

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
March 16, 2021
TELECONFERENCE ONLY

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: Sheryl Miller, Member of the Public
Gretchen Koenig, Member of the Public

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

CONSENT AGENDA:

The minutes from the March 2, 2021 meeting and today's revised agenda were reviewed.

Commissioner Knapp made a motion to amend the March 2, 2021 meeting minutes under the Strategic Planning, Customer Experience Goal section on page 5. He provided his amendments. Discussion was held.

As of this date, March 16, 2021, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Onley approved the following:

- The amended minutes of March 2, 2021 meeting and the revised agenda for March 16, 2021.

The motion passed unanimously.

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. As of this date, March 16, 2021, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 5442 through 5502 in the total amount of \$79,288.42; ACH payments in the total amount of \$653,377.59; Wire Transfers in the total amount of \$162,143.08; and ACH payroll transactions in the total amount of \$184,554.89 for the payroll ending February 28, 2021.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if Commissioners Onley or Larson had any topics for discussion. Commissioner Onley noted the District's Pi Day. He provided his thoughts on commission meetings attendance and per diem allowance and travel to meetings outside of the county and/or state. Discussion was held.

Commissioner Onley made a motion to have all commissioners timesheets be approved by all of the commissioners. Commissioner Knapp seconded the motion. Discussion was held. Commissioner Larson commented that only one commissioner needs to sign another commissioner's timesheet. Discussion was held. Commissioner Onley withdrew his motion, and Commissioner Knapp concurred. Discussion was held.

Commissioner Onley suggested capping the commissioners meeting attendance to nine meetings per month. Discussion was held regarding the per diem rate commissioners can

charge per meeting and attendance to meetings outside of the county and/or state. The Board was in agreement that per diem cannot be charged if the meeting (including virtual) is under one hour.

Commissioner Larson suggested capping the commissioners meeting attendance to seven meetings per month, including virtual meetings and that all meetings outside the county need to be pre-approved at the prior Board meeting.

Commissioner Knapp suggested capping the commissioners meeting attendance to eight meetings per month, including virtual with no per diem charged if the meeting is under one hour. He was ok including the Washington Public Utility Districts Association (WPUDA) meetings as part of the in-county meetings.

Commissioner Onley wants to attend the Broadband Action Team (BAT) meetings and the Northwest Open Access Network (NoaNet) meetings as part of his per diem. Commissioners Knapp and Larson were ok with Commissioner Onley attending those meetings to gain knowledge but if not appointed as a District representative, he would not have voting power or authorization to speak on behalf of the PUD. Commissioner Onley understood but noted his opposition of the District's representation nominations.

A motion was made by Commissioner Larson that, as a 2021 pilot program, and even if more restrictive than state law provides, the commissioner per diem for meetings (virtual or in person) are capped at eight days per month with one out-of-state meeting being allowed per year. All out-of-county meetings need to be pre-approved at the prior Board meeting. Per diem would only be paid if the meeting is at least one hour. WPUDA meetings count as in-county meetings. Commissioner Onley seconded the motion. Discussion was held. Commissioner Onley clarified it is an average of eight days per month over the year. The motion passed unanimously.

Mr. Willenbrock reported an eighth update of the District's modified operations due to the COVID-19 pandemic is now in effect. He reported Governor Jay Inslee is allowing the state to shift to phase 3 beginning March 22. We did a soft reopening of our customer service lobby with restrictions and have allowed some limited travel with his approval. He reported Kevin Conway, District Director, Compliance, Safety, Engineering & Technology has a list of employees who want vaccinations. He commended Suzie Thompson, District Human Resources Manager and Destini Parker, District Payroll/Benefits Coordinator for organizing a District Pi Day with employee collected food donations going to local food banks.

He will be at Box Canyon this week to continue with the next transition steps due to Tim McMaster's resignation. Management staff will continue to go to Box Canyon to work with employees and to keep projects going.

He reported Dave Spencer, NoaNet CEO announced his retirement. The NoaNet Board voted unanimously to appoint Craig Nelson as acting CEO and will interview Mr. Nelson to hear his thoughts on NoaNet going forward.

He noted Governor Inslee's moratorium on customer disconnects is through April 30 but this may get extended through July 31. Commissioner Knapp reported there is a WPUDA-hosted briefing by the Department of Commerce tomorrow at 3:15 p.m., via Zoom meeting for further discussion on this matter.

Discussion was held on metering devices used to cap load.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager noted our policy and procedure of when an employee gets into an accident. He reported that employees need to stay on the accident scene, get a copy of the police report, complete a District incident report, pass an alcohol and drug test, and the District needs to retain all the accident related records.

Discussion was held to check about a potential vaccine site at the Kalispel Tribe of Indians Camas Wellness Center. Mr. Conway will follow up.

CUSTOMER SPOTLIGHT:

Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning reported our customer service lobby has been reopened with restrictions such as limiting the number of people in the lobby at one time, wearing masks, and social distancing.

COMMISSION REPORT:

Commissioner Larson attended a virtual North Pend Oreille County Chamber of Commerce meeting on March 8 and provided an overview. He attended a virtual NoaNet Board meeting on March 10 and provided an overview. Discussion was held regarding broadband grants.

Commissioner Onley received an email from Russ Pelleberg, Newport City Administrator regarding a potential load in the county. He attended a virtual Greater Newport Area Chamber of Commerce meeting on March 2 and provided an overview. He participated in a WPUA legislative update call on March 11.

Commissioner Knapp attended a virtual WPUA/American Public Power Association Legislative Rally on March 2 and provided an overview. He participated in a WPUA legislative update call on March 11 and provided a bill overview. He attended a virtual BAT meeting on March 11 and provided an overview. He spoke with customers including Senator Tim Sheldon regarding the Energy Northwest Executive Board member matters. He inquired about sharing his screen at a Board meeting. He will follow up with Bob Pebles, District Information Technology Manager/CIP Senior Manager.

COMMISSION BUSINESS:

Commissioner Larson will attend a virtual Economic Development Council meeting on March 17, virtual WPUA Telecom and Energy Committee meetings on March 18 and a virtual Tri-County Economic Development District meeting on March 24.

Commissioner Onley will attend a virtual WPUA New Commissioner Orientation training on March 17 and a virtual WPUA Board of Directors meeting on March 19.

Commissioner Knapp will attend the virtual WPUA meetings on March 17 – 19, an Energy Northwest meeting on March 25 – 26 in Tri-Cities and the virtual WPUA-hosted briefing by the Department of Commerce tomorrow.

Commissioners Onley and Larson will attend a virtual WPUA legislative lunch reception on March 23. This is in lieu of the PUD Day on the Hill event.

Mr. Willenbrock reported we will have a shorter management report session in order to focus on strategic planning.

BUSINESS FROM THE PUBLIC:

Gretchen Koenig, member of the public inquired about the Ponderay Newsprint Company (PNC) site public auction and the status of the PUD's agreement with the trustee. Mr. Willenbrock reported the trustee will handle the auction until the PNC site is sold and we are an unsecured creditor.

Following a 5-minute recess, the meeting resumed.

MANAGEMENT REPORT:

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

She is wrapping up the Moss Adams audit and reported Olga Darlington, CPA/Partner with Moss Adams will be doing a presentation at the March 30 meeting. We should soon get our 2020 Annual Report.

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

He provided a compliance update and reported staff is finishing work with the Bonneville Power Administration (BPA) on the annual system review. He is watching for audit schedules and reported we have not appeared on the Western Electricity Coordinating Council draft 2022 schedule.

He reported the Information Technology (IT) staff had a failure of some business system servers last week. IT is conducting a root cause analysis of the failure.

He reported Mr. Wiltse is working on a Blood Borne Pathogens Procedure.

He reported the engineering staff is working on the vegetation management project for fire mitigation. Pole testing and treating is scheduled to begin in April. Staff is continuing on the metering project with BPA and Avista.

Commissioner Larson inquired about a fiber outage yesterday. Ms. Holderman reported there was a scheduled outage yesterday.

Mark Scott, Water Systems Manager:

He reported the Riverview Water System is up and running. He has received customer complaints about colored water and believes it is due to a water pressure increase. Crews will be doing additional flushing.

He reported the Granite Sacheen Water System had a main line break due to an air release valve fault. A temporary fix has been done and he and staff will work on the best solution to fix it.

He reported the Metaline Falls Water System has reviewed the easements for the new pipe route and he is preparing the easements for signatures.

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

She briefed the Board on a proposed new Community Network System (CNS) service offering. She reported we currently have standard and premium customer services and thinks adding a mid-range service would help our community. She explained we would offer after-hours restoration for this new service on a voluntary fee-for-service basis. We will have a rate hearing in April for a formal recommendation. She has provided a memo and summary to the Board.

Commissioner Onley reported he does not like the new service and feels the PUD would be losing money each month. Commissioner Knapp commented this is a business and we need to make adjustments to meet the needs of our customers. Commissioner Larson inquired if the customer would need to initiate the call out option and if we've reached out to customers who have ended their service as well as reached out to our current customers for their feedback. Ms. Holderman and Robert Fritz, District CNS Supervisor provided the details and limitations of customer outreach as a wholesale provider. Discussion was held.

Ms. Holderman reported fiber extension applications are still coming in and CNS crews are busy doing maintenance.

STRATEGIC PLANNING:

Ms. Holderman provided a powerpoint presentation and reported all the commissioner's comments and notes from the March 2 meeting were incorporated into this draft version.

Commissioner Onley suggested changes to our current mission statement such as “Quality Connections” and/or “Providing Utilities Dependably” aka PUD. Ms. Holderman asked Commissioners Larson and Knapp for their feedback. Commissioner Larson commented that our current statement, “Quality Service at Low Cost” is short and to the point. Commissioner Knapp is good with our current statement. Mr. Willenbrock inquired if Commissioner Onley’s concern is with the low-cost part. Commissioner Onley agreed with that statement.

Commissioner Onley suggested a change to our vision statement under the proposed option to remove “the”. Commissioners Larson and Knapp were in agreement with that change.

Ms. Holderman reviewed the proposed changes to the Safety and Health, Customer Focus, Community, Integrity, Teamwork and Decisiveness core values. The Board was in agreement with all the proposed changes.

Ms. Holderman reviewed the strengths, weaknesses, opportunities and threats (SWOT) analysis proposed changes. Discussion was held. A bullet point for future financial uncertainty will be added to weaknesses. The Board was in agreement with that proposed change.

Ms. Holderman reviewed the District’s goals. Mr. Willenbrock provided the critical tasks details and that the financial health goal is our main focus. The Board was in agreement with all the proposed critical tasks.

Discussion was held regarding restricted and unrestricted cash and the District’s financial health.

Ms. Owen provided and explained a District consolidated cash on hand spreadsheet which included cash flow revenue, expenses, net cash flow, unrestricted cash, rating agency days cash on hand, modified days cash on hand and current electric calculations. Discussion was held. She explained the goal for modified days cash on hand is 250. Modified days cash on hand is a metric similar to the rating agency’s calculation.

Commissioner Onley made a motion that he was in agreement with staff recommendation to have and maintain a target goal of modified days cash on hand of 250. Discussion was held. Commissioner Larson commented that he needs more information and wants to see the entire presentation before making a second. Commissioner Onley withdrew his motion.

Mr. Willenbrock read the financial health goal proposed critical tasks and inquired if any cost changes needed to be made. Discussion was held. He reported we are right in the middle of the pack of other utilities with our cost comparison. He inquired on where financially the Board wants to take the District in the future. Discussion was held.

He explained we will have a public comment session at an April meeting. We need to look at both sides of the balance sheet with both revenues and expenses. He reported a draft of our mission, vision, core values and goals will be posted on our website and we’ll have a public comment session in April.

He reported the Board will be going into a 30-minute executive session for pending and/or potential litigation at 11:45 a.m. with no final action being taken. Following the executive session Commissioner Knapp will rejoin this meeting to adjourn.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 11:45 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel & Assistant General Manager. Following a phone call with Commissioner Knapp at 12:15 p.m., Karen Willner, District Clerk of the Board publicly announced the executive session was extended for 15 minutes. Following a phone call with Commissioner Knapp at 12:30

p.m., Ms. Willner, Clerk of the Board publicly announced the executive session was extended for an additional 30 minutes. The executive session adjourned at 1:00 p.m. The Board returned to open session. No final action was taken.

There being no further discussion to come before the Board, the meeting adjourned at 1:02 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form