



Special Meeting of the Board of Directors
May 18, 2021 at 2:45 p.m.
By Videoconference Call

MINUTES

Attending: Sally Franzel, Paul Hinton, Allan Kiesler, Tam McDermid, Jim Moffitt, Karin Nyrop, Mike Towner and Tom Sprandel.

Other Attendees: Robert Chanpong, Bill Dean, Dave Jurca, Dave McDermid

I. **Call to order**

President Jim Moffitt called the meeting to order at 2:50 p.m. Sally Franzel declared that there was a quorum. Jim noted that a special meeting of the Board was being held at the request of the Utilities Committee. He commented that one of the objectives of the PLVC was to act as an advocate for the community. As a result of OWSI's recent application to the WUTC for a rate increase, the Utilities Committee had initiated a review of the process. The Board was not opposed to any process requesting a rate increase which was fair and justified. Nor was it an endorsement of the request. After hearing the Utilities Committee's recommendations regarding what action should be taken, the Board would consider a motion to accept. The meeting was being recorded and Robert's Rules of Order for Small Boards Protocol was being used.

II. **Utilities Committee Report – Robert Chanpong, Chair**

Robert explained that one of the goals of the Utilities Committee was to provide information, evaluations and recommendations to the PLVC Board relative to any utility issues affecting the community including rates for services provided. On May 4, 2021 Olympic Water & Sewer Inc., (OWSI) had informed residents that they had filed for approval from the Washington Utilities and Transportation Commission (WUTC) to increase water rates by 7.40% or \$50,770.00 in annual revenue. If approved the rates would be effective on June 21, 2021.

The Committee then began a discussion which focused on understanding the basis for the increase. In order to obtain insight on historical rates and financial documentation, the committee retrieved pertinent information from the WUTC website. This included 2018 and 2019 Annual Reports and Revenue and Expense spreadsheets from 2013-2018. During the discovery process it became apparent that certain documents, which by WA regulations should be accessible in the public domain, were not on the WUTC website. Robert provided a detailed summary of the WUTC regulations relating to General Rate Proceeding Filings. The materials submitted by OWSI in support of its general rate increase did not include a schedule showing the separation of revenues and expenses between its regulated (water) operation and its unregulated (sewer) operations. In addition, Port Ludlow Associates, LLC (PLA) which owned 100% of OWSI was an “affiliated interest” of OWSI. The OWSI Annual Reports for 2019 and 2020 did not include the required Affiliated interest information.

Robert then presented the committee’s recommendation to the Board as follows:

“OWSI’s general rate increase request cannot properly be evaluated without considering the information required by WAC 480-07-530 and WAC 480-110-575 that OWSI has not submitted. Therefore, on behalf of the ratepayers served by OWSI, the Port Ludlow Village Council (PLVC) requests that the UTC postpone making a decision on the general rate increase request for a minimum of 30 days after OWSI has provided **all** the information required by the two WAC provisions cited above, including but not limited to filing proper Annual Reports for 2019 and 2020, so that an adequately informed evaluation of OWSI’s request can be made. OWSI has made no showing of any urgency for its proposed general rate increase, so a short postponement of a decision on its request, in order to allow adequate time for required information to be submitted and considered, should not cause any undue harm.”

III. Citizen Comments

The Board discussed two emails that had been received from residents and responded to by Jim Moffitt.

IV. General Discussion

Allan Kiesler and other Board members had specific accounting questions relating to documents submitted to the WUTC by OWSI. It was agreed that these questions should be drafted by the Committee and sent to Diana for response to Robert Chanpong.

Diana commented that the Affiliated Interest Information had been omitted from the OWSI 2019 and 2020 Annual Reports in error and would be submitted to the WUTC that day. Copies of the following documents were submitted to the WUTC on May 18, 2021 and copies provided to the PLVC Utilities Committee:

2019 and 2020 PLA Affiliated Financials and 2019 and 2020 WUTC Affiliated Transaction Reports.

V. Board Motion

The Board then considered a motion to submit a document to the WUTC requesting that “the WUTC postpone making a decision on OWSI’s general rate increase until all the documents required by the regulations have been received. The postponement should be a minimum of 30 days from receipt of the information to provide the Village Council and the UTC with adequate time for review.” The motion was made, seconded and passed.

A motion was made, seconded and passed to move to an Executive Session. Only Board Members and invited guest, Dave Jurca, took part.

VI. Adjournment

Subsequent to a motion made, seconded and passed to adjourn the executive session, a motion was made, seconded and passed to adjourn the special meeting. The meeting was adjourned at 4.10 p.m.

Submitted by:
Sally Franzel
Secretary

