

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
March 15, 2022
VIRTUAL VIA ZOOM

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 & Assistant General Manager
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public

The meeting was called to order at 8:31 a.m. by Curtis J. Knapp, President.

A roll call was taken.

CONSENT AGENDA:

The minutes from the March 1, 2022 meeting, today's agenda, and the vouchers were reviewed.

As of this date, March 15, 2022, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The agenda for March 15, 2022 and the minutes of the March 1, 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. 6685 through 6749 in the total amount of \$52,429.64; ACH payments in the total amount of \$291,893.07; Wire Transfers in the total amount of \$180,556.67; and ACH payroll transactions in the total amount of \$196,709.22 for the payroll ending February 28, 2022.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics for discussion. The commissioners did not have any topics to discuss.

Colin Willenbrock, District General Manager reported that Suzie Wrbelis, District Human Resources Manager and Destini Parker, District Payroll/Benefits Coordinator are preparing year-end performance and merit adjustments, which go into effect on April 1.

He reported the focus of this workshop is to review the 2021 financials. He noted it is a positive story given the big transition year away from the Ponderay Newsprint Company (PNC).

April Owen, District Director, Audit, Finance & Power Supply reported 2021 was a good year and really busy with line extensions and customer growth where we saw almost twice the number of customer line and fiber extensions. This growth is very healthy for our utility and we had all this activity even with the COVID-19 pandemic. She noted the following grant fundings: COVID, Federal Emergency Management Agency, Riverview Water System, and Child Care Feasibility Study. She reported we finished the Box Canyon fish ladder and made the Off-License Settlement Agreement (OLSA) payment. We were busy on the power side with the Shell Agreement, the settlement agreement with Seattle City Light (SCL) and Boundary Dam power, the PNC site auction, a new

vendor, and the heatwave in the summer which affected how our power market moved and was priced. All systems were close to, if not under, budget. We increased cash for all systems and are positioned well going into 2022. She asked if there were any questions.

Discussion was held regarding the Box Canyon power costs, projection of cash on hand for 2022, and anticipated catch up for maintenance.

Commissioner Onley inquired about the number of fiber line extensions the dock crew completed and the cost. Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning reported they did 64 jobs with a total cost of \$130,000, with an average cost per job of \$1,700.

Ms. Owen shared her screen and provided a December 2021 financial summary. Discussion was held regarding the net deviation of load and power and pricing.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager reported we are no longer requiring masks at work, capacity in meeting rooms, social distancing, and symptom check-in stations. Employees can continue to wear masks and require others to wear masks. Our COVID Safety Policy is in review to incorporate all the new changes.

He reported we had a couple of incidents and Occupational Safety and Health Administration (OSHA) reportable incidents which mainly involved slip and falls. He reminded everyone that the mornings can still be icy.

CUSTOMER SPOTLIGHT:

Ms. Holderman commented that it is nice being able to communicate without wearing masks with the customers in the customer service area.

She provided an American Rescue Plan Act update and reported we gave over 200 customer grant funding awards totaling \$93,000, leaving \$7,000 to award. We still have Neighbors in Need funding remaining.

COMMISSION REPORT:

Commissioner Knapp attended a Newport Rodeo Association banquet on March 5, virtual Energy Northwest Education Steering Committee meetings on March 7, 14 and today, and a Public Power Council (PPC) First Forum of Elected Utility Leaders (FUEL) meeting on March 11. He had a couple customer phone calls regarding reimbursement for closed accounts.

Commissioner Larson attended a virtual Broadband Action Team meeting on March 10 and reported that Dario Nila, District CNS Supervisor/Network Specialist was a speaker and discussion was held on state and federal broadband funding.

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce meeting on March 8 with discussion on charging station statistics, beautification projects, and Christmas tree funding. He had a conversation with Don Gronning, Newport Miner regarding Allrise.

COMMISSION BUSINESS:

Commissioner Knapp will attend virtual Washington Public Utility Districts Association (WPUDA) meetings on March 16 – 18, virtual Energy Northwest Education Steering Committee meetings this week, and Energy Northwest meetings on March 23 - 24 in the Tri-Cities. He asked the commissioners for reimbursement for the PPC FUEL meeting, which wasn't on his March schedule. Commissioners Larson and Onley approved his reimbursement for the PPC FUEL meeting.

Commissioner Larson will attend the virtual WPUA meetings on March 17 and a virtual Tri-County Economic Development District meeting on March 23.

Commissioner Onley will attend the virtual WPUA meetings on March 16 and 17.

Following a 9-minute recess, the meeting resumed.

BUSINESS FROM THE PUBLIC:

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

Gretchen Koenig, member of the public, inquired about the Allrise contract status. Mr. Willenbrock reported we are waiting on some drafts from the customer. She inquired about the fish passage operation. Scott Jungblom, District Natural Resources Manager reported we are waiting for the ice at the structure to melt and then we should be operating it in late March or early April.

Commissioner Knapp thanked Ms. Koenig for attending and for her questions.

MANAGEMENT REPORT:

Colin Willenbrock, General Manager:

He attended a special Northwest Open Access Network (NoaNet) meeting on March 9 in Olympia where the topic of discussion was on the draft strategic plan. Commissioner Larson inquired about their line of credit status. Discussion was held.

He and Tyler Whitney, District General Counsel & Assistant General Manager attended a meeting with the Kalispel Tribe of Indians on March 11. He reported it was a good meeting to discuss the Town of Cusick's water system and future projects in the county.

Tyler Whitney, General Counsel & Assistant General Manager:

He attended the Kalispel Tribe of Indians meeting with Mr. Willenbrock on March 11 and reported the Federal Omnibus Funding spending bill was passed and \$3.5M was given to support the Town of Cusick's water plant. This request was promoted by the Kalispel Tribe of Indians and it is a State and Tribal Assistance Grant. The plant is under order by the Department of Health to make improvements to the lights and water filter. The Kalispel Tribe of Indians is interested in ensuring the long-term health of the system. He reported the Town of Cusick wants to extend our water operator service contract and Mark Scott, District Water Systems Manager has had meetings with the Town mayor and town council. We will bring something before the Board at a future meeting.

He reported Ms. Gifford had a conversation with our BPA account representative regarding our energy conservation funds. We should receive more funding in October 2023. However, BPA is planning on releasing half of what we were allocated this October which would be approximately \$200,000. We are also utilizing our residential energy conservation funds of \$20,000.

He provided an OLSA update and reported the Federal Energy Regulatory Commission (FERC) approved the Amended Settlement Agreement (ASA) in December and since then the Kalispel Tribe of Indians has satisfied all the water conditions for the watershed program funding. We submitted to Thurston County Superior Court for a dismissal of the pending state litigation over the total maximum dissolved load. We made our first payment but the second payment for the conditions of the conservation program funding have not been satisfied. He reported the Cusick dike design is 60% completed.

He reported we are moving forward on the Newport RV Park project. We had trouble getting bid submittals but we received one response and we will award the bid later this week. We are waiting on the City of Newport to issue the site plan and conditional use permit.

He received notice from the county regarding the county's redistricting plan and reported there was a technical error on the legal descriptions that will need to be amended. The county is doing their process this week.

He reported that we plan to have the Sunvale Acres Water System upgrade project planning meeting on March 29. He will participate in a Public Works call today and then we will provide the meeting information to the customers. Information will be sent out via email and postcard and be posted on our website, in the Newport Miner and Selkirk Sun.

Commissioner Larson inquired about what sorts of projects the Kalispel Tribe of Indians can undertake with OLSA funding. Mr. Whitney reported the OLSA identifies a number of permissible program areas, with annual reports due from the Tribe.

He reported we are working on a request for proposal for the metering project. Information will then be provided to the Board.

Mark Scott, Water Systems Manager:

He reported we getting ready to bid the Metaline Falls Pipe Replacement project on Lehigh Hill. He is working on the last customer easement and the last piece of the design.

He thanked Ms. Gifford and Karen Willner, District Assistant to the General Manager for getting the information together for the Sunvale Acres Water System upgrade project meeting.

He provided an update on the Riverview Water System arsenic treatment system and reported it is doing well.

He reported on the customer cross connection survey and that the survey will be posted on our website, and emails and postcards will be mailed to customers. He thanked Ms. Gifford; Ms. Willner; Rusty Gill, District Lead Water System Operator; and Ryan Tellessen, District Water System Operator for their help.

He reported the Town of Cusick's water treatment plant is in need of a filter replacement.

He reported Mr. Tellessen will get re-certified for the backflow prevention protector.

He reported we are waiting for the conditional use permit for the Newport RV Park project.

Commissioner Knapp inquired about the number of water operator certifications that are needed. Mr. Scott reported that it is based on the water system size.

Bryant Kramer, Power Production Manager:

He reported the river flows are at 23,000 cubic feet per second with four turbine units generating. We are at 97% runoff in the Pend Oreille basin. The hydro operators are watching the snow melt off in the Cusick Valley and are keeping the pumps going.

He reported the maintenance crew is continuing with their maintenance projects from last year. The expansion joints on the spillway need to be repaired.

He is getting ready for the District's organizational change which is effective on April 1. He will be working a lot more with the natural resources staff.

Scott Jungblom, Natural Resources Manager:

He reported the annual reports for this year are in the review stage with the technical committee and subcommittees. Then they will go to FERC for approval. He is working on getting approvals for the management committee meetings.

He reported we are in the tenth year of the temperature attainment plan. We are in Phase 3 of the total dissolved gas abatement plan and working with Washington State Department of Ecology to update both.

He reported staff is doing in-house work and has begun the water quality monitoring for this year.

He provided a fishway update and reported it will soon start up and be operational. The ice lifted out the energy dissipation grates in the winter so we need to look at them for any damage and reattach. We need to fix the electrical panel on gate one and we have a physical blockage on the gate.

He provided a Trout Habitat and Restoration Program update and reported a request for qualification was done to find an engineering firm to install the upper West Branch LeClerc fish management structure. It will allow us to start an exotic species program. We will do the design work this year with implementation next year.

He provided a wildlife vegetation plan update and reported we will do replanting in the fall due to rodent damage. This year we have a 5-year rare plant survey to identify the early bloom species. We will incorporate this survey with our noxious weed plant program.

He reported we received the six history display boards regarding the Mill Pond Dam removal. The contractor will install them along the path around the dam this summer.

He provided an Aquatic Plant Management Plan update and reported the crews started work with the rotavator. We have identified some cold water sites for the native fish habitat that may be added to the treatment list this year.

Suzie Wrbelis, Human Resources Manager:

She reported we have started our summer student hiring and have several job openings. The ad will be posted on our website today and advertised in the local paper and at the local schools.

She is working on a Labor & Industries issue.

She reported that yesterday we celebrated Pi Day. There were 10 pie entries and the winner was Chris Jones, District Director of Operations, who made his first pie.

Chris Jones, Director, Operations:

He reported that county road restrictions are on and the crews save maintenance work for this time of the year.

He reported on completed scheduled outages which included at Vaagen's for switches, in Newport for a jumper, Quail Avenue for a conductor replacement, and currently on Elu Beach Road for a reconductor. On March 25, there is a scheduled outage at the Cusick Substation on the 25kV line.

He gave kudos to everyone for their help with the record amount of line extensions. He reported that 18 miles of primary line was installed.

Sarah Holderman, Director, Treasury, Broadband & Strategic Planning:

She provided a fiber update and reported staff is focusing on maintenance projects and pole transfers. We have 40 fiber line extensions in the queue waiting for the ground to thaw.

She reported we had a new request for premium class for the new vendor at the former PNC site. Fiber connectivity is critical for them. She will have Mr. Nila provide a map at a future meeting.

She reported the North Pend Oreille Chamber of Commerce is looking to apply for grant funding from the county to build fiber to businesses in Metaline Falls. Mr. Nila is preparing a quote to assist with this project.

She reported on the metering side, staff is staying busy and that we have a number of meters that aren't reporting. The crews are reprogramming the meters and changing them out as needed.

She reported the budget process starts in September however, she finished her side in our iVUE system. She is working with Ms. Owen and John Bricher, District Finance Manager on creating a new financial report.

She reported we are down to \$7,000 remaining in our American Rescue Plan Act funds.

She is working with customers on proper meter sizing and under billing adjustments. Mr. Jones provided the details regarding the coil volts and meter bases at a residential apartment complex. Discussion was held.

John Bricher, Finance Manager:

He reported the District's 2021 state audit with Moss Adams is going smoothly. They have daily meetings and he hopes to finalize the annual report in the next few weeks.

He was notified by the Washington State Department of Revenue that they will be conducting a District 2018-2021 excise tax audit in late May. He explained the excise tax for the District.

April Owen, Director, Audit, Finance & Power Supply:

She is targeting April 12 for Olga Darlington, Moss Adams to give an audit presentation to the Board. She thanked Mr. Bricher for his work on the audit. She also thanked Ms. Holderman; Megan Malone, Accounts Payable Analyst; and Destini Parker, Payroll/Benefits Coordinator for their help.

Kevin Conway, Director, Compliance, Safety, Engineering & Technology:

He and Mr. Jones are working with the consultants on the Wildfire Mitigation Plan final draft. The project was delayed and the goal is to get the document published and usable before the start of spring and fire season.

He is working on a number of Part 12 dam safety inspection items. We had an inspection a year and a half ago and have a list of check off items. We are looking at an inspection at the Sullivan Dam. We asked FERC for an extension to be able to get access to the drains and to make concrete repairs. He is working with McMillen Jacobs on Part 12 for the hydraulic improvements and studies which should be done in the summer.

He is working with McMillen Jacobs and SCL at Boundary Dam on the emergency action plan exercises schedule. We and Boundary Dam will do the functional exercises together.

He reported the Western Electricity Coordinating Council sends out its audit schedule each year. This year we will do a self-certification audit which is due April 15. Last Friday we submitted our audit to FERC. The focus is to get us ready, if selected to do a full audit next year.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He reported they have completed their support with the engineering department for the Avista Energy Imbalance Market project to enable Avista to get our meter information in a timely manner.

He reported staff is doing a system network hardware upgrade at the Newport Administration Building.

He has finished an evaluation of anti-virus products and has made a selection to continue with our existing product. A revision of that product will be done.

He provided a fiber outage map update and reported the north ring 1 and north ring 2 are partially done. He shared his screen and explained the fiber outage map.

Philip Roice, Interim Engineering Manager:

He, Ms. Owen, Mr. Conway, and Joshua Doering, ECI Consulting Inc. took a tour of the Allrise site on Friday. He provided the details.

He and staff are working on annual substation testing. The week of June 6, the substation at Box Canyon will be taken down to do testing and then it will be brought back online.

He and staff are working on the Diamond Lake batteries replacement project.

Discussion was held regarding the June 6 outage.

Adam Wiltse, Safety Manager:

He reported the Safety Steering Committee has met and are working on determining what they want for our safety program. They are looking at the leading indicators which include breaking down the employee incidents and injuries and hazard reporting.

He reported the OSHA 300 reports were turned in and our COVID Safety Policy is getting updated.

Commissioner Knapp announced a 60-minute executive session on pending and/or potential litigation to begin at 11:35 a.m. 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/or the Board will rejoin the open session to take any action or to adjourn the meeting. No action will be taken during the executive session. The next meeting is on March 29, being held at Box Canyon Dam and via virtual platform.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 11:35 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel & Assistant General Manager. The executive session adjourned at 12:30 p.m. Commissioner Knapp returned to open session. No final action was taken.

Commissioner Knapp reported the next meeting is March 29, at Box Canyon Dam and via virtual platform.

There being no further discussion to come before the Board, the meeting adjourned at 12:31 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form