

Special Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
May 26, 2022
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND VIRTUAL VIA
MICROSOFT TEAMS

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 Whitney, General Counsel
Karen Willner, Clerk of the Board

Others: Christopher McKey, Energy West, LLC
Approximately 50 Members of the Public

Pursuant to notice given to the Newport Miner, the special meeting for the Board to discuss the status of the power-supply and transaction structures for the Allrise project and give direction to staff related thereto was called to order at 2:00 p.m. by Curtis J. Knapp, President.

Commissioner Knapp announced the public is invited to comment at our next regular meeting on June 7 or they can send a written email comment to our information email account, which is distributed to the Commissioners.

Colin Willenbrock, District General Manager summarized the progress of the power contract negotiations with Allrise and some changes in deal structure due to Allrise's preferred wholesale power provider, Brookfield, backing out after nine months of negotiations. Discussion was held. He requested the Board's direction on a different retail structure.

Commissioner Knapp announced a 90-minute executive session on pending and/or potential litigation to begin at 2:15 p.m. upstairs in the Riverbend Conference Room with Tyler Whitney, General Counsel present. Following the executive session the Board will rejoin the open session to extend the executive session or to take action. No action will be taken during the executive session.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 90-minute executive session on pending and/or potential litigation commenced at 2:15 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; April Owen, Director of Finance; Tyler Whitney, General Counsel; and Christopher McKey, Energy West, LLC. At 3:45 p.m., Commissioner Knapp publicly announced the executive session is extended for 45 minutes until 4:30 p.m. The executive session adjourned at 4:30 p.m. The Board returned to open session.

Commissioner Knapp thanked everyone for attending.

ACTION ITEM:

- Direction to Staff Regarding Power-Supply and Transaction Structures for the Allrise Project. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to direct the General Manager and District staff to:
 1. Supply Ponderay Real Estate with power under the parties' interim Electric Service Agreement, as amended, with up to 6 megawatts of capacity for the month of June 2022; and

2. Negotiate a temporary, non-precedent-setting amendment to the parties' interim Electric Service Agreement that would supply Ponderay Real Estate with up to 26 megawatts of total prepaid capacity for the months of June and July 2022 only, on the condition that the District has received an executed term sheet by Cascade Digital Mining, LLC, that agrees to the core terms for a successor Electric Service Agreement identified in the remainder of this motion; and

3. Negotiate a successor Electric Service Agreement with Cascade Digital Mining, LLC, with general terms to include, but not be limited to, the following:

- a. The District would identify, and Cascade would agree to, a dedicated wholesale supplier for power in excess of the District's system resources, not to exceed 100 megawatts of total capacity. Such wholesale supplier must be a creditworthy entity that has substantial experience trading in the Pacific Northwest energy markets.
- b. Cascade would provide the District with requests for fixed amounts of power (up to the 100-megawatt limit) at fixed prices, in terms no shorter than one month and no longer than three months.
- c. The District would obtain fixed pricing from the wholesale provider for the requested volumes, and provide the pricing to Cascade. Cascade would have a limited time to accept or decline the wholesale pricing.
 - i. If pricing is accepted, Cascade would, no later than 30 days prior to the start of the fixed delivery period, prepay for the following:
 1. All market power costs for the fixed period;
 2. All District system power costs for the fixed period; and
 3. All market and District service adders for the fixed period.
 - ii. If Cascade rejects pricing for market power for any given delivery period, Cascade would receive no market power in that delivery period, but would nonetheless be required to take or pay for District system power for the entire term of the ESA.
- d. All power would be provided on a take-or-pay basis, with any remarketing proceeds to Cascade being capped at the cost paid by Cascade for such power, with such costs not to include the service adders.
- e. The District would issue, and Cascade would pay, a monthly true-up invoice.
- f. Cascade would provide and maintain a letter of credit issued or certified by a Qualified Institution (as defined by the District), in an amount determined by the District to cover:
 - i. The highest forecasted cash amounts to be prepaid to the District;
 - ii. All District system power costs for the BPA Fiscal Year;

iii. All service adders for the term of the ESA;

iv. Any additional estimated fees and costs in the event of early termination; and

v. Any potential imbalance charges.

g. The ESA would include a parent guaranty from Allrise Capital Inc. or an appropriate substitute entity, as determined by the District.

h. The ESA would include additional terms and conditions, including sufficient protections to ensure the integrity of the District's Balancing Authority Agreement.

The motion passed unanimously. The General Manager and District staff will proceed as directed by the Board. Commissioner Knapp thanked the public for their time and staff for working hard on this matter.

There being no further discussion to come before the Board, the meeting adjourned at 4:43 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form