

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
April 29, 2025
BOX CANYON DAM, IONE, WA AND
VIRTUAL VIA MICROSOFT TEAMS

Present: Dave Rick, President
Curtis J. Knapp, Vice President
J. Troy Moody, Secretary

Staff Present: Chris Jones, Interim General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Olga Darlington, Moss Adams CPA/Partner, virtual
Daniel Roberts, Moss Adams Senior Audit Manager, virtual
Dick Rodruck, Pacific Underwriters
Tracy Dugas, Pacific Underwriters
Gretchen Koenig, Member of the Public
Ric Larson, Member of the Public

The meeting was called to order at 8:32 a.m. by Dave Rick, President.

CONSENT AGENDA:

The minutes from the April 15, 2025 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, April 29, 2025, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Rick approved the following:

- The revised agenda for April 29, 2025, and the minutes of the April 15, 2025 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. 10380 through 10429 in the total amount of \$112,864.84; ACH payments in the total amount of \$1,327,249.29; Wire Transfers in the total amount of \$1,012,044.25; and ACH payroll transactions in the total amount of \$307,627.00 for the payroll ending April 15, 2025.

The motion passed unanimously.

INTERIM GENERAL MANAGER REPORT:

Chris Jones, District Interim General Manager, reported that he; Joe Hathaway, District Public Information Officer; and Katie Pfitzer, District Safety Manager, attended a Local Emergency Planning Committee meeting on April 24 at the South Pend Oreille Fire and Rescue. He noted the agencies that attended, reported that it was a good informational meeting, and commended Mr. Hathaway for providing a presentation on our Wildfire Mitigation Plan.

He and Mr. Hathaway had an introductory meeting with the Port of Pend Oreille and the Economic Development Advisory Committee yesterday at the Port. He reported there was great discussion on economic development and noted the importance of the District, Port, and County working together for future planning and opportunities.

Mr. Hathaway provided a legislative bill update and reported the State's operating budget has not been signed by the Governor. He reviewed the bills regarding transportation and transmission structures, the Broadband Equity Access and Deployment grant funding and the use of captive insurance companies' policies. He reported on a rent cap bill that is limited to 7% plus inflation. A bill for unemployment benefits for up to six weeks for striking workers passed. Discussion was held.

Stacie Maier, District Director of Engineering and Operations, reported that we had a power outage on Saturday affecting about 800 customers in the Deer Valley area and 800 customers in the Cusick area. The outage was caused by a dead tree strike on the line and most power was restored in roughly two hours. The dead tree was outside our right-of-way. She reported that with ECI's help, we are investigating to see if our equipment operated correctly. She and William Zurcher, District Vegetation Management Supervisor, attended a Vegetation Management session during the Northwest Public Power Association Engineering and Operations Conference. Discussion was held. She expressed the importance of customers calling us if they notice a dead tree in or out of our right-of-way. Mr. Jones noted the risk and reported that we need to do everything we can to mitigate our risk.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Rick asked if there was any business or comments from the public.

Gretchen Koenig, member of the public, inquired if the District has a drone. Mr. Jones reported that we have a drone purchase in the budget for this year. Ms. Koenig inquired if the drone has enough resolution to see the dead tree. Ms. Maier reported we will use the drone mainly for faster power restoration. Ms. Koenig inquired if the Governor has the state budget by line item. Mr. Hathaway will check.

Commissioner Rick thanked Ms. Koenig for attending and for her questions and comments.

Following a short recess, the meeting resumed.

AUDIT PRESENTATION:

April Owen, District Director of Finance, introduced Olga Darlington and Daniel Roberts, Moss Adams.

Ms. Darlington provided the District's 2024 Financial Statements Audit results presentation. She reviewed the Scope of Services and Auditor Reports issued and reported there was one item of note regarding a 2023 Financial Statement internal control which has been corrected. She reviewed the areas of audit emphasis including capital assets and construction in progress, retail energy and water sales and related receivables, debt activity, GASB 101 Compensated Absences Implementation, and financial statement footnote disclosures and prior period restatement. She thanked the District staff for being helpful and responsive and thanked Ms. Owen and John Bricher, District Finance Manager, for providing information.

The Board thanked Ms. Darlington and Mr. Roberts for their help with the audit. Ms. Owen expressed her appreciation in working with Ms. Darlington and Mr. Roberts. She commended Mr. Bricher for discovering and rectifying the calculation error in depreciation.

She reported that Amber Gifford, District Conservation and Grants Manager, provided a draft of our 2024 Annual Report. She reported that we send our annual report to investors and other financial counterparties.

PUBLIC UTILITY RISK MANAGEMENT SERVICES (PURMS) 101:

Sarah Holderman, District Director of Customer Services, introduced Dick Rodruck and Tracy Dugas, Pacific Underwriters.

Mr. Rodruck reported that the District participates in the PURMS liability and property insurance pools. He provided a PURMS history, organizational structure, self-insurance fund organization and fund history. He reviewed the common concepts and coverage that is provided by the liability and property insurance pools. He reported they are looking to form a separate wildfire liability insurance pool. They are working to schedule a meeting by the end of June and non-members will also be invited to the meeting. Discussion was held. Ms. Holderman and the Board thanked Mr. Rodruck and Ms. Dugas for attending and for the PURMS educational overview.

BONNEVILLE POWER ADMINISTRATION (BPA) PROVIDER OF CHOICE PRESENTATION:

Ben Hall, District Energy Resources Manager, provided a BPA Provider of Choice Contract Election recap presentation. He reviewed the key considerations including allocation, rates, product, and conditions. He reported that we do not know what the BPA

Tier 1 rates will be and he reviewed a historical rates chart and BPA costs and noted the potential risks of increasing costs and rates over time. He explained that our Contract High Water Mark is uncertain and this is a key aspect for us and if we do not get to the Contract High Water Mark we still need to choose a contract product. He reviewed our portfolio position with a Shaped Block Product and recommends a Shaped Block Product. Discussion was held.

He reviewed the next steps are for us to submit a formal request to BPA for a contract (Shaped Block Product) by June 18. BPA will release its final Contract High Water Mark Policy by August 2025 and we have until December 5, 2025 to sign the contract and return it to BPA. Discussion was held. Commissioner Rick thanked Mr. Hall for his hard work and dedication.

ACTION ITEMS:

- Approval of Declaration of Surplus Property – Approximately 45 Wooden Utility Power Poles and Miscellaneous Pole Ends. Mr. Jones reported the poles will be offered for sale through our sealed bid process and sold as one unit. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to approve and declare the poles and pole ends as being unserviceable, inadequate, obsolete, worn out, or unfit to be used in the District’s operations, and 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.
- Approval of Damage Claim DC20250303. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to approve the damage claim. Discussion was held. The motion passed unanimously.

COMMISSION REPORT:

Commissioner Knapp attended Energy Northwest meetings on April 16 – 17 in Tri-Cities and a virtual Washington Public Utility Districts Association (WPUDA) Annual Conference on April 23 and 24. He provided an Ethics and Governance Training document in the Board Packet.

Commissioner Moody attended the WPUDA Annual Conference on April 23 – 25 in Ridgefield and provided an overview including a guest speaker who spoke about understanding different people personalities. Discussion was held.

Commissioner Rick attended the WPUDA Annual Conference on April 23 – 25 in Ridgefield and provided an overview including a guest speaker who spoke about ethics and governance training. Discussion was held.

COMMISSION BUSINESS:

Commissioner Knapp will attend an Army Corps of Engineers Spring Runoff meeting on May 1 in Ponderay.

Commissioner Moody will attend the Army Corps of Engineers Spring Runoff meeting on May 2 at the Camas Wellness Center in Cusick.

- Pre-Approval of Commissioner Travel or Meeting Attendance. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Moody to approve the Commissioner Travel or Meeting Attendance for May as presented. The motion passed unanimously.

Mr. Jones reported that Bryant Kramer, District Director of Power Production, is out today therefore the Board Workshop for the Box Canyon License will be rescheduled.

He reported Dick Shaw, District Journeyman Tree Trimmer Foreman, has been at the District for about 16 years and 4 ½ of those years has been at Box Canyon. He recognized Mr. Shaw as being a logger by trade and for being a big part and the foundation of our tree trimming program. Commissioner Knapp commended Mr. Shaw's work ethics and safety. Ric Larson, member of the public and former District Commissioner, told a story of he and Mr. Shaw working together. Discussion was held.

Commissioner Rick asked if there was any other business for the good of the order. There was none.

He reported that following a Recognition/Retirement lunch for Mr. Shaw, the meeting will be adjourned. The next meeting will be held on Tuesday, May 6 at 8:30 a.m. in the Newport Conference Room in Newport and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 11:47 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form