

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
May 31, 2023
BOX CANYON DAM, IONE, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: April Owen, Co-Interim General Manager
Sarah Holderman, Co-Interim General Manager
Management/District Staff
Tyler Whitney, Cable Huston, LLP, virtual
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Monty Stahl, COO, Merkle Standard
Steve Wood, CEO, Merkle Standard
Dan Dunham, Member of the Public
Dennis Syacsure, Member of the Public
Kirk Boxleitner, Newport Miner, virtual
Don Gronning, Newport Miner, virtual

The meeting was called to order at 9:30 a.m. by Curtis J. Knapp, President.

Commissioner Knapp announced a 30-minute executive session for pending and/or potential litigation with Tyler Whitney present. No final 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. Following this executive session the Board will rejoin the open session to continue the meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session for pending and/or potential litigation commenced at 9:31 a.m. The following were in attendance: Board of Commissioners; April Owen, Co-Interim General Manager; Sarah Holderman, Co-Interim General Manager; and Tyler Whitney, Cable Huston, LLP, virtual. The executive session adjourned at 9:58 a.m. The Board returned to open session. No final action was taken during the executive session.

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, commented about the holes in the road up to the Box Canyon Viewpoint. Bryant Kramer, District Director of Power Production, reported he and staff are aware and are planning to grade the road. He thanked her for her comment.

Dan Dunham and Dennis Syacsure, members of the public, appeared before the Board to discuss a line extension right-of-way easement. Sarah Holderman, District Co-Interim General Manager, reported staff needs to continue internal discussions, and will be in contact with them by the end of this week. She thanked them for attending in person to voice their concern.

Steve Wood, CEO of Merkle Standard, thanked the Board and District staff for their support and for continuing to work with them.

Ms. Koenig commented that she is concerned with the risk associated with extending Cascade's letter of credit requirement and wants the District to carefully consider extending it.

Commissioner Knapp thanked everyone for attending and for their comments.

CONSENT AGENDA:

The minutes from the May 16, 2023 meeting, the May 17, 2023 special meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, May 31, 2023, the Board, upon motion by Commissioner Onley and seconded by Commissioner Rick approved the following:

- The revised agenda for May 31, 2023, the minutes of the May 16, 2023 meeting, and the minutes of the May 17, 2023 special 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. 8149 through 8187 in the total amount of \$95,172.72; ACH payments in the total amount of \$3,372,225.50; Wire Transfers in the total amount of \$823,081.17; and ACH payroll transactions in the total amount of \$253,314.87 for the payroll ending May 15, 2023.

The motion passed unanimously.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, provided motorcycle awareness tips for drivers including checking blind spots, using extra caution at intersections and when making turns to look both ways, and giving motorcycles extra space with rainy and windy weather conditions. Important to share the road and be safe.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager, reported the 2022 Annual Report was published yesterday and is accessible on our website. Hard copies will be available in 2 – 3 weeks. She commended the finance team for their work on the report.

She commended Lisa Curry and Angie Rogers, District Customer Service Representatives, for planting flowers at the Newport Administration Building.

April Owen, District Co-Interim General Manager, commended Ms. Gifford for her work on the annual report.

Commissioner Knapp noted a news article on Box Canyon Dam in the Northwest Public Power Association Bulletin magazine and thanked staff for their role in writing the article.

ACTION ITEMS:

- Declaration of Surplus Property – Fleet Asset #011, a 2008 Yamaha Grizzly 700 and Fleet Asset #430, a 1989 Ford F600 Service Truck. The Yamaha Grizzly has both wheels and tracks and is recommended to be declared as surplus due to its age and condition. It will be sold through our sealed bid process. The service truck is old with many miles and will be sold at auction. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve and declare the fleet assets as 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.

- Extension of Cascade Limited Waiver for Letter of Credit. Ms. Owen reported Cascade continues to work with banks in securing a letter of credit. Staff requests an extension of the limited waiver in substantially the same format as provided for an additional 30 days. A motion was made by Commissioner Onley and seconded by Commissioner Rick to extend the limited waiver for 30 days. The motion passed unanimously.

GENERAL MANAGERS' UPDATE:

Ms. Owen reported we received Ponderay Newsprint Company bankruptcy funds in the amount of over \$3M last week and will receive the rest, approximately \$1M, in a few months.

Ms. Holderman provided a Public Utility Risk Management Services (PURMS) insurance update and reported there is a pending sale of Pacific Underwriters, our current administrator, to Brown & Brown (or one of its subsidiaries). PURMS members are proposing the third-party agreement with Pacific Underwriters be assigned to Brown & Brown as the new administrator. She will attend a virtual PURMS meeting today. Discussion was held.

Commissioner Onley inquired about the Bonneville Power Administration (BPA) study of Cascade's load update. Ms. Owen reported we received the BPA study and will meet with BPA and Cascade to discuss.

COMMISSION REPORT:

Commissioner Knapp attended a virtual Energy Northwest meeting on May 16 and provided an overview. He spoke with customers regarding surplus property and the Diamond Lake Substation building. He toured an Energy Northwest outage and had a phone call with Mr. Wood regarding Cascade's letter of credit extension.

Commissioner Rick attended a Washington Ag & Rural Caucus on May 18 at the Sacheen Fire Station and provided an overview. He attended a Tri-County Economic Development District meeting on May 24 in Colville and provided an overview.

Commissioner Onley attended former District employee, Jeri Scheel's funeral service. He had a phone call with Mr. Stahl regarding Cascade's letter of credit extension.

COMMISSION BUSINESS:

The Board of Commissioners will attend the June 1 and 2 Special Board meetings in Newport and the June 6 Board meeting in Newport.

Commissioner Onley will attend a virtual Washington Public Utility Districts Association Strategic Planning Committee meeting on June 15.

Commissioner Rick will attend an Ione Townhall meeting on June 7 in Ione, a North Pend Oreille Chamber of Commerce meeting on June 8 in Metaline Falls, and a Tri-County Economic Development District meeting on June 28 in Colville.

Commissioner Knapp will attend virtual Public Power Council meetings on June 7 – 8.

Following a 30-minute working lunch, the meeting resumed.

BOX CANYON UPDATE:

Mr. Kramer reported we have been spilling water at the dam since May 1 and hit 70,000 cubic feet per second (cfs) for the peak. Today we are at 35,000 cfs. We may see many mini peaks but the water is going down and currently all four units are generating. Unit #4 went back into production on April 27. It will be inspected again in July or August. He explained the unit #4 repair process and reported some valves will need to be replaced and we will go out to bid. Pend Oreille Lake is filling up and Sullivan Lake is filled.

He reported there is a vibration problem with the Cusick pumps and explained the potential need for an emergency pump.

He reported Ryan Tellessen was awarded the Power Supply Mechanic Apprentice job position. Andrew Crawford was hired as the new Water System Operator to replace Mr. Tellessen. Mr. Crawford will begin on June 13.

He reported Box Canyon tours have resumed and students from the Selkirk and Orient School Districts have taken a tour. Students from the Cusick School District will take a tour on Monday.

Ms. Owen reported the Visitors Center upgrade is on hold for now.

Scott Jungblom, District Natural Resources Manager, reported the fish ladder is running seven days a week. The fish ladder will continue operations until mid-July. Target fish have been collected and they have seen an increase in fish due to the warm water temperature and reducing river flows.

Mr. Kramer showed a picture of the fencing project at Box Canyon and provided the project area and details.

Commissioner Knapp reported staff and the members of the public are also welcome to take a tour of the fish ladder and fish processing, the fencing project, the new swim dock for Campbell Pond, and the boat launch.

He reported that following the tour, the meeting will be adjourned. The next meeting is June 6, 2023, in the Newport Conference Room, Newport and via Microsoft Teams.

TOUR OF BOX CANYON PROJECTS:

The Board, staff, and a member of the public toured the fish ladder and fish processing, the fencing project, the new swim dock for Campbell Pond, and the boat launch. Discussion was held.

There being no further discussion to come before the Board, the meeting adjourned at 1:30 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form