

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
January 21, 2025
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: John Janney, General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Sergey Tarasov, FCS Group, virtual
David Kornahrens, Strategies 360, virtual
Ron Dotzauer, Strategies 360, virtual
Michael Flynn, Member of the Public

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

BOARD WORKSHOP:

Discussion was held regarding information that is provided at the Washington Public Utility Districts Association (WPUDA), Public Power Council (PPC), and Pacific Northwest Utilities Conference Committee (PNUCC) meetings.

APPROVAL OF CONSENT AGENDA:

The minutes from the January 7, 2025 meeting, today's agenda, and the vouchers were reviewed.

As of this date, January 21, 2025, the Board, upon motion by Commissioner Moody and seconded by Commissioner Knapp approved the following:

- The agenda for January 21, 2025 meeting, and the minutes of the January 7, 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. 10094 through 10165 in the total amount of \$231,302.71; ACH payments in the total amount of \$2,159,238.97; Wire transfers in the total amount of \$331,427.06; and ACH payroll transactions in the total amount of \$345,330.08 for the payroll ending December 31, 2024.

The motion passed unanimously.

GENERAL MANAGER REPORT:

John Janney, District General Manager, reported that he does not have a report today.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Michael Flynn, member of the public, expressed his concerns with smart meters related to health, fire damage, accuracy of billing, manufacturer origin, and power grid reliability.

Commissioner Rick thanked Mr. Flynn for attending and for his comments and questions. He thanked other attendees for attending. He and Mr. Flynn will continue this conversation outside of this meeting.

Discussion was held. Sarah Holderman, District Director of Customer Services, reported we have a Meter Replacement Project Fact Sheet and to let her know of any customer who is interested in an opt out option. Mr. Janney reported we have a Meter Replacement Project Frequently Asked Questions site on our website and the information will also be provided to the Board.

UPDATED 10-YEAR FINANCIAL FORECAST AND ELECTRIC RATE STUDY – FCS GROUP:

April Owen, District Director of Finance, welcomed Sergey Tarasov, Principal at FCS Group, back to the District.

Mr. Tarasov thanked Ms. Owen and the Board for welcoming him and allowing him to present today. He reviewed the updates since his September 23, 2024 presentation.

He provided a system and long-term rate planning overview. He reviewed the role and key factors of fiscal policies and targets including debt management, management considerations, revenue requirements and considerations, operating and capital costs and considerations, and revenue sufficiency for cash flow and coverage. Discussion was held.

He reviewed the load forecast and projections, existing revenue, operating expenses, capital and debt, fiscal policies and targets, and revenue requirements for electric operations and electric balances and financial policies. He provided scenarios for consideration, and baseline and scenario summaries. He reviewed the next steps that include additional discussion on February 4 and a public hearing on February 18. Discussion was held.

Commissioner Knapp thanked Mr. Tarasov for the work that he and the FCS Group does.

Following a short recess, the meeting resumed.

CUSTOMER RESEARCH SURVEY PRESENTATION – STRATEGIES 360:

Mr. Janney introduced Strategies 360 staff and provided their background. He reported that they were hired to help us with our Strategic Plan and we asked them to conduct a customer research study. They will provide the survey results today.

Ron Dotzauer, Founder and CEO at Strategies 360, provided his background information and explained the importance of gathering customer input.

David Kornahrens, Senior Vice President of Research at Strategies 360, provided his background and gave a presentation of the key findings of the District's customer research study. He reviewed the county adult demographics per U.S. Census data, customer satisfaction rates of the District, customer priority rates of the District, customer rate increase preferences and reasons.

Mr. Dotzauer left the meeting and thanked the District for its business.

Mr. Kornahrens reviewed customer electric vehicle expansion opinions. Discussion was held.

The Board and Mr. Janney thanked Mr. Kornahrens for his presentation and information and for helping the District with its survey.

MANAGEMENT REPORT:

Bryant Kramer, Director of Power Production:

He provided a Metaline Falls Water System update and reported Versatile Industries, Inc. started mobilization work yesterday. He noted the great efforts between staff and the contractors. He is expecting the project to take roughly 75 days and boring will start on Monday.

He reported the river flows went to 25,000 cubic feet per second over the weekend due to Albeni Falls Dam operations.

He reported a powerhouse gantry crane repair job site visit will occur this week.

Scott Jungblom, Natural Resources Manager:

He shared and explained a spreadsheet of the fishway results and reported the fishway shut down on January 16 due to the cold temperatures. He reported the fish collection rate dropped off in November and provided fish species collection data results. The total fish collected in 2024 was 2,017 and 20 of those were target species. The peak collection month was July and the peak collection day had 166 fish, mostly smallmouth bass.

He reported that under our Trout Habitat Restoration Program, we have been doing stream restoration since 2009. We completed our 10-year restoration monitoring on Middle Branch LeClerc Creek last year and we will need to do additional riparian fencing possibly this year. We will provide an unbudgeted request to the Board. Discussion was held.

Joe Hathaway, Public Information Officer:

He provided a legislative update on House Bill 1253 which would authorize PUD's to enter into joint use agreements for resource development and House Bill 1329 related to Clean Energy Transformation Act wholesale power purchase contracts. He noted non-utility related bills related to a property tax increase to 3% each year, a rent increase, and an increase on state Business and Occupation tax.

Chris Jones, Director of Operations:

He provided a Labor & Industries (L&I) abatement update and reported that L&I did an investigation after an employee incident. Following their investigation, we needed to write and submit a Fall Protection Policy, an Aerial Work Platforms Policy, an Electrical Policy and an Accident Prevention Plan. Staff is working with Katie Pfitzer, District HR Generalist, and Josh Draper, Safety Consultant with True Grit Brotherhood, on needed trainings. We sent our policies and plan to L&I and they accepted them.

Ms. Pfitzer expressed her appreciation for us having written and formal policies and a plan for documentation. We have training for everyone's safety and benefit.

Mr. Janney provided our safety efforts background information for Commissioner Moody's benefit and knowledge.

ACTION ITEMS:

- Approval of Resolution No. 1492 – Financial Metrics. Ms. Owen reported our financial metrics are targets to help us evaluate the financial health of our utility. She discussed the methodology behind the targets and provided a 10-year forecast of estimated metric levels. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Moody to adopt the resolution. The Board thanked Ms. Owen for bringing this resolution back to them from a previous meeting. The motion passed unanimously.
- Approval to Submit Broadband Equity, Access, and Deployment (BEAD) Grant Applications. Ms. Holderman reported staff is asking for the Board's approval to submit our applications for five project areas. She provided and explained the application timeline and process and reported the first 60-day round of applications for \$1.2 Billion in federal funding is due January 31, 2025. If

awarded the grant, we would come back to the Board to ask for approval to accept the grant. Discussion was held. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to approve submitting our BEAD Grant applications. The motion passed unanimously.

- Approval of First Amendment to Cascade Digital Mining, LLC's Electric Service Agreement. Mr. Janney reported Cascade requested to use a different bank for their Letter of Credit. This amendment includes Federal Home Loan Banks as Qualified Institutions. Discussion was held. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to approve the amendment and authorize the general manager to execute the amendment in substantially the same form as presented. The motion passed unanimously.

COMMISSION REPORT:

Commissioner Knapp attended a virtual Energy Northwest Compensation, Succession, and Inclusion meeting on January 8, a virtual PPC Members Forum on January 8, a virtual PPC Executive Board meeting on January 9, a virtual PNUCC meeting on January 10, and WPUDA meetings on January 15 – 17 in Olympia. He met with Senator Shelly Short, Representative Andrew Engell, and Representative Hunter Abel on January 15 and 16 in Olympia. He attended a virtual Energy Northwest New Nuclear Task Force meeting on January 15. He had customer conversations regarding fires, meters, and the reconnect meter fee. Discussion was held.

Commissioner Moody attended the WPUDA meetings on January 15 – 17 in Olympia and virtually. He had a customer conversation regarding estimated billing.

Commissioner Rick attended the WPUDA meetings on January 15 – 17 in Olympia and provided an Energy Committee meeting presentation to the other two commissioners. He provided an overview.

COMMISSION BUSINESS:

Commissioner Knapp will attend Energy Northwest Directors and Executive Board meetings tonight and tomorrow and legislative reception tomorrow in Olympia, Energy Northwest Corporate Nuclear Safety Review Board meetings on January 27 – 30 in Tri-Cities, and the Board meeting on February 4 virtually.

Commissioner Moody will attend a Tri-County Economic Development District (TEDD) meeting tomorrow in Colville and the Board meeting on February 4 in Newport. Discussion was held.

Commissioner Rick will attend the TEDD meeting tomorrow in Colville and the Board meeting on February 4 in Newport.

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

Commissioner Rick announced that following a working lunch, a 30-minute executive session to review the performance of a public employee will begin at 12:45 p.m. in the Riverbend Conference Room. If the executive session needs to be extended he will rejoin the open session to publicly announce an extension. No final action will be taken during the executive session. Following the executive session, he and the Board will rejoin the open session to take any action or to adjourn the meeting.

EXECUTIVE SESSION – REVIEW THE PERFORMANCE OF A PUBLIC EMPLOYEE:

A 30-minute executive session to review the performance of a public employee commenced at 12:45 p.m. The following were in attendance: Board of Commissioners;

and John Janney, General Manager. At 1:16 p.m., Commissioner Rick publicly announced the executive session would be extended for 30 minutes and end at 1:45 p.m. The executive session ended at 1:46 p.m. and the Board returned to open session. No final action was taken during the executive session.

Commissioner Rick reported the next meeting is February 4, 2025, starting at 8:30 a.m., in the Newport Conference Room, in Newport and via Microsoft Teams. He adjourned the meeting at 1:47 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form