

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
January 18, 2022
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
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Christopher McKey, Energy West, LLC

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 January 4, 2022 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, January 18, 2022, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The revised agenda for January 18, 2022 and the minutes of the January 4, 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. 6480 through 6537 in the total amount of \$226,811.87; ACH payments in the total amount of \$569,998.43; Wire Transfers in the total amount of \$236,368.99; and ACH payroll transactions in the total amount of \$249,644.04 for the payroll ending December 31, 2021.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics for discussion. Commissioner Onley reviewed the Markel Standard website and reported it has misinformation. He referenced the commissioner per diem hours per the Department of Retirement Services and suggested modifying it from eight to six hours.

Commissioner Onley made a motion to eliminate the District's floating holiday and recognize Martin Luther King Jr. Day as a District holiday. Commissioner Knapp seconded the motion. Discussion was held. Colin Willenbrock, District General Manager, noted the issue would need to be bargained with the union. Commissioner Larson does not want additional costs to the District and is not in favor of the change at this time.

Commissioner Onley amended his motion to ask management to work with the union to have the Martin Luther King Jr. Day holiday recognized in lieu of Good Friday as a District holiday. Discussion was held. Commissioner Onley withdrew his motion. Mr. Willenbrock will work with the union.

Mr. Willenbrock provided an update on the Allrise/Ponderay site. We will continue to provide information to the Board as we learn more with the third party marketing entity.

He reported we weren't successful in receiving the Washington State Broadband Office (WSBO) fiber broadband grant. We have not heard back from WSBO if it was due to our score or to RTI's objection. We have a follow up meeting with WSBO scheduled for tomorrow. He reported there is a National Telecommunications and Information Administration (NTIA) Reconnect Grant coming up in February. The grant application is onerous and requires a 25% cash match. There is also a second round of WSBO grant funding but we will wait to see why we were not selected for the round one grant. Further discussion on the NTIA and WSBO grants will be held later today.

He reported the commissioner per diem hours are up to the Board to pick a standard, make a motion, and then we will incorporate it. He left the meeting briefly to attend a call at 9:00 a.m. with Senator Christine Rolfes regarding SB 5803 on wildfire liability and will return following the call.

Tyler Whitney, District General Counsel & Assistant General Manager reported we budgeted some money to evaluate a change in our metering system. He shared his screen to provide a metering project presentation. He reported we have 9,500 electric meters which are Landis & Gyr TS1 turtles which are a one-way power line carrier (PLC). Landis & Gyr is discontinuing manufacture and support for the TS1 collectors. He reported a metering project team was formed in November 2020 and he reviewed the goals of the metering team. Discussion was held on the meter reconnects and disconnects and cost. He reviewed and explained the options going forward which include manually reading the meters or implementing a new power-line carrier or radio frequency system. He noted what other neighboring utilities use. The team recommends the PUD migrate to a two-way PLC system over the coming years. He reviewed the next steps are to receive the Board's direction on the preferred path going forward. If the Board wants to replace the technology, we would issue a request for proposal in this quarter for a multi-year implementation plan. Discussion was held on the costs and lead times. Commissioner Onley is concerned about fiber technology as a viable option and is hesitant about making a decision today if something happens with the fiber and grants. Commissioner Larson questioned and suggested some meter read support options. Chris Jones, District Director, Operations commented on the Automated Meter Infrastructure (AMI) advantages. Mr. Whitney would like to get the Board's direction sooner than later. Commissioner Larson inquired if this is the right time financially to do this. The Board will give staff direction at the February 15 meeting.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager reported the COVID-19 confirmed case numbers are high across the state.

CUSTOMER SPOTLIGHT:

Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning provided an American Rescue Plan Act update and reported 110 grants of over \$57,000 were given out to customers. There is an increase in grant applications when customers are up for disconnect. In January, we helped 21 customers with \$7,500 in grant money.

Following a 7-minute recess, the meeting resumed.

BUSINESS FROM THE PUBLIC:

Gretchen Koenig, member of the public expressed her appreciation of the staff's work on the metering project. She commented on her experience with the turtle meters and cautioned the Board in taking too long to decide given the current supply chain issues. She noted the small modular nuclear reactors as a potential future power source at the Ponderay site. Commissioner Knapp thanked her for her comments.

COMMISSION REPORT:

Commissioner Larson attended a virtual North Pend Oreille Chamber of Commerce meeting on January 10 where topics included the regional food system, greenhouses, and

growing small businesses. He attended a virtual Broadband Action Team (BAT) meeting on January 13 where Lumen (formerly known as CenturyLink) gave a presentation on grants to build out fire halls and stations. He attended the virtual Washington Public Utility Districts Association (WPUDA) meetings on January 12 and 13.

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce meeting on January 4 where topics included the Christmas tree and the electric vehicle charging station. He attended the virtual WPUDA meetings on January 12 and 13 and reported redistricting was discussed.

Commissioner Knapp attended the WPUDA meetings on January 12 – 14 in Olympia and gave an update on the upcoming monthly meeting topics. Discussion was held regarding communications at virtual versus in-person meetings.

COMMISSION BUSINESS:

Commissioner Onley has no meetings to attend before the next meeting.

Commissioner Larson will attend a virtual Tri-County Economic Development District meeting on January 26.

Commissioner Knapp will attend Energy Northwest meetings on January 25 - 27 in Olympia and noted they will also have a hybrid option for the Tri-Cities. He asked for a head nod from the commissioners allowing him to run for a position on the Energy Northwest Executive Board. Commissioners Larson and Onley gave their approval.

ACTION ITEMS:

- February Surplus Energy Sales. April Owen, District Director, Audit, Finance & Power Supply provided the details and reported we are looking to sell 55aMW of surplus energy around the clock which means for both heavy and light load hours. A motion was made by Commissioner Onley and seconded by Commissioner Larson to authorize the general manager to approve the actual bid amount process, if it exceeds the initial cost. The motion passed unanimously.
- Second Amendment to Electric Service Agreement with Ponderay Real Estate, LLC. Mr. Whitney reported this is a second amendment to Ponderay's Electric Service Agreement for interim power at the site. We have received a request from the customer to hold back up to 16MW of power which is included in the February surplus energy sales. Discussion was held. Commissioner Larson requested a special meeting to go over the contracts when they are ready for review. Discussion was held regarding cryptocurrency loads. Commissioner Knapp applauded the team and staff for working on this and protecting our ratepayers. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the second amendment with Ponderay Real Estate, LLC. The motion passed unanimously.

Commissioner Onley made a motion to change the per diem days to 6-hour days. There was no second to his motion and the motion died.

MANAGEMENT REPORT:

Colin Willenbrock, General Manager:

He wants to keep SB 5803 regarding wildfire liability on the Board's radar. He reported there are a series of articles in the Seattle Times which generated a lot of interest. Senator Christine Rolfes wants to collaborate to fix the problem. He had a call this morning and reported she is looking for creative ideas.

Tyler Whitney, General Counsel & Assistant General Manager:

He provided a production update and reported flows at Box Canyon Dam are 18,000 cubic feet per second with all four units running. Crews are working to remove the ice at spillway bay 1 because the gate wasn't closing properly given the conditions. Crews are working through plant maintenance and snow removal.

He reported staff is working with Rick Scott, Senior Managing Engineer with McMillen Jacobs on a plan for the Calispell Creek to mitigate and stabilize the embankment.

He reported the annual emergency action plan review was conducted last week for all the production staff and affected agencies. He commended Jamie Dunn, District Administrative Assistant at Box Canyon for giving an excellent presentation and annual review.

He reported the area is seeing around 100% snowpack and no predictions yet on the runoff.

Scott Jungblom, Natural Resources Manager:

He reported the fish ladder is shut down and winterized and waiting for warm weather to reopen. There was a total of 17 fish that passed through since operations started on November 1. They tracked many more fish than they were able to collect and pass and are modifying the trap to retain more fish. These measures will be in place when the weather warms.

He reported staff is wrapping up its annual data collection and working on annual reports. They are scheduling annual subcommittee meetings.

He has the pieces completed for the final construction report for the fish ladder as required by the Federal Energy Regulatory Commission (FERC). It will be filed later this week.

Mark Scott, Water Systems Manager:

He is gearing up to bid the Lehigh Hill/Metaline Falls distribution main replacement project block grant. There are two sections, the upper Lehigh Hill Road and Brylopher Lane.

He is working with Amber Gifford, District Communications, Contracts & Conservation Manager and Rusty Gill, District Lead Water System Operator on a web-based Cross Connection Control survey in asking customers how they use their water.

He is working on the annual water use efficiency report.

He is working on the Newport RV Park project.

Amber Gifford, Communications, Contracts & Conservation Manager:

She reported the Newport RV Park project sprinkler system and landscape bids were submitted. She received one bid on the sprinkler system and no bids on the landscape.

She reported two engineering contracts were awarded this week. ECI was awarded for the Allrise/Ponderay contract work and Burns & McDonnell was awarded the additional engineering services contract.

She has eight boxes of the 2022 PUD Calendars left and is looking for ideas on where to distribute and/or leave the boxes for people. Discussion was held on places which included the chamber of commerce, schools, banks, and hospitals.

She reported energy efficiency at the end of 2021 was 634 MWh in reportable energy savings.

She reported the energy assistance report, per the Clean Energy Transformation Act (CETA) is due February 1. She has drafted the report and is looking at income verified energy assistance from 2019 – 2020 and the low income senior discount is the only program that qualifies. In the future we can use the Neighbors in Need assistance program. The Department of Commerce is looking for us to explain the ways that we can increase our outreach of low income efficiency. Mr. Whitney noted Commerce's energy assistance need as defined under CETA is approximately \$1M per year for Pend Oreille County.

Suzie Wrbelis, Human Resources Manager:

She reported we currently have 79 full-time employees. Steven Metzger, District Project Engineer became full-time as of January 1.

She reported Destini Parker, District Payroll/Benefits Coordinator is working on W-2's.

She reported the employee performance evaluation process is occurring.

She reported the District is collecting employee long-term care insurance premiums but is not sending them to the state yet, per the state.

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

She reported our Electric Service and Credit Policy changed the age requirement for the low income senior assistance program.

She reported there were 350 customers eligible for disconnects this week and the list was narrowed down to 32 customers. 13 customers were disconnected and four customers have been reconnected.

She reported we were not selected for the WSBO broadband grant. We are eligible to apply for the NTIA Reconnect grant but there is a higher cash match. There is a meeting tomorrow with WSBO to see why we were not chosen.

She reported the Community Network System (CNS) dock crew has finished their work on the fiber line extensions. They had 63 customer fiber line extensions to install and they came in under the contract requirements.

Commissioner Larson inquired about the WSBO grant elimination and if we are applying for the NTIA grant. Ms. Holderman provided the WSBO application details and reported the NTIA grant is doable but is a significant resource commitment with a 25% cash match. Commissioner Onley wants the District to apply for any grant it can. Mr. Willenbrock asked for more formal direction from the Board if it wants us to go for the NTIA grant. Commissioner Knapp wants staff to determine the cost before going down that road and we need to know how much it will cost us to proceed, the maximum amount it will be and how it will fit into our financial plan because it is a multi-year project. Mr. Willenbrock asked Ms. Holderman to gather information for more discussion to take place after today's executive session.

Dario Nila, CNS Supervisor/Network Specialist:

He reported the crew handled fiber outages over the last few weeks and is getting caught up on maintenance and doing some overhead fiber installs.

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

He and staff continue to work with the Boundary Dam and Seattle City Light on planning a functional exercise of the emergency action plans.

He and staff are working on dam safety issues and completing the FERC updates on the required Dam Safety Surveillance and Monitoring Programs.

He provided a Cusick Dike repair update and is working with McMillen Jacobs to get a budget finished and the design started. It will then go to FERC for approval.

David Hodder, Engineering Manager:

He and staff continue to work with the team on the Allrise/Ponderay projects in the north and on Telephone Road. Crews are working today on the under connect on Telephone Road. Studies will be done on the Allrise/Ponderay and Pine Street portion of the 115kV transmission line. A consultant is looking at the Usk to Pine Street line.

He reported the OPGW design is in final review and then it will go out for pricing. The Diamond Lake tap redesign is at 70% completion then survey work will be needed.

He provided an update on the modeling software for the meters and reported we will be able to incorporate it into the voltage monitoring issues.

He and staff are working with the CNS and Information Technology (IT) departments to get the mapping done and finishing work on the Energy Imbalance Market (EIM) with Avista.

He continues efforts on the quality assurance quality control for systems.

He reported the pole test and treat program has stopped for the year.

Bob Pebles, IT Manager/CIP Senior Manager:

He and staff are working on various fiber projects. The vendor is about done with the fiber cable hub for Mapwise. Staff is replacing the core network and equipment in the Newport Administration Building and the project is coming along good. Other projects include working with Avista and the Bonneville Power Administration (BPA) on the EIM and finalizing data points.

Adam Wiltse, Safety Manager:

He reported 1,480 employee safety trainings were done this past year. He provided an employee injury update for this year and how it is comparing to last year's totals. He is doing a job safety analysis.

He reported the new crane rules go into effect in March.

He reported the COVID-19 rules for this year include having an infectious disease plan. The Occupational and Safety Health Administration is looking to update three rules this year for outdoor heat danger, hazard communications, and handrail and stairwell height changes. These updates will then go to Labor & Industries.

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

She provided a February power sales overview and explained this is a month where we can have mild winter weather and we can have peaks. The peaks in the past can get very cold. We are going into February slightly long and we need to be risk adverse in case we encounter cold weather in February. In March, we will have 44MW of surplus and will look in mid-February to see if we need to sell. Prices have been fluctuating in the high \$30's and low \$40's. Commissioner Onley inquired about what happens if we can't sell surplus District power resources for more than cost. Ms. Owen reported we would be exposed to losses. One option would be to try to sell it more in advance.

John Bricher, Finance Manager:

He is busy preparing for the audit with Moss Adams who will be here the week of February 28. He thanked everyone for helping with the inventory counts and closing out work orders. Ms. Owen noted the audit schedule is later than usual and Mr. Bricher is a good addition to the team.

Chris Jones, Director, Operations:

He reported crews are working on the reconductor on the under build from Diamond Lake to Pine Hill Road.

He reported inventory is finished and they will do again in March.

He reported pole change outs for system improvements in the north and south parts of the county are starting.

Commissioner Knapp announced a 90-minute executive session on pending and/or potential litigation to begin at 11:55 a.m. with Tyler Whitney, General Counsel and Colin Willenbrock, General Manager present. 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/or the Board will rejoin the open session to take any action or to adjourn the meeting. No action will be taken during the executive session. The next meeting is on February 1, being held virtually via Microsoft Teams. Discussion was held and he reported there will be more discussion on fiber broadband grants after the executive session.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 90-minute executive session on pending and/or potential litigation commenced at 11:55 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; Tyler Whitney, General Counsel & Assistant General Manager; and Christopher McKey, Energy West, LLC. The executive session adjourned at 1:23 p.m. The Board returned to open session. No final action was taken.

Following a 5-minute recess, the meeting resumed.

Discussion was held on the NTIA fiber broadband grant including what the District's match would be, grant application submittal process, and if a special Board meeting is needed. The District would need at least \$6M in cash to cover the project.

Sonya Scaufaire, Selkirk Sun inquired about the WSBO grant process. Discussion was held. She reported BAT can now be involved in the decision.

Commissioner Knapp reported the next meeting will be a special meeting held on February 24 at 8:30 a.m., via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 1:53 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form