

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
July 12, 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, virtual
Karen Willner, Clerk of the Board

Others: Dave Rick, Member of the Public
Monty Stahl, CEO of Merkle Standard
Gretchen Koenig, Member of the Public
Christopher McKey, Energy West, LLC
Tom Bauer, Member of the Public
Jim Engbarth, Member of the Public

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

Colin Willenbrock, District General Manager noted some changes to today's agenda.

CONSENT AGENDA:

The minutes from the June 21, 2022 meeting, today's revised agenda, and the vouchers were reviewed. Commissioner Onley suggested an addition to the minutes.

As of this date, July 12, 2022, the Board, upon motion by Commissioner Onley and seconded by Commissioner Larson approved the following:

- The revised agenda for July 12, 2022, and the minutes of the June 21, 2022 meeting, as amended.
- 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. 7020 through 7087 in the total amount of \$97,860.89; ACH payments in the total amount of \$689,211.42; Wire Transfers in the total amount of \$3,822,960.78; ACH payroll transactions in the total amount of \$245,332.66 for the payroll ending June 15, 2022; and ACH payroll transactions in the total amount of \$260,280.20 for the payroll ending June 30, 2022.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics of discussion for this or future workshops. Commissioner Onley inquired about the meter reader job posting and the status of the AMI meter project. Mr. Willenbrock reported the District has posted for a meter reader and provided a staffing overview. He reported the AMI meter project is included in the approved budget. Sarah Holderman, District Director of Customer Services provided an AMI meter project update.

April Owen, District Director of Finance provided highlights of the May 2022 financials. Discussion was held. Mr. Willenbrock reported a meeting has been scheduled with Fitch Rating Agency to discuss the District's financials.

Commissioner Knapp announced a 30-minute executive session on pending and/or potential litigation to be held upstairs with Tyler Whitney, General Counsel present. If the executive session needs to be extended, he will rejoin this open session to publicly announce an extension. Following the executive session he and the Board will rejoin the open session to take any action.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 8:55 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; April Owen, Director of Finance; Christopher McKey, Energy West, LLC; and Tyler Whitney, General Counsel. The executive session adjourned at 9:20 a.m. The Board returned to open session.

BOARD WORKSHOP:

- Overview of the Draft Electric Service Agreement with Cascade Digital Mining, LLC. Mr. Willenbrock provided details. Mr. Whitney provided a powerpoint presentation and explained the proposed structure, general terms, system and market products, market product scheduling, invoicing, performance assurance, and default and termination. The presentation is on the District's website.

Commissioner Knapp reported we will take a 5-minute break and explained our public comment process.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Monty Stahl, CEO of Merkle Standard thanked the commissioners and staff for their work and for the 26MW interim agreement. He commented the agreement is critical for their business and employees. He reported they are ready to accept the deal and move forward for the long term.

Jim Engbarth, member of the public received a letter from the PUD regarding his meter and back billed amounts owed. He is unhappy that he owes money due to an improperly installed meter. He requested a response from the PUD before July 31. Staff has been in contact with Mr. Engbarth and will follow up.

Tom Bauer, member of the public referenced his fiber line extension agreement and is upset due to an underground versus overhead service installation cost and wants a refund. Staff has been in contact with Mr. Bauer and will follow up.

Commissioner Knapp thanked the members of the public for their comments.

ACTION ITEMS:

- Fiber Map Project – Unbudgeted Request. Mr. Willenbrock on the project. A motion was made by Commissioner Larson and seconded by Commissioner Onley to extend the project and approve the unbudgeted request in the total amount of \$132,500. The motion passed unanimously. Bob Pebles, District Information Technology Manager/CIP Senior Manager reported the project has been started and the map is on track to be completed by early September.
- August Energy Transaction. Ms. Owen reported this is for the purchase of energy in heavy load hours for general service only. It will be 10MW of power in the heavy load hours for the month of August and fulfills our contract obligations under the Shell agreement. Mr. Willenbrock provided an overview. Discussion was held. A motion was made by Commissioner Onley

and seconded by Commissioner Larson to approve the August Energy Transactions as presented. The motion passed unanimously.

- WSPP Master Transaction Confirmation for Energy Supply with Shell Energy North America (US), L.P. and Electric Service Agreement with Cascade Digital Mining, LLC. Commissioner Onley made a motion to:
 1. Authorize the General Manager to finalize and execute the WSPP Master Confirmation Agreement with Shell Energy, and the Electric Service Agreement with Cascade Digital Mining, LLC, in substantially the same form as presented to the Board, upon satisfaction of all conditions precedent, including:
 - a. Finalization of all transaction documents;
 - b. Completion of know-your-customer due diligence by Bitmain; and
 - c. Provision of a letter of credit from Silicon Valley Bank, and confirmation from U.S. Bank, in forms and amounts acceptable to the District.
 2. The General Manager shall present the executed transaction documents at the next Board meeting for ratification.Commissioner Larson seconded. The motion passed unanimously.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager reported on a safety incident where a lineman got hurt and required hospitalization. This caused Labor & Industries to be involved. He explained the importance of doing near miss/incident reports. John Bricher, District Finance Manager is tracking the incidents over time.

CUSTOMER SPOTLIGHT:

Ms. Holderman reported on summer community events and the PUD received a request to put up wireless hotspots at the Down River Days event in Ione at the end of this month. She reported we will put up the wireless hotspots for that event. Discussion was held.

Ms. Holderman addressed Mr. Engbarth's meter issue. She reached out to Mr. Engbarth and continues to work with him. Discussion was held.

She provided an overview of Mr. Bauer's fiber line extension project and explained that we don't do refunds. She reported this was a miscommunication and lessons learned have been discussed with staff. Discussion was held.

Commissioner Onley made a motion to refund \$200 to Mr. Bauer. Discussion was held. No second motion was made to Commissioner Onley's motion and the motion died.

COMMISSION REPORT:

Commissioner Knapp received calls and emails from customers regarding Merkle Standard, fiber, and electric line extensions. He and Mr. Willenbrock met yesterday with Derrick Skaug and Tommy Bauer, both with Senator Maria Cantwell's office, and invited them to tour our fish passage facility. He attended Energy Northwest meetings on June 28 – 30 in Portland and provided an overview. He met with Jason Mocca, new owner of Concept Cable who will be using the MiFiber platform.

Commissioner Larson attended a Tri-County Economic Development District meeting on June 22 in Colville and provided an overview.

Commissioner Onley attended a virtual Washington Public Utility Districts Association (WPUDA) Strategic Planning session on June 22 and provided an overview. He attended a virtual WPUDA Water Committee meeting on June 23 and provided an overview.

Commissioner Knapp received a letter regarding a proposed driver's education program. He will forward the letter to Karen Willner, Clerk of the Board to forward to the other commissioners.

Discussion was held regarding electric vehicle charging stations.

COMMISSION BUSINESS:

Commissioner Knapp will attend the WPUDA meetings tomorrow through Friday in Wenatchee.

Commissioner Onley will attend the WPUDA meetings tomorrow through Friday in Wenatchee.

Commissioner Knapp reported the next meeting is July 26, in the Newport Conference Room, in Newport and via Microsoft Teams.

Gretchen Koenig, member of the public inquired about a power storage facility in Goldendale. Mr. Willenbrock will discuss with her.

There being no further discussion to come before the Board, the meeting adjourned at 11:18 a.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form