham; use mailing list of customers who received funds; then evaluate responses.

Bill Graham: Great/ Questions I would like to ask low income customers; also educational opportunity; need to analyze based on weather/temps.

Commissioner Jeff Randall: Putting ductless heat pumps in uninsulated homes?

Bill Graham: Yes; want to go back and insulate.

Commissioner Jeff Randall: Heat pump and insulation same cost?

Bill Graham: Varies; heat pump same with each job; insulation usually \$4,000 to \$5,000.

Commissioner Jeff Randall: Conservation programs implementing going well, in direction we want to go.

Subcommittee Update:

Peter Lauritzen: Concerned re inconsistencies in resolution BOC passed. Review handout – objectives for CAM, then write procedures. Commissioner Kenneth Collins worked with to develop.

Stan Nealey: BOC hearing our reports? On Website? No. Need in order to build public consensus.

Don McDaniel and Stan Nealey will talk to Bill Graham.

Peter Lauritzen: Maybe talk to Debbie Lund also.

Don McDaniel: Yes – both; Bill Graham to develop web page, then I can make sure reports will get posted.

Stan Nealey: Met with DL – update re survey and reanalysis.

Don McDaniel: Maybe should have CAB section on newsletter – re work we are doing.

Peter Lauritzen: Several months after new people/new projects.

Doug Huber: Bring public up to speed on old projects.

Stan Nealey: Would need editor.

Peter Lauritzen: Eliminate board approval (violates current resolution – goes back to CAB original charter)

Stan Nealey: Have commissioners' approved?

Peter Lauritzen: Ken only.

Don McDaniel: Rick Hughes approved okay with editing resolution if board approves.

Peter Lauritzen: Post CAB approval.

No term limits (new)

Stan Nealey – good. Term expiring; offered to step aside to Wayne, but no replacement available; will talk to Commissioner Wayne King; willing to serve one plus year.

Roger Risley: Commissioner Wayne King asked Norm Norton to be on CAB; Norm waiting for approval.

Peter Lauritzen: Current resident requirements full BOC approval. Res update has to be approved by CAB before it goes to BOC.

Tom Thiersch: What is the point of three year terms if commissioners can appoint/remove at commissioner's pleasure?

Peter Lauritzen: Symbolic.

Tom Thiersch: Then don't codify in res. Re: how elect commissioners; primary in district/then run county wide; CAB – appointed by board as whole after district commissioners chosen.

Stan Nealey: Agree; but don't feel strongly.

TomThiersch: Just consistency. If full board approves, full board should terminate.

Peter Lauritzen: One way or other, re three year term retention – provides time schedule to re-examine membership – for members and commissioners.

Tom Thiersch: Maybe advantage for voters 1 every three years with no limit on term.

Stan Nealey: Three year term language as expectation; if terms indeterminate members might be reluctant to join subcommittee – if work overflows term.

Don McDaniel: Original discussion re early retirement; if people not attending – discussion with member; if continues cab recommends to BOC to remove; BOC will be reluctant to retire without CAB recommendation.

Roger Risley: Free to stay on but don't require

Doug Huber: Three year term "easy way out".

Stan Nealey: Can retire at any time.

Doug Huber: Also reminds us to take open meeting act training again.

Peter Lauritzen: Bring back to next meeting for approval.

Turn Off Complaints: Stan Nealey

Stan Nealey: We had discussed. In 2014 had been many turn offs; major public issue – media coverage; frequent discussion at BOC meetings; public complaints.

Subcommittee developed five recommendations, forward to BOC:

1. Re Financial assistance to low income customers; major reason for shutoffs; lack of money – other reasons – examples; no recommendation but if PUD found itself able to increase assistance to low income customers might reduce shut-offs.

Don McDaniel: BOC still discussing, working with Olycap, performance standards for qualification required; more staffing required; PUD can set requirements.

Roger Risley: Funding budgeted.

2. Stan Nealey: regarding community shutoff – customers given warnings over weeks – much work of commissioners involved – no recommendations as to how to improve – just encourage customer to continue working with some cynicism re process – shutoff customers tend to repeat (gaming system) – if have clear policies – communicated – and training for customer service representatives.

Roger Risley: No customer service representatives quit in 1.5 years; maybe training better.

Don McDaniel: CAB recommends re training forwarded to BOC and staff, improvement.

3. Recommendation: late fees – serve notice of final consequences of late payment – attention getting device – most utilities have – various amounts and various terms – recommend \$10.00 fee – trial basis.

BOC decided not to.

Roger Risley: Amount of time between billing and payment dropped due to NISC billing system and cars – Tammy recommended – problem don't need.

Stan Nealey: Not punitive.

Roger Risley: Changed bill – “due at certain date” – no late fee.

4. Recommendation: Bill design – better now – may help with shutoff reduction – encouraged billing system overhaul – successful.

5. Tracking customers with medical conditions – legally required for customers to inform PUD if condition will be impacted by shutoff – some unfortunate cases of shutoff with medical conditions.

Roger Risley: Include on bill? Inform us if have?

Don McDaniel: Liability issue; post notice on account, but no formal posting or public posting;

PSE said customer responsibility maintaining service.

Stan Nealey: First three months of operation – 2013 October – 238 first month; 181 November; 35 December. Now down.

2014 – 295 Jan; 181, 175 down to 20 on December 2014.

2015 and 2016 – 265 total in 2015 and 264 in 2016 average 22/month average.

Pattern – end of year – fewer shutoffs.

Roger Risley: Law – can't shut off between December 1 and March 15.

Don McDaniel: Yes moratorium, not sure exact months.

Stan Nealey: 2015 zero in November and December; 2016 Jan/February zero.

Want to revisit to get closure; had urgency in past – no need to continue discussion – since incidences are down and stabilized.

Roger Risley: How many shutoffs never come back, for example go off grid or never come back/drop out?

Commissioner Jeff Randall: Our customers don't go off grid if connected – off grid system for new homes – way off grid.

Stan Nealey: Oversimplification to say can't pay.

Commissioner Jeff Randall re low increase discussion: asked for representation for number signing up; new energy conservation staff coming on board; new weatherization contract with Olycap. Hope many opportunities over time for customer service representatives to investigate high bills – recommend talk to conservation staff, level payment plan.

Roger Risley: Per data – what are we doing?

Commissioner Jeff Randall: Policy wise what else can we do. Low income program helps, but can do more.

2015 Audit Update:

Commissioner Jeff Randall: Bottom line – very good; each May submission to State Auditor; first clean audit since got into electric business; new bill system/temporary CFO – hope new normal is clean audits.

Dan McDaniel: No findings; management letter only; minor issues for example expense and depreciation minor underestimated; might be until October before full audit of 2016; progress beyond Auditor's expectations.

Commissioner Jeff Randall: Pleasantly surprised.
Roger Risley: Thank Tammy.

Dan McDaniel: and staff.

Commissioner strong team atmosphere developing; clear organization structure; challenges ahead but addressing problems, staff hires impressive – quality, good public service attitude.

Next Steps/Additional Actions:

Stan Nealey: Helping EEI program with feedback from customers to determine what is working; need subcommittee (with leadership) and two.

Peter Lauritzen: Bring up at next meeting.

Commissioner Jeff Randall: Lots for CAB to explore in conservation area, for example other jurisdictions' programs; check results.

Peter Lauritzen: Financing issue;

Commissioner Jeff Randall: Agree; should explore.

Stan Nealey: CAB organizing objectives and res finalizing.

Don McDaniel: Talk with Bill Graham re CAB webpage and with Debbie Lund re newsletter.

Commissioner Jeff Randall: Questions at last BOC meeting re CAB appointments process; might want to examine value of continuity – no term limits; feel free to pressure BOC.

Public Comment

None.

Roger Risley: Next BOC meeting – need to approve appointments.

Adjournment: Stan Nealey adjourned meeting at 4:36 p.m.

Next meeting March 13, 2017.

Minutes prepared by: Cammy Brown, PUD Recorder

[Click here to access the CAB meeting audio file](#)

Approved:

Stan Nealey, Vice Chair

11/16/17
Date

Date

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handout

Current EEI Program Update – February 2017 CAB Meeting

Staffing

Resource manager and CSRs are currently only support for program. As we have all recognized, this program is understaffed if objectives are to increase direct conservation assistance with customers. A job description for a trained professional energy efficiency specialist has been drafted, but the posting of the position has been delayed due to competing staffing priorities. During the budgeting process, it was hoped that the performance payment from the program could fund the new EE position. This is still possible, but will depend on what EEI measures we promote.

Reduction in Performance Payment

The PUD will be less able to pay for additional staff using performance payment in 2018-2019, particularly if our focus is field work (inspections, home energy audits, on-site retro-fits, etc.) and low income weatherization installations.

Overall performance payment per installation, invoice or rate period depends on kilowatt hours saved. The more kWh saved, the higher the overall performance payment. Commercial and residential lighting represent the highest kWh saved per EE incentive dollar spent. Low income weatherization projects represent the lowest kWh saved per EE Incentive dollar spent. In order to receive sufficient funds to cover part or all of an additional position it will require a careful strategically balanced use of the EEI funding to meet the conservation goals of the organization, it budget expectations and community needs.

Current Budget

With nearly 8 months left in the rate period 2016-2017, the program has spent about 3/4 of total budget.

Total Budget FY 2016-2017 -	\$910,574
Spent to date -	\$740,008
Remaining Budget -	\$182,000

Remaining Committed (not included above)

OlyCAP	\$30,000
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Remaining Backlog (invoices "holding")

ClearResult (instant rebate)	\$75,000
City of Port Townsend	\$30,000
LED event/office giveaways	\$15,000

Future budget starting 10/1/2017 \$890,939

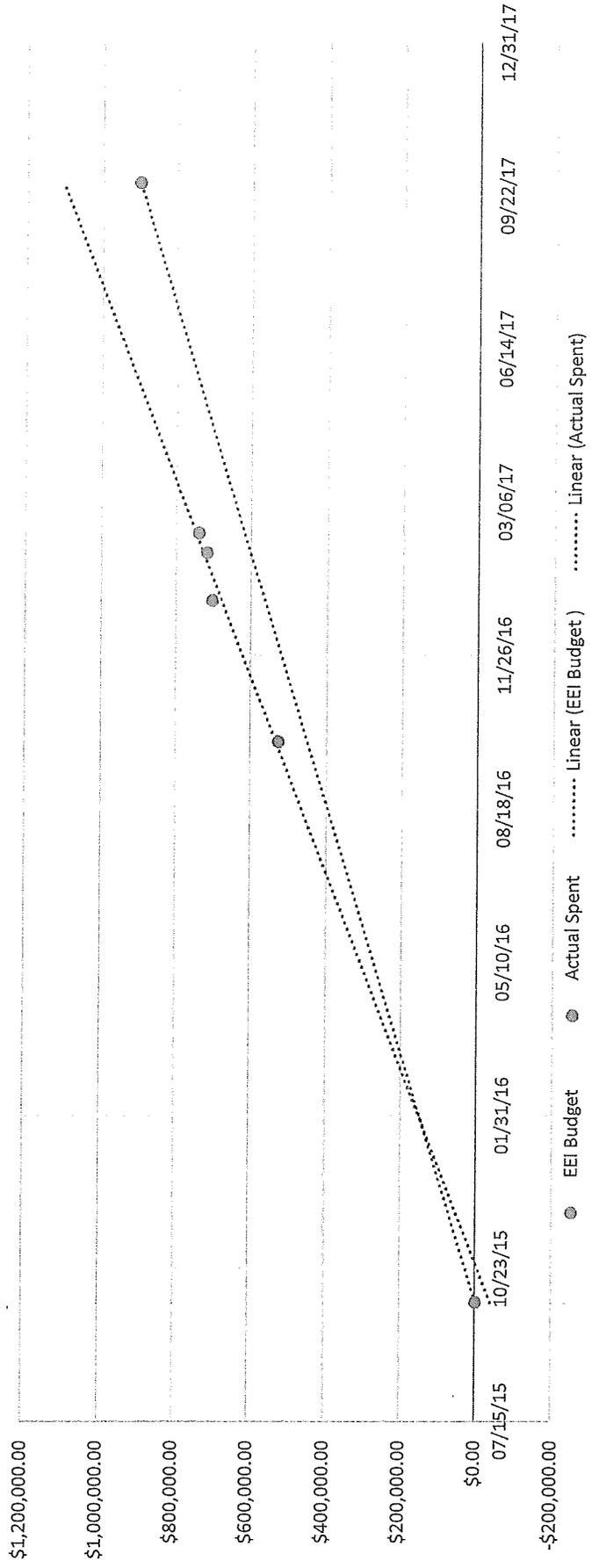
Remaining Backlog

The City of Port Townsend's Commons project is still pending. Its worth about \$30,000 in incentives for 5 sites. The City has been working on documentation suitable for a BPA audit. The ClearResult

B6
Budget

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EEl Burn Rate Per Last Four Invoices



Pete Hundart

Proposed Purpose and Objectives of the CAB

by Peter Lauritzen

February 13, 2017

Resolution No.2016-019, clarifying the role of the CAB, was approved by the Board of Commissioners on November 1, 2016. However a review of this resolution revealed a number of inconsistencies¹. In an attempt to resolve these inconsistencies I have set out some clear goals or purpose statements from which a possible new resolution can be written. Once agreement on the goals is obtained, then a new resolution can be stated clearly and consistently.

1. **General Purpose adapted from Jim Parker's statement to the CAB on 5/29/13.**
The Citizen Advisory Board CAB assists the PUD Board of Commissioners in formulating PUD policies and in translating policy issues into recommendations for action. Also, the CAB can serve to build public consensus on controversial issues, provide a community forum for in-depth discussion, and contribute expertise on complex matters.
2. **Direction of CAB Activities**
The CAB can undertake activities suggested by the Board of Commissioners (the Board), the General Manager or from within the CAB itself. Although the CAB's activities do not require approval of the Board, the CAB remains limited to an advisory role and has no authority for action except through recommendations to the Board. Regularly summarizing CAB activities by giving presentations and reports at Board Meetings are essential communication channels between the CAB and the Board. Project reports and recommendations prepared by the CAB are to be distributed to the Board, interested staff and the public as soon as they are approved by the CAB.
3. **CAB members to Serve Individual Commissioners**
The CAB members serve at the pleasure of the Commissioner in their district. Each Commissioner has the authority alone to make, or terminate CAB appointments from his or her district. This approach serves to amplify rather than dilute regional representation. A Commissioner's control of a CAB member from his or her district is limited to the ability to dismiss the CAB member at any time with or without cause.
4. **CAB members Appointed for three-year Terms**
The CAB members are appointed for staggered three-year terms. A Commissioner's decision whether or not to reappoint an existing CAB member is not limited by term limits, but is the prerogative of the Commissioner alone.

¹ Item #2 in 2016-019 states "approved at the discretion of the Board" in one place and "the CAB need not obtain Board approval" in another place. Also item #3C fails to note that CAB term limits affect a Commissioner's choices as much or more than those of an individual CAB member.

THEREFORE, BE IT RESOLVED

Following are suggested items for resolutions that follow the goals listed earlier. If the previously stated goals are changed, then the items below will need to change as well.

1. **Purpose:** To provide advisory recommendations to the Board on matters requested by the Board and those originating in the CAB.
2. **Manner of Assignment:** Each regular Board meeting agenda that follows a CAB meeting should have an agenda item entitled "CAB Update". Current CAB projects will be reviewed by the CAB chair or a designee.
3. **Membership:** The Board wishes to maintain institutional knowledge among the CAB members while providing opportunity for increased citizen participation. To that end membership on the CAB shall proceed as follows:
 - A. As terms of current CAB members expire each Board member appoints one person/year who resides within the Board member's respective district for a new 3 year term.
 - B. A CAB member appointed to fill a vacant position will serve the remainder of the CAB position being filled.
4. **Removal of CAB Member:** A Commissioner can remove one of the CAB members from his or her district at any time with or without cause.
5. **Administrative procedures and support:** the CAB shall:*(follow existing Resolution No. 2016-019 text below without change except for the deletion of #F and the addition of #H)*
 - A.
 - B.
 - C.
 - D.
 - E.
 - F. *Delete #F since it is already covered in #2 above.*
 - G.
 - H. *Add that exiting CAB members are expected to serve until the time that new CAB appointments are made (typically, new appointments do not take effect until March).*
6. Periodic Review:
7. Supersedure: