

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
August 15, 2023
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: Sarah Holderman, Co-Interim General Manager
April Owen, Co-Interim General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Lanie Mycoff, Managing Director, Mycoff Fry Partners, LLC,
virtual
Tyler Whitney, Cable Huston, LLP, virtual
Christopher McKey, Principal, Energy West, LLC, virtual
Monty Stahl, COO, Merkle Standard

The meeting was called to order at 8:30 a.m. by Joseph B. Onley, Vice President.

Commissioner Onley announced that a 30-minute executive session to evaluate the qualifications of an applicant for public employment will begin at 8:35 a.m. in the Riverbend Conference Room. If the executive session needs to be extended, he will rejoin the open session to publicly announce an extension. No final action will be taken during the executive session. Following the executive session he and/or the Board will rejoin the open session to continue the meeting.

EXECUTIVE SESSION – EVALUATION OF QUALIFICATIONS OF AN APPLICANT FOR PUBLIC EMPLOYMENT:

A 30-minute executive session to evaluate the qualifications of an applicant for public employment commenced at 8:35 a.m. The following were in attendance: Board of Commissioners; Suzie Wrbelis, Director of Human Resources; Lanie Mycoff, Managing Director, Mycoff Fry Partners, LLC, virtual; and Tyler Whitney, Cable Huston, LLP, virtual. The executive session adjourned and the Board returned to open session at 9:05 a.m. No final action was taken during the executive session.

Commissioner Onley reported the Board made a job offer to a potential general manager candidate but the candidate did not accept the offer. The Board will go through the general manager search process again and will be accepting job applications and resumes until September 22.

BOARD WORKSHOP:

Discussion was held regarding the recent iFiber outages. Bob Pebles, District Information Technology Manager/CIP Senior Manager, reported we reached out to iFiber letting them know we were receiving their customer calls. PUD staff offered assistance; however, iFiber had already identified the issue and was working on restoration. Discussion was held.

Commissioner Knapp noted a customer's thank you to staff regarding their fiber extension experience.

Commissioner Rick had questions regarding the repair of the distribution line near the Selkirk School. Chris Jones, District Director of Operations, provided an overview.

Commissioner Onley inquired about the recent planned power outages. Mr. Jones reported the outages and work at the substations went well and he provided an overview.

Commissioner Knapp inquired about how Bare Mountain Substation will help improve the underground faults caused by the sandy soil conditions in the south part of the county. Mr. Jones explained how the substation will help the system carry load. Commissioner Knapp inquired about the project cost. Philip Roice, District Engineering Manager, reported the total project could be roughly \$15M. The project is in the design phase and final costs are unknown. Discussion was held.

APPROVAL OF CONSENT AGENDA:

The minutes from the August 1, 2023 meeting, today's agenda, and the vouchers were reviewed.

As of this date, August 15, 2023, the Board, upon motion by Commissioner Rick and seconded by Commissioner Knapp approved the following:

- The agenda for August 15, 2023, and the minutes of the August 1, 2023 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. 8395 through 8467 in the total amount of \$393,696.30; ACH payments in the total amount of \$706,080.79; Wire Transfers in the total amount of \$259,299.20; and ACH payroll transactions in the total amount of \$261,858.42 for the payroll ending July 31, 2023.

The motion passed unanimously.

GENERAL MANAGERS' UPDATE:

April Owen, District Co-Interim General Manager, reported Tyler Whitney, Cable Huston, LLP will give an update on the Maslonka litigation case.

Mr. Whitney provided an overview of the Maslonka litigation, as well as the Washington State Supreme Court's recent decision affirming dismissal of all remaining claims. Discussion was held.

Mr. Jones explained how using One Shot works and why customers are experiencing more outages. He reported the settings are in place due to fire concerns.

Bryant Kramer, District Director of Power Production, reported there was another overspeed event, this time with unit 2, at Box Canyon on August 8 which was the same night that a planned power outage at the Box Canyon Substation to install a circuit switcher and do maintenance was scheduled. He provided the details of the event and reported it is suspected a blade proportional valve failure is the cause which was the cause of the previous unit 4 overspeed event. He thanked and commended the Box Canyon crew for their quick actions on getting the unit shut down and for creating a pump system as a manual shut down option. Discussion was held. Commissioner Rick asked Mr. Kramer to pass along kudos and a thank you to Jeff Miller, District Technician/Electrician II; James Massey, District Power Supply Operator; Larry Taylor, District Power Supply Mechanic; and Brodie Larson, District Senior Power Supply Operator for their quick actions and for creating that pump.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Monty Stahl, COO of Merkle Standard, reported they are coming up on a full year of operations at Merkle Standard. He thanked Mr. Jones and Mr. Roice for coordinating with them. He reported they have 20 full-time local employees and it is time to renegotiate their contract. He thanked Ben Hall, District Energy Resources Manager; Ms. Owen; and Sarah Holderman, District Co-Interim General Manager for a good working relationship and continued coordination. Commissioner Onley thanked Mr. Stahl for his comments.

Commissioner Onley thanked the public for attending and providing comments.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reported on outdoor heat awareness for the extreme heat the next few days.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager, reported the new heat law, which went into effect on July 23, will delay our current disconnects. We will revisit weather conditions next week.

She reminded everyone the Pend Oreille County Fair starts this week and reported there are District volunteers to staff our booth. She thanked Shannon Johnston, District Communications & Utility Services Coordinator, for coordinating the event.

Commissioner Onley thanked Ms. Gifford for providing an updated door hanger and suggested making the print larger. She thanked him for his comment.

ACTION ITEMS:

- Early Release for Employee Safety Day. Ms. Owen reported this is by policy and the event is scheduled for August 31 with an early release for employees. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the employee early release on Employee Safety Day. The motion passed unanimously.
- Bid Awards – Surplus Property – Shelving, Desk, and Yamaha Generator. Karen Willner, District Clerk of the Board provided a bid tabulation summary. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to award the bids to the highest bidders, as presented. There were no bids for the generator and per our Surplus Property procedure will be disposed of due to having little or no value to the District and the cost of advertising likely exceeding its value. The motion passed unanimously.
- Revised Contracting and Purchasing Authority Policy. Ms. Gifford reported the updates were to include RCW statute wording. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the revised Contracting and Purchasing Authority Policy. The motion passed unanimously.
- Approval of Recreational Sites Use Policy. Mr. Kramer reported this is a refresh of our Campbell Park Use Policy since we own other recreational sites and this provides clarification on some items. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the Recreational Sites Use Policy. The motion passed unanimously.

MANAGEMENT REPORT:

Kevin Conway, Director of Utility Services:

He reported the Western Electricity Coordinating Council (WECC) reviewed our Critical Infrastructure Protection (CIP) compliance. We had received a notice of Guided Self-

Certification by WECC for managing protection of our low impact cyber assets and for our facility ratings. He provided the details and reported that WECC did not have any findings for the District. The District did have some recommendations that will be included in our processes.

Philip Roice, Engineering Manager:

He reported the fencing project is almost done except for a few key switches to be installed. Commissioner Onley requested a one-line diagram drawing of the Bare Mountain Substation design. Mr. Roice will provide it to the Board when he receives it. Discussion was held.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He reported the iFiber outage has been resolved. There was another phone outage issue with our main phone line to the District being lost. Zply did a reconfigure and we now have all our phone lines working.

He reported the core system server replacement has been completed.

Chris Jones, Director of Operations:

He reported we have started receiving transformers but materials are still hard to get.

He reported line extensions are going well but it's a struggle to have full crews all day due to the numerous outages caused by being on one shot.

He reported the Diamond Lake pole building is under construction and going well. He commended Chance Foss, District Electrical Project Engineer and Dale Bozarth, District Project Manager for doing an outstanding job. The building work will take another month or two.

He reported all the gates in the Newport Warehouse yard are finished. Crews can stop using the Union Avenue gate and use the Pine Street gate. A contractor is coming on Friday to complete the dirt work. Discussion was held.

Suzie Wrbelis, Director of Human Resources:

She reported there is a big push to finish our Employee Handbook review. The Board will receive both a red line and clean version to review. She reported a Drug and Alcohol policy will also be given to the Board for review. Discussion was held.

Bryant Kramer, Director of Power Production:

He reported on a Box Canyon spillway bay erosion inspection project to see how much wear we are getting on the spillway. He explained the spilling details and statistics and how the caisson works. Discussion was held.

He reported the Federal Energy Regulatory Commission inspection went great and they met a new inspector who made a few recommendations.

Sarah Holderman, Co-Interim General Manager:

She reported the Greater Newport Area Chamber of Commerce agreed to sponsor our electric vehicle charging station for another year. They are working on a display map of local businesses. The north end electric vehicle charging station is installed and we are waiting on the contractor to hook it up.

She attended a Northwest Open Access Network Board meeting last week and reported they are moving out of their U.S. Bank downtown location to a Spokane Valley location by the end of this year and are consolidating their Gig Harbor location. Their pension is fully retired and they have moved to PERS. She provided a bylaws update and reported

they have 10 member owners with each member having a different member ownership percentage. We are a 5.76% owner. They are looking at making each owner have a 10% ownership. They are also looking at doing weighted voting by membership ownership percentage, which is not a popular option. Discussion was held.

John Bricher, Finance Manager:

He provided a Department of Revenue excise tax audit update and reported we are closing out the final piece of the Ponderay Newsprint Company Settlement for the \$10M collateral. The Department of Revenue said it is taxable at a higher tax rate. We are working with Moss Adams to prepare an appeal. Discussion was held.

Ben Hall, Energy Resources Manager:

He reported the Bonneville Power Administration (BPA) issued a draft policy on its post-2028 power contracts. We have until October 13 for stakeholders to submit comments to BPA. BPA estimates that the contract will be ready for signatures in the fall of 2025.

He reported the Clean Energy Transformation Act is one of the environmental laws to reduce emissions. The other law is the Climate Commitment Act which is a cap and invest tax to do an inventory of gas and large industrial emissions and to set a carbon tax baseline. The report was due May 31 but the Department of Ecology had no guidance on how we needed to report so we applied for an extension and now have until August 31 to submit our report.

Ms. Owen reported there are high market prices this week due to the extreme heat. Tomorrow's Mid C heavy load market price is \$976 per MW and today it was \$575 per MW. Discussion was held.

Commissioner Knapp asked for an update on the BPA study for increased load at Cascade. Ms. Owen reported Cascade needed to decide last week whether to move to the second phase of the three-phase study process. Cascade contacted Ms. Owen to ask if BPA would extend its decision deadline and the decision is now due at the end of this month. BPA confirmed that Cascade currently cannot run mixed load, meaning Cascade can either run the paper mill or do cryptocurrency, but they can't do both. BPA said they can't have a mixed load unless Cascade does the upgrades which are estimated at \$50M and would be paid for by Cascade. Discussion was held.

COMMISSION REPORT:

Commissioner Rick attended a Metaline Townhall/Economic Development Council (EDC) meeting and provided an overview. He attended a North Pend Oreille County Chamber of Commerce meeting on August 10. He spoke with Brian Smiley, Pend Oreille County Commissioner regarding EDC and its reorganization. Discussion was held.

Commissioner Knapp attended a virtual Public Power Council (PPC) Member Forum on August 2, a virtual PPC meeting on August 3, and a virtual Pacific Northwest Utilities Conference Committee (PNUCC) meeting on August 4 and provided an overview. He attended an Energy Northwest Resource Task meeting on August 8 and had miscellaneous phone calls throughout this week.

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce meeting on August 2 and had calls regarding the iFiber outage last week.

COMMISSION BUSINESS:

- Pre-Approval of Commissioner Travel or Meeting Attendance for September.

Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the commissioner travel or meeting attendance for September, as presented. The motion passed unanimously.

Commissioner Rick reported he put in a request to attend the Columbia Generating Station tour on September 13. He will attend an EDC meeting on August 16 in Newport, the Pend Oreille County Fair on August 19 in Cusick, a TEDD meeting on August 23 in Colville, and the Board meeting on August 29 at Box Canyon.

Commissioner Knapp will attend Energy Northwest meetings on August 23 – 25 in Blaine and the Board meeting on August 29 at Box Canyon.

Commissioner Onley will attend the Pend Oreille County Fair on August 19 in Cusick and the Board meeting on August 29 at Box Canyon.

Commissioner Onley announced a 1-hour executive session for pending and/or potential litigation will begin at 11:40 a.m. in the Riverbend Conference Room with Tyler Whitney, Cable Huston, LLP virtually attending. If the executive session needs to be extended, he will rejoin the open session to publicly announce an extension. No final action will be taken during the executive session. Following the executive session he and/or the Board will rejoin the open session to take any action and/or to adjourn the meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 1-hour executive session for pending and/or potential litigation commenced at 11:40 a.m. The following were in attendance: Board of Commissioners; April Owen, Co-Interim General Manager; Sarah Holderman, Co-Interim General Manager; Ben Hall, Energy Resources Manager; Christopher McKey, Energy West, LLC, virtual; and Tyler Whitney, Cable Huston, LLP, virtual. At 12:40 p.m., Commissioner Onley publicly announced a 20-minute extension to the executive session. The executive session adjourned and the Board returned to open session at 1:00 p.m. No final action was taken during the executive session.

Commissioner Onley, reported the next meeting is on August 29, 2023, beginning at 9:30 a.m., at Box Canyon Dam, Ione and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 1:03 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form