

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
June 21, 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, virtual
Management/District Staff
Tyler Whitney, General Counsel, virtual
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Dave Rick, Member of the Public
Monty Stahl, CEO of Merkle Standard
Steve Wood, CFO of Merkle Standard
Andy Armantrout, Member of the Public
Christopher McKey, Energy West, LLC, virtual

The meeting was called to order at 8:32 a.m. by Curtis J. Knapp, President.

CONSENT AGENDA:

The minutes from the June 7, 2022 meeting, today's agenda, and the vouchers were reviewed.

As of this date, June 21, 2022, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The agenda for June 21, 2022 and the minutes of the June 7, 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. 6967 through 7019 in the total amount of \$312,457.08; ACH payments in the total amount of \$1,210,431.05; Wire Transfers in the total amount of \$233,677.42; and ACH payroll transactions in the total amount of \$237,457.01 for the payroll ending May 31, 2022.

The motion passed unanimously.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager reported that employee hearing tests were given today in Newport and will be given tomorrow at Box Canyon. He provided a noise and hearing damage prevention checklist.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager reported this weekend is the Newport Rodeo Parade and she has a number of volunteers.

COMMISSION REPORT:

Commissioner Knapp had conversations with members of the public regarding the Usk mill site operation, market power prices, and flood waters.

Commissioner Larson did not have anything to report but suggested the flooding is a good opportunity to remind the public about how the Pend Oreille River elevations are controlled by Albeni Falls Dam.

Commissioner Onley and the commissioners received an email from Derrick Skaug, Eastern Washington Outreach Director for Senator Maria Cantwell's Office, about a future visit to the PUD and taking a tour of the Usk crypto site. Colin Willenbrock, District General Manager, will follow up with him.

COMMISSION BUSINESS:

- Pre-Approval of Commissioner Travel or Meeting Attendance for August. Commissioner Knapp will attend the PUD Board meetings on August 16 and 30 (absent for the August 2 meeting), and the Energy Northwest meetings on August 23 – 25 in Tri-Cities. Commissioner Larson will attend the PUD Board meetings on August 2, 16, and 30, a tentative North Pend Oreille Chamber of Commerce meeting on August 1, a tentative Northwest Open Access Network (NoaNet) Board meeting on August 10 in Spokane, a tentative virtual Broadband Action Team meeting on August 11, and a tentative virtual Tri-County Economic Development District (TEDD) meeting on August 24. Commissioner Onley will attend the PUD Board meetings on August 2, 16, and 30, and a virtual Greater Newport Area Chamber of Commerce meeting on August 2.

A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the commissioner travel or meeting attendance for August, as presented. The motion passed unanimously.

Commissioner Knapp will attend the Energy Northwest meetings today through Thursday in Tri-Cities.

Commissioner Larson will attend a virtual TEDD tomorrow.

Commissioner Onley will attend virtual Washington Public Utility Districts Association Strategic Planning and Water Committee meetings this Wednesday and Thursday, respectively.

Following a brief recess to fix a technical issue, the meeting resumed.

BOARD WORKSHOP:

- Overview of Draft Electric Service Agreement with Cascade Digital Mining, LLC.

Mr. Willenbrock reported that he and staff have been working with Cascade Digital Mining, LLC and this is the first public comment meeting to discuss the draft agreement. At least one more public session for comments will be held.

Tyler Whitney, District General Counsel, provided a powerpoint presentation. The presentation is located on the District's website.

April Owen, District Director of Finance, commended Mr. Whitney and Christopher McKey, Energy West, LLC for their work on this matter. Discussion was held.

ACTION ITEMS (continued):

- Resolution No. 1462 – Board Meeting Procedures. Commissioner Knapp reported the resolution is in accordance with the Open Public Meetings Act and he read the resolution. A motion was made by Commissioner Larson and seconded by Commissioner Onley to adopt the resolution. The motion passed unanimously.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Knapp asked if there were any public comments.

Monty Stahl, CEO of Merkle Standard, thanked the PUD for working with them. He reported while construction typically wouldn't start until the agreement is completed, Merkle Standard already started the process and has invested millions of dollars. He commented that he understands the need for the PUD to be protected. He would like the required collateral to be reduced.

Steve Wood, CFO of Merkle Standard, thanked the PUD staff and reported there are significant costs involved but no cost has been passed on to the ratepayers; all costs have been paid by Allrise. He also noted the collateral requirement is significant. He is hoping to move forward quickly and get the electric service agreement done.

Dave Rick, member of the public, referenced the PUD's rate schedule and inquired if we experience extreme summer conditions if that could lead the PUD to exposure of imbalance charges.

Andy Armantrout, member of the public, thanked the PUD for its streamlining and commented on energy storage.

Phyllis Kardos, member of the public, is concerned about the amount of energy Merkle Standard may need, assuming 100 MW. She feels PUD is much more involved than previously now that Shell Energy is involved. She understands Merkle Standard wants 500 - 600MW but the proposed contract doesn't assume that level. She listed three concerns: the company is a consumer and not a producer, if more PUD staff would be hired as it looks like more work ahead for the PUD, and if this will cause rate increases for general service customers.

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

ACTION ITEMS (continued):

- Amendment to Electric Service Agreement with Ponderay Real Estate, LLC. Mr. Whitney reported the existing contract expires on June 30 and staff is proposing to extend it for one month to the end of July for 26MW. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to extend the amendment to the Electric Service Agreement with Ponderay Real Estate, LLC for one month. The motion passed unanimously.
- Amendment to Electric Service Agreement with 32 Telephone Road, LLC. Sarah Holderman, District Director of Customer Service, reported the electric service agreement expires on June 30 and the customer has paid for an electric upgrade but supply-chain issues have delayed the process. Staff is proposing to extend the contract for three months. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to extend the amendment to the Electric Service Agreement with 32 Telephone Road, LLC for three months. The motion passed unanimously.
- July Energy Transactions. Ms. Owen reported we are purchasing power for July for both the light and heavy load hours. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the July Energy Transactions, as presented. The motion passed unanimously.
- Bid Award – Surplus Property – Approximately 23 Utility Poles and Miscellaneous Pieces. Karen Willner, Clerk of the Board, reported she received two sealed bids and the winning bid was \$1,001. A motion was made by Commissioner Larson and seconded by Commissioner Onley to accept the

bid award to the highest bidder in the total amount of \$1,001, before tax, as presented. The motion passed unanimously.

- 8th Amendment to Interlocal Agreement with the Town of Cusick. Mr. Whitney reported this is a 6-month extension to the existing agreement, with minor modifications. Mr. Willenbrock and he have explained to the town that we will not extend this agreement any further without a permanent solution. Mr. Willenbrock reported the town is going through the process of the next steps, including a feasibility study with the Department of Health for grant funds for repairs and engineering design. He commended Mark Scott, District Water Systems Manager and his watermen for providing support to the town. Afton Servas, Public Relations Coordinator with the Kalispel Tribe of Indians, and the town's legal counsel will work with Mr. Whitney on the agreement. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the 8th Amendment to the Interlocal Agreement with the Town of Cusick. The motion passed unanimously.

Commissioner Knapp thanked the finance team for providing the April financials to the Board.

MANAGEMENT REPORT:

Sarah Holderman, Director of Customer Service:

She reported the Washington State Broadband Office is opening up the fiber broadband acceleration grant round 2 application. It was to be published on June 14, but it was delayed. Staff had a kickoff meeting with the NoaNet grant writer.

She prepared a request for proposal for a new metering platform and will present options to the Board at a future meeting.

Amber Gifford, Customer Service & Contracts Manager:

She reported Lillian Hughes, District Customer Service Summer Student Helper, started last week and staff is glad to have her help.

She reported the customer line extension requests are as busy as ever with over 152 electric line extensions and 104 fiber line extension requests.

She reported on the number of customer disconnects for non-payment last week.

She commended Lisa Curry and Arletta Hogan, District Customer Service Representatives, for planting flowers in front of the Newport Administration Building.

She will email an invite for Employee Safety Day to be held on September 1 to staff.

She thanked Everett Rice, District Journeyman Lineman, and Bronson Gerstenberger, District Apprentice Lineman, for giving a safety presentation to the Selkirk School District.

She reported the District will soon go out to bid for the Newport Administration Building elevator repair. She is working with Mike Peterson, District Warehouseman, on the project bid.

She reported work is to begin on the Newport RV Park sprinkler and landscape project after the Newport Rodeo is over. Discussion was held.

Mark Scott, Water Systems Manager:

He is waiting for the Department of Health to finish its review and then he will go out to bid on the Sunvale Acres Water System water line replacement project.

He reported the Metaline Falls Water System distribution main replacement project is on hold due to the Department of Health needing to approve the master plan. He is noticing supply chain issues with brass parts which could impact the project.

He is scheduling reservoir maintenance service with a drone being used to view the reservoir.

He is scheduling a Greenridge Water System well clean out.

He reported a contractor will begin work on the Newport RV Park the week after the Newport Rodeo.

Dario Nila, Community Network System (CNS) Supervisor:

He and staff are continuing to work on fiber engineering estimates and the Seattle City Light (SCL) hatchery build line extension. Ms. Holderman reported he is getting premium class requests and we will go out to bid on the SCL hatchery. Discussion was held.

John Bricher, Finance Manager:

He is working on financial reporting and did the annual Low Income Housing Energy Assistance Program reporting for customer low income senior discounts. He finished the 2021 tax incentive report for employee compensation data and solar incentives to customers. He finished the State Audit Office financial report. The excise tax audit is kicking off and he attended a virtual meeting with the audit team. Ms. Owen commended Mr. Bricher for all the work he is doing.

April Owen, Director of Finance:

She is working on the May financials, which will be ready for the next meeting.

She is doing power supply contracting and transactions.

Kevin Conway, Director of Utility Services:

He reported the river is flowing high and there is an increase in dam-safety monitoring. Albeni Falls Dam inflows are slightly declining and the river hasn't peaked yet. He reported the Campbell Pond road had flooding which caused some damage. He has had discussions with McMillen Jacobs and the Federal Energy Regulatory Commission (FERC) on the high-water issues and flooding.

He reported there was a recovery of a body at Boundary Dam. The District is working with FERC, Boundary Dam staff, and the Pend Oreille County Sheriff on completing dam safety reports filed with FERC. He provided the details. Discussion was held.

He reported there is an issue with the Cusick Dike 100hp discharge pumps. The river level is putting pressure on the dike and resulting in some seepage. He discussed the issue with McMillen Jacobs and has submitted a report to FERC. The District is increasing monitoring of the dike to twice a day and keeping an eye on any seepage. When the water level goes down we will be able to visually inspect the conduit and conduct a root cause analysis.

He is watching the southwest wildfire trends, and as of the last check, we haven't had any major wildfires in Washington State.

He is continuing to work with FERC and McMillen Jacobs on the Cusick dike mitigation and repair.

He is continuing to move forward on the FERC Functional Emergency Action Plan exercise which is scheduled for October. We are coordinating with Boundary Dam and

we have a cost sharing agreement with SCL for Boundary Dam's portion. Discussion was held.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He provided a review of past projects and acknowledged staff for helping to make the projects happen. He commended Kevin Persyn, District SCADA Engineer, for taking the SCADA system to a level we have not seen. He worked with Brian Marsengill, District Substation & Apparatus Technician II, and the system operators. He commended Mr. Persyn; Frank Pisano, District Network Supervisor; and Jon Rasmussen, District Power Supply Operator, who created Pi system dashboards and took the system to a level not previously seen. He commended Rob Forbes, District Network Support Specialist, and Mr. Marsengill for their work on the substations network systems to bring in data from the industrial meters. Mr. Forbes created a checklist for the network core change out to remove the central network and the network is running smoothly and getting speeds and times not seen.

He commended Todd Swegle, District GIS & Drafting Technician; Mr. Nila; and Lauren Naccarato, District CNS Fiber Staking Field Engineer, for providing input and Mr. Persyn for taking on the GIS project elements. Discussion was held. Mr. Conway commended Mr. Pebles and his staff for their work which allowed the system operators to be able to work with the Information Technology and Customer Service departments much better.

Philip Roice, Engineering Manager:

He provided a Box Canyon transformer planned outage overview and reported the infield testing was done and they are waiting on the reports. The outage ran longer than was planned due to a circuit switcher issue. He thanked the system operators for fielding the customer outage calls.

He referenced the Pine Street Substation outage from last year and reported the breaker wiring and transformer blanket replacement will need to be fixed.

He reported the Diamond Lake tap design is being finished.

He reported they are getting close to finalizing the Highway 31 Franchise Agreement.

He reported Cole Bradbury, District Utility Services Designer, started on June 1 and is learning and doing well. Ms. Holderman reported on CNS staffing. Discussion was held.

Adam Wiltse, Safety Manager:

He commended Mckinley Leslie, District Safety Assistant Summer Student Helper, for her work on confined space documentation and mapping. He reported she has been doing audio level readings and will be doing job safety analysis for high risk functions.

Angie Hall, Regulatory Compliance Analyst:

She is working on internal audits of applicable standards which are going smoothly. She thanked the system operators, Mr. Roice, and Mr. Pebles for helping to keep the District in compliance and ensuring that we have processes in place.

Bryant Kramer, Director of Power Production:

He reported the river level is close to peak, if it hasn't already peaked, but it changes daily. He shared a river chart from the National Forecast Center and reported we watch what is happening at the Albeni Falls Dam and are watching projects on the river where staff is spending extra time.

He reported Power Lake is full and Sullivan Lake is full with the inflows and outflows slowing down. We will have a full reservoir.

He reported there was flooding at Campbell Park last week. The park was closed and we hope to open it at the end of this week. We are doing gravel work and the pond is still open but there is no camping in the park.

He welcomed summer students: Jenna Couch, District Box Maintenance; Thomas Huttle, District Box Maintenance; Leif Jungblom, District Box Records Clerk; and Justin Krabbenhoft, District Box Maintenance.

He reported maintenance on the plant was done during the planned Box Canyon outage in June. Gates were taken out of the river and stored, turbine unit #3 was dewatered to do work on the turbine guide bearing, and a trash racks inspection was completed. He provided details and showed pictures. He commended the Box Canyon operator and maintenance crews for the work they are doing. Discussion was held.

Scott Jungblom, Natural Resources Manager:

He finished the May operations summary for the fish ladder and reported they had a good run at the beginning of May, passed 65 fish with five target fish. The fish ladder is offline due to the high water and will be back online when the flows go below 80,000 cfs.

He provided an overview of the resource management plans, including upcoming surveys and meetings. Discussion was held.

Chris Jones, Director of Operations:

He reported we are out to bid on the SCL line extension material and bids should be received next week

He reported the summer student helpers are here.

He reported a pole top rescue was done.

He reported we received eight transformers yesterday. Crews are staying caught up with line extensions as they come in and are helping CNS. He doesn't believe we will need a contract crew this year for fiber. Discussion was held.

Suzie Wrbelis, Director of Human Resources:

She reported we hired 12 summer student helpers this year and they will work through the end of August to the beginning of September.

She provided a job recruiting update and reported we are hiring a lineman and project engineer.

She reported her focus is on employee mid-year performance evaluations and gearing up for local and joint union negotiations.

Discussion was held regarding Juneteenth. Although local governments are not required to recognize it as a state holiday, the PUD informally recognized it with a message to staff.

Commissioner Knapp reported the next meeting is July 12, in the Newport Conference Room in Newport, WA and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 11:34 a.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form