

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 18, 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
Gretchen Koenig, Member of the Public
Laura Verity, Merkle Standard/Ponderay Industries
Andy Armantrout, Member of the Public
Don Gronning, Newport Miner (virtual)
Emily Fleshman, Member of the Public (virtual)
Mark Zorica, Member of the Public (virtual)
Norm Smith, Member of the Public (virtual)
Lonnie Walkup, Member of the Public (virtual)

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

CONSENT AGENDA:

The minutes from the October 4, 2022 meeting, today's agenda, and the vouchers were reviewed.

As of this date, October 18, 2022, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The agenda for October 18, 2022, and the minutes of the October 4, 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. 7367 through 7424 in the total amount of \$123,695.42; ACH payments in the total amount of \$569,067.26; Wire Transfers in the total amount of \$400,376.73; and ACH payroll transactions in the total amount of \$229,923.25 for the payroll ending September 30, 2022.

The motion passed unanimously.

BOARD WORKSHOP:

Colin Willenbrock, District General Manager, reported we are predicted to have a La Niña winter which means a wetter and colder winter for us.

He provided a Box Canyon turbine unit 4 outage update and reported Bryant Kramer, District Director of Production, and his team did a great job working with McMillen Jacobs, our dam safety engineer to get the items we needed. McMillen's staff did an inspection and believe they have identified the root cause of the event. McMillen has recommended doing a planned maintenance outage. Discussion was held.

Commissioner Knapp reminded everyone about today's public hearing at 9:00 a.m.

Mr. Kramer expanded on the unit 4 update. Mr. Willenbrock reported the planned maintenance outage will be at least two weeks in duration but could be a multi-month outage. He commended Box Canyon staff for doing an excellent job during the event and it is a testament to our crews who have specialty knowledge with a lot of work going on.

He attended a Northwest Open Access Network (NoaNet) Board meeting last week with Commissioner Larson and reported they presented a draft budget. Discussion also included employee pension funding liability and ways to get pension service credits into a PERS system. It is a priority going forward and a good first step. Discussion was held. He reported Senator Christine Rolfes intends on introducing wildfire legislation and he and Klickitat provided suggested redlines.

He reported staff is working with the Town of Cusick on its water treatment issues. Tyler Whitney, District General Counsel, is preparing a draft agreement for the transfer of the water treatment facility.

He provided a Seattle City Light Fish Hatchery project update and reported we started the underground portion of the line extension from Kings Lake Road to the hatchery road and have a couple of days of work to finish. Discussion was held.

PUBLIC WATER RATES HEARING:

Pursuant to notice given to the Newport Miner, a public hearing to present and discuss the proposed water system rate adjustments commenced at 9:01 a.m. There were 11 members of the public in attendance.

Sarah Holderman, District Director of Customer Services, provided a water system rates presentation and reported we have changed to a virtual format for the nine individual water systems meetings. She explained the ways water system customers were notified about today's rate hearing. Today is for discussion purposes only and the Board has authority to set rates which if approved will be effective January 1, 2023.

She reviewed the cash reserves for each water system and reported the purpose of the rates is to cover costs. She provided an overview of the seven water systems where she is proposing rate adjustments. She is proposing the Metaline Falls Water System has a \$3 inflationary rate adjustment. She is proposing the Riverbend Water System has a \$5 - \$8 rate adjustment and reported two of the members at the September water meeting suggested going to a \$100 monthly rate with no rate increase next year. Mark Scott, District Water Systems Manager, provided an overview of the projects.

Ms. Holderman is proposing the Greenridge Water System has a \$3.25 rate adjustment and explained the cost for doing meter reads is high, so we are looking at installing an automatic meter read (AMR) system. Mr. Scott provided an overview of the projects.

Ms. Holderman reported the Riverview Water System received grant funding of approximately \$273,000 and loan funding of approximately \$300,000 for the water treatment plant. She is proposing a \$10 rate adjustment. She is proposing the Lazy Acres Water System has a \$3 inflationary rate increase. Mr. Scott provided a projects overview.

Ms. Holderman is proposing the Holiday Shores Water System has a \$5 rate adjustment. She is proposing the Granite Shores/Sacheen Water System has a \$4.50 rate adjustment. Mr. Scott reported on a line break at the system.

Ms. Holderman reported the Sunvale Acres Water System received a Public Works Board (PWB) grant to replace the underground pipeline. The District then received a loan with a subsidy, therefore it was decided to repay the PWB loan. She reported a rate adjustment will be needed and she will know more after we get the bids for the project. She forecasts the costs going forward based on the system's status quo.

Commissioner Knapp asked if there were any questions for Ms. Holderman, Mr. Scott, and the team. There were none. He asked if there was any public comment regarding the water systems presentation.

Gretchen Koenig, member of the public, inquired if the PUD acquires the Town of Cusick's Water Treatment Plant would we set the water rates. Mr. Willenbrock reported we wouldn't be a retailer but a wholesaler for the town and would not set the retail rates for the end users.

The hearing ended at 9:31 a.m.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reported falls are the second leading cause of fatalities and injuries. We are required to implement fall protection if we are working four feet or above per Washington State. He provided fall fatality and fall injury time lost statistics.

Mr. Willenbrock noted the importance of using fall protection at home.

CUSTOMER SPOTLIGHT:

Ms. Holderman introduced Riley Bauer, newly hired Meter Reader. Mr. Bauer reported he is a county local from Cusick and provided his background which included working at the Pend Oreille Valley Railroad. The Board welcomed him to the District.

Ms. Holderman received a customer kudos for Ray Chantry, District System Operator, regarding a recent power outage. The customer's power was restored quickly and Mr. Chantry called the customer as a follow up to see if power was restored.

She reported the District will be giving out candy on October 31 from 3 – 5 p.m. for the Trick or Treat event put on by the Greater Newport Area Chamber of Commerce.

ACTION ITEMS:

- Declaration of Surplus Property – Fleet Asset #286 2013 C&B Flatbed Trailer and a 2006 Bradford Built Flatbed. Chris Jones, District Director of Operations, reported the 2006 flatbed was on the back of Fleet Asset #400 and Fleet Asset #286 is too small for what we haul. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Onley to declare the trailer and flatbed as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. A sealed bid process will be used. The motion passed unanimously. Staff will proceed as appropriate.
- Vegetation Management and Wildfire Mitigation Policy. Mr. Willenbrock reported we are required to have a plan and have structured it as two separate plans for vegetation management and wildfire mitigation with an included policy. The Board is responsible for approving policy. He provided record keeping and inspection process details. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve Vegetation Management and Wildfire Mitigation Policy as presented. The motion passed unanimously.
- Resolution No. 1463 – Lease from Metaline Falls Water System to Community Network System. Ms. Holderman reported she had provided a memo to the Board to address their concerns. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to adopt the resolution with a \$1,000 monthly fair market rental amount and to review the lease every year. Commissioner Onley suggested keeping the monthly rent at \$800. Discussion was held. The motion passed. Commissioner Onley was opposed.
- Resolution No. 1466 – Waiving Competitive Bidding Requirements for Box Canyon Inspection and Maintenance. Mr. Whitney provided the exemptions to

the competitive bidding requirements under RCW 39.04.280. A motion was made by Commissioner Onley and seconded by Commissioner Larson to adopt the resolution. Discussion was held. The motion passed unanimously.

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.

Dave Rick, member of the public, reported he received a number of communications from people who weren't able to attend the last meeting regarding the Clark power agreement. He reported they want additional meetings to discuss this topic further. He reported that Kelly Driver, Port of Pend Oreille Manager, wanted to know if the PUD would have enough power to provide to its customers and that the duration of 16 years in the contract seems like a long time for people.

Andy Armantrout, member of the public, is confused with the power contract and how much power it provides. He is baffled with the Clark Public Utilities agreement. He commented that Mr. Willenbrock and the team are selling us out of the county and maybe we need to change the wages of the PUD management team to the social security level.

Laura Verity, Merkle Standard/Ponderay Industries, requested the PUD pause this Clark PUD agreement in order for more comment from her company and the public. She reported these are also requests from Monty Stahl and Steve Wood of Merkle Standard and welcome further discussion.

Ms. Koenig referenced an NPR podcast where Hilary Franz, Washington State Commissioner of Public Lands, wants to lease public or private lands containing forest landscape to qualify as carbon credits with trees and vegetation used to offset carbon emissions. She noted there would be no timber harvest allowed on property, but housing or recreation would be allowed. She commented that PUD owns property in the county and some could be forested for a revenue source through the Department of Natural Resources.

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

ACTION ITEMS (continued):

- Electric Service Agreement with Teck Washington Incorporated. Mr. Whitney provided an overview and reported this is a 12-month contract starting this month through September 2023. Teck wants to post their collateral in form of a letter of credit. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to authorize the general manager to execute the agreement in substantially the same form as presented. The motion passed unanimously.
- Amendment to McMillen Dam Safety Contract. Mr. Kramer is requesting a change order to amend our contract for an additional \$20,000 for the Chief Dam Safety Engineer's hours to cover the rest of his work activities for 2022. This work includes dam surveillance and safety monitoring reports and plans, annual inspections, a supporting technical information document that is due at the end of the year, and a quarterly activity report. McMillen has to perform these services. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the amendment. The motion passed unanimously.

BUDGET PROJECT DISCUSSION:

Ms. Holderman reported she and management staff are working through the budget process and the Board had requested they want information sooner for more time to review.

Philip Roice, District Engineering Manager, provided a project budget overview which included substation fencing for gate replacement, potential Bare Mountain Substation, JMUX relay protection, and Abercrombie overhead to underground line. Discussion was held.

Mr. Jones provided a project budget overview which included fleet asset replacement and radio upgrades. Discussion was held.

Mr. Scott provided a project budget overview which included a Metaline Falls distribution line replacement, Sunvale Acres pipeline replacement, a CXT building with bathrooms and showers at the Newport RV Park site, and AMR water meters replacement. Discussion was held.

Scott Jungblom, District Natural Resources Manager, provided a project budget overview which included a fabrication and installation of the temporary fish management structure for the Trout Habitat Restoration Program in the Upper West Branch of LeClerc which will function as a barrier for exotic fish. Discussion was held.

Mr. Kramer provided a project budget overview which included sheet pile wall installation at the Calispell Creek Dike, repairs for the downstream spillway bays concrete, Box Canyon boat launch erosion repair, and Box Shop and Visitor Center office space and interactive/interpretive science displays for the public. Commissioner Larson commended the maintenance crew for the viewpoint upkeep. Discussion was held.

Discussion was held regarding the Newport RV Park and our Federal Energy Regulatory Commission license.

Ms. Holderman provided a project budget overview which included the metering project and electric vehicle charging station in Metaline Falls. Discussion was held.

She thanked the Board for its time and discussion and thanked the managers for attending today. Commissioner Onley thanked the managers for providing their budget information. Mr. Willenbrock requested the Board funnel additional questions to Ms. Holderman.

COMMISSION REPORT:

Commissioner Knapp Curt did not attend the virtual Washington Public Utility Districts Association (WPUDA) budget meeting on October 13. He had a conversation with Don Gronning, Newport Miner, talked with concrete installer at the Newport RV Park site, had conversations with other PUD staff members, and toured the Indian Creek and Duncan Slough cold water projects with Eric Berntsen, Fisheries Biologist at the Kalispel Tribe of Indians.

Commissioner Larson attended a NoaNet Board meeting on October 12 in Spokane. He met with Tara Leininger, Mayor of Metaline Falls, and District staff on October 11 in Metaline Falls to discuss the electric vehicle charging station.

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce meeting on October 4 and reported topics included the Halloween Trick or Treat event, the Christmas tree lighting, and electric vehicle charging station. He attended a virtual Public Power Council meeting on October 6 with Commissioner Knapp and Mr. Willenbrock and reported he was impressed by the meeting's heatwave and Snake River Dam discussion topics. He attended a virtual Pacific Northwest Utilities Conference Committee meeting on October 7 and provided an overview.

COMMISSION BUSINESS:

- Pre-Approval of Commissioner Travel or Meeting Attendance for December. Commissioner Knapp will attend the PUD Board meetings on December 6 and 20 in Newport, the WPUDA Annual Conference on December 1 - 2, and Energy

Northwest meetings on December 13 – 15, location to be determined. Commissioner Larson will attend the PUD Board meetings on December 6 and 20 in Newport, the WPUDA Annual Conference on December 1 – 2 in Spokane, and a NoaNet Board meeting on December 14 in Spokane. Commissioner Onley will attend the PUD Board meetings on December 6 and 20 in Newport, the WPUDA Annual Conference on December 1 – 2 in Spokane, and a virtual Greater Newport Area Chamber of Commerce meeting on December 7.

A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the December schedule as presented. The motion passed unanimously.

Commissioners Knapp and Onley will attend an Energy Northwest Member Forum on October 25 - 27 in Kennewick.

Commissioner Larson will attend a Tri-County Economic Development District meeting on October 26 in Colville.

April Owen, District Director of Finance, provided an August 2022 financial report. Discussion was held. She commended staff for their work.

Commissioner Knapp announced a 30-minute lunch at 12:00 p.m., followed by a 60-minute executive session on pending and/or potential litigation to begin at 12:30 p.m. and to be held upstairs in the Riverbend Conference Room 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.

Discussion was held regarding dates for the annual legislative luncheon meeting.

Mr. Willenbrock reported that Karen Willner, Clerk of the Board, is working on the draft 2023 Board Meetings calendar and provided an overview.

Following a 30-minute working lunch, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 12:30 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; Sarah Holderman, Director of Customer Services; April Owen, Director of Finance; and Tyler Whitney, General Counsel. At 1:31 p.m., Commissioner Knapp publicly announced the executive session would be extended for 15 minutes. The executive session adjourned at 1:47 p.m. The Board returned to open session.

Commissioner Knapp reported the next meeting is November 1, 2022, in the Newport Conference Room, Newport and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 1:48 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form