

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
March 21, 2023
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

Present: Curtis J. Knapp, President
Joseph B. Onley, Vice President
David W. Rick, Secretary

Staff Present: Sarah Holderman, Co-Interim General Manager
April Owen, Co-Interim General Manager
Management/District Staff
Tyler Whitney, General Counsel, virtual
Karen Willner, Clerk of the Board

Others: Lanie Mycoff, Managing Director, Mycoff Fry Partners, LLC,
virtual
Robert Hurtig, Planning and System Studies Manager, ECI, Inc.
Darla Rick, Member of the Public, virtual
Gretchen Koenig, Member of the Public
Boundary Boys, Members of the Public, virtual
Don Gronning, Newport Miner, virtual
Sonya Scauftaire, Selkirk Sun, virtual

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, President.

CONSENT AGENDA:

The minutes from the March 7, 2023 meeting, today's agenda, and the vouchers were reviewed.

As of this date, March 21, 2023, the Board, upon motion by Commissioner Onley and seconded by Commissioner Rick approved the following:

- The agenda for March 21, 2023, and the minutes of the March 7, 2023 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 follows: Voucher Nos. 7890 through 7947 in the total amount of \$192,659.46; ACH payments in the total amount of \$563,751.35; Wire Transfers in the total amount of \$193,316.45; and ACH payroll transactions in the total amount of \$202,460.39 for the payroll ending February 28, 2023.

The motion passed unanimously.

BOARD WORKSHOP:

April Owen, District Co-Interim General Manager, introduced Lanie Mycoff, Managing Director of Mycoff Fry Partners, LLC. Ms. Mycoff provided her background and explained their process of searching for a general manager. She asked if anyone had any questions. Commissioner Onley inquired if she had received any applications. Ms. Mycoff reported the search hasn't been formally published yet.

Commissioner Knapp asked Ms. Mycoff to review their timeframe. Ms. Mycoff reported that the job announcement will be given to the Board to review on March 28. She will schedule a review of the resumes with the Board in early May. Virtual candidate interviews will be scheduled in May with final candidate interviews in June. Discussion was held.

Gretchen Koenig, member of the public, inquired if Mycoff only recruits from the public power utilities sector or in a wide range. Ms. Mycoff reported that she has contacts in all sectors and has spoken with Suzie Wrbelis, District Director of Human Resources, regarding if any local residents want to apply.

Commissioner Knapp thanked Ms. Mycoff for attending today's meeting and for the information. She left the meeting.

Sarah Holderman, District Co-Interim General Manager, asked Amber Gifford, District Customer Service & Contracts Manager, to introduce a new employee.

Ms. Gifford introduced Angie Rogers, newly-hired Customer Service Representative (CSR), reported that she started last Thursday, and provided her background history. Commissioner Knapp welcomed Ms. Rogers to the District.

Ms. Owen reported that she and staff had talked with Moody's regarding our bond rating and reported to the Board that we were upgraded from a Baa2 stable rating to a Baa1 positive rating. The driver for our bond rating increase was our Clark Public Utilities Power Supply Agreement which the rating agencies see as a huge positive. A press release will be published.

Commissioner Onley thanked the staff for updating the Board meetings calendar. He has a concern with our notice of default given to Cascade Digital. He feels the District did everything right in following our contract and inquired if we can do anything to soften the situation. Tyler Whitney, District General Counsel, reported that Cascade was late in making payment by one day and that, prior to receiving the late payment, the District issued a notice of default as per our contract and as we do with all of our industrial customers. Cascade made its payment the next day but when payment is late we want to make sure the company is on notice for the formal record. Commissioner Rick inquired if there is a timeframe for curing a default. Mr. Whitney reported that per our contract, Cascade has three business days to make a payment in full to cure the default. Discussion was held regarding the payment type. Commissioner Knapp commented that we treat all of our industrial customers the same. Commissioner Rick commented on the aspects of having a notice of default in their credit history. Ms. Owen reported that we consider the payment to be cured. Discussion was held.

Commissioner Onley reported that he has been invited to tour the Merkle Standard crypto facility and asked the Board's opinion on participating in a tour. Mr. Whitney explained that Commissioner Onley is welcome to attend as they are our customer but to remember that he is there solely as an individual commissioner and not on behalf of the District or Board as a whole. Commissioner Knapp reported that he was also invited to take a tour but feels it is something that staff should do. Commissioner Rick reported that he was invited to take a tour during his candidacy and took a tour of the facilities. He commented that they are a substantial customer for us and it is important that we have a good working relationship with them.

SOUTH COUNTY SUBSTATION PRESENTATION:

Philip Roice, District Engineering Manager, introduced Robert Hurtig, Planning and System Studies Manager with ECI, Inc.

Mr. Hurtig provided his background and reported that ECI was asked by the District to do a study for a potential south county substation. He provided a presentation which included an overview of the planning process for a Bare Mountain Substation as well as any upgrades to the Diamond Lake, Deer Valley, and Pine Street Substations. He reviewed the existing and potential new loads and a cost summary. Discussion was held.

The Board thanked Mr. Hurtig for his presentation and District staff for information.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Knapp inquired if there was any comments from the public. There were no public comments.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reported the Washington State Patrol is doing a Move Over or Slow Down Campaign for the months of March and April. Washington State law requires drivers to move over one lane for emergency vehicles and construction work crew area vehicles and to slow to 10 miles below the speed limit for 200 feet before and after a construction work area.

CUSTOMER SPOTLIGHT:

Ms. Gifford reported next month is National Safe Digging Month and we are doing a Call 811 drawing contest. Entries are due this Friday and winners will be announced next month.

She reported staff is doing an internal March Madness Food Drive for collecting non-perishable food donations to give to the local food banks. The winning team is based on the total food item weight and the food weigh-ins are next Friday. The food drive runs through March 31.

ACTION ITEMS:

- Surplus Bid Awards – Fleet Assets #001 2006 Kubota Excavator and #052 2007 Tandem Axle Tilt Bed Equipment Trailer. Karen Willner, District Clerk of the Board, provided a bid tabulation summary. A motion was made by Commissioner Onley and seconded by Commissioner Rick to award the bids to the highest bidders, as presented. The motion passed unanimously. Staff will proceed as appropriate.
- Mycoff Fry Partners, LLC Contract. Ms. Owen explained the contract exhibit is the bid and this is a standard contract. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve the contract and authorize the management team to execute the contract. The motion passed unanimously.

MANAGEMENT REPORT:

Angie Hall, Regulatory Compliance Analyst:

She provided a compliance update and reported staff is following the Transmission Owner Control Center project to redefine a control center. She reported that we are a low impact facility and we are trying to make sure the new definition doesn't elevate our status. By the original definition we are not a control center because we don't operate as a Transmission Operator. We also have a letter from the Bonneville Power Administration stating we do not perform the functions of a Transmission Operator.

She reported a new version of the Cyber Security reliability standard for management controls were approved to include low impact facilities. This standard requires us to have controls in place for determining and disabling vendor electronic remote access.

She reported we received a guided self-certification request from the Western Electricity Coordinating Council (WECC) for Cyber Security Management and Facility Ratings Standards. We are required to demonstrate compliance and show that we have controls in place. We have until June 1 to provide the information to WECC.

Ms. Owen reported we are fairly confident in our current low impact facility designation which we maintain at a medium level. She commended Ms. Hall and Kevin Conway, District Director of Utility Services, who do a great job in making sure we are in compliance.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He provided an overview of Aaron Dale's, District PC Technician, roles which include the help desk, desktop support for remote laptop updates, office and iVUE support, inventory control, and on-boarding process for new employees.

He reported the fiber mapping project continues to move along and the vendor is at 70% completion with fiber extensions as of March 1. Staff will provide a fiber map presentation to the Board at a future meeting.

Philip Roice, Engineering Manager:

He reported Jeremy Seaman, District Project Coordinator, is working on fencing projects at Box Canyon, at the Metaline Falls cell tower, the Newport warehouse, and Pine Street and Diamond Lake Substations. The work is currently out to bid and will include fence maintenance and new gating.

Bryant Kramer, Director of Power Production:

He provided a presentation on the seasonal weather outlook for Spring to Summer 2023 and reported La Nina which is a cold weather pattern with cold winters in the Pacific Northwest is going away as of the beginning of March. We are going into an El Nino pattern which won't have much effect on our weather pattern. The National Oceanic Atmospheric Administration (NOAA) predicts equal chances for a cool or warm spring. The snowpack for Pend Oreille River comes from Montana and is currently at 94% which is a lower runoff. Bunchgrass Meadows provides the snowpack for Sullivan Lake and is currently at 81% which is low and means that we will close the gates earlier. He explained a graph of the projected runoff from Albeni Falls Dam and reported it will ramp up to 20,000 cfs through April with the peak in June which is projected at 55,000 cfs. NOAA is projecting a less rainy spring so we will spill less and have more capacity to generate at Box Canyon Dam. He showed snowpack pictures at Power Lake Dam from last Friday and reported we are spilling at the lake. Based on the photos and other local snowpack levels, snow may be a little less than normal throughout the valley. He explained the local snowpack runoff may impact Box Canyon Dam if the temperature gets warm too fast and we may have to implement Plan E. He provided the current snowpack conditions at Sullivan Lake, Power Lake, Duck Club, and Calispell River.

He reported Voith Hydro will be sending a tech representative tomorrow to start putting unit 4 back together. Delstar got the poles refurbished and we should have the poles back next week. He reported there will be a change to the original purchase order for more tech support from Voith, approximately an additional net amount of \$11,000. Voith is coming for automation relay testing during the middle to the end of April. He showed and explained pictures of the poles getting refurbished at Delstar. He also explained that we were not able to get the two proportional valves repaired and will need to purchase a valve for unit 4. Discussion was held.

Suzie Wrbelis, Director of Human Resources:

She reported on staff changes which included Rick Hughes, District Lineman Foreman, Newport, being awarded the System Operator Trainee job position. The vacant Lineman Foreman, Newport job position was awarded to James Huling, District Journeyman Lineman. The vacant Journeyman Lineman job position was awarded to Everett Rice, returning Journeyman Lineman. Ms. Rogers was hired as a CSR. We have 12 available summer student job positions.

She reported the District held Pi Day events on March 13 at Box Canyon and March 14 in Newport with a total of 16 pie entries and good participation.

Tyler Whitney, General Counsel:

He provided a Silicon Valley Bank (SVB) update and reported we received inquiries from local media and Moody's regarding our risk exposure. He reminded the Board that during our first round of contract negotiations with Cascade Digital that Cascade had initially asked if we would accept SVB for their letter of credit. SVB did not meet our credit requirements, and Cascade was able to get US Bank as a confirmer for SVB. If Cascade defaults we would go through US Bank for payment, so we are protected. He reported District staff had a contract negotiation kick-off meeting with Cascade last Tuesday. We will need to get a letter of credit replacement for a successor institution in the next contract. He reported it was a good first discussion with Cascade and staff will keep the Board and public informed as the process continues.

Commissioner Onley inquired about Appendix A for the Mycoff contract. Mr. Whitney will make sure he and the Board receive it.

Ms. Owen reported she has had several positive comments from the public regarding our due diligence with the SVB situation.

Scott Jungblom, Natural Resources Manager:

He reported staff is doing report writing for monitoring of the fish ladder and he provided results for some of the monitoring criteria. He reported 635 fish used the fishway last year and 93% of the fish that entered the project made it to the top of the v-trap. 90% of the fish collected used the ladder when river flows were between 20,000 and 30,000 cfs. 10 target fish were collected and transported upstream.

He reported that effectiveness monitoring for wildlife measures would occur this summer.

He reported we are allowing the Campbell Pond recreation area to be used for a Washington State Fish & Wildlife youth fishing event on June 10 for kids and June 11 for special needs and assisted living groups.

Mark Scott, Water Systems Manager:

He met with Commissioner Rick on March 14 at the Metaline Falls Water Treatment Plant for a plant tour followed by attending a Metaline Falls Town Council meeting to give an update on the Metaline Falls Pipe Replacement project. The project start date was moved up to April 24, depending on road restrictions and weather conditions. He thanked Commissioner Rick for taking a tour and attending the meeting.

John Bricher, Finance Manager:

He provided an audit update and reported last week staff wrapped up the Washington State Department of Revenue Excise Tax audit and received a refund related to the Ponderay Newsprint Company settlement costs for 2018 - 2021. Moss Adams has completed their field work and are in the review stage. He thanked staff for their help.

He provided a December 2022 Financial Report update for the production system, Community Network System, and water systems. Discussion was held.

Ms. Holderman attended a meeting with the Northwest Open Access Network members this week to discuss their pension and loan. She will provide more information at the April 4 Board meeting.

Ms. Owen provided a December 2022 Financial Report update on the electric system. Discussion was held. She reported we had a good year and staff is finishing up our 2022 Annual Report.

COMMISSION REPORT:

Commissioner Onley attended virtual Washington Public Utility Districts Association (WPUDA) meetings on March 15 - 17 and provided an overview. Discussion was held.

Commissioner Rick attended a virtual Broadband Action Team meeting on March 8 and provided an overview. He attended a Metaline Falls Water System Pipe Replacement project meeting on March 14 and provided an overview. He thanked Mr. Scott and Rusty Gill, District Water System Lead Operator for their time and education. He attended a Metaline Falls Town Council meeting on March 14 in Metaline Falls and provided an overview. He attended virtual WPUDA meetings on March 15 – 17 and provided an overview.

Commissioner Knapp responded to various phone calls, met with Pend Oreille County Commissioner Robert Rosencrantz on March 8 in Newport, met with Jane Van Dyke, Clark Public Utilities, attended virtual WPUDA meetings on March 15 - 17, attended a virtual Energy Northwest Resource Task meeting on March 16, had a weekly update meeting on March 17 with Ms. Owen and Ms. Holderman, and talked with Curt Holmes, Kalispel Tribe of Indians. He provided an overview.

COMMISSION BUSINESS:

Commissioner Onley would like to attend the Northwest Public Power Association Engineering & Operations Conference and Trade Show on April 4 – 6 in Reno and asked for the Board's approval. Discussion was held. Commissioners Knapp and Rick approved his attendance. Commissioner Onley has a call tomorrow with Ms. Mycoff. He will attend the April 4 Board meeting virtually.

Commissioner Rick will attend a Tri-County Economic Development District meeting tomorrow in Colville and the April 4 Board meeting in Newport.

Commissioner Knapp will attend Energy Northwest meetings tomorrow and Thursday in the Tri-Cities, has a call with Ms. Owen and Ms. Holderman on Friday, and will attend Public Power Council and Pacific Northwest Utilities Conference Committee meetings on April 5 – 7 in Portland.

- Pre-Approval of Commissioner Travel or Meeting Attendance for May.
Commissioner Knapp plans to attend the PUD Board meetings on May 2 and 16 in Newport and May 31 at Box Canyon, and a WPUDA Telecom Conference on May 10 – 11 in Spokane. Commissioner Onley plans to attend the PUD Board meetings on May 2 and 16 in Newport and May 31 at Box Canyon, a virtual WPUDA/Ports Collaboration meeting on May 1, a virtual Greater Newport Area Chamber of Commerce meeting on May 3, and a WPUDA Telecom Conference on May 10 – 11 in Spokane. Commissioner Rick plans to attend the PUD Board meetings on May 2 and 16 in Newport and May 31 at Box Canyon, a Metaline Townhall meeting on May 10 in Metaline, a North Pend Oreille Chamber of Commerce meeting on May 11 in Metaline Falls, a virtual PORTA meeting on May 18, and a Tri-County Economic Development District meeting on May 24 in Colville.

A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve the commissioner travel or meeting attendance for May as presented. The motion passed unanimously.

Commissioner Onley asked Ms. Holderman to provide an update on our electric vehicle charging station in Newport. Ms. Holderman reported Sema Connect is now owned by Blink and there is no cost for people to charge their vehicles. The Greater Newport Area Chamber of Commerce pays the cost. She reported that with this change to Blink we can look for a new partner or we would need to look at charging a rate to the public for charging their vehicles. Discussion was held.

Commissioner Knapp reported the next meeting is April 4, 2023, in the Newport Conference Room, Newport, WA and via Microsoft Teams. He reported that following a working lunch, the meeting is adjourned.

There being no further discussion to come before the Board, the meeting adjourned at 12:30 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form