

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
January 17, 2024
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: John Janney, General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Tyler Whitney, Cable Huston, LLP, virtual
Gretchen Koenig, Member of the Public

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, Secretary.

APPROVAL OF CONSENT AGENDA:

Today's revised agenda and the vouchers were reviewed. The minutes from the January 3, 2024 meeting will be reviewed and approved at the January 30, 2024 meeting.

As of this date, January 17, 2024, the Board, upon motion by Commissioner Onley and seconded by Commissioner Rick approved the following:

- The revised agenda for January 17, 2024.
- 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. 8946 through 9004 in the total amount of \$168,789.58; ACH payments in the total amount of \$2,460,000.74; Wire transfers in the total amount of \$446,879.49; and ACH payroll transactions in the total amount of \$223,769.18 for the payroll ending December 31, 2023.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp expressed his gratitude for April Owen, District Director of Finance, and Sarah Holderman, District Director of Customer Services, in their roles as Co-Interim General Managers during the general manager search and hire process.

Commissioner Rick thanked the Information Technology (IT) and telecommunication technicians for their work on the fiber outage. He thanked the line crews for their work on the outages during this winter weather.

Bob Pebles, District IT Manager/CIP Senior Manager, reported the fiber outage on Saturday occurred during the peak of the cold temperatures. He referenced a previous situation and reported this was a similar occurrence and it was determined that a part had failed on a switch at Box Canyon. It took some time to bring the fiber line up.

Ben Hall, District Energy Resources Manager, reported that general service load set new record peaks several times over the cold weekend. The new general service peak record is now at 90.18 MW which occurred on January 15. The previous peak was 85.9 MW and occurred in December 2022.

Commissioner Knapp thanked Everett Rice, District Journeyman Lineman, for attending the meetings and being the go-between for the line crew.

GENERAL MANAGER REPORT:

John Janney, General Manager, seconded Commissioner Knapp's gratitude of Ms. Owen and Ms. Holderman for their Co-Interim General Manager roles before and after he came onboard. He reported that we have a great team. He thanked the crews for their work during outages and bad weather. It is fortunate that we have a good solid team.

He was invited and attended a Pend Oreille County Board of Commissioners meeting yesterday. He thanked the commissioners for the invitation and he expressed his gratitude for them working with us and serving the people we work for. He is grateful to our staff for helping him get up to speed and for the customers we have.

Commissioner Knapp announced a 30-minute executive session on pending and/or potential litigation will begin at 8:50 a.m., in the Riverbend Conference Room. Tyler Whitney, Cable Huston, LLP, will be attending virtually. No final action will be taken during the executive session. Following the executive session, he and the Board will rejoin the open session to take action and/or to resume the meeting.

Following a short recess, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 8:50 a.m. The following were in attendance: Board of Commissioners; John Janney, General Manager; and Tyler Whitney, Cable Huston, LLP, virtual. At 9:24 a.m., Commissioner Knapp publicly announced the executive session will be extended for 5 minutes. The executive session adjourned at 9:29 a.m. and the Board returned to open session. No final action was taken during the executive session.

ACTION ITEMS:

- Declaration of Surplus Property – Fleet Asset #004, a 2013 Kubota KX121-3 Mini Excavator. Chris Jones, District Director of Operations, reported it is an older excavator with lots of hours on it and per our Fleet Management Policy we will sell it when the budgeted new excavator arrives. We will do a sealed bid process with a minimum bid amount. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Onley to approve and declare the mini excavator as being unserviceable, inadequate, obsolete, worn out, or unfit to be used in the District's operations, and no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. The motion passed unanimously. Staff will proceed as appropriate.
- Approval of Revised Engagement Letter with Cable Huston, LLP. Mr. Janney reported this engagement letter is for Tyler Whitney's services and recommended the Board extend Mr. Whitney's agreement given his knowledge and service to the District. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve and extend the revised Engagement Letter with Cable Huston, LLP. The motion passed unanimously.
- Approval of Poles Bid, Contract No. 23-062. Mr. Jones reported Stella Jones (a North American manufacturer of pressure treated wood products) submitted both bids and this is for the purchase of poles for inventory. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Onley to approve the pole bid, Contract No. 23-062 to Stella Jones Corporation for Alternate Bid #2 in the total amount of \$151,360.55. The motion passed unanimously.

COMMISSION REPORT:

The Board of Commissioners attended the virtual Washington Public Utility Districts Association (WPUDA) meetings on January 10 – 12 and provided an overview.

COMMISSION BUSINESS:

The Board of Commissioners will attend the Pend Oreille PUD Board meeting on January 30 at Box Canyon.

Commissioner Rick will attend a virtual Economic Development Council meeting today and a Tri-County Economic Development District meeting on January 24 in Colville. Discussion was held.

Commissioner Knapp will attend Energy Northwest meetings on January 24 – 26 in Olympia.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reported that a Washington State lineman was killed on the job when he was struck by a car while he was replacing a power pole. There were slick roads and a traffic control zone was set up; however, it appears they didn't adequately plan for the weather and road conditions. He explained that, depending on the circumstances, it may be necessary to take additional safety precautions to account for local conditions.

Commissioner Knapp emphasized that safety is always number 1.

CUSTOMER SPOTLIGHT:

Shannon Johnston, District Communications and Utility Services Coordinator, reported a Customer Satisfaction Survey was launched on January 1 and we have received 30 responses so far. The survey is on our website, our Facebook page, in the Customer Connect newsletter and on the December customer bills. We will implement a QR code to get more responses. She reviewed the survey sections and reported the survey is open through the end of January.

Discussion was held regarding the WPUDA PUD Day on the Hill event on February 14 in Olympia.

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.

Gretchen Koenig, member of the public, referenced the District's new Diamond Lake storage pole building and suggested the District thinks about removing current structures and equipment from in town. She commented that commercial space is being taken up that could be used for other businesses, it is not a good situation to have operation buildings in the middle of town, and to think of long-term planning. Discussion was held.

MANAGEMENT REPORT:

Philip Roice, Engineering Manager:

He reported the Bare Mountain 30% design was submitted and is in the review stage. He is working on a geo tech survey which will go out to bid.

Chris Jones, Director of Operations:

Commissioner Knapp inquired about a Meteline Falls Substation outage. Mr. Jones reported there was a tree on the Box Canyon Tap which caused the outage last week.

He provided an overview of the January 8 and 9 snowstorms and reported the crews started working the night of January 8 and on the morning of January 9 all the crews were

sent out. He commended the crews for doing a great job and reported that we are here to keep the power on for our customers. Mr. Janney commended Mr. Jones and the crews for keeping the lights on and reported that we need to look at options and suggestions to shore up the system.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He reported on a fiber outage that occurred when a tree went across the line and the fiber caught fire. The telecommunication technicians cut and spliced the fiber and got it repaired and restored.

Bryant Kramer, Director of Power Production:

He provided a water system update and reported the water system operators were called out to Riverbend where a frozen drain line in the ground caused the basement of the pumphouse to flood. There was also a call out for Riverview last night. Rusty Gill, District Lead Water System Operator, watches for extra water usage to determine if a customer has broken pipes. Discussion was held.

He provided a production update which included pictures of the winter status. He reported that winterization is a North American Electric Reliability Corporation mandate. He reported the current river flows are 17,000 - 18,000 cfs at Box Canyon and the weather temperatures will get warmer at the end of next week and we may drop from three to two units. He reviewed the projected river flow into the early summer and reported that Albeni Falls Dam will discharge less than 30,000 cfs so we may not have to spill this year and may have an extended season to do maintenance projects on the spillway. We are due for a 5-year dive inspection on the spillway and this project is put out to bid.

He reviewed the Sullivan Lake gate repair on the lower outlet gates and reported there were needed welding repairs. He reported the gates had cracks on them which were discovered during regular maintenance and the welding repairs were made in January. The lake had to be drained to complete the repairs and began filling as soon as the repairs were completed. Discussion was held regarding the lake levels.

He showed a snowpack graph and reported it is at 56% of the median amount for this time of year.

He showed and explained the laser measurement of the Bellmouth part for the Cusick 250 hp pump. The designer will produce a 3D electronic model of the piece. This vendor also uses drones for penstock inspections and may be utilized for a penstock inspection later this year.

Ben Hall, Energy Resources Manager:

This increase in loads (discussed in the Board Workshop above) resulted in the need for creative resource movement. This included Cascade Digital reducing their load. We avoided \$750,000 in power purchases over the 4 day period. Energy prices over the cold weekend ranged from \$300 to \$900 a MWh.

We are continuing to work through the ESA renewal with Cascade. We have been discussing another 6-month term with a reduced capacity from 55 MW to 40 MW. We are also working to continue to improve the terms of the ESA, potentially including additional options for market purchases.

The PUD is a party to the Pacific Northwest Coordinating Agreement (PNCA). This agreement has been in place since 1997. We pay upstream owners for the water they are holding back and we get paid by downstream parties for storage of water in Sullivan Lake. This agreement expires in September of this year. The coordinating group (~19 utilities) have started working on what happens when the agreement expires. Per our FERC license we do have an obligation to pay for these benefits.

April Owen, Director of Finance:

April reported the Fire Protection payment that was in this week's vouchers is an annual payment we make to the County for fire protection. It is based on privilege tax, which is in lieu of property tax. We pay the County and then it is distributed to the fire districts per the agreement.

John Bricher, Finance Manager:

John reported we are working on a number of audits including a 2023 financial statement audit with Moss Adams. The field work for this audit is scheduled to commence the week of February 19th. The Accounting department is busy closing out 2023 and appreciates help from all of the other departments.

He provided an update on the Department of Revenue excise tax audit regarding the Ponderay Newsprint Company (PNC) Bankruptcy Settlement funds. To date we have received just under \$15M from the PNC proceeds. The Department of Revenue has a 1-year goal for deciding on our appeal.

Ms. Owen reported that we are still in the midst of our Clean Energy Transformation Act audit. Discussion was held.

Commissioner Knapp reported that following a working lunch, the meeting will be adjourned at 12:00 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form