

PUBLIC UTILITY DISTRICT No. 1 of Whatcom County

Agenda for the Regular Meeting of September 26, 2023

8:15 a.m. at the PUD Office

(In-person, Zoom, & Teleconference)

1. Call to Order | Pledge of Allegiance
2. Approval of Agenda (3 minutes)
3. Consent Agenda (5 min.)
 - a) Approval of the Minutes of the Special Meeting of September 11, 2023
 - b) Approval of the Minutes of the Regular Meeting of September 12, 2023
 - c) Approval of the Minutes of the Special Meeting of September 19, 2023
 - d) Approval of Claims for September 26, 2023
4. Public Comment (10 minutes – Individual speakers: 3 min.)
5. General Manager Report (10 min.)
6. Old Business (30 min.)
 - a) Broadband Program Update
 - b) Adjudication Update
7. New Business
 - a) Approve Resolution No. 833 – Cancellation and Reissue of Warrant (5min.)
 - b) Commission Priority Discussion (30min.)
8. Operations Report (10 minutes)
9. Commissioner Reports (10 minutes)
 - a) Upcoming Per Diem Requests
10. Public Comment (10 minutes– Individual speakers: 3 min.)
11. Executive Session: RCW 42.30.110(1)(i): Potential Litigation – Water Rights (60 min.), RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee (30 min.)
12. Adjourn (11:45am estimated)

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Notice:

All Commissioners will participate either in-person, via Zoom/internet or teleconference.

The public meeting can be accessed: In-person at location announced;

By internet: <https://us02web.zoom.us/j/81496961286>

Or telephone: Dial 1 (253) 215 8782 or 1 (346) 248 7799

Webinar ID: 814 9696 1286

Next Commission Meetings

October 10 & 24, 2023 | 8:15 a.m. | Regular Meetings – District Office
1705 Trigg Road, Ferndale, WA 98248

or other location announced

Contact: Ann Grimm, Commission Clerk (360) 384-4288 x 27

www.pudwhatcom.org

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MINUTES OF THE SPECIAL MEETING OF THE COMMISSION

September 11, 2023

1. Call to Order

The special meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 3:00 p.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Christine Grant, Commissioner Jaime Arnett; and Commissioner Atul Deshmane. Staff: Chris Heimgartner, General Manager; Annette Smith, Director of Finance and Ann Grimm, Executive Assistant.

2. Rates and Costs Presentations

The first presentation by Heimgartner focused on utility rates and costs:

Functions of Utility Rates

- *Capital Attraction*
 - Allows Producers to cover costs;
 - Allow Producers to offer shares of the business or dept instruments to the Capital Markets
 - Widely viewed as the most important (primary) of rate functions.
 - Obligation to serve.
- *Efficiency Incentive*
 - Provides incentive for Producers to align costs with rates;
 - Forces Producers to control costs in order to recover costs;
 - Forces Producers to operate at an efficient enough level to overcome regulatory lag;
 - Allows efficient Producers to earn a fair rate of return.
- *Demand Control (Consumer Rationing)*
 - Rates need to be sufficient to BOTH elicit additional supply if needed, AND inhibit demand enough to deter consumer waste.
- *Compensatory Income Transfer*
 - In general, rates are not designed to offset the incremental cost of supply for an individual customer;
 - Rates may transfer income (through costs) within rate classes, and between rate classes;
 - Rates may also be used to transfer income from ratepayers to non-ratepayers or to pay for services that are unrelated to the costs of supply.

Rates and Costs

- Whatcom PUD operates under the assumption that rates should cover costs
- We have also assumed inclining costs of production and delivery for supply (water, energy, telecom)
- We have further assumed that by costs we specifically mean Long Run Marginal Costs
- These assumptions have led to dividing customers into “Rate Classes” in water:
 - Industrial
 - Irrigation
 - Grandview

Costs

- Long Run Marginal Costs have two components: Fixed and Variable
- For power, fixed costs are costs that are incurred regardless of the amount of power that flows through the system. Examples include: Payroll, Tree Trimming, Motor Fuel and Fleet expenses,

Debt Service, the cost to maintain our transmission and substation system (including capital costs to replace parts of the system not associated with new load or system expansion), etc.

- For power, variable costs are costs that depend on the amount of power we deliver to our customer. Examples include: Cost of buying and transporting energy to our system, capacity cost, and the marginal cost of system expansion.
- For water, fixed costs are all the long run costs (including replacement) for our plants and pipes. Variable costs include power for pumping, chemicals for treatment, etc.
- For telecom fixed costs include debt service and replacement, variable costs are attachments and fees.

Cost Allocation

- Now that we have our customers divided into classes and have our costs, what remains is to assign the costs to the customer classes. We can then derive rates by dividing the costs by the units of sale;
- How do you assign costs to customers or classes of customers? Consider we have a valve to maintain on our industrial system. It costs \$10,000 per year to maintain. If we have 10 customers downstream from the valve, should we allocate \$1,000 per year to each of them? What if one customer only uses 1% of the water flowing through the valve? What if the valve only has one customer downstream, but the valve protects the integrity of the system as a whole?
- If one customer is 25% of our entire annual sales, should that customer pay 25% of all annual costs, even if a very small part of the system is used to directly serve them? (this is how you could allocate costs purely on a sales basis).
- If that same large customer represents the lowest cost of supply in the market because of the shape of his load, should he pay the same per unit as a customer who only consumes power on the expensive margin?
- If that same large customer only uses a small fraction of our installed capital to serve him, compared to our average (perhaps residential) customer, should they pay the same rates to deliver that supply?
- There is no right answer to any of these questions. There are different ways to allocate costs based on different assumptions.
- FCS Group is conducting a cost-of-service analysis (COSA) for Whatcom PUD and staff has been working with them through the analysis and in shaping of these assumptions.
- The outcome of the COSA will be cost allocations that we think are reasonable and fair.

Rates

Rates are set by customer class and typically have three components. Historically, we have had all three:

1. Fixed Charge (independent of usage)
 2. Demand Charge (also called a capacity charge and dependent on maximum point in time demand)
 3. Volumetric Charge (strictly dependent on overall consumption)
- Is there an “Ideal” rate structure? No.
 - This leads us back to the four primary functions of rates. If we constrain the rates to recover all costs there are many possible ways to construct rates.
 - We are guided by the principle of gradualism or incrementalism, in rates. Changes that happen to rates over time should be incremental and allow people time to plan.
 - One way to do this is to place all the fixed costs in a fixed charge to customers, then their bills will only vary by their own usage, and the price of supply.
 - We are close to having the FCS Group’s COSA complete;
 - Our budgets will help give us our costs for next year (for planning);
 - Rates will be developed and proposed in light of our COSA, budget and the principle of gradualism.

Next, Finance Director Smith presented on the following:

Rates and Cost of Service Analysis – Whatcom PUD

Tasks of the FCS Rate Study

Major tasks of the Rate Study on Industrial Water and Grandview Systems:

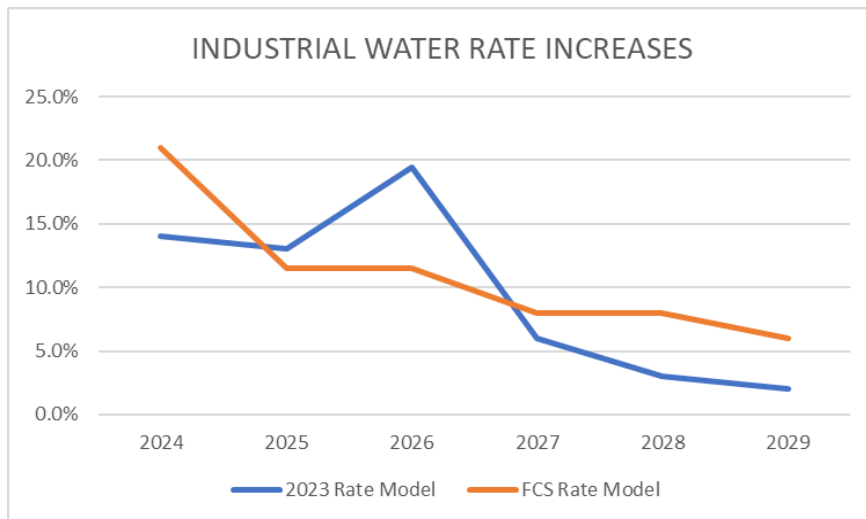
- Revenue Requirement – How much revenue is needed?
- Cost of Service – (COSA) How much does each service actually cost?
- Rate Design – How do we recover the required revenue?
- General Facilities Charge (GFC) – How much does it cost to connect to our systems?

“This task includes assisting District staff to determine how or if the new connection from the Industrial Water System to the Grandview fire system changes how the District should account and establish rates for these services”

Preliminary Recommendations

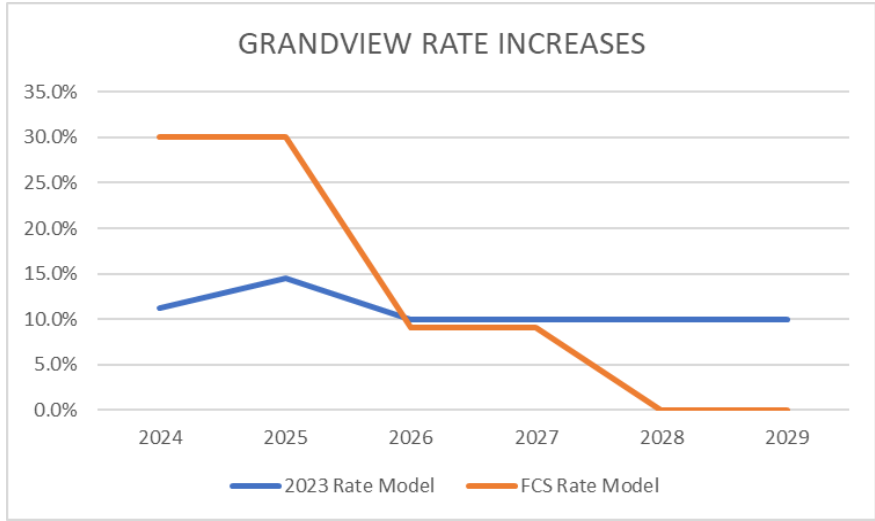
- Rates need to increase in both the Industrial and Grandview utilities;
- Grandview
 - Include the LUD Revenue and debt service in the Grandview budget;
 - Just O&M labor hours for allocation. Have been mistakenly using all labor hours. Will increase Grandview allocation of admin costs.
- Industrial Water
 - Just O&M labor hours for allocation. Will increase Industrial Water allocation.
- General Facility Charges (connection)
 - Industrial Water – Change to just one connection fee. Also changed the formula based on new capacity.
 - Grandview Potable – 91gpm well capacity. Used average usage of meters.
 - Grandview Non-potable – complicated due to fire use and metered use.
- Rewrite The Water System Connection Fee Policy (Resolution 375) to have just one fee for the Industrial Water customers to connect (GFC – General Facility Charge) and eliminate language requiring new customers to pay for all new facilities.
- Formalize Water Connection Policies for Grandview (potable, fire and non-potable) and Irrigation

Initial Rate Impacts



ASSUMPTIONS:

\$70m cost of Plant 1 with two bond issues in 2024 and 2026



ASSUMPTIONS:
\$475K loan from Electric for three capital projects

3. Adjourn

There being no further business for the special meeting, Commissioner Deshmane adjourned the special meeting at 4:15 p.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner

Jaime Arnett, Secretary/Commissioner

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**MINUTES OF THE REGULAR
MEETING OF THE COMMISSION**

September 12, 2023

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 included: Commissioner Atul Deshmane, Commissioner Christine Grant; Commissioner Jaime Arnett and Legal Counsel Jon Sitkin. Staff: Chris Heimgartner, General Manager; Assistant General Manager Brian Walters; Andrew Entrikin, Broadband Program Manager; Ann Grimm, Executive Assistant; Annette Smith, Director of Finance; Rebecca Schlotterback, Manager of Contracts and Regulatory Compliance; Aaron Peterson, IT/SCADA Technician; Mike Macomber, IT/SCADA Technician; Traci Irvine, Accountant I; Garrett Love-Smith, Project Manager; and Kurt Wank, Director of Utility Operations.

Public attending:

Rick Maricle, Citizen

Dave Olson, Citizen

Jack Wellman, Puget Sound Energy

Brian Heinrich, Puget Sound Energy

2. Approval of Agenda

Sitkin requested an item be added to New Business: Approve Property Access License Agreement.

ACTION: Commissioner Grant made the motion to APPROVE THE AGENDA OF SEPTEMBER 12, 2023 AS AMENDED. Commissioner Arnett second the motion. Motion passed unanimously.

3. Approval of Consent Agenda

- a) Approval of Meeting Minutes of the Regular Meeting of August 8, 2023;
- b) Approval of Meeting Minutes of the Special Meeting of August 17, 2023;
- c) Approval of Meeting Minutes of the Regular Meeting of August 22, 2023;
- d) Approval of the Claims of September 12, 2023:

VENDOR NAME	AMOUNT
AMERICAN WATER WORKS	400.00
ARG INDUSTRIAL	1,443.51
AT&T MOBILITY	1,798.03
BELLINGHAM HERALD	810.00
BUD CLARY FORD HYUNDAI	47,768.21
CARLSON STEEL WORKS, INC	375.03
CHMELIK SITKIN & DAVIS	14,675.94
CIVICPLUS LLC	4,688.00
CONSOR NORTH AMERICA, INC.	144,217.53
CORNERSTONE MANAGEMENT, INC.	2,193.00
CRABTREE, DEVIN	82.07
EDGE ANALYTICAL LABORATORIES	24.00
EXACT SCIENTIFIC SERVICES INC.	27.00
FASTENAL	81.73
FCS GROUP	4,826.25
FERNDALE ACE HARDWARE	174.01
FERNDALE CITY OF	245.68
GRAYBAR ELECTRIC COMPANY, INC	278.94
HACKER, RONALD G	492.68
HARDWARE SALES, INC	93.15
HEALTH PROMOTIONS NORTHWEST	150.00
JOHN DEERE FINANCIAL	18.34
K ENGINEERS, INC.	72.50
KCDA PURCHASING COOPERATIVE	52.89
LYNDEN TRIBUNE	82.00
MILLS ELECTRIC	16,839.45
MOTOR TRUCKS, INC	146.58
NORTH COAST ELECTRIC COMPANY	891.91
NORTHWEST CASCADE, INC.	128.50
NORTHWEST FIBER DBA ZIPLY FIBER	1,423.23
NP INFORMATION SYSTEMS (3-D CORP)	269.82
P&P EXCAVATING, LLC	1,867.92
PITNEY BOWES	151.32
PLATT ELECTRIC SUPPLY CO	32.86
PORTAL WAY FARM & GARDEN	98.53
PUD #1 OF WHATCOM COUNTY	403.16
PUGET SOUND ENERGY, INC	8,303.70
REGENCE BLUE SHIELD	47,862.89
REISNER DISTRIBUTION, INC	1,900.12

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RICOH USA	210.25
SSC - SANITARY SERVICE COMPANY	620.44
STAR RENTALS	1,705.78
STORMWIND LLC	4,500.00
TEAMSTER LOCAL #231	616.00
ULINE, INC.	131.88
UNITED WAY OF WHATCOM COUNTY	742.00
UTILITIES UNDERGROUND LOCATION	29.67
VALVOLINE	129.42
VANDER GRIEND LUMBER	37.11
WASHINGTON ALARM, INC.	141.75
WASHINGTON DENTAL SERVICE	2,941.95
WASHINGTON TEAMSTERS WELFARE	13,273.40
WESTERN SOLAR	34,185.96
WHATCOM FARMERS CO-OP	33.71
WHATCOM JANITORIAL	1,430.00
GRAND TOTAL	\$366,119.80

ACTION: Commissioner Grant made the motion to APPROVE THE CONSENT AGENDA OF SEPTEMBER 12, 2023. Commissioner Arnett second the motion. Motion passed unanimously.

4. Public Comment – None.

5. General Manager’s Report

- Aldergrove Water Association – both the State Departments of Ecology and Health have concerns about Aldergrove’s lack of water situation. A community meeting regarding drought response is planned for October;
- Attending City of Bellingham/Cascadia presentation on Bellingham’s waterfront on Wednesday.
- Will attend the event coordinated by the Whatcom Watersheds Information Network on the adjudication process to water rights holders.

6. Old Business

a) Broadband Program Update

- Heimgartner said there are several financing methods for the District’s fiber initiatives: Grants or Local Utility Districts (LUD), bonds, bank loans, etc. These methods could fund through construction, and is reimbursed by the LUD, or it funds the LUD itself with property assessments. The District will continue to search for grants.
- Entrikin updated on the status of WA Broadband Office: Point Robert’s project - the scope of work and contract are being finalized; Whatcom County is finalizing their agreement to contribute matching funds.
- Entrikin presented a Local Utility District (LUD) marketing plan to bring fiber to un- and under-served areas.

b) Adjudication Update

- Ecology has announced adjudication filing will begin April 24, 2024.
- Sitkin will be meeting with tribal and ecology staff to discuss topics such late filing issues.
- Additional outreach on the adjudication process is in the planning process.

7. New Business

a) Work Session: Commissioner Input for Draft 2024 Budget

Smith stated the draft 2024 budget document will be presented to the Commission at the October 24, 2023 meeting. Commissioners can provide input on their priorities today, or as the budget is developed, to Heimgartner and/or Smith. The Commission provided initial budget topics and decided a special meeting should be planned to discuss Strategic Plan priorities (Date TBD).

ACTION: No action taken or requested of, information only.

b) Approve Property Access License Agreement

Sitkin explained that an *access license agreement* was needed to gain access to a Grandview parcel located near the Grandview Water System. If approved, the agreement will grant Whatcom PUD, its consultants, engineers, and others to access, inspect and/or evaluate the property for potential purchase.

ACTION: Commissioner Grant made the motion to APPROVE THE PROPERTY ACCESS LICENSE AGREEMENT PENDING FURTHER LEGAL REVIEW. Commissioner Arnett second the motion. Motion passed unanimously.

8. Operations Report

- Walters reported on the following projects:
 - Plant 2 East Pond Cleaning project is now complete.

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- Rooftop Solar Project is pending completion after inspections and walk-through with the contractor.
- Ferndale Substation is now at the commissioning phase. The last delay is for an on-site testing controls firm to complete full-function testing.
- Paul Siegmund, Manager of Automation and Technology, recently secured two Washington State grants for cybersecurity. The grant extends over three years in the amount of \$168,000, which will help offset costs for the District.

9. Commissioner Reports

Deshmane:

- Attended the Public Power Council meetings in-person last week;
- Will attend the Washington Public Utility Districts Association (WPUDA) committee meetings this week in Richland;
- Also attending the WPUDA Water Workshop the following week, in-person. He asked to attend/claim per diem the Clallam PUD Commission meeting on Monday September 25.

Arnett:

- Would like to hold a Board Retreat and suggested scheduling late in the year or early 2024.
- Will attend the WPUDA Committee Meetings this week via Zoom.

Grant:

- Has had several meetings with Heimgartner regarding geo-thermal energy.

10. Public Comment

Dave Olson followed up on Commissioner Arnett's question regarding the Bakerview Water Association.

11. Executive Session

Commission President Deshmane requested an Executive Session pursuant to RCW 42.30.110(1)(i): Potential Litigation; and RCW 42.30.110(1)(g): To review the qualifications and/or performance of a public employee. Estimated time for Executive Session was two hours. The Commission President indicated no action was anticipated to be taken after the adjournment of Executive Session. After a short recess, the Commission adjourned to Executive Session at 10:00 a.m.

Executive Session Adjourn

There being no further business for Executive Session, the Commission rejoined the Regular Commission Meeting at 11:59 a.m.

12. Adjourn

There being no further business for the regular meeting, Deshmane adjourned the regular meeting at 12:00 p.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner

Jaime Arnett, 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/2023-agendas-packets-meeting-minutes-recordings/>

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

September 19, 2023

1. Call to Order

The special meeting of the Board of Commissioners of Public Utility District No. 1 of Whatcom County was called to order at 12:00 p.m. by Commissioner Atul Deshmane. Said meeting was open to the public and notice thereof had been given as required by law. Those present included: Commissioner Christine Grant, Commissioner Jaime Arnett, Commissioner Atul Deshmane and Peter Ruffato, Legal Counsel. Staff: Chris Heimgartner, General Manager; Annette Smith, Director of Finance; Aaron Peterson, IT/SCADA Technician, Andrew Entrikin, Broadband Program Manager, Mike Macomber, IT/SCADA Technician, Rebecca Schlotterback, Contracts Manager and Traci Irvine, Accountant I. Public attending: Rick Maricle, Citizen; Michael ? Citizen; Jack Wellman PSE; and Ralph Schwartz, Cascadia Daily News.

2. Discussion On Geothermal Agreements

The Commission discussed the “Reimbursement Agreement and Option” document to allow Whatcom PUD to work with Altarock Geothermal Holding, LLC. also known as Cyrq Energy, LLC. The Commission authorized the General Manager to sign the agreement and return to Altarock Geothermal Holding, LLC.

ACTION: Commissioner Grant motioned to approve the Reimbursement Agreement and Option with Alta Rock Geothermal Holdings, LLC. Second by Commissioner Arnett. Unanimously Approved.

3. Adjourn

Commissioner Deshmane stated that public comment on the Agreement can be made at the September 26, 2023 Commission Meeting. There being no further business for the special meeting, Commissioner Deshmane adjourned the special meeting at 12:18 p.m.

Atul Deshmane, President/Commissioner

Christine Grant, Vice President/Commissioner

Jaime Arnett, Secretary/Commissioner

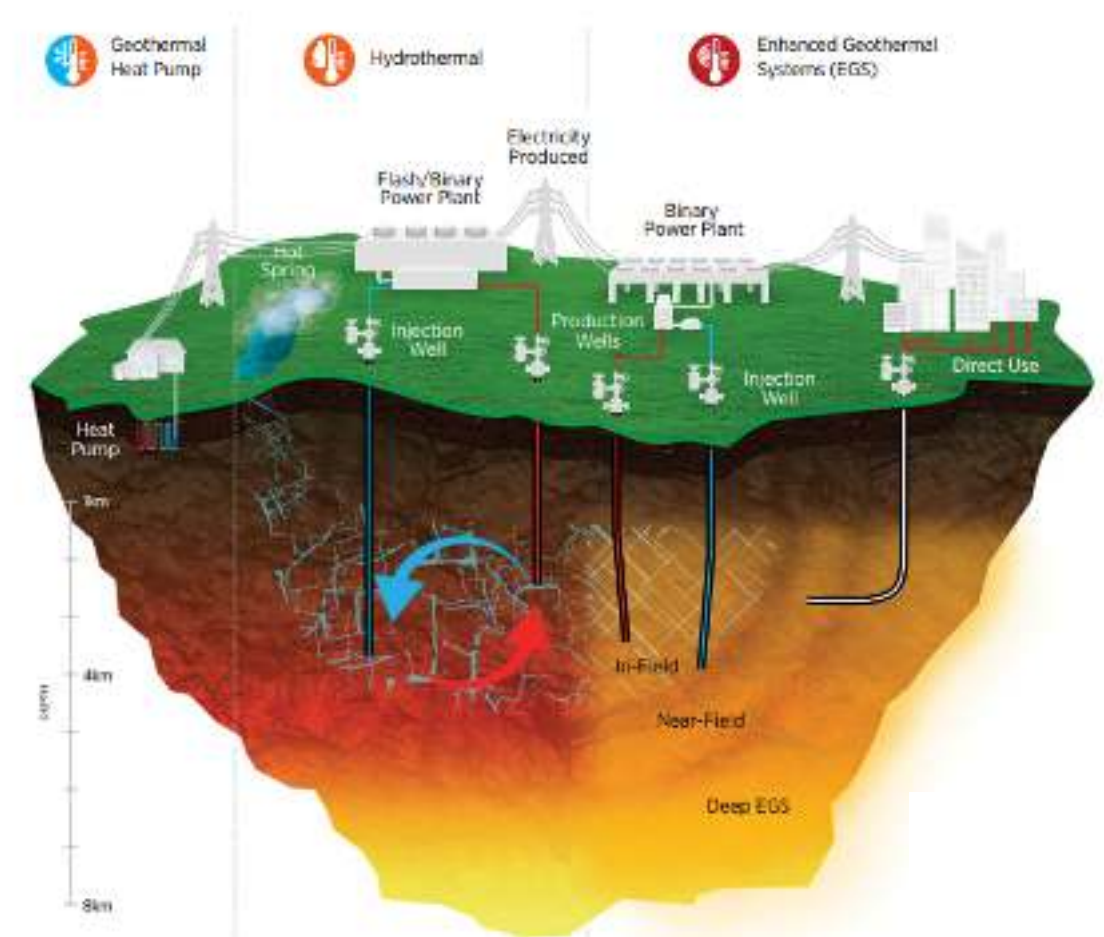


There is enormous untapped potential for geothermal.

Source: <https://www.energy.gov/eere/geothermal/geovision>

What is Geothermal?

Geothermal energy that is harnessed for both direct use and electricity generation comes from the heat that flows continuously from the Earth's interior to the surface.

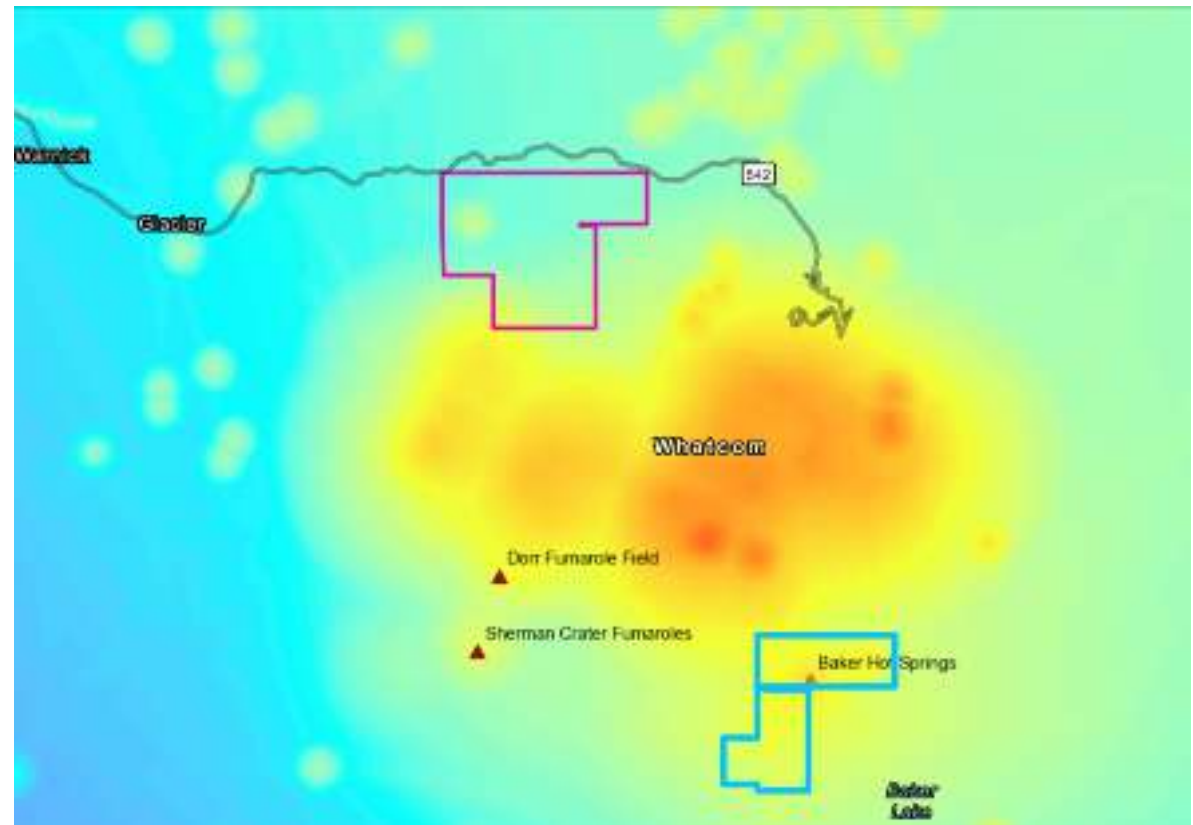


Source: <https://www.energy.gov/eere/geothermal/articles/geovision-chapter-2> (pg 13)

Geothermal Exploration in Whatcom

A 2014 Washington Geological Survey (WGS) gathered data from geology, drill holes, and other exploration methods and combined them to create a favorability map.

One area with high favorability stands out—the area south of Mount Baker —because the analysis indicated that heat and fluid flow were probably present.



Thermal and mineral springs, Mt. Baker Geothermal Lease area boundary, and Geothermal Potential (Permeability and Heat)

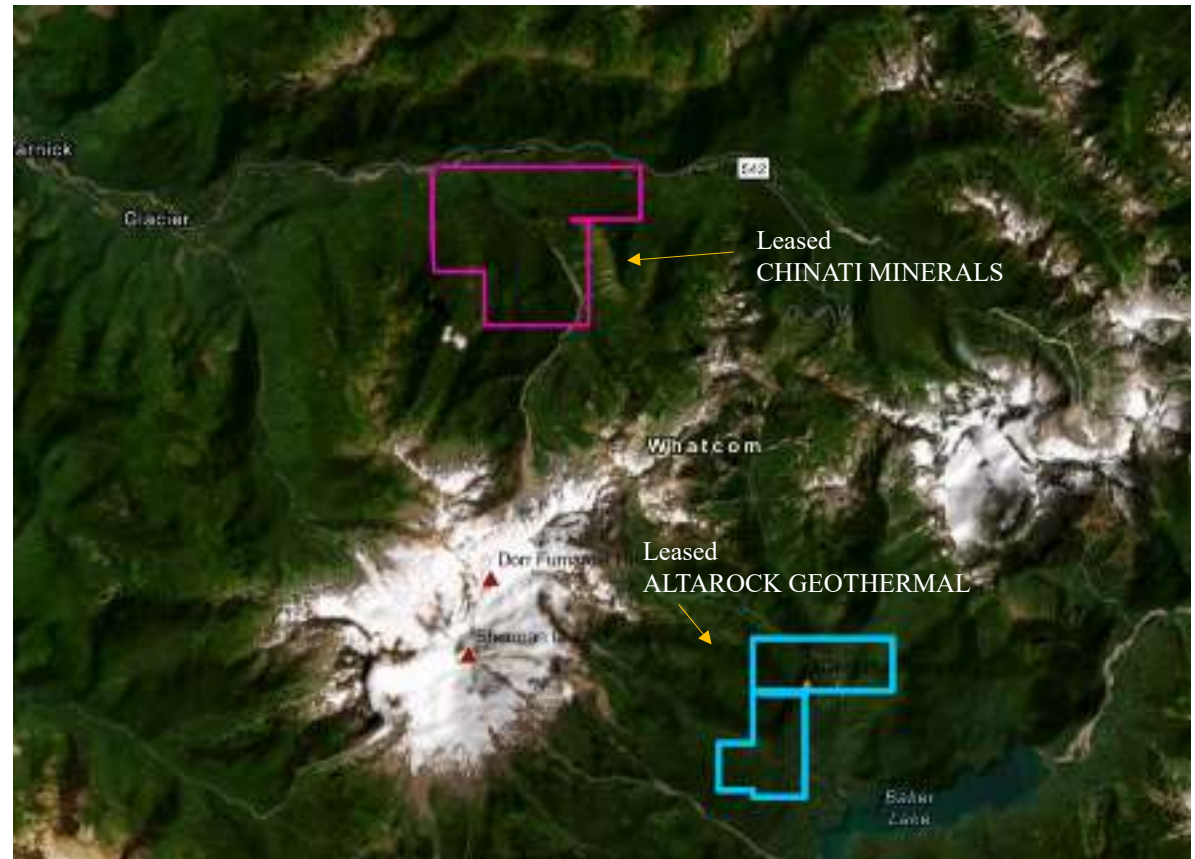
Source(s): <https://www.osti.gov/biblio/1823116/> & <https://www.dnr.wa.gov> & https://www.energy.net/govt_listing.pl?sg=5280

Geothermal Leases

CHINATI MINERALS
Effective: 9/1/2020
Expiration: 8/31/2030



ALTAROCK GEOTHERMAL
Effective: 2/1/2011
Expiration: 1/31/2026



Thermal and mineral springs and Mt. Baker Geothermal Lease area boundaries

Source: BLM MLRS Public Dashboard: Pub CR 10 CR SRP

**REIMBURSEMENT AGREEMENT
AND OPTION**

This Reimbursement Agreement and Option (“Reimbursement Agreement”), effective as of _____, 2023, is by and between Altarock Geothermal Holdings, LLC (“Altarock”) and Public Utility District No. 1 of Whatcom County (“PUD”).

RECITALS

WHEREAS the Bureau of Land Management (“BLM”) is the “Lessor,” and AltaRock Geothermal Holdings, LLC, (“Alta Rock”) an entity wholly owned by Cyrq Energy, LLC, (collectively Alta Rock and Cyrq Energy, LLC are referred to herein as “Cyrq”) was the “Lessee” of a geothermal lease in the Mt. Baker area, BLM Lease number, WAOR1055299796 (“the “Lease”);

WHEREAS, pursuant to the Lease, Lessee had the right to develop geothermal resources for 2,399.28 acres;

WHEREAS Lessee relinquished the Lease effective January 17, 2023; and

WHEREAS it may be possible for Cyrq to restore the Lease and, if so, PUD has an interest in the acquisition of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual rights and obligations contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Cyrq agrees to make commercially reasonable efforts to work with the BLM to restore the Lease to active status. The parties acknowledge that this will include payment of costs to bring the lease current, such as but not limited to unpaid annual rent, late fees, penalties, diligent exploration expenditures or in lieu payments, and plugging and abandonment costs (the actual cost being the “Restoration Costs”).
2. Once the lease has been restored, the parties acknowledge that ongoing Lease maintenance will include payment of annual rent, diligent exploration expenditures or in lieu payments, and plugging and abandonment costs (the actual costs being the “Maintenance Costs”).
3. Prior to finalizing any decision to restore the Lease, Cyrq shall provide the PUD with an estimate of currently due Restoration Costs and ongoing Maintenance Costs. PUD shall review and advise Cyrq as to whether it desires to proceed.
4. Preliminarily, for purposes of disclosure and not in fulfillment of the obligation stated in Paragraph 3, Cyrq estimates the following amounts:
 - i. Restoration Costs in the following approximate amounts: 2023 unpaid annual rent of \$12,000, late payment penalty of \$1,200, and in lieu diligent

exploration expenditure for 2022 (lease year 11) and 2023 (lease year 12) of \$36,000 per year, for a total one-time payment of \$85,200.

- ii. Maintenance Costs in the following approximate amounts: annual rent of \$12,000, and diligent exploration expenditures or in lieu payment of \$36,000 per year (for lease year 13 in 2024 and 14 in 2025).

5. Assuming the parties proceed to restore the Lease, Cyrq shall be responsible for the timely payment of currently due Restoration Costs and PUD shall reimburse Cyrq for 100% of said Restoration Costs. Going forward after payment of the Restoration Costs by Cyrq, Cyrq shall be responsible for the timely payment of Maintenance Costs and PUD shall reimburse Cyrq for 100% of said Maintenance Costs

6. Cyrq shall compile evidence of actual costs paid in Restoration and Maintenance Costs and shall invoice PUD at the address below during the term of this Agreement.

7. PUD shall pay each invoice tendered under this Agreement within 45 days at Cyrq's address below.

8. Either party may terminate this Agreement upon written notice that is at least 60 days prior to the payment due date of any Maintenance Cost.

9. Unless terminated sooner, this agreement expires upon BLM's acceptance of Cyrq's assignment of the Lease to PUD.

GRANT OF OPTION

10. For \$10.00 and other good and valuable consideration stated herein, Cyrq hereby grants to PUD an exclusive option of assignment of the Lease (the "Option"). Cyrq has not and shall not grant, transfer, assign any interest in the Lease nor use the Lease as security or collateral or otherwise encumber the Lease and the subject property unless approved in advance in writing by the PUD. PUD acknowledges that the assignment is subject to approval from the BLM.

11. PUD shall exercise the Option by informing Cyrq in writing of its election.

12. The Parties shall execute any documents reasonably necessary to effect the Option and assignment of the Lease to the PUD.

MISCELLANEOUS

13. PUD may not assign this Reimbursement Agreement without Cyrq's prior written consent, which consent shall not be unreasonably withheld. Cyrq may assign this Reimbursement Agreement to a subsidiary, affiliate or successor. Any other assignment by Cyrq shall require PUD's prior written consent, which consent shall not be unreasonably withheld.

14. This Reimbursement Agreement shall be construed in accordance with and governed by the laws of the State of Washington including the choice of law rules. The venue of any dispute arising hereunder shall be in Whatcom County Superior Court in the State of Washington.

15. This Reimbursement Agreement shall not be recorded.

[Signatures follow]

**ALTAROCK GEOTHERMAL
HOLDINGS, LLC**

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

By: _____
Nicholas Goodman, CEO
15 W. South Temple, Ste. 1900
Salt Lake City, UT 84106
801-875-4200
Nick.goodman@cyrqenergy.com

By: _____
Name: _____
Title: _____
Address for notice: _____

Email: _____

AGENDA ITEM #7a
September 26, 2023



Action Memo

To: Commissioners Arnett, Deshmane, and Grant
From: Traci Irvine, Accountant 1
Date: September 26, 2023
Re: Approve Resolution No. 833 – Cancellation of Warrant

Requested Action:

APPROVE RESOLUTION NO. 833 AUTHORIZING CANCELLATION AND REISSUE OF WARRANT.

Background:

Warrant No. 01173107 was issued on July 11, 2023 in the amount of \$30,700.00 to Digital Boundary Group (DBG). DBG notified the District that the Warrant has not been received/deemed lost in the mail, and has not been tendered. The District notified the County that the Warrant was lost and has asked the County to cancel and disregard the Warrant. A new Warrant will be issued in the next check run.

Fiscal Impact:

No fiscal impact.

Recommended Action:

APPROVE RESOLUTION NO. 833 AUTHORIZING CANCELLATION OF WARRANT.

RESOLUTION NO. 833

**RESOLUTION BY THE BOARD OF COMMISSIONERS
OF PUBLIC UTILITY DISTRICT NO.1 OF WHATCOM COUNTY (DISTRICT)
AUTHORIZING THE CANCELLATION AND REISSUE
OF WARRANT NO. 01173107**

WHEREAS, the warrant referenced in Exhibit A (the “Warrant”) was issued on the basis of an invoice (the “Invoice”) received from Digital Boundary Group (“DBG”) for IT Security Assessment services;

WHEREAS, following the Commission’s authorization of the issuance of the Warrant, the County’s Administrative Services Department (“County”) printed Warrant No. 01173107 on July 11, 2023. The warrant was deemed lost in the mail and has not been tendered. As such, the District has notified the County that the Warrant was lost, has asked the County to cancel and disregard the Warrant. A new warrant will be issued on the next Claims Request.

WHEREAS, the County has provided the Warrant that was issued on July 11, 2023, and the Warrant having not been tendered to the County, 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 26th day of September, 2023.

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

Atul Deshmane, President/Commissioner

Jaime Arnett, Secretary/Commissioner

Christine Grant, Vice President/Commissioner

Resolution No. 833: Exhibit A

Cancellation of Warrant

Warrant No.	Warrant Date	Vendor	Amount
01173107	7/11/2023	Digital Boundary Group	(\$30,700.00)