

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
September 13, 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  
Todd Behrend, CEO of Ponderay Industries  
Steve Wood, CFO of Merkle Standard  
Gretchen Koenig, Member of the Public

The meeting was called to order at 8:33 a.m. by Curtis J. Knapp, President.

CONSENT AGENDA:

The minutes from the August 30, 2022 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, September 13, 2022, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The revised agenda for September 13, 2022, and the minutes of the August 30, 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. 7231 through 7290 in the total amount of \$180,261.26; ACH payments in the total amount of \$1,492,155.11; Wire Transfers in the total amount of \$220,134.75; and ACH payroll transactions in the total amount of \$267,223.76 for the payroll ending August 31, 2022.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics of discussion for this or future workshops. He commented that the Board is 100% behind the PUD staff and leadership and he appreciates having our Governance Policy for guidance. He explained that our ratepayers will not be harmed and the importance of being civil and hearing the customer/public concerns. He asked if the commissioners wanted to increase the time from two to three minutes for individual public comments. He noted today's public hearing at 9:00 a.m. and business from the public/open comment period at 10:00 a.m. Discussion was held regarding the time limit for public comment.

ACTION ITEMS:

- A motion was made by Commissioner Larson to extend the public comment time limit from two to three minutes, with further extension as needed. Commissioner Onley seconded Commissioner Larson's motion. The motion passed unanimously.

Colin Willenbrock, District General Manager, reported our Employee Safety Day was a great day to recognize employee safety and service. Commissioner Larson seconded Mr. Willenbrock's comments.

Mr. Willenbrock reported the District has started IBEW joint bargaining with a meeting last week in Kennewick. Tyler Whitney, District General Counsel, also attended. This is bargaining with the Central Washington Public Utilities group for employee health and wellness benefits. The current contract expires in April 2023.

He attended a virtual Pacific Northwest Utilities Conference Committee (PNUCC) meeting on September 2 and will attend a Northwest Open Access Network (NoaNet) Board meeting tomorrow in Spokane.

He noted the current air quality level and smoke from the wildfires.

He reported Bryant Kramer, District Director of Power Production, is working on the Cusick dike 100 horsepower pumps leakage situation. He provided the details and reported McMillen Jacobs is working on a repair solution. He reviewed some potential repair solutions. Kevin Conway, District Director of Utility Services, reported the Federal Energy Regulatory Commission is participating.

Mr. Willenbrock reported we are monitoring the Boulder Mountain fire in Cusick which is about 2,500 acres and is 35% contained.

He reported Cascade Digital Mining, LLC continues its evening shape with reduced consumption during the day. They will not be taking any market power for October. Discussion was held.

Commissioner Larson inquired about the Teck Cominco load. Sarah Holderman, District Director of Customer Services, reported it is around 2 MW. She and Mr. Whitney met with Teck staff yesterday. Mr. Willenbrock reported they do not currently have an executed contract, as required for the rate classification.

Discussion was held regarding an employee education reimbursement request.

#### PUBLIC HEARING – POLE ATTACHMENT FEES:

Pursuant to notice given to the Newport Miner, a public hearing to discuss and consider the pole attachment fees and charges commenced at 9:00 a.m. There were seven members of the public in attendance.

Ms. Holderman provided a powerpoint presentation and reported we had an \$8 pole attachment fee for years. We adjusted to a \$15.75 interim rate in 2020 and the plan at that time was to review the rate each year but that didn't happen due to COVID-19. This proposed rate adjustment is for 2023 and is to bring the rate in line with state law which governs the calculation for pole attachment rates. Mr. Whitney noted RCW 54.04.045 was passed in 2008 for a rate calculation. Ms. Holderman is proposing a rate of \$25 per pole per year. She and Mr. Whitney worked with entities to get updated contracts and continue to work with one entity on getting an updated contract. She reported our contract requires a 6-month notice for any changes effective January 1, 2023 and she provided the notice to entities in July 2022. She reported we are trying to cover our costs. Discussion was held.

Commissioner Knapp asked if there was any comments from the public. There was no public comment.

#### ACTION ITEMS (continued):

- Resolution No. 1464 – Pole Attachment Fees. A motion was made by Commissioner Onley and seconded by Commissioner Larson to adopt Resolution No. 1464 to adjust the pole attachment fees. The motion passed unanimously.

The public hearing ended at 9:18 a.m.

ACTION ITEMS (continued):

- Unbudgeted Request - Plow Trailer. Chris Jones, District Director of Operations, provided the details and noted the supply chain market issues. He reported if we can purchase the trailer now we will have it by the end of the year. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the unbudgeted request for a plow trailer in the total amount of \$40,794.29. The motion passed unanimously.
- Unbudgeted Request - Elevator Modernization. Mr. Willenbrock reported the Newport Administration Building elevator is currently out of order and has exceeded its useful life for the controls and operations. We have been using Otis Elevator for repairs and did a competitive bid solicitation for the replacement. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the unbudgeted request for elevator modernization in the total amount of \$128,420. The motion passed unanimously.
- October Energy Transaction. April Owen, District Director of Finance, reported that per our Shell Energy contract, in the spring we buy energy in heavy load hours and in the fall we sell energy in light load hours. We have surplus energy in the off-peak hours for October and will go out to bid and take the highest bidder amount for light load hours. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to accept the October energy transaction as presented. Discussion was held. The motion passed unanimously.
- Resolution No. 1463 – Lease from the Metaline Falls Water System to the Community Network System (CNS). Mr. Whitney provided the background history and reported this lease is an update to Resolution No. 1204 for the water system space occupied by CNS and for subleasing space to cellular providers. CNS has exceeded the square footage provided by the resolution. The rent of \$800 remains the same. The lease is month-to-month in perpetuity. Discussion was held. Commissioner Larson commented the rent is too low with the size increase and needs to be raised. Mr. Whitney reported we can revisit the costs. A motion was made by Commissioner Onley and seconded by Commissioner Knapp to adopt the resolution and approve the lease rent. Discussion was held. Commissioner Onley approved the motion. Commissioners Knapp and Larson opposed the motion due to needing more information which includes the cost to install 3-phase power and improve the fiber, and a comparison of what has been paid to date. Commissioner Larson requested more comparables to lease the land. This item was tabled and will be revisited at an October meeting.
- Approval of Electric Service Rates and Credit Policy, Water Service Rates and Credit Policy, and CNS Policy and Fees. Ms. Holderman reported the late fee is not consistent in the fiber and water policies. The late fee was adjusted to have a \$5.00 minimum charge but this is causing confusion for our customers who accidentally pay the wrong amount. She is proposing we charge a late fee on outstanding balances of \$5.00 or more. She reported the change in the electric system policy is for clarification regarding the tenant/landlord and electric vehicle charging station meters; a retail versus wholesale clarification. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the updates to the Electric Service Rates and Credit Policy, Water Service Rates and Credit Policy, and CNS Policy and Fees. 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.

Steve Wood, CFO of Merkle Standard and appearing on behalf of Cascade Digital Mining, LLC, thanked PUD staff for working with them for their September power needs. He noted today's October Energy Transaction action item for surplus light load power for sale and reported they would buy it. He reported he made a mistake when submitting their October request for power. The new contract says they need to pay for their requested power and they opted for no market power. He is asking if the PUD would allow Cascade to be flexible.

Dave Rick, member of the public, commented there was a great public turnout at the August 30 Board meeting held at Box Canyon. His understanding was that Allrise had an intention to restart the mill. He receives questions during his PUD Commissioner campaigning about the status of restarting the mill. He hopes it's a high priority for the PUD to consider the mill restarting as it's a wonderful opportunity for their product and the community is excited for this possibility.

Todd Behrend, CEO of Ponderay Industries, reported they appreciate the public feedback and the expertise of the PUD staff so they can get the business intelligence they need.

#### SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reminded people about the current air quality levels. He explained that particles in the wildfire smoke can build up in the lungs making it especially hard for people with breathing issues. He reported today's air quality index level in Newport is in the upper 160's and when we cross the 150 level, all PUD outdoor work should be ceased or curtailed or have employees wear a mask or work indoors.

#### ACTION ITEMS (continued):

- Electric Service Agreement Extension - 32 Telephone Road, LLC. Mr. Whitney provided the details. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to extend the Electric Service Agreement with 32 Telephone Road, LLC for three months. The motion passed unanimously.

#### CUSTOMER SPOTLIGHT:

Ms. Holderman reported we have a request for proposal for Advanced Metering Infrastructure (AMI) System out to bid. We should know the bid results in October. She explained the meters we currently use, Automatic Meter Reading (AMR) meters, are unsupported and unavailable for purchase. We are running out of meters with AMRs so for now, we are installing manual read meters.

#### COMMISSION REPORT:

The Board of Commissioners attended Employee Safety Day on September 1 at the Camas Wellness Center in Cusick. Commissioner Knapp thanked staff for a great day and noted it was nice to have Bob Schuetz, CEO of Energy Northwest, at the event.

Commissioner Onley did not attend the virtual PNUCC meeting on September 2. He attended a virtual Greater Newport Area Chamber of Commerce meeting on September 7 and reported a motion was made by the chamber to continue the electric vehicle charging station for one year. He suggested having a user guide at the station for public assistance and to also place it at the Chamber Visitors Center.

Commissioner Larson did not have any meetings since Employee Safety Day on September 1.

Commissioner Knapp attended an Energy Northwest meeting on September 11 – 12 in Tri-Cities. He reported this was an additional meeting to his September schedule. Commissioners Larson and Onley approved his attendance.

Commissioner Onley would like to attend a Washington Public Utility Districts Association (WPUDA) Water Workshop on September 21 – 23 in Spokane. Commissioners Knapp and Larson approved his attendance.

COMMISSION BUSINESS:

Commissioner Larson will attend the NoaNet Board meeting tomorrow in Spokane and a virtual Tri-County Economic Development District meeting on September 28.

Commissioner Onley will attend the virtual WPUDA meetings on September 14 – 15.

Commissioner Knapp will attend the virtual WPUDA meetings on September 14 – 16, a virtual Energy Northwest meeting on September 15, and Energy Northwest meetings on September 20 - 22 in Los Angeles.

Discussion was held regarding the PUD Townhall meeting on September 27 at the Camas Wellness Center.

Commissioner Knapp announced a 60-minute executive session on pending and/or potential litigation to be held upstairs in the Riverbend Conference Room with Tyler Whitney, General Counsel present. No action will be taken during the executive session. 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 or to adjourn the meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 10:30 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel. At 11:33 a.m., Commissioner Knapp publicly announced a 20-minute extension to the executive session until 11:50 a.m. The executive session adjourned at 11:52 a.m. The Board returned to open session.

Commissioner Knapp reported the next Board meeting is our Townhall meeting on September 27 at the Camas Wellness Center in Cusick beginning with a field trip at 1:00 p.m.

There being no further discussion to come before the Board, the meeting adjourned at 11:54 a.m.

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President

ATTEST:

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Secretary

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General Counsel  
Approved as to Form