

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
July 9, 2019
NEWPORT CONFERENCE ROOM, NEWPORT, WA

Present: Curtis J. Knapp, President
Richard A. Larson, Vice President
Joseph B. Onley, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler R. Whitney, Chief Legal, Generation &
Regulatory/Government Affairs Officer
Karen Willner, Clerk of the Board

Others: Nancy Neraas, Foster Pepper PLLC
Jeb Spengler, Piper Jaffray & Company, via teleconference
Gretchen Koenig, Member of the Public
Don Gronning, Newport Miner

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, President.

CONSENT AGENDA:

The minutes from the June 18, 2019 meeting and today's revised agenda were reviewed.

Vouchers audited certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified by RCW 42.24.090, have been recorded on a listing, which has been made available to the Board. As of this date, July 9, 2019, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The minutes of June 18, 2019 meeting and the revised agenda for July 9, 2019.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 3057 through 3141 in the total amount of \$212,137.17; ACH payments in the total amount of \$181,715.50; Wire transfers in the total amount of \$4,489,903.34; ACH payroll transactions in the total amount of \$220,353.38 for the payroll ending June 15, 2019; and ACH payroll transactions in the total amount of \$232,665.85 for the payroll ending June 30, 2019.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

Colin Willenbrock, District General Manager reported April Owen, District Chief Audit, Financial & Power Supply Officer will review the May 2019 Financials. Ms. Owen provided an overview. Discussion was held.

Mr. Willenbrock introduced newly hired employees Josie Bennett, District Controller and Suzie Thompson, District Human Resources Manager. Tyler Whitney, District Chief Legal, Generation & Regulatory/Government Affairs Officer provided Ms. Thompson's background and reported she started yesterday. Ms. Owen provided Ms. Bennett's background and reported she started on June 24. The Board welcomed them to the District. Mr. Willenbrock reported Diana Jackson, District Accounts Payable Analyst has been doing a great job at bridging the gap for payroll until a Payroll Analyst job candidate has been hired.

He provided a Northwest Open Access Network (NoaNet) Board meeting update regarding their 2-day strategic planning workshop. He explained the details and reported that Energy Northwest will provide funding to NoaNet for 2020. Discussion was held.

SAFETY SPOTLIGHT:

Jason Pimental, District Safety Coordinator reported the blockhouse expansion project construction at the Pine Street Substation is continuing.

Don Gronning, Newport Miner left the meeting.

Mr. Pimental reported next Thursday the line crews will be participating in a mock pole top rescue training exercise at the Ione Warehouse. This is in coordination with Life Flight.

He reported the District abated the asbestos violation associated with the Upstream Fishway Project with Labor & Industries.

CUSTOMER SPOTLIGHT:

Mr. Willenbrock reported it was an outstanding rodeo parade and he thanked staff for their work and participation.

He reported today's focus is on the District's industrial customers and that Portland General Electric (PG&E) and the District have executed the WSPP Agreement for energy capacity conservation. He explained we are moving Box Canyon Dam generation to the edge of our system where PGE will pick it up. This energy conservation will be used for Ponderay Newsprint Company (PNC) power. Discussion was held. He commended the team for their efforts in helping PNC and for taking away risk from Box Canyon.

Commissioner Onley reported there was an outage on July 5 in his area and he commended the line crews for restoring power in a short time. Mr. Willenbrock expressed his appreciation for the line crew's efforts.

COMMISSION REPORT:

Commissioner Larson attended an Economic Development Council (EDC) meeting on June 19 in Ione and provided an overview.

Commissioner Onley attended the EDC on June 19 in Ione and reported discussion included an electric vehicle charging station. He attended a Tri-County Economic Development District meeting on June 26 in Colville and provided an overview. He attended the River Mountain Village Advanced Care Ribbon Cutting Ceremony and Open House on June 28 in Newport.

Mr. Willenbrock had a meeting with Tara Leininger, Mayor of Metaline Falls to discuss an electric vehicle charging station in Metaline Falls. She will make initial contact with vendors and the District will assist. Discussion was held.

Commissioner Knapp attended the River Mountain Ribbon Cutting and Open House on June 28 in Newport and participated in the July 4th Cusick Parade. He attended a Cusick/Usk Urban Growth meeting on June 26 in Usk and provided an overview. He received a customer call regarding a labor charge to reconnect a meter that had been disconnected for a long time. Discussion was held.

COMMISSION BUSINESS:

- 2019 Autumn Bloom Fun Run Sponsorship Funding Request. Kenna Tornow, District Communications & Public Contracts Manager provided the details and if desired, recommended sponsoring at the \$100 level. A motion was made by Commissioner Onley and seconded by Commissioner Larson to sponsor at the \$100 level. The motion passed unanimously.

Commissioner Knapp will attend the Washington Public Utility Districts Association (WPUDA) meetings on July 16 – 19 in Leavenworth, an Energy Northwest meeting on

July 23 in Pasco, a Maslonka Mediation on July 26 – 27 in Seattle and the Board meeting on July 30 at Box Canyon Dam.

Commissioner Larson will attend an EDC meeting on July 17 in Newport.

Commissioner Onley will attend the WPUA meetings on July 16 – 19 in Leavenworth.

ACTION ITEM:

- Revised Employee Handbook. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the revised Employee Handbook. Commissioner Onley objected to the changes and suggested commissioners should be free to travel to regional meetings on behalf of the District without preapproval from the commission. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the revised Employee Handbook with the corrections that were noted. The motion passed. Commissioner Onley voted against the motion.

BREAK/BUSINESS FROM THE PUBLIC:

Following a 5-minute break, the meeting resumed.

Gretchen Koenig, member of the public inquired about the status of the Campground Opportunities Survey for county campgrounds. Mr. Whitney reported for the District to be in compliance with its Federal Energy Regulatory Commission license, we need to reduce overcrowding at the Pioneer Park Campground. A meeting with the Forest Service will be held at the end of July or beginning of August. Ms. Koenig suggested adding the water trail locations to the list of considerations. Discussion was held.

PUBLIC UTILITIES RISK MANAGEMENT SERVICES OVERVIEW:

Sarah Holderman, District Chief Treasury, Broadband & Strategic Planning Officer provided a Public Utilities Risk Management Services (PURMS) overview and reported the PURMS group provides the District's property and liability risk insurance coverage. She provided the history, member and fund organization information. She explained the liability, property, and health and welfare pools. Commissioner Knapp thanked Ms. Holderman for providing the information. She reported the PURMS group meets twice a year.

BOND RESOLUTION DISCUSSION:

Ms. Holderman introduced Nancy Neraas, Foster Pepper, PLLC and Jeb Spengler, Piper Jaffray & Company. Ms. Neraas reported she is our Bond Counsel and created the resolution to refund and refinance the 2010 Electric System and Box Canyon Production Bonds. She provided the resolution details. Discussion was held.

ACTION ITEMS (continued):

- Resolution No. 1424 – 2019 Electric System Bond Resolution. A motion was made by Commissioner Onley and seconded by Commissioner Larson to adopt the resolution. The motion passed unanimously.
- Resolution No. 1425 – 2019 Box Canyon Bond Resolution. A motion was made by Commissioner Larson and seconded by Commissioner Onley to adopt the resolution. The motion passed unanimously.

Ms. Owen reported that by the Board approving the bond resolutions, District staff will go to Moody's and Fitch Rating Agencies in August and look to price bonds in mid-September. She explained that October is the first date we can close the bonds and the bond call date will occur in January. Commissioner Knapp thanked staff for all their hard work.

Following a 5-minute break, the meeting resumed.

- Resolution No. 1426 – Appointment of Deputy Auditor and Check Signing Authority. Ms. Owen provided the details. A motion was made by Commissioner Onley and seconded by Commissioner Larson to adopt the resolution. The motion passed unanimously.
- Resolution No. 1427 – Authorizing Adoption of a Greenhouse Gas Reduction Policy. Mark Scott, District Water Systems Manager and Mr. Willenbrock provided the details. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to adopt the resolution. The motion passed unanimously.
- Unbudgeted Item – Purchase of Coyote Trail Property. Mr. Whitney provided the details. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the unbudgeted item not to exceed \$70,000. The motion passed unanimously.
- Revised Internal Reliability Compliance Policy. Kevin Conway, District Chief Compliance, Engineering & Technology Officer provided the details. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the revised policy. The motion passed unanimously.

Discussion was held regarding the Community Economic Revitalization Board broadband feasibility grant for North Pend Oreille County, a customer concern with lighting at the Highway 20 and Flowery Trail intersection, a customer’s meter reconnect fee and the Board agenda format.

Following a 5-minute break and working lunch, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 90-minute executive session on pending and/or potential litigation commenced at 11:50 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, Chief Legal, Generation & Regulatory/Government Affairs Officer. The executive session adjourned at 1:15 p.m. and the Board returned to open session. No Final action was taken.

There being no further discussion to come before the Board, the meeting adjourned at 1:16 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form