

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
January 17, 2023
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

Present: Curtis J. Knapp, President
Joseph B. Onley, Vice President, virtual
David W. Rick, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler Whitney, General Counsel
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Don Gronning, Newport Miner
Sonya Scauflaire, Selkirk Sun, virtual
Norm Smith, Member of the Public, virtual

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, President. He welcomed Commissioner Rick to the District.

CONSENT AGENDA:

The minutes from the December 20, 2022 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, January 17, 2023, the Board, upon motion by Commissioner Onley and seconded by Commissioner Rick approved the following:

- The revised agenda for January 17, 2023, and the minutes of the December 20, 2022 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. 7646 through 7755 in the total amount of \$535,331.72; ACH payments in the total amount of \$3,990,669.59; Wire Transfers in the total amount of \$9,593,715.62; ACH payroll transactions in the total amount of \$262,155.59 for the payroll ending December 15, 2022; and ACH payroll transactions in the total amount of \$237,798.38 for the payroll ending December 31, 2022.

The motion passed unanimously.

ELECTION OF BOARD OFFICERS FOR 2023 – 2024:

Discussion was held. Commissioner Onley made a motion for this election to be for one year, 2023. There was no second to Commissioner Onley's motion and the motion died. Tyler Whitney, District General Counsel, reviewed the Governance Policy. A motion was made by Commissioner Onley to elect Commissioner Knapp as President, Commissioner Rick as Secretary, and Commissioner Onley as Vice President, subject to reevaluation in January 2024. Commissioner Rick seconded Commissioner Onley's motion. The motion passed unanimously.

BOARD WORKSHOP:

Colin Willenbrock, District General Manager, welcomed Commissioner Rick to the District. He reported the Governance Policy training will be held when Commissioner Onley is attending in person. He reviewed the format for the Board Workshop and the structure of the Board meeting calendar.

He and staff are having transition meetings. He reported the Board appoints the general manager and that the Board will need to appoint the interim General Manager(s) at the February 7 meeting. He explained the general manager search process and reported we would like to use a search firm. He asked for the Board's approval and input for the District to request proposals from search firms, which will be brought back at a future Board meeting with a staff recommendation for formal Board action. Discussion was held. The Board was supportive of this approach.

He reported we have reached a tentative agreement with the local bargaining unit. The TA will be voted on by the bargaining unit first, then brought to the Board for ratification.

He testified in support of Senate Bill 5039 and House Bill 1032 for mitigating the risk of wildfires through planning. He reported Kevin Conway, District Director of Utilities; Chris Jones, District Director of Operations; and Philip Roice, District Engineering Manager, have been working on our wildfire mitigation implementation plan.

He reported on the Bonneville Power Administration (BPA) provider of choice contract negotiations.

Mr. Roice introduced Jeremy Seaman, newly-hired Project Coordinator, who started on January 3. Mr. Seaman provided his background. The Board welcomed him to the District.

Commissioner Knapp asked if the commissioners had any other topics for this or future workshop discussions. The commissioners did not have any topics for discussion.

COMMISSION REPORT:

Commissioner Knapp attended the Washington Public Utility Districts Association (WPUDA) meetings on January 11 – 12 in Olympia. He commended Commissioner Rick for doing an excellent job at his first meetings. He provided an overview. He reported WPUDA's PUD Day on the Hill event will be held on February 16 in Olympia. Discussion was held.

Commissioner Onley virtually attended a Greater Newport Area Chamber of Commerce meeting on January 3, a WPUDA Telecom/Ports Joint meeting on January 9, and the WPUDA meetings on January 11 – 13. He provided an overview.

Commissioner Rick attended the WPUDA meetings on January 11 – 13 in Olympia and reported he enjoyed the new commissioner training which provided good information. He provided an overview and looks forward to the February meetings.

COMMISSION BUSINESS:

- Pre-Approval of Commissioner Onley's Travel or Meeting Attendance for February. Commissioner Onley plans to attend the PUD Board meeting on February 7 in Newport, a virtual WPUDA Telecom/Ports Joint meeting on February 6, a virtual Greater Newport Area Chamber of Commerce meeting on February 8, and WPUDA meetings on February 15 – 17 in Olympia.

A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve Commissioner Onley's travel and meeting attendance for February. The motion passed unanimously.

The Board of Commissioners will attend the PUD Board meeting on January 31 at Box Canyon.

Commissioner Rick will attend the Tri-County Economic Development District meeting on January 25 in Colville.

Commissioner Knapp will attend the Energy Northwest meetings on January 25 - 26 in Olympia.

Mr. Willenbrock asked Commissioner Rick to key up any specific discussion items for the January 31 meeting at Box Canyon.

Commissioner Knapp noted the WPUA bill tracking email from Carol West, Government Relations Manager, and reported there is an update phone call each Thursday. He encouraged the other commissioners to attend as needed.

Commissioner Knapp announced a 15-minute executive session on pending and/or potential litigation to begin at 9:40 a.m., in the Newport Conference Room. No final action will be taken during the executive session. Following this executive session he and the Board will rejoin the open session.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 15-minute executive session on pending and/or potential litigation commenced at 9:40 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; April Owen, Director of Finance; Sarah Holderman, Director of Customer Services; and Tyler Whitney, General Counsel. The executive session adjourned at 9:58 a.m. The Board returned to open session. No final action was taken during the executive session.

ACTION ITEMS:

- Pre-Approval of Fleet Purchases. Mr. Willenbrock reported the lead times are 2 - 3 years out and a manufacturer has an open spot for fleet purchases. He noted our Fleet Management Policy and this is in keeping with the vehicle replacement schedule. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve the fleet purchases. The motion passed unanimously.
- Settlement Agreement with Ponderay Newsprint Company Bankruptcy Trustee. A motion was made by Commissioner Onley and seconded by Commissioner Rick to accept and approve the settlement agreement. The motion passed unanimously.
- Unbudgeted Item – Chip Dump Truck. Ms. Holderman reported this was a budgeted item for 2023 but an additional \$22,000 of unbudgeted money is requested. A motion was made by Commissioner Rick and seconded by Commissioner Onley to accept and approve the unbudgeted item for the purchase of a chip dump truck. The motion passed unanimously.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Gretchen Koenig, member of the public, inquired about the status of the Cascade power feasibility study. Mr. Willenbrock reported it is scheduled for February.

SAFETY SPOTLIGHT:

Mr. Conway reported tomorrow starts Stage 2 road restrictions in the middle and south counties. The road restrictions will affect what we can do in the field. He explained the need to be careful of drifting off the side of the road due to the snow berms and to watch out for potholes and curbing when driving, especially in the darkness.

CUSTOMER SPOTLIGHT:

Ms. Holderman thanked a customer for an anonymous \$500 donation to be divided into five \$100 payments to individual customer accounts for customers who are trying to pay

but are struggling. The customer service representatives (CSR) determined which customers needed the most assistance and they sent letters to those customers.

MANAGEMENT REPORT:

Colin Willenbrock, General Manager:

He reported that per Mr. Jones, crews are halfway done with the Seattle City Light hatchery job on Kings Lake Road. This is a 3-phase overhead line rebuild. Crews have done a remarkable job and some of the work is underground. They are planning to have it energized by the end of this month. There are County Stage 2 road restrictions in place; however, we have a permit to be able to continue to work on that job. He thanked the County for being good to work with and for looking out for us.

April Owen, Director of Finance:

She reported we made revenue and Community Network System (CNS) bond payments at the first of the year. Commissioner Onley inquired about green bonds. Ms. Owen reported they are a designation of bonds for investors and is done to attract a large group of investors and create more interest. Mr. Willenbrock provided an overview. Ms. Owen reported we can pay off the bonds early, but there are lots of parameters to do that, and pay offs are usually done at the 10-year mark.

John Bricher, Finance Manager:

He is closing out the 2022 and December financials.

He reported Megan Malone, District Accounts Payable Analyst, is preparing the 1099's and working on filings that are due at the end of this month.

He reported there are three audits occurring: a Washington State Department of Revenue excise tax revenue audit for 2018-2021, a Washington State auditor's accountability audit for 2021 where we are waiting for their final review, and a Moss Adams audit in which we are preparing for their annual field procedures. He commended Madie Groom, District Administrative Assistant, Operations and CSR III, who has a lot of work orders to close out.

Ms. Owen explained cost allocations for the electric, production, community network, and water systems books which are kept separate because each system has its own rate. She explained how expenses not directly tied to a particular system are charged and then reviewed percentage changes for 2023 between systems. The percentages used for these cost allocations were included in the approved 2023 budget.

She reviewed the November 2022 financials and reported we hit an 85.5 MW new general service load peak in December. Discussion was held.

Sarah Holderman, Director of Customer Services:

She submitted an \$11M Washington State Broadband Office grant for expanding fiber broadband in the north county for Ione, Metaline, and Metaline Falls. She commended Nik Reed, District Broadband System Network Administrator, and Karen Willner, District Assistant to General Manager, for their help with the grant. The awards will be announced in February.

She reported Ziplly purchased iFiber and they will continue to operate under the iFiber name in the south county. iFiber did commit to being a retail service provider in the north county if the grant is awarded.

Mark Scott, Water Systems Manager:

He provided a Metaline Falls Water System update and reported we are a sub recipient to the Town of Metaline Falls pipe replacement project grant. The contract bid was awarded

to Interstate Concrete & Asphalt and the work will begin in late spring for the Lehigh and Brylopher areas. He provided the project details and thanked Amber Gifford, District Customer Service and Contracts Manager, and Ms. Willner for their help communicating with the customers.

Ms. Holderman reported Mr. Scott is working with Mr. Seaman to update him on the water projects for when he retires.

Kevin Conway, Director of Utility Services:

He and staff are working to implement the District's wildfire mitigation plan.

He provided a dam safety update and reported there is one major report to do for 2022.

He hopes to finalize the Calispell Creek dike repair drawings in February. He reported Bryant Kramer, District Director of Power Production, reached out to the railroad and they were able to provide trestle drawings to us.

He reported end-of-year compliance reports are wrapping up and new report cycles have begun. We will get audited by the Western Electricity Coordinating Council (WECC) at some point and Angie Hall, District Regulatory Compliance Analyst, will engage with another utility to act as an auditor. This will be good training in preparation for the WECC audit.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He reported the Information Technology staff is finishing up firewall and other projects from last year.

He reported staff continues to work with Finley on the fiber map. The map is 92% complete on connectivity and 52% complete for adding fiber line extensions.

He has proof of concept to bring fiber to field engineering devices for the new 2023 projects.

Philip Roice, Engineering Manager:

He and staff are starting to work on the 2023 projects. Ms. Gifford will provide contract training for the engineering staff.

He and staff are working on circuit repairs. Surveyors will be used on various projects and they are working with the Department of Natural Resources on permits for the fiber poles.

Adam Wiltse, Safety Manager:

He reported the OSHA 300 reports are due this month. We had several incidents in 2022 and no long-term injuries.

He reported on 2023 projects, which includes the fire alarm system at Box Canyon. He is working with an interested party in doing the project. He is working with the operations staff on project policies, procedures, and rules.

He is closing the 2022 books for safety compliance.

Tyler Whitney, General Counsel:

He provided an update on the meter replacement project and reported we are in the process of entering into the software contracts agreements needed to begin the replacement of the turtle TS1 system.

He provided a Newport City franchise agreement update and reported engineering has done a great job in shoring up our processes for getting permits for securing the rights-of-way. He contacted the city regarding its permit process and the city is updating their policies and procedures. The city will appoint a new attorney, Megan Clark, who is an attorney out of Spokane.

Suzie Wrbelis, Director of Human Resources:

She and Destini Parker, District Payroll & Benefits Coordinator, are implementing a NISC new employee portal, called HR Connect. She commended Ms. Parker for all her work on this project and reported the portal was rolled out to an employee test group this week. The portal will go live in March.

She reported Ms. Parker is working on employee W-2's.

She is working on recruiting to fill the general manager and a CSR position. She and staff are on the second round of interviews for the GIS Technician job position.

Bryant Kramer, Director of Power Production:

He reported the river is steady at 17,000 cfs for next week. We haven't had to spill water due to being down one unit. The Army Corps of Engineers and Albeni Falls Dam staff are working with us.

He provided an update regarding the over speed inspection to get turbine unit 4 back online. Voith Hydro was hired to inspect the unit which includes the rotor, stator, and upper thrust bearing oil reservoir inspections. He reported Voith found mechanical defects on the rotor and he showed pictures and provided an overview. He has a meeting today with Voith. Discussion was held.

Mr. Kramer reported other projects are also going on at Box Canyon.

Scott Jungblom, Natural Resources Manager:

He reported that with the warm weather and ice melt off, the fish ladder should be able to start up. There was an issue with Gate 1 that sustained some damage due to the cold weather and ice and we won't be able to operate the gate until it is fixed. The fishway can operate using only Gate 2 but startup is currently delayed due to two water control valves that are not working properly.

He is working on the permitting for the LeClerc Creek structure.

He reported the annual reporting period extends into March and the Tech Committee reviews the reports. He provided a review of the management, operation, resource recreation, water quality, and wildlife plans.

Following a working lunch, the meeting resumed.

Commissioner Knapp reported the next meeting is January 31, 2023, at Box Canyon Dam, Ione and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 12:15 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form