

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
November 30, 2021
NEWPORT CONFERENCE ROOM AND TELECONFERENCE

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
Don Gronning, Newport Miner
Four Members of the Public

The meeting was called to order at 4:00 p.m. by Curtis J. Knapp, President. A roll call was taken.

CONSENT AGENDA:

The minutes from the November 16, 2021 meeting, today's revised agenda, and the vouchers were reviewed.

Commissioner Onley requested that the approved November 2, 2021 minutes be amended to include his recommendation for a \$300,000 decrease in the engineering department's metering project budget for 2022. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to amend the approved November 2, 2021 minutes. The motion passed unanimously.

As of this date, November 30, 2021, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The revised agenda for November 30, 2021, and the minutes of the November 16, 2021 meeting, as amended.
- 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. 6321 through 6350 in the total amount of \$45,752.43; ACH payments in the total amount of \$105,299.51; Wire Transfers in the total amount of \$399,856.23; and ACH payroll transactions in the total amount of \$248,562.62 for the payroll ending November 15, 2021.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Larson asked if there would be more budget discussion at the December 7 meeting. Colin Willenbrock, District General Manager reported budget information would be presented tonight and further discussion can be held at the December 7 and 21 meetings as needed. The budget needs to be passed before the end of the year. Commissioner Onley noted the budget forecast is only assumptions. Commissioner Larson inquired if an analysis of anticipated surplus power sales would be added—particularly for January. Discussion was held.

Gretchen Koenig, member of the public inquired if Allrise (Ponderay Industries) is close to running out of their deposit funds. Mr. Willenbrock reported we have a cost reimbursement agreement in place and they have kept up with their payments. Discussion was held.

Discussion was held regarding water system and fiber broadband arrearages and disconnect procedures.

Mr. Willenbrock provided an overview of our townhall meeting format and reported we conduct these meetings in the evening to try to make it more accessible to the public and to people who work during the day. We treat these as regular Board meetings and incorporate relevant presentations on central topics of interest. He thanked Ms. Koenig and Don Gronning, Newport Miner for attending and for asking questions. He recognized and thanked other attendees who were virtually joining.

He provided an overview of the draft COVID-19 Safety Policy that was provided to the Board for its consideration. Discussion was held. Commissioner Larson was not ready to take action today.

Commissioner Larson inquired if our COVID tests are a quick test. Mr. Willenbrock reported we do have the rapid test kits and that Adam Wiltse, District Safety Manager is struggling to get a large quantity of test kits but we believe we have a sufficient supply right now. Commissioner Larson noted there are free tests that you can have delivered to your house. Mr. Wiltse explained the free kits a limited generally to two tests per address.

Ms. Koenig inquired if employee COVID leave is paid or unpaid. Mr. Willenbrock reported employees use a variety of leave option when they are sick or required to quarantine.

Mr. Willenbrock reported we are making progress in our discussions with Ziplly on building out fiber in the county. They are looking for a partnership with us and looking at options for our retail customers.

He reported there was an outage last night in north county due to trees on a transmission line. Crews were able to switch it over quickly and get power restored.

He provided a TerraPact update and reported we are in final negotiations.

He reported there is an Annual Legislative meeting tomorrow being held virtually at 2:00 p.m. He requested the Board let him know if they have any topics for discussion. One topic could be the long-term care trust program challenges.

SAFETY SPOTLIGHT:

Mr. Wiltse reported there is omicron variant information out there. We are watching the variant closely.

He explained that as we go through the COVID-19 Safety Policy a cookie-cutter process is not the best practice. He reported the Northeast Tri-County Health District says a 10-day quarantine is an option versus the 14-day option.

CUSTOMER SPOTLIGHT:

Ms. Holderman thanked Amber Gifford, District Communications, Contracts & Conservation Manager for putting together the 2022 PUD Calendar. She reported the calendars should be here at the end of next week and that customers are excited.

COMMISSION REPORT:

This item has been moved to the December 7 meeting.

COMMISSION BUSINESS:

The Board of Commissioners will attend an Annual Legislative meeting tomorrow which is being held virtually.

Commissioner Knapp will attend a virtual WPUA Annual Conference on December 2 – 3 and will meet with Skookum Rendezvous residents on December 4 to discuss broadband opportunities.

Commissioner Larson will attend a virtual North Pend Oreille County Chamber of Commerce meeting on December 6, a virtual PUD Board meeting on December 7 and a virtual Northwest Open Access Network Board meeting on December 8.

Commissioner Onley will attend a virtual WPUA Annual Conference on December 2 – 3 and a virtual WPUA Water Committee meeting on December 9 if ok. Commissioner Knapp was good with Commissioner Onley attending.

CLEAN ENERGY TRANSFORMATION ACT:

Mr. Willenbrock introduced the topic of the Clean Energy Transformation Act (CETA).

Mr. Whitney shared his screen and provided a CETA explanation. He reported that on May 7, 2019, Gov. Inslee signed this into law and it commits Washington to be electricity supply free of greenhouse gas emissions by 2045. CETA milestones are for 2025 no coal standard, for 2030 greenhouse gas neutral standard, and for 2045 100% clean standard. By 2045 there will need to be resources in place by utilities. We are already able to meet 100% compliance by the milestones to meet our general service load. We are uniquely situated with Box Canyon Dam as a resource. We need to submit a Clean Energy Implementation Plan (CEIP) for 2022-2025 and every 4 years. This plan will be brought before the Board at the December 7 meeting.

Ms. Gifford reported CEIP has guidelines that we need to follow. One guideline is we must access and identify highly impacted communities and vulnerable populations under CETA. We are seeking public comment and input both today at the December 7 meeting. Another guideline is conservation and energy efficiency programs. We currently offer ductless heat pumps, clothes washers, and smart thermostats rebates and could see a new two-year conservation budget from the Bonneville Power Administration (BPA). Without BPA funds we use an in-house fund comprised of BPA performance payments paid to us by our program offerings. Future programs may include demand response and low income. She provided a timeline and reported we are working on development of our plan with public comment both today and at the December 7 meeting, will seek approval of the CEIP at the December 21 meeting and file the CEIP by January 1, 2022. Discussion was held on resources, compliancy, program requirements, and future loads. Ms. Koenig inquired how we would partner with Rural Resources. Ms. Gifford explained our process.

FIBER BROADBAND GRANTS:

Mr. Willenbrock introduced the topic of broadband grants.

Ms. Holderman shared her screen and provided a summary of our service region. The PUD did a feasibility study on the costs to serve north county and received grant money from the Community Economic Revitalization Board. The study concluded it would cost \$19M to bring fiber to north county but prices have increased drastically. We are applying for grants to bring fiber to north county. We applied in 2020 for a Public Works Board (PWB) grant with a \$5M limit. We were not selected but the Kalispel Tribe of Indians received a grant. Dario Nila, District Community Network System (CNS) Supervisor/Network Specialist reported the Kalispel Tribe of Indians built a similar network for roughly 77 customers and are doing active Ethernet to homes and we are planning to work with them.

Ms. Holderman reported we applied in 2021 for a PWB grant with a \$5M limit. We applied for the Ione and Tiger areas since prices went up. We are waiting to hear the outcome but if we receive the grant we will build to about 900 residents. We also applied in 2021 for a Washington State Broadband Office (WSBO) grant and submitted our application today. We worked with Duane Ball at NoaNet and their grant writer. She, Mr. Nila, Ms. Willner, and Mark Scott, District Water System Manager made up the team.

We made it through the first round and will know by the end of December if we will receive a grant. This will allow us to build fiber to 3,500 premises for the entire north Pend Oreille County. There is also a 2022 Re-Connect grant which we may apply for if we aren't awarded WSBO grant funds. Mr. Nila thanked the Board for allowing us to do the feasibility study as it was invaluable to the team to get information for the grant writer. Ms. Koenig inquired if the grant money is for infrastructure. Ms. Holderman reported it is state money from PWB and a WSBO Infrastructure Acceleration grant. Ms. Koenig inquired if there are new opportunities with federal money. Ms. Holderman reported we are watching for any opportunities and these are the grants we were eligible for and applied for. Commissioner Onley inquired if the WSBO grant is a 10% match and if so, are we willing to put up the 10%. Ms. Holderman reported CNS has some cash and we could do an intercompany loan. We would need guidance from the Board. Commissioner Onley referenced the fiber grant in 2010 and reported we were able to use the infrastructure that we installed as a credit for the match and if we could do the same for this grant. Ms. Holderman reported we cannot for this grant as it needs to be a cash match. Commissioner Larson inquired if we will wait to hear the outcome on the WSBO grant before applying for the Re-Connect grant. Ms. Holderman reported we will wait to hear WSBO outcome and we will have time to apply for the Re-Connect if needed. Commissioner Onley commended the team. Mr. Willenbrock commended Ms. Holderman and her team for doing a great job carving out funding and getting a letter of support from Curt Holmes at the Kalispel Tribe of Indians. It is a good collaborative effort.

2022 BUDGET:

Mr. Willenbrock introduced the topic.

April Owen, District Director, Audit, Finance & Power Supply explained the changes in power supply and how we mitigated those changes. She reviewed the general service revenue and reported we still have seen good growth even with PNC's closure. She reviewed the District's load and resources mitigation with PNC's closure and reported we want to be in general load-resource balance. She showed and explained a graph of other surplus sales.

Ms. Owen explained the market volatility and risk with real time hourly pricing per megawatt and reported we were buying power based on some of our contracts.

We have a level cost for Box Canyon which won't increase for the next few years and makes it attractive for utilities to manage water risk. She provided a summary and reported for the 2022 budget we based our power supply budget on 2021 numbers. The Allrise (Ponderay Industries) load has not been incorporated into the 2022 budget.

BUSINESS FROM THE PUBLIC (Q&A WITH COMMISSION & DISTRICT STAFF):

Don Gronning, Newport Miner inquired if there will be a rate increase needed for this budget. Mr. Willenbrock explained the budget is balanced and staff has recommended a small increase to keep pace with inflation. Commissioner Onley commented his strategy is to have no rate increase and we need to cut back on projects. Commissioner Knapp is concerned about the supply chain issues, having employees do more, and having a balanced budget by using \$3M cash out of our reserves. Commissioner Onley commented on the District's cash position and that we need to give our ratepayers a break. Commissioner Larson requested another engineering budget discussion at the December 7 meeting.

Commissioner Knapp asked if anyone had other comments or questions.

Commissioner Larson referenced CETA and inquired if the solar panels that people put on their roofs helps us with our energy conservation. Mr. Whitney reported it is not a significant impact on the District.

Mr. Willenbrock thanked the members of the public for attending and appreciated staff putting their presentations together and attending after hours. We have a great staff and

team. We need to continue getting our information out with our townhalls, customer newsletters, and public power week.

Commissioner Knapp reported the next meeting will be held virtually on December 7. He thanked everyone for attending and thanked staff for their presentations.

There being no further discussion to come before the Board, the meeting adjourned at 6:50 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form