

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
May 18, 2021
HYBRID MEETING – NEWPORT CONFERENCE ROOM, NEWPORT, WA
& 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 & Assistant General Manager
Amber Gifford, Acting Clerk of the Board

Others: Sheryl Miller, Member of the Public
Gretchen Koenig, Member of the Public
Sonya Scaufaire, Selkirk Sun
Tracey Morgan, Member of the Public

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

CONSENT AGENDA:

The minutes from the May 4, 2021 meeting and today's agenda were reviewed.

As of this date, May 18, 2021, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley, approved the following:

- The agenda for May 18, 2021 and the minutes of the May 4, 2021 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. 5650 through 5709 in the total amount of \$392,926.35; ACH payments in the total amount of \$519,820.91; Wire Transfers in the total amount of \$218,517.20 and ACH payroll transactions in the total amount of \$224,179.25 for the payroll ending April 30, 2021.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the Commissioners had any topics they'd like to discuss.

Commissioner Larson brought up the Box Canyon Kiosk. Mr. Willenbrock stated that information had been provided. Commissioner Larson inquired about having the city clerk's take payments in lieu of the kiosk. Additional discussion was held.

Commissioner Onley brought up incentivizing vaccines for PUD employees. He stated that he appreciates the research done by staff. He feels the incentives are necessary.

Mr. Willenbrock gave an update on the employee COVID survey incentive results. He provided an overview of the current situation with COVID phases and CDC masking guidance along with our PUD COVID modified operating procedures. He indicated that until the State of Emergency is lifted, we plan to maintain our symptom check station, procedures and process surrounding COVID. The Board decided to follow the CDC guidance regarding removal of masks if you have been fully vaccinated. Mr. Willenbrock stated that we would not require proof of vaccination and understand that it

is a personal choice and that we will continue to follow federal and state guidance. Discussion was held.

Ms. Koenig inquired if the District allows time off for employees going to get a vaccine. Mr. Willenbrock stated that we had provided COVID leave in addition to a generous personal leave policy. Discussion was held.

Commissioner Onley brought up the fact that iFiber is eliminating its TV service and wondered what our thoughts are about that and asked if we are looking in to doing anything to replace the product. Discussion was held.

Commissioner Larson asked about community truck washes and if we are going to jump back in. Mr. Willenbrock suggested that we wait until the end of June until things are lifted and we get back to normal. We will have future discussions on this topic as well as other events such as Employee Day and in-person meetings going forward.

Mr. Willenbrock gave an update on river flows, snowpack, and generation numbers. He stated that there has been some movement on pricing. He discussed the home located next to the Calispel Powerhouse and if we are going to keep a caretaker there. Mr. Whitney stated that we have added cameras at the powerhouse and have a roving operator monitor the grounds. There are concerns regarding maintaining the facility.

Mr. Willenbrock gave an overview and update on NoaNet and stated that he has reached out to Craig Nelsen, the new CEO, and hopes to meet in-person with him along with the Commissioners sometime soon. Mr. Willenbrock gave an overview of the status of negotiations with NoaNet and the option of a base-case review of potential opportunities. Commissioner Onley is in full support and trusts the management team to run with the negotiations. Commissioner Larson feels the current management team is very dependable.

Ms. Koenig inquired about RTI being “the rock in the way” and wonders if there has been negotiations with NoaNet to explore buying out their interest. Mr. Willenbrock said there have been discussions over the last 4-years. We have expressed to RTI that we want to help and provide better service to the north county. Discussion was held.

Mr. Willenbrock discussed fire season and the fact that things are very dry and that we are in non-reclose/one-shot mode which is early this year. Commissioner Knapp asked if moving to one-shot required physical operation and Mr. Willenbrock confirmed that yes, a serviceman has to physically make the change.

Commissioner Larson brought up that a customer he spoke with recently voiced concern over a tree limb that is up next to the line. Mr. Willenbrock said we are happy to follow-up and address.

He stated that the Utility Wildland Fire Model/Agreement is in the works and should be published soon. He said that it is certainly a public awareness piece and that we need to educate customers. Discussion was held.

Mr. Willenbrock stated that the WPUDA managers meeting is tomorrow and that a second interview is taking place this week for a potential Power Production Manager for Box Canyon.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, shared an update on the latest CDC guidance. He said there is good information on the CDC site and gave an overview of the latest information that is out there. He stated that as far as symptoms, the COVID-19 vaccine can cause some similar symptoms to having COVID so there is suggested guidance about when you should and should not return to work.

CUSTOMER SPOTLIGHT:

Ms. Holderman shared a report on budget billing and that the new budget amounts will go out with the May billing. She stated there is a 1% discount for paying your bill in advance and that can be done during the month of June. Commissioner Onley questioned how the 1% was determined and Ms. Holderman explained that the Finance Department takes several factors into consideration including the current interest rates and the cost to process payments. Commissioner Onley requested some data on credit card processing fees and the number of customers enrolled in the budget program.

COMMISSION REPORT:

Commissioner Knapp attended the BAT meeting Thursday. He had a discussion with Jeff McCormick from Riverview. Spoke with Mike Manus and discussed fiber grant opportunities. Spoke with concerned customers regarding the City of Newport utility. He also spoke with a customer concerned about his fiber hook-up delay and Lisa was able to get things handled, resulting in a pleased customer. He spoke with Sonya at the Selkirk Sun regarding the legislative bills that were recently signed.

Commissioner Larson attended virtually the NoaNet meeting. He attended the BAT meeting along with the other 2 commissioners. He stated that we are going to need to start aggressively applying for grants and feels that as a BAT team, we need to actively go after these which means the PUD will need to be involved. He feels there is a lot of money out there and we should go after it.

Commissioner Onley had a call from a customer with respect to voltage control on Terrace/Sacheen. He then had a discussion with David Hodder on the issue and Mr. Hodder explained the voltage regulator at Cusick had malfunctioned and is being addressed. He got back to the customer with that information. He attended the BAT meeting along with Sarah, Dario, Ric, and Curt. Had a good meeting and discussed what he learned was a MAT (Mill Action Team) and explained that the MAT claimed they were the cornerstone of bringing Allrise Capital into the fold to bid on the PNC site. He joined the Allrise hearing/call with Mr. Munding and several other attorneys and provided an overview of the call. Had a good call with NoaNet CEO, Craig Nelsen, for an hour to get to know each other. Had a call with Andrew Engell, from Cathy McMorris Roger's office regarding broadband in her District, she states it is a priority in the House of Representatives.

COMMISSION BUSINESS:

- Pre-Approval of Commission Travel or Meeting Attendance.

Commissioner Knapp will be attending the first part of the EDC meeting tomorrow as well as the upcoming WPUDA meeting. He will be attending the June 8th, 15th & 29th PUD Board Meetings. PURMS on June 2nd and 3rd and the Newport City Council on June 7th. He would also like to state that he would like to make a trip out to Riverview Water to visit the customers out there.

Commissioner Larson will be attending the June 8th, 15th & 29th PUD Board Meetings. North County Chamber meeting June 7th, the BAT Meeting on June 10th. NoaNet June 9th. EDC on June 23rd and the June 30th TEDD meeting.

Commissioner Onley will be attending the WPUDA Telecom workshop May 19th and 20th. He was asked by WPUDA to introduce the first speaker, Doug Dawson of CCG Consulting. Will be attending the June 8th, 15th & 29th PUD Board Meetings. The Newport Chamber meeting on the June 1st as well as a Special Meeting June 7th. NoaNet June 9th and BAT meeting June 10th.

Following a 2-minute recess, the meeting resumed.

ACTION ITEM:

- Final Acceptance of Box Canyon Upstream Fish Passage Project

Mr. Whitney provided an overview and update on the status of the Box Canyon Upstream Fish Passage project and stated that we had entered into a final agreement with JW Fowler and its surety, Liberty Mutual, after substantial completion by Fowler. The agreement identified what remaining items would be completed by the District. The parties agreed to a deductive change order that included the cost to repair the physical elements of the fish passage return pipe, which was estimated at \$500,000. The bid to make those repairs was awarded recently and the winning bid was approximately \$56,000 (substantially less than estimated). Mr. Whitney stated that all final representations and paperwork have been completed and we are ready to recommend final acceptance of this project and close out the books. The Board has the authority to accept the project by motion. Commissioner Onley made a motion to approve the final acceptance of the Box Canyon Upstream Fish Passage project based on staff recommendation. Commissioner Larson inquired as to this being the last item to close out this project. Mr. Whitney stated that we will need approval from each of the three state agencies, DOR, ESD, and L&I, in order to release final payment to Fowler. Soon after final acceptance, we will complete the paperwork to dismiss all claims. Commissioner Larson then seconded the motion.

Mr. Willenbrock commented on the public narrative that the PUD is involved in too much litigation and that it was Fowler that sued the PUD. Ultimately, the PUD defended and saved ratepayer dollars in the end and it is exciting that this project is complete and a fully mitigated project. Additional discussion was held. Commissioner Knapp asked if there was any further discussion and with none, the motion passed unanimously.

Ms. Koenig stated that it would be a good public outreach opportunity to show the first load of fish being transported. Commissioner Knapp added additional comments with respect to the public perception. Additional discussion was held.

Ms. Scaufaire asked about the cost-savings and inquired about the litigation costs related to the fish passage project. Mr. Willenbrock stated that we can get exact the numbers.

Commissioner Knapp gave kudos to the team on this project.

- Surplus Property – Canon Copier

Mr. Pebles stated that a million-and-a-half prints have been ran through the Canon copier in the Fishbowl area and that Canon will no longer repair the printer due to parts being unavailable. We will be using the state contracts process to bring in a new Canon printer. Upon motion by Commissioner Larson and seconded by Commissioner Onley, the motion passed unanimously.

- Damage Claim #218662 and #206781

Mr. Hodder stated that both damage claims relate to the Hwy 211 outages. The modifications that were made to the reclosers on the line were thought to have corrected the issues, but it turns out that was not the case. The plan is to further sectionalize the line and put voltage regulators in place so that only the closest recloser to the fault will open. Commissioner Larson brought up the fact that this problem has been going on for a long time. Mr. Whitney stated the statute of limitation on tort claims (which this is) has a period of three years to be filed. These claims were filed within a few months of the initial event. Typically, we would process these within 60-days of submission, and we are working on processes internally to tighten-up our turn-around time. Commissioner Larson made a motion that we accept both claims as presented, the motion was seconded by Commissioner Onley. The motion passed unanimously.

BUSINESS FROM THE PUBLIC:

Ms. Koenig stated that she came specifically to hear the discussion on the fish ladder project acceptance.

Ms. Scaufaire with the Selkirk Sun inquired about the house and senate bills being passed with respect to retail broadband authority and wondered what that means for us. Mr. Whitney gave an overview of the two bills and stated that both bills were signed simultaneously. The question for us and every PUD is do we want to go down the retail broadband road. He stated that we are not prepared today to say how we will move forward with our retail authority. Commissioner Onley stated that he sees it as a good thing in that it opens up grant opportunities. Ms. Scaufaire asked about the north-end and how that will impact them. Mr. Willenbrock stated that both bills will certainly provide us with additional options and greater access to funding. Discussion was held.

MANAGEMENT REPORT:

David Hodder stated that we are continuing with staking this year and it has really picked up and that engineering has seen north of 90 so far this year. Will have an outage at Pine Street Substation this June. He provided an update on the EIM marketplace project and stated that the Box meter service has been changed, now just a matter of witnessing and calibrating. Working with SCL (Seattle City Light) on the hatchery line extension as well as on issues with the feeder at Safeway.

Adam Wiltse stated he is continually monitoring COVID-19 guidance and watching the CDC information as it becomes available. He provided an update on the latest guidance. Mr. Wiltse reported that we won the appeal that we had on the elevator with respect to the imposed fine. He is working to get quotes to finish up the fire suppression/alarm system. Has a safety punch list for the fish ladder project. Currently has 5 documents going before the safety steering committee for approval. Training came out in June of last year for fall protection and there are some new rules – he is preparing a training for the safety meeting next month.

Bob Pebles stated that IT has completed the roll-out of read-only HMI display of the Transmission SCADA system. IT is partnering with the Engineering department to complete the networking configuration for the EMI project with Avista at the substations. Kevin Persyn has been training on RTAC devices. Mr. Pebles also stated that he has been doing security work and educating folks on the multi-factor authentication for accessing accounts.

Ms. Koenig asked about the cyber-attack on the Colonial Pipeline and Mr. Pebles gave an overview of our internal security efforts and stated that he feels we have the proper security measure in place to protect the PUD and Box Canyon Dam.

Commissioner Knapp gave kudos to Bob and the IT Department for all they do in setting up meetings and helping with all of their technology and laptop needs.

Tyler Whitney reported that we are running at 83 MW production at Box Canyon and noted that new picnic tables and benches were installed recently at Campbell Park. He reported that Bubba is working to get preliminary quotes and estimates for an asphalt project at Box Canyon. He gave an update on the Calispel Powerhouse and the currently unoccupied residence on the property. He indicated that we have had a number of parties interested in being a caretaker for the property. Alternatively, the District could sell the home if it were bifurcated from the Powerhouse. Mr. Whitney stated that we are currently doing maintenance and ensuring the Powerhouse and grounds are safe and secure. He is looking to the Board for their thoughts on keeping the house and having it occupied by someone for consideration that they monitor the facility for us or if we should explore other options.

Commissioner Larson sees the huge benefit of keeping control of the house from a business standpoint. Commissioner Onley agrees that keeping the house is of the upmost importance. Additional discussion was held.

Mr. Whitney addressed the Mill Pond signage and stated that delivery will happen at the end of the summer. He stated that the Calispel Creek Dike differential is above 8-feet and that we have a roving operator monitoring daily. Long-term stability of the dike would be a slurry wall that would have to be completed in the next couple of years. He

gave an overview of snowpack and elevation levels at Sullivan. Mr. Whitney gave an update on the Cusick Water System and shared that we received notification recently from the Mayor of the town requesting an extension of our operating agreement for another 18 to 24 months. Our current agreement runs through the end of June so we may want to discuss how to proceed at our next meeting June 8th.

Commissioner Larson stated that we need a long-term solution to this problem (Cusick Water System). Mr. Willenbrock noted that in order to extend the PUD may need to get comfortable with the fact that this could be an extended situation due to the difficulty of training qualified personnel. Ms. Koenig asked where the Kalispel Tribe fell in all of this. Discussion was held.

Scott Jungblom reported that he has been working on several different permit renewals including a JARPA for the water quality monitoring sites and for aquatic plant control. Water quality monitoring is active and ongoing now that we are spilling with data collection occurring every two weeks. He is meeting later this week at the West Branch of Leclerc to select a site for a project under the Trout Habitat Restoration Program which will need cultural surveys and rare plant surveys before we can move forward with permitting and engineering. The Aquatic Management Plan is going through a 5-year update right now under with the majority of changes occurring on treatment area maps public outreach methods and requirements. Mr. Jungblom reported that the pre-bid walkthrough for the fish passage pipe repair was successful and gave a brief overview on the repair work to be done. He stated that he had a close-out visit from the Department of Ecology on permitting for the Fishway construction permit. He is working with Box maintenance crews on deployment and retrieval process for the hydrolabs used for water quality monitoring to make things safer, and easier. Effectiveness monitoring at Mill Pond Dam removal site is currently required by DOE for another 2 years. SCL is asking that DOE reduce that to one year based on the fact that current water quality and vegetation regrowth is stable and within criteria.

Mark “Bubba” Scott reported that there was a mainline break at Lehigh Hill in Metaline Falls on April 28th that impacted services. He is still working on getting the distribution replacement project going up there. He reported that the Riverview planned outage and maintenance/flushing of the lines that took place last week appears to have gone well and he is optimistic about it. The planned training burn of the District owned trailer near the Diamond Lake substation was completed last weekend and now it is just a matter of getting the metal hauled off.

Amber Gifford reported that from a contracts standpoint, the CNS Dock Crew Services bid is currently open and is set to close next week. The work for the Box Canyon Fish Passage Pipe Repair has been awarded to Insta-Pipe and that work is set to be complete by the end of next month. Ms. Gifford stated that she will be out a Stratton Elementary along with the line crew personnel for a visit to the Kindergarten class tomorrow (something we typically hold during Public Power Week, but had to postpone last year). Ms. Gifford stated that we are launching a campaign starting in June promoting e-newsletter sign-up and SmartHub/auto-pay/paperless billing sign-up. We’ll be holding a drawing for an Amazon Fire Tablet or similar device for those that participate with details to come in the next Connect.

Sarah Holderman discussed the FEMA-qualified Labor Day 2020 event costing the District approximately \$150,000 and stated we would be reimbursed approximately \$100,000. She stated that we incurred \$60,000 for the January 2021 storm and are seeking reimbursement for that as well. FEMA requests a lot of detailed information and it is a time-consuming process. She provided an update on CNS with 126 quotes provided so far this year, 92 people have paid, and 71 complete. They are still using a meter reader to help out the CNS technician, while an employee remains out on STD (until June).

Angie Hall stated she has nothing to report this week.

John Bricher gave an update on the State Accountability Audit and stated that the examination is wrapping up and that an exit meeting will be held at the conclusion. Mr.

Bricher reported he is having a busy first quarter wrapping up the 2020 financial reporting for the State Auditor's Office and putting the finishing touches on the monthly financial dashboards.

April Owen stated that we had Dick Schober, the District's financial adviser, review whether the District's 2012 Clean Renewable Energy Bonds (CREBs) would result in savings if they were refinanced. Ms. Owen discussed that the bonds were available to refinance after 10 years. Due to federal subsidies associated with the bonds when they were originally issued, refinancing would not result in savings even in the current low-interest rate market. She stated that Energy Northwest's Columbia Generating Station is down for a 40-day refueling and has affected market power prices. Ms. Owen also stated that we do not expect Box Canyon to fully shut down this year based on current water flows.

Diana Jackson stated she is glad that prices are staying down.

Suzie Thompson reported that we will have six summer students starting their positions over the next several weeks. She stated that we are having a second interview for the Power Production Manager candidate, Peter Wade, this Friday and said Peter comes with good hydroelectric experience. Ms. Thompson discussed Juneteenth which was just passed into law as a holiday and will be a paid state holiday starting June 19, 2022. She reported that last fall we were nominated for ESD's Hire a Vet Employer of the Year and won. At the next Board Meeting on June 8th they would like to present us with our plaque if we are open to in-person attendance here in the Board Room or outside on the lawn. The Board is supportive.

Mr. Willenbrock addressed the Juneteenth holiday and stated that as with any holiday it would need to be negotiated with the union. The fact that the PUD does or doesn't recognize a holiday by way of office closure is not an indication of the PUD's views. Discussion was held.

Commissioner Knapp asked if there were any questions from the public or anything further. There were no questions.

The public hearing ended at 11:35 a.m.

Commissioner Knapp reported a 1-hour executive session on pending and/or potential litigation will begin at 11:45 a.m. Following the executive session, he will rejoin this meeting to adjourn.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-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. The executive session adjourned at 12:45 p.m. The Board returned to open session. No final action was taken.

The Board requested a 15-minute discussion on the EDC until the close of the meeting at 1:00 p.m.

Commissioner Larson discussed the EDC and the letter of support that was given to Allrise Capital apparently without board approval. He would like to know who authorized it and approved it and why we were not notified. He stated that he has concern over how that letter was perceived by the Kalispel Tribe (who is also a member of the EDC). Discussion was held. All commissioners are in agreement that some questions need to be asked of the EDC.

There being no further discussion to come before the Board, the meeting adjourned at 1:05 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form