

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 4, 2022
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
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
Karen Willner, Clerk of the Board

Others: Dave Rick, Member of the Public
John Cameron, Member of the Public
Ben Richards, Member of the Public
Gretchen Koenig, Member of the Public
Steve Wood, Treasurer of Merkle Standard
Christopher McKey, Principal of Energy West, LLC
Dana Zentz (virtual)
Brad Bardwell (virtual)
Antony-Lyle Scaufaire (virtual)
John Pierce (virtual)
Don Gronning, Newport Miner (virtual)
Lonnie Walkup (virtual)

The meeting was called to order at 8:33 a.m. by Curtis J. Knapp, President. He thanked everyone for attending.

CONSENT AGENDA:

The minutes from the September 27, 2022 meeting, today's revised agenda, and the vouchers were reviewed. Discussion was held regarding today's action item for Vegetation Management and Wildfire Mitigation Policy.

As of this date, October 4, 2022, the Board, upon motion by Commissioner Onley and seconded by Commissioner Larson approved the following:

- The revised agenda for October 4, 2022, and the minutes of the September 27, 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. 7339 through 7366 in the total amount of \$133,209.02; ACH payments in the total amount of \$35,219.27; and Wire Transfers in the total amount of \$17,359.72.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics of discussion for this or future workshops. Commissioner Onley requested discussion on Cascade Digital Mining, LLC. Colin Willenbrock, District General Manager, reported that the District executed a limited one-time waiver to the Electric Service Agreement that allowed Cascade to amend its load schedule after the deadline after Mr. Steve Wood, Treasurer of Merkle Standard, publicly admitted that his business models weren't accurate. Commissioner Larson commended staff for their work on this.

April Owen, District Director of Finance, reported Cascade will be taking 69 MW in all hours during the month of November.

Mr. Willenbrock reported we had a run-away unit at Box Canyon. He reported it was a tremendous effort by staff and team to get the unit safely shut down without injury or major damage. He explained we do an Emergency Action Plan (EAP) exercise and this event was not a drill. Our process was done well with emergency management agencies and our teams. We have an inspection scheduled with McMillen Jacobs Associates, the Engineer of Record. The unit is not believed to have sustained any major damage and the three other units are currently running/generating. We aren't currently spilling any water. This unit was the first to be refurbished and it is the closest one to our fish ladder.

Bryant Kramer, District Director of Power Production, commended staff for getting the unit under control. He reported that we train for our EAP but we have never had this situation. He explained the start-up procedure and what occurred. We evacuated the plant and made the decision to lower the river to help slow the unit. Head gates were installed. Fire District #2 was on site as a precaution and he thanked them. We refilled the reservoir after the unit was stopped.

Kevin Conway, District Director of Utility Services, reported that he helped manage the event and worked with JoAnn Boggs, Deputy Director of Pend Oreille County Emergency Management. He and the system operators received phone calls with the majority of callers asking if they need to take their boats out of the river. He received favorable calls from customers on how we communicated with them regarding the situation. He had a lengthy discussion with the National Weather Service regarding their incorrect message that went out to the public. He had a phone call with McMillen Jacobs Associates on Friday and a physical inspection will occur tomorrow. He commended staff who reacted properly to minimize the situation.

Mr. Willenbrock reported more information will be provided after the investigations are completed. Sarah Holderman, District Director of Customer Services, reported information was provided to our insurance carrier.

STAFF PRESENTATION – POWER SUPPLY AGREEMENT WITH CLARK PUBLIC UTILITIES:

Tyler Whitney, District General Counsel, and Christopher McKey, Principal with Energy West, LLC, provided a detailed powerpoint presentation on the terms of our proposed power supply agreement with Clark Public Utilities. The presentation is posted on our website. Discussion was held.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Knapp asked if anyone had a general comment for the commissioners other than the Clark transaction. He reported that following the Clark presentation he will open it up for any comments and/or questions regarding the proposed agreement with Clark. He asked if there was any business or comments from the public.

Gretchen Koenig, member of the public, commented on the Columbia River Basin water rights and how it will affect hydroelectric facilities.

Steve Wood thanked staff for allowing them to do the one-time schedule amendment for October. He confirmed they are running 56 MW in heavy load and 6 MW in light load hours. They will go to 69 MW in November.

STAFF PRESENTATION – POWER SUPPLY AGREEMENT WITH CLARK PUBLIC UTILITIES (continued):

Commissioner Knapp noted that following the presentation he will reopen for comments and/or questions.

Mr. Whitney and Mr. McKey continued their presentation regarding the District's proposed power supply agreement with Clark Public Utilities. Discussion was held.

Commissioner Knapp asked if anyone had any comments and/or questions.

Commissioner Onley inquired about the cost of Box Canyon with the adders and if Clark has consultants. He commended Mr. Whitney and Mr. McKey for a great informational presentation. Discussion was held.

Commissioner Knapp thanked Mr. McKey and our team for their work on this effort and commented that he is proud of them. He noted that Clark is a great counterparty and that if we don't do something to protect against risk, our rates will go higher. This is a great way to mitigate that from happening.

Mr. Wood inquired about Cascade's future with the Clean Energy Transformation Act (CETA) regulations. Mr. Willenbrock explained Cascade would be responsible for compliance as outlined in the parties' contract. Mr. Wood inquired about the BPA net requirements calculations. Mr. Willenbrock reported the District's net requirements calculation under its contract with BPA is expected to remain consistent until the 2028 expiration.

Dave Rick, member of the public, commented that if the Consumer Price Index goes above 6% the District could suffer.

John Cameron, member of the public, reported senior citizens are concerned with where their rates might go.

Ben Richards, member of the public, commented this proposed agreement will provide security against any risks and it is a great plan for the county.

Ms. Koenig commented that she is nervous with the CETA compliance and will wait and see what happens.

Commissioner Knapp thanked everyone for their comments and questions.

He announced a 30-minute executive session on pending and/or potential litigation to be held upstairs in the Riverbend Conference Room with Tyler Whitney, General Counsel 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 an extension. Following the executive session he and the Board will rejoin the open session to take any action and/or to continue this meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 11:15 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; Tyler Whitney, General Counsel; April Owen, Director of Finance; Sarah Holderman, Director of Customer Services; and Christopher McKey, Principal with Energy West, LLC. The executive session adjourned at 11:43 a.m. The Board returned to open session.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reported there are four main reasons for accidents which are being in a hurry, frustration, fatigue, and complacency. He commended and was impressed with the Box Canyon crew in taking their time in putting in the head gates and taking their time during a stressful situation. He was watching the maintenance crew take their time to make sure they got everything done right and it was done efficiently and safely and they were not taking any risks.

He reported a safety award nomination and recommendation was given by Cole Bradbury, District Utility Services Designer, for Ben Huntley, District Serviceman, for taking his time while fixing an older transformer. He made sure he was safe and worked efficiently and slowly to finish the job. It was a great example of not hurrying and not being complacent.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager, reported this week is Public Power Week. There are cookies and coffee and a free PUD-logo tote bag for our customers. She thanked Karen Willner, Clerk of the Board, for coordinating the refreshments.

She reported this week is also Newport's Homecoming Week. She and staff are decorating the lobby and the Homecoming Parade is Friday. She encouraged everyone to support the school by wearing red and black Newport Grizzly colors.

She reported if the public is trying to access the Board meetings virtually, she posts a banner on our website and on our Facebook page with a link to the meeting.

Ms. Holderman explained today's Neighbors in Need (NIN) donation request action item. She reported staff did not ask the Board for a donation during the past two years due to receiving COVID assistance funding. She reported the Board typically donates \$12,000 each year. Discussion was held.

ACTION ITEMS:

- Neighbors in Need Donation Request. A motion was made by Commissioner Larson and seconded by Commissioner Onley to donate \$12,500 to our NIN fund. The motion passed unanimously.
- Declaration of Surplus Property – Customer Service Copier. Bob Pebles, District Information Technology Manager/CIP Senior Manager, reported it is an old copier that was originally in the Community Network System area and it has little to no value. Based on staff recommendation, a motion was made by Commissioner Onley and seconded by Commissioner Larson to declare the customer service copier as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. As part of the state contract agreement, the old copier/printer will be removed by the manufacturer representative at time of delivery of the new copier/printer. The motion passed unanimously. Staff will proceed as appropriate.
- Resolution No. 1465 – Amendment to Resolution No. 1462 Board Meeting Procedures. Mr. Whitney reported this resolution is to amend the public comment time limit from two to three minutes. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to adopt Resolution No. 1465. Commissioner Onley suggested a 5-minute time limit with language that the public can re-engage with continued comments. Discussion was held. Mr. Whitney noted there is a 1-hour cap under the current policy and the Board can change that as needed. The motion passed unanimously.
- Vegetation Management and Wildfire Mitigation Policy. This item was tabled until the October 18 meeting.
- November Energy Transaction. Ms. Owen reported we will have surplus energy during the month of November and this aligns with our Shell and Boundary contracts. She is asking for a sale of 25 MW per hour for light load hours. She reported that today's price curve was \$58/MW. A motion was made by Commissioner Onley and seconded by Commissioner Larson to accept the transaction as presented. The motion passed unanimously.

- Power Supply Agreement with Clark Public Utilities. Mr. Willenbrock stated that this proposed agreement has been discussed publicly for months. The Board is well-informed and in a position to make a decision on what is best for the District and our customers going forward. Commissioner Onley commented it is a good move for the county and PUD. Commissioner Larson commended Mr. Willenbrock, Mr. Whitney, Mr. McKey, Mrs. Owen and the team for their work. A motion was made by Commissioner Larson and seconded by Commissioner Onley to authorize the general manager to execute the agreement in substantially the same form as presented. The motion passed unanimously.

COMMISSION REPORT:

Commissioner Larson attended a virtual Tri-County Economic Development District meeting on September 28 and he provided an overview.

Commissioner Onley did not have anything to report since the September 27 meeting.

Commissioner Knapp had phone calls and emails with customers.

COMMISSION BUSINESS:

Commissioners Knapp and Onley will attend a virtual Public Power Council (PPC) meeting on Thursday and a virtual Pacific Northwest Utilities Conference Committee meeting on Friday.

Commissioner Larson will attend a Northwest Open Access Network Board meeting on October 12 in Spokane.

BUDGET PROJECT DISCUSSION:

Mr. Willenbrock reported we are committed to getting the EV Charging Station done. Ms. Holderman will add this project to the 2023 budget as it is unlikely it will be completed this year. She had sent a preliminary list of what the managers want to get done to the Board. More budget project discussion will be held at the October 18 meeting. She thanked everyone who attended today to discuss.

Commissioner Onley noted his continued opposition to the OPGW project and brought in a piece of OPGW to show the Board and staff. He provided a cost overview and referenced the District’s Governance Policy regarding the expertise of individual board members and his belief that he is an expert on this particular topic. Discussion was held.

Ms. Owen acknowledged the passing of Therese Hampton, former Executive Director of the Public Generating Pool, and reported that she was a great proponent of public power.

There being no further discussion to come before the Board, the meeting adjourned at 12:21 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form