

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
March 2, 2021
TELECONFERENCE ONLY

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

The meeting was called to order at 8:35 a.m. by Curtis J. Knapp, President. A roll call was taken.

CONSENT AGENDA:

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

Commissioner Knapp made a motion to amend the February 16, 2021 meeting minutes under the Commission Business and Pre-Approval of Commission Travel or Meeting Attendance sections. He provided his amendments. Commissioner Larson seconded the motion. Discussion was held.

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. As of this date, March 2, 2021, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Onley approved the following:

- The revised agenda for March 2, 2021.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 5423 through 5441 in the total amount of \$319,575.34; ACH payments in the total amount of \$104,382.59; Wire Transfers in the total amount of \$967,106.21; and ACH payroll transactions in the total amount of \$215,155.11 for the payroll ending February 15, 2021.

The motion passed unanimously.

As of this date, March 2, 2021, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Larson approved the following:

- The amended minutes of February 16, 2021 meeting.

The motion passed. Commissioner Onley was opposed.

BOARD WORKSHOP:

Commissioner Knapp asked if Commissioners Larson or Onley had any topics for discussion. Commissioner Larson inquired about specific line extensions and costs. Colin Willenbrock, District General Manager will discuss with Commissioner Larson following the meeting.

Mr. Willenbrock provided a COVID-19 update and reported our metrics continue to be met and confirmed cases in the county continue to decline. The eastern part of the state moved into Phase II. Vaccination numbers are roughly 10% across the nation.

He reported the customer service representatives (CSRs) and Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning feel comfortable reopening the customer service area with some restrictions regarding the number of customers allowed

in the lobby at one time and doing line extensions per appointment. He explained that with the Board's approval, this will happen this week. Discussion was held. The Board was in agreement to reopen the customer service lobby with restrictions.

Mr. Willenbrock provided a broadband update and reported he; Tyler Whitney, District General Counsel & Assistant General Manager; and Commissioner Knapp participated in a call this morning with Senator Shelly Short to discuss HB 1336 regarding the Washington Public Utility Districts Association (WPUDA) Priority Broadband. He explained there is a House version of the bill and a competing bill running through the Senate. He reported it was a good discussion with Senator Short and she will keep the District informed. Discussion was held.

He reported all the line crews are in this week working on the east side of LeClerc Road conducting project. Stage 3 road restrictions go into effect on Monday.

He reported Day Light Savings begins on March 14 and historically operation crews have moved to a 4/10 work schedule. He will negotiate an appropriate start date with the IBEW. The Board was in agreement.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager reported a few safety awards will be going out. He received two nominations for Kimberle Damp, District CSR regarding her actions with a vendor going through the District's safety protocol check-in process and her efforts in cleaning up and removing boxes in the customer service lobby area. He received nominations for John Petrich, District Supervisory Power Plant Foreman and Larry Taylor, District Power Supply Mechanic regarding a small oil leak on bearings and their efforts to install tubing to capture the oil and eliminating the safety hazard.

He reported an employee was hurt at work, went to the doctor and is doing ok.

Mr. Willenbrock reported Tim McMaster, District Power Production Manager announced his resignation effective March 11 to take a job at another utility. Kevin Conway, District Director, Compliance, Engineering, Safety & Technology will cover Mr. McMaster's dam safety responsibilities and Mr. Wiltse, Mr. Whitney and he will be at Box Canyon during the transition. He congratulated Mr. McMaster on his new job opportunity and reported it is sad to see him go. Scott Jungblom, District Natural Resources Manager will continue to take on the lead on the fish passage project.

CUSTOMER SPOTLIGHT:

Ms. Holderman provided an electric vehicle charging station update and reported there were 28 sessions with six unique users in February.

She reported the District granted eight \$250 awards for COVID emergency funding which leaves us with 18 more customers that we can help.

She and staff are excited about the customer service lobby reopening.

COMMISSION REPORT:

Commissioner Larson attended a virtual Economic Development Council (EDC) meeting on February 17 and provided an overview. He attended a virtual Tri-County Economic Development District meeting on February 24 and provided an overview. He reported Jamie Wyrobek, EDC Director contacted him about a high-density load industry interested in coming into the county. He forwarded this information to Mr. Whitney and Ms. Holderman. Ms. Holderman reported she followed up and provided information but has not heard back.

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce special meeting on February 16 and reported they are doing a commercial which will air

on Memorial Day and July 4th. He attended the virtual WPUDA meetings on February 17 - 19 and provided an overview.

Commissioner Knapp participated in a WPUDA Nominating Committee call on February 22 and provided an overview. He attended an Energy Northwest Nominating Selection Committee meeting/call on February 25 in Tri-Cities and provided an overview. He attended a virtual WPUDA Retirement Recognition for John Kounts, WPUDA Water Program Director on February 25. He participated in a WPUDA Legislative update call on February 25. He reported that on behalf of WPUDA, he was asked to serve on the American Public Power Association (APPA) Rally Committee as a WPUDA member. He had a call this morning and has a virtual meeting today. He had a few customer phone calls. He attended the virtual WPUDA meetings on February 17 – 19 and provided an overview.

COMMISSION BUSINESS:

Commissioner Larson will attend a virtual North Pend Oreille County Chamber of Commerce meeting on March 8, a virtual Northwest Open Access Network Board meeting on March 10 and a virtual Broadband Action Team meeting on March 11.

Commissioner Onley will attend a virtual Greater Newport Area Chamber of Commerce special meeting tonight.

Commissioner Knapp will attend WPUDA Legislative update calls on March 4 and 11 and WPUDA APPA Rally Committee calls on March 3 and 4.

ACTION ITEMS:

- Extension of Energy West, LLC Contract. Mr. Willenbrock provided details and reported this is a second amendment to the original contract. A motion was made by Commissioner Onley and seconded by Commissioner Larson to extend the contract and authorize the general manager to execute the amendment in substantially the same form with some adjustments to the original scope. Discussion was held. The motion passed unanimously.
- 2021 Legislative Priorities. Amber Gifford, District Communications, Contracts & Conservation Manager reported that historically a list of priorities and talking points were given to the Board as a reference for their attendance at various meetings. A motion was made by Commissioner Larson and seconded by Commissioner Onley to adopt WPUDA's and APPA's 2021 Federal and State Legislative Priorities lists as acceptable talking points in the event the commissioners conduct any remote lobbying. The motion passed unanimously.

Following a 5-minute recess, the meeting continued.

BUSINESS FROM THE PUBLIC:

Gretchen Koenig, member of the public inquired if the PUD received a Crown Columbia Water Resources water right application. Mr. Willenbrock reported we have not received an application. She will forward the application to Mr. Willenbrock. Mr. Willenbrock thanked Ms. Koenig for letting him know and to send the application to him.

STRATEGIC PLANNING:

Mr. Willenbrock provided background information on the District's strategic mission, vision and core value goals which are set by the Board. He met with the Board for preliminary priorities and goals which he took to the District's team. Staff is looking for feedback today and then will take notes and information and provide updates at the March 16 meeting. This information will then be posted to our website and we will have a public open meeting and discussion at a future meeting.

Ms. Holderman shared a Strategic Planning powerpoint presentation. Mr. Willenbrock explained that as we go through each item the team will be taking notes.

He asked the Board if our mission statement should stay the same or change. Commissioner Onley felt it was time for a change to put less pressure on the commission. He questioned the low cost part and made suggestions such as “Quality Connections” or “Reliable Service and Affordable Cost”. Commissioner Larson was good with the current statement. Commissioner Knapp was good with the current statement but was open to a change.

Mr. Willenbrock asked if the Board had any changes to the District’s vision. Commissioner Onley suggested taking out the competitive and generations parts. Commissioner Larson likes the generations part and is ok with removing the competitive part. Commissioner Knapp likes the current version but suggested added in a safety part. Mr. Willenbrock noted safety is one of our core values but we could add safety wording.

Mr. Willenbrock asked if we should keep our core values in the same order. The Board was good with the current order.

Mr. Willenbrock asked if the Board had any changes to the Safety and Health core value. Commissioner Onley likes it but suggested putting the employees before customers. Commissioners Larson and Knapp were good with either version. Mr. Willenbrock reported we will move employees before customers and will try to clarify the educated community part.

He asked if the Board had any changes to the Customer Focus core value. Commissioner Larson was good with the current version. Commissioner Onley suggested removing the employee part since it is customer focused. Commissioner Knapp was in agreement with removing the employees part. Mr. Willenbrock reported they will remove the employees part. Discussion was held on tracking outages and putting that information on our website.

Mr. Willenbrock asked if the Board had any changes to the Community core value. Commissioner Onley noted the sustainable structure part is meaningless to him. Commissioner Larson gave the employees kudos on the job they do in the community. Mr. Willenbrock reported we can remove the sustainable structures part because if it doesn’t mean anything to us, it won’t mean anything to the public. He inquired if we want to play a direct or greater role in economic development. Commissioner Onley suggested quality living through collaborative volunteering. Commissioner Knapp was good with the suggestions.

Mr. Willenbrock asked if the Board had any changes to the Integrity core value. The Board was good with the current version.

Mr. Willenbrock asked if the Board had any changes to the Teamwork core value. The Board were in agreement that it was long and needed to be shortened. Commissioner Knapp suggested wording to unite the District and its departments for the betterment or best interests of the community. Mr. Willenbrock reported the team will revise and shorten the wording.

Mr. Willenbrock asked if the Board had any changes to the Decisiveness core value. Commissioner Onley thought it was good but needed to interject “customers” into the wording. Commissioner Larson was good with this change. Commissioner Knapp was good with the timeliness and being nimble. Commissioner Onley suggested eliminating the partiality part. Mr. Willenbrock reported the team can eliminate that word.

He explained the SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis and asked the Board about the District’s strengths. Commissioner Onley noted the District’s strong team and Board. Mr. Willenbrock asked if our financial position was good. Commissioner Onley prefers the term financial strength. Commissioner Knapp noted we have a great blend of being conservative when we need it. Mr. Willenbrock noted we own hydro resources. Commissioner Larson commented it can be both a strength and

weakness. Our strengths are our employee's commitment to the community. We have a willingness to adapt for example, with our fiber business and hours. Commissioner Onley noted our nimbleness with our wireless hotspots that were done last year. Mr. Willenbrock inquired about our capital assets and if the Board was in consensus that they are modernized and valuable. Our distribution system is in impeccable shape. Commissioner Larson reported our water system is in great shape too with kudos to Mark Scott, District Water Systems Manager and his watermen. The Information Technology staff is improving items as cost effectively as possible. Mr. Willenbrock asked if the Board thought our rates were a strength. Commissioner Knapp believes our rates are a strength but it's hard to say that when we need to increase our rates. Commissioner Onley noted our strength in our tribal and community relations. Mr. Willenbrock reported we have strength in bringing industry here because we have fiber and water resources available.

He asked the Board about our weaknesses. Commissioner Onley reported we spend too much. Commissioner Larson reported that due to our isolated, rural location it is hard to attract businesses. Commissioner Knapp reported we are thin with our employee headcount. Commissioner Larson noted challenges with having both a north and south location.

Mr. Willenbrock asked the Board about our opportunities. Commissioner Knapp foresees industrial or job growth in our rural area. Commissioner Onley noted our efforts to expand fiber into the north part of the county and the pressures on the legislature to allow PUDs to do more. He referenced the "High Tech High Rec" ad the EDC runs which has brought people to our county. Commissioner Larson explained we need jobs and businesses here for people to spend their money in the county. Mr. Willenbrock asked about consolidation with partnerships. Commissioner Larson thought it was a great idea but he is concerned with losing our voice and our power. Mr. Willenbrock agreed that it is a good point and we need to maintain some degree of local control.

He asked the Board about our threats and noted our employee knowledge loss with retirements and the importance of succession planning. Commissioner Larson noted that losing people is a threat. Commissioner Knapp noted losing an anchor customer. Mr. Willenbrock asked what the Board thought about climate change and global warming. Commissioner Knapp noted the fire issue is a potential threat to our county. Commissioner Larson explained we have some control in our county and in WPUDA but we don't have a federal voice and we need to figure out our role. Commissioner Onley mentioned alternative services such as distributed generation and low orbit satellites could also be a threat.

Mr. Willenbrock explained the five goals we need to discuss. He asked the Board for input on our Customer Experience goal. Commissioner Onley suggested that any form we have on our website should be fillable; we spend too much on phone bills and need to move to fiber; and we need to make our phone system easier for customers to use. Commissioner Knapp noted customer service is a big goal of his. Commissioner Larson reported we are working hard at this goal and have improved this area a lot. The CSRs do a good job in helping our customers.

Mr. Willenbrock asked for the Board's input on our Employee Experience goal. Discussion was held.

He asked for the Board's input on our Financial Health goal and reported he would like to propose limiting our capital expenditures to only the necessary items. Commissioner Onley thought our cash on hand of 180 days was way too much and proposed it be changed to 120 days. He wants to understand our credit rating better. Discussion was held.

Mr. Willenbrock asked for the Board's input on our System Reliability goal. In addition to electric and fiber reliability, this goal also encompasses compliance and cyber security reliability. Discussion was held.

He asked for the Board's input on our Health and Safety goal. Discussion was held.

He reported we will spend more time on strategic planning at the March 16 Board meeting. He thanked everyone for their feedback. Commissioner Knapp thanked Mr. Willenbrock and the team for their work on this topic.

Discussion was held regarding Ercot, Texas power outage and rolling blackout.

Commissioner Knapp reported the next Board meeting is scheduled for March 16. He inquired about holding the March 30 Board meeting in person at Box Canyon. Commissioner Onley was opposed due to a conflict but will attend virtually.

Discussion was held regarding a townhall meeting on March 30. More discussion will be held at the March 16 meeting.

There being no further discussion to come before the Board, the meeting adjourned at 12:05 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form