Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 21, 2025
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

Present:	Dave Rick, President Curtis J. Knapp, Vice President J. Troy Moody, Secretary
Staff Present:	Chris Jones, General Manager Management/District Staff Karen Willner, Clerk of the Board
Others:	Gretchen Koenig, Member of the Public

The meeting was called to order at 8:30 a.m. by Commissioner Dave Rick, President followed by the Pledge of Allegiance.

<u>APPROVAL OF CONSENT AGENDA</u>:

The minutes from the October 7, 2025 meeting, today's agenda, and the vouchers were reviewed and discussed.

As of this date, October 21, 2025, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Moody approved the following:

- The agenda for October 21, 2025 and the minutes of the October 7, 2025 meeting.
- 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. Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 10968 through 11038 in the total amount of $430,548.47; ACH payments in the total amount of $2,190,733.57; Wire transfers in the total amount of $392,777.69; and ACH payroll transactions in the total amount of $318,288.18 for the payroll ending September 30, 2025.

The motion passed unanimously.

<u>COMMISSION REPORT:</u>

Commissioner Moody attended a Washington Public Utility Districts Association (WPUDA) Telecom Workshop on October 8 - 9 in Shelton and provided an overview.

Commissioner Knapp attended a virtual Northwest Open Access Network (NoaNet) Board meeting and the WPUDA Telecom Workshop on October 8, a virtual Energy Northwest meeting on October 15, and a virtual WPUDA Budget Committee meeting on October 16.

COMMISSION BUSINESS:

Commissioner Knapp will attend an Energy Northwest Public Power Forum on October 22 – 24 in Kennewick.

Commissioner Rick will attend the Energy Northwest Public Power Forum on October 22 – 24 in Kennewick.

- Pre-Approval of Commission Travel or Meeting Attendance. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to approve the Commission travel and meeting attendance for November. The motion passed unanimously.

GENERAL MANAGER REPORT:

Chris Jones, District General Manager, will attend a WPUDA Fall Managers Committee meeting tomorrow in Kennewick.

He reported that staff met with the City of Newport on October 14 to discuss the City's Comprehensive Plan. He provided an overview and commented that it's important that they are involving local agencies in their process.

MANAGEMENT REPORT:

Joe Hathaway, Public Information Officer:

He provided a communications and public outreach update for the month that included press releases on the Public Power Week "Pops, Brats, and Kilowatts" events, keeping signs off of utility poles, and on a customer survey on clean energy planning. He thanked Pend Oreille County Sheriff Glenn Blakeslee for his help with getting the message out about signs on PUD poles.

He shared photos including the District presenting the Cusick School District with an energy rebate check for completing energy efficiency upgrades at its school facilities. He thanked Scott Jungblom, District Natural Resources Manager, for attending a "Coffee with a Cop" event today. He shared photos of the Public Power Week event and the Newport Homecoming Parade.

He reported that we advertise and market through our Customer Connect newsletter, on social media with Facebook, on our website, through customer emails, and in local newspapers and shared ads. Discussion was held on tracking social media and website hits.

Amber Gifford, Communications and Grants Manager:

She provided a grant update and a grant opportunities presentation which included partners we are working with on the grants and partners who are providing support. She reported we applied for a Bureau of Lands Management FUELS Management Grant that is under review and we are working on a Department of Commerce Grid Resilience and Reliability Grant and reviewed the project purpose and goals. We are looking at our vegetation management program and undergrounding of electrical equipment for eligible grant activities and are focusing on aerial vegetation management for areas of highest risk and taking overhead lines and moving them underground due to wildfire risk areas. Discussion was held regarding Cooks Mountain and Abercrombie Peak.

She reviewed the timeline of events. She thanked Stacie Maier, District Director of Engineering and Operations; Mike Schleich, District Engineering Manager; and Mr. Hathaway for providing support with the grants process. Discussion was held.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Rick asked if there was any business or comments from the public.

Gretchen Koenig, member of the public, reported she attends District meetings to be the ears and eyes for the public and to bring their comments and questions to the District.

Commissioner Rick thanked Ms. Koenig for her comments and for attending.

MANAGEMENT REPORT (continued):

Sarah Holderman, Director of Customer Services:

She reported the Greater Newport Area Chamber of Commerce has decided not to renew its sponsorship of the Electric Vehicle Charging Station in Newport.

She attended a virtual NoaNet Board meeting on October 8 and reported they are looking at becoming a retail service provider on our network. They are also looking to add another member, a telecommunications company associated with the Colville Tribe of Indians.

She referenced today's Cash Control Policy action item and reported the previous policy was very detailed. She is proposing a more streamlined policy and the original policy will become an internal procedure for the customer service representatives in handling cash.

Katie Pfitzer, Director of Administrative Services:

She reported Jeff Miller, District Technician/Electrician II, was awarded the Hydro Operator position. His previous job position has been posted. Mr. Jones reported that it's a great opportunity to promote an employee from within the District.

April Owen, Director of Finance:

She and staff attended a Clean Energy Transformation Act (CETA) entrance conference this week and she reported the CETA audit will soon be completed. Once the audit is completed they will have an exit conference. She reported our Clean Energy Implementation Plan is a 4-year plan and the new plan will be effective January 1, 2026. We will have a public hearing during the November 4 meeting.

She reported Baker Tilley purchased Moss Adams and we will still have the same audit team from Moss Adams. Baker Tilley will be performing our audit starting in November. Discussion was held.

She provided an inflation impacts review presentation and explained how small rate increases affect our customers. She gave an illustration that showed the benefits of small annual increases over a 10-year period versus the impact on rates if no rate increase is implemented during that time period. We've done customer surveys showing that if a rate increase is needed, customers want smaller more frequent rate increases as opposed to larger less frequent rate increases. She explained that we want to make sure we are keeping up with the inflation rate. She reviewed the inflation impacts and reported the annual average inflation in 2023 was 8.00% and in 2024 was 4.12%. Our rate increase during those two years was 4.25%, effective April 1, 2024. Discussion was held. Mr. Jones noted the importance of staying up with inflation and focusing on not just the next year but on the next 10 years and beyond.

BUDGET DISCUSSION:

Ms. Holderman provided a 2026 draft budget presentation related to operating and capital costs. Operating costs are day to day and ongoing costs and capital costs are periodic costs. She reviewed the capital expenditures major projects and expenditures forecast. Discussion was held.

She reviewed the operating costs including power costs, operation and maintenance costs, customer information costs, administrative and general costs, and the protection, mitigation and enhancement measures (PM&E) costs.

She reviewed the next steps and reported budget revenue and costs will be discussed at the November 4 meeting, a public budget hearing will be held at the November 18 meeting, and budget adoption is scheduled for the December 2 meeting. Mr. Jones encouraged the Board to contact him if they have questions. Discussion was held. The Board thanked Ms. Holderman for her presentation and information.

Following a short recess, the meeting resumed.

STRATEGIC PLAN REFRESH PREVIEW:

Mr. Hathaway reported staff has been working on our strategic plan refresh and are finishing it up for the Board's review and a rough draft will be provided to the Board at the end of this week. He provided a presentation and reviewed the draft plan including the District's mission, vision, core values, and strategic priorities. He reviewed the key goals and metrics for financial responsibility and system reliability, safety and community engagement, and employee experience and innovation. He explained the future steps and focus for 2026 – 2030 plan. Discussion was held. The Board thanked Mr. Hathaway for his presentation and information.

ACTION ITEMS:

- Approval of Revised Cash Control Policy. Ms. Holderman noted the importance of safeguarding our assets and cash. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to approve the revised policy and for the original policy to be an internal procedure. The motion passed unanimously.

- Approval of Large Industrial Electric Service Agreement Extension with Cascade Digital Mining, LLC. Ben Hall, District Energy Resources Manager, reported the Board previously approved a long-term agreement with Merkle Standard Infrastructure effective November 1, 2025. Before the agreement is effective, Merkle must have a letter of credit in place which may not happen for a November 1 start date. As a contingency plan, this extends the current agreement with Cascade Digital Mining LLC for one month in case that letter of credit is delayed. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Moody to approve the agreement extension for one month in substantially the same format as the current agreement if needed. The motion passed unanimously.

- Approval of Large Industrial Electric Service Agreement with Merkle Standard Infrastructure, LLC. Mr. Hall reported this action would delay the start date of the agreement previously approved by the Board to December 1, 2025 in the event that a letter of credit is not secured before the current November 1 start date. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to approve an adjusted start date of the agreement to coordinate with the expiration of the Cascade Digital Mining LLC agreement. The motion passed unanimously.

- Request Approval for Change Order No. 1 for Rock Hazard Mitigation of Box Canyon Spillway 1 Repair, Contract No. 25-201. Mr. Jones reported there is a rock above spillway bay #1 that is in danger of falling while the spillway repair work is being done. This change order is for a sub-contractor to stabilize the rock so that work can continue on the spillway repair. A motion was made by Commissioner Knapp and seconded by Commissioner Moody to approve the change order. Discussion was held. The motion passed unanimously.

BOARD WORKSHOP:

- Highway 211 System Improvement Update. Mr. Schleich reported this presentation will address wildfire mitigation, system protection, and overhead to underground activities. He thanked Ms. Maier for inspiring staff on their work with wildfire mitigation efforts and in protecting our community.

  Chris Wilson, District Project Engineer, provided a presentation and reported there was a situation with a double circuit where a 25kV voltage line located above a 15kV voltage line fell into the 15kV line. It happened when a dead tree outside the utility right-of-way fell into the higher 25kV line and that line fell onto the lower 15kV line causing an overvoltage power outage. Staff reviewed corrective actions, did a root cause analysis, and determined more work was needed on our vegetation management improvements. Staff is also working on a long-range study to upgrade our protection and current recloser controls with an estimated completion by the end of October 2025. Discussion was held.

  Ms. Maier commended William Zurcher, District Vegetation Management Supervisor, for promptly speaking with customers following the incident. She commended Mr. Wilson and Mr. Schleich for researching and brainstorming to solve this issue. The Board thanked Mr. Wilson, Mr. Schleich, and Ms. Maier for their presentation and efforts.

Commissioner Rick asked if there was any other business for the good of the order. There was none.

He reported the next regular meeting is scheduled for Tuesday, November 4, 2025, starting at 8:30 a.m., in the Newport Conference Room, in Newport, Washington and via Microsoft Teams.

He adjourned the meeting at 10:54 a.m.

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President

ATTEST:

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Secretary

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General Counsel
Approved as to Form