

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
February 19, 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: Steve Cordes, Principal Engineer/Vice President, Welch Comer
Engineers
Gretchen Koenig, Member of the Public
Michael Naylor, Member of the Public

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

CONSENT AGENDA:

The minutes from the February 5, 2019 meeting and today's 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, February 19, 2019, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The minutes of February 5, 2019 meeting and the agenda for February 19, 2019.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 2534 through 2582 in the total amount of \$124,276.53; ACH payments in the total amount of \$395,629.96; Wire Transfers in the total amount of \$248,001.88; and ACH payroll transactions in the total amount of \$278,394.40 for the payroll ending January 31, 2019.

BOARD WORKSHOP:

April Owen, District Chief Audit, Financial & Power Supply Officer reviewed the December 2018 Financials. Discussion was held. She reported the Board's expense report was revised and finance will move to an electronic system for future vouchers/check registers.

SAFETY SPOTLIGHT:

Chris Jones, District Director, Operations/Line Superintendent reported on a customer call. Discussion was held.

CUSTOMER SPOTLIGHT:

Megan Bartholomaus, District Customer Service Representative provided the updated total for the February Neighbors in Need Fundraiser. The District has raised over \$1,200 to help customers in need.

Commissioner Onley reported he was contacted by an iFiber customer who had a television connection issue. He provided the details. Discussion was held.

Commissioner Knapp received a customer call regarding a fiber issue.

Commissioner Knapp noted a customer thank you letter to Mr. Huntley and the line crew for fixing a faulty regulator.

COMMISSION REPORT:

Commissioner Larson attended a Northwest Open Access Network (NoaNet) Board meeting on February 13 in Spokane and a PUD Day on the Hill event and Washington Public Utility Districts Association (WPUDA) meetings on Feb 14 – 15 in Olympia. He provided an overview.

Commissioners Knapp and Onley attended the PUD Day on the Hill event and WPUDA meetings on February 14 – 15 in Olympia and provided an overview. The commissioners attended a meeting with our State legislators on February 14 in Olympia and reported it was a good meeting with good discussion. Discussion was held.

Mr. Willenbrock attended the NoaNet Board meeting, via teleconference on February 13 and reported partial funding for a bridge loan was approved. Discussion was held.

COMMISSION BUSINESS:

Commissioners Larson and Onley will attend an Economic Development Council (EDC) meeting tomorrow at the Camas Wellness Center.

Commissioners Knapp and Onley will attend an EDC sponsored Newport Hotel Feasibility Roundtable on February 26 at the District.

Commissioner Onley will attend a Tri-County Economic Development District meeting on February 27 in Colville.

CUSICK WATER TREATMENT PLANT FACILITY:

Tyler Whitney, District Chief Legal, Generation & Regulatory/Government Affairs Officer provided the details.

Mark Scott, District Water Systems Manager reported the Town of Cusick asked the District to complete a water treatment plant cost study to determine the operational costs. He introduced Steve Cordes Principal Engineer/Vice President, Welch Comer Engineers.

Mr. Cordes reviewed the report with the Board to determine what is needed to get it up and running.

Mr. Scott reported the Town has applied for a community block grant for phase one and is borrowing money to finish that phase. He reported the Department of Health is reviewing this proposal. Discussion was held.

Mr. Whitney thanked Mr. Cordes for providing the report. He explained the next steps in moving forward and reported the District will be doing an internal analysis of the Town's revenue data.

The Board thanked Mr. Cordes and Mr. Scott for the presentation.

BREAK/BUSINESS FROM THE PUBLIC:

Following a 5-minute break, the meeting resumed.

Gretchen Koenig, member of the public asked for an update on Pac West. Mr. Willenbrock reported there is nothing new to report since the January 29 Board meeting at Box Canyon.

Michael Naylor, member of the public, asked about county zoning and property sold to Stephen Kiss. Mr. Whitney invited him to submit a public records request.

Commissioner Knapp thanked Ms. Koenig and Mr. Naylor for attending. Ms. Koenig and Mr. Naylor exited the meeting.

MANAGEMENT REPORT:

Colin Willenbrock, General Manager:

He attended a Public Power Council meeting on February 6 – 7 in Portland and provided an overview regarding strategic planning and Bonneville Power Administration's (BPA) fish programs. He reported that Elliot Mainzer, BPA Administrator/CEO gave a report on cybersecurity and protecting the Pacific Northwest grid. Discussion was held.

Tyler Whitney, Chief Legal, Generation & Regulatory/Government Affairs Officer:

He is working with Bob Pebles, District Information Technology Manager regarding the electronic records phase of the District's records retention project.

He reported Scott Jungblom, District Natural Resources Manager sent the Biological Assessment to U.S. Fish & Wildlife Service and the Kalispel Tribe of Indians for review.

Lloyd Clark, Chief Safety, Operations & Administrative Services Officer:

He is working with the Central Washington Public Utilities (CWPU) Unified Insurance Program group in looking at Premera as a third party administrator service.

He provided a job recruiting update and reported the Senior Accountant job position is currently open and the Hydro Operator hire will start in March. The System Engineer job position is open and interviews are being held. The Meter Reader job position has been narrowed down to 10 candidate applications and interviews will be held this week.

Kenna Tornow, Communications & Public Contracts Manager:

She reported the website refresh is up and running and the customer feedback has been positive. She is working on an email collector for the website where people can submit their emails to get information.

She reported the District's first Family Hockey Night will be held on March 8.

She reported May 31 is National Dam Safety Awareness Day and she and Autumn Rice, District Regulatory Compliance Coordinator are planning a big event.

Mark Cleveland, Director, Power Production:

He reported Tim McMaster, District Power Production Manager is doing a great job in taking over the day-to-day tasks.

He reported Stan Haney, District Hydro Mechanic Foreman is retiring on March 15.

Scott Jungblom, Natural Resources Manager:

He provided more information regarding the Biological Assessment and reported U.S. Fish & Wildlife Service had no further comments.

He reported the field crew is wrapping up year-end reports and scheduling meetings to review submitting them to the Federal Energy Regulatory Commission (FERC).

He is working on the implementation and planning for the required total dissolved gas study at Box Canyon Dam downstream this year. He is working with the maintenance crew at Box Canyon on the implementation.

He reported staff is continuing to do data collection and management on the Box Canyon Upstream Fish Ladder project.

He is trying to ramp up the development plan for the Trout Habitat and Restoration Program and reported there are many pieces involved. Hoping to start this in March.

Chris Jones, Director, Operations/Line Superintendent:

He reported the north end crews have been working with the south county crews replacing red tagged poles. Crews have gotten off the county roads to make sure the county could do what they needed to remove the snow. Crews are doing maintenance work and will continue working on red tagged poles.

He reported crews are starting today at Indian Creek to help the Community Network System with fiber installation.

He reported that all the line construction dock crews are off District property.

He reported line apprentice Rod Schoener was sent to Camp Rilea for a 10-day apprenticeship boot camp.

He received a call from the Bonner County Sheriff's Office last Thursday regarding our transformer storage yard across from the Pine Street Substation. Someone broke into the yard and stripped three transformers. We cleaned up all the oil. Discussion was held.

He reported on a truck fire to fleet asset #401. The truck was parked in the fleet yard. Fire investigators came in and said the cause was wiring that started in the truck bed. Damage occurred inside the cab and to the flat bed. The vehicle was totaled. Sarah Holderman, District Chief Treasury, Broadband & Strategic Planning Officer reported the Public Utility Risk Management Services insurance will replace the vehicle in kind. The fire investigators do not believe it was arson. There was another truck parked beside it that sustained minor damage.

Sarah Holderman, Chief Treasury, Broadband & Strategic Planning Officer:

She reported the Finance department has been working on the audit and finishing up the 2018 Annual Report. She reported Ms. Tornow is working on her part of the annual report.

She reported the state auditors will be at the District beginning on March 5. They will periodically be at the District for a month doing the audit.

She is working on the manager reports for December and January.

She reported Diana Jackson, District Accounts Payable Analyst will schedule staff training for electronic invoice approvals.

Kevin Conway, Chief Compliance, Engineering & Technology Officer:

He reported Compliance staff is finishing up self-certifications for FERC which are due at the end of this month. Staff is working on document issues.

He reported the North American Electric Reliability Corporation (NERC) levied its first \$10M fine against another utility for critical infrastructure protection (CIP) violations. The CIP fine was due to not following standards.

He reported that the District completed its final FERC Form No. 715 for transmission planning and will no longer be required to do so in the future.

He provided an Information Technology update and reported staff has implemented electronic signatures for approvals. Staff installed security cameras in the system operator area and the operators appreciate the advantages they get with the cameras. The cameras

help in managing people's ingress and egress. If an alarm goes off at night it needs to be immediately responded to and the real advantage is if an alarm goes off for forced entry staff can immediately turn on the cameras to see what is happening. He reported Map Wise will now roll out in February 2020 due to multiple projects not being properly aligned, part of which is Davey Resource Group's gathering of data. Staff is working on scheduled change outs of customer service workstations and change outs of old Cisco phones.

He provided an Engineering update and reported staff is working with Ms. Holderman on the specifications a customer implementation. Staff is working on the Pine Street Substation upgrade and is waiting on materials. They are installing trip savers on the lines. Staff received a data request from BPA on transmission planning.

He provided an overview of security measures on substations and how NERC categorizes facilities.

ACTION ITEMS:

- Resolution No. 1419 – Employee Handbook. Mr. Whitney and Mr. Willenbrock provided the details. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to adopt the resolution with the revised changes. The motion passed unanimously.
- Revised Contracting and Purchasing Authority and Procedures Policy. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to table the red-line changes but to approve the changes to the purchasing authority schedule consistent with that in the Employee Handbook. The motion passed unanimously.
- Procurement of Ditch Witch Trencher, Contract No. 19-003. Mr. Jones and Ms. Tornow provided the details. A motion was made by Commissioner Onley and seconded by Commissioner Larson to authorize the general manager to execute the contract in the total amount of \$219,090.89. The motion passed unanimously.
- Declaration of Surplus Property – Fleet Assets #401 and #005. Mr. Jones provided the details. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Onley to declare the fleet assets as being no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. Fleet Asset #401 was totaled and #005 will be advertised for sealed bids. The motion passed unanimously. Staff will proceed as appropriate.
- Professional Services Agreement, Cortner Architectural Company. Mr. Willenbrock provided the details. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the architectural phase of the mechanics building and demolition of the meat locker storage facility. The motion passed unanimously.

Following a 30-minute working lunch, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 1-hour executive session on pending and/or potential litigation commenced at 12:35 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; Scott Jungblom, Natural Resources Manager; Mark Cleveland, Director, Power Production; and Tyler Whitney, Chief Legal, Generation & Regulatory/Government Affairs Officer. After public announcement, the executive session was extended for 25 minutes. Mr. Jungblom and Mr. Cleveland left the executive session at 1:45 p.m. The executive session adjourned at 2:00 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 2:01 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form