

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
December 21, 2021
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 & Assistant General Manager
Karen Willner, Clerk of the Board

Others: Sonya Scauftaire, Selkirk Sun
Gretchen Koenig, Member of the Public

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

CONSENT AGENDA:

The minutes from the December 7, 2021 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, December 21, 2021, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley, approved the following:

- The revised agenda for December 21, 2021, and the minutes of the December 7, 2021 meeting, as amended.
- 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. 6395 through 6450 in the total amount of \$406,196.56; ACH payments in the total amount of \$393,944.22; Wire Transfers in the total amount of \$217,268.96; and ACH payroll transactions in the total amount of \$258,913.92 for the payroll ending November 30, 2021.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics for discussion. Commissioner Onley requested an update on water systems arrearages at the next meeting.

Colin Willenbrock, District General Manager reported on the approval of the Box Canyon Off License Amendment and Settlement Agreement which eliminates the requirement for three fishway improvements.

He reported on an amendment to the Energy Service Agreement with Ponderay Industries that allows for incremental increases in load up to 5MW through the month of January. The Bonneville Power Administration (BPA) issued the impact study for Ponderay approving data center loads up to 100MW. Discussion was held.

He reported we continue to look at future fiber infrastructure partnerships with Ziplly and the Northwest Open Access Network (NoaNet). He explained we are exploring opportunities while noting that we are a wholesale provider. We have applied for a number of fiber broadband grants through the Public Works Board (PWB) and the Washington State Broadband Office (WSBO). We were denied PWB funding due to the objection filed from RTI and have since received a notice that there is an objection from

RTI for our WSBO grant application. He provided an overview of the objections. He reported we are a not-for-profit utility and are not in the business of competing with anybody and we continue to hear from customers in the north county who want high speed internet. We have attempted to meet with RTI to discuss but have not gotten any response. NoaNet has also reached out to RTI but has not received a response. Discussion was held.

Discussion was held regarding the District Organization Representation list for 2022.

Discussion was held regarding the election of Board officers for 2022. The Board officers will remain the same for 2022: Commissioner Knapp as President, Commissioner Larson as Vice President, and Commissioner Onley as Secretary.

SAFETY SPOTLIGHT:

Kevin Conway, District Director, Compliance, Safety, Engineering & Technology reported he and Adam Wiltse, District Safety Manager continue to focus on COVID. There is a new Omicron variant and 73% of all new COVID cases are from the Omicron variant. The best prevention is getting a vaccine or booster shot. New directives were issued from the state regarding high impact sports. The new rules involve testing for coaches, trainers, and players. They need to get tested three times each week and all spectators must wear masks at all times and players must wear masks, unless competing.

He reported that last week in Spokane there were 250 vehicle slide offs due to ice on the roads. AAA provides these winter driving guidelines especially for driving over mountain passes: make sure you have a full tank of gas, keep your cell phone charged, keep water, snacks and a first aid kit in your car, have chains or traction material, blankets, warm clothing, jumper cables or jump boxes and a basic tool kit. If you get stuck, stay with your vehicle, stay visible, keep exhaust pipe clear, and start your car frequently to keep warm.

CUSTOMER SPOTLIGHT:

Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning reported temperatures will get colder which means customers will have higher utility bills from higher usage. She provided an American Rescue Plan Act grant update and reported we have awarded about \$48,000 to customers. Discussion was held.

COMMISSION REPORT:

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce meeting on December 7 and a virtual Washington Public Utility Districts Association (WPUA) Water Committee meeting on December 9 and provided an overview. He attended the PUD holiday gathering on December 18 in Newport and commended Ms. Gifford for organizing the event.

Commissioner Larson attended a virtual NoaNet Board meeting on December 8 and provided an overview.

Following a 4-minute break, the meeting resumed.

BUSINESS FROM THE PUBLIC:

Commissioner Knapp asked if there was any business from the public.

Gretchen Koenig, member of the public wished everyone a Merry Christmas and inquired about the BPA conservation funds that were used for lighting projects at the former Ponderay Newsprint Company (PNC) site. Mr. Willenbrock explained the BPA funding.

COMMISSION REPORT (continued):

Commissioner Knapp attended a virtual meeting with Olga Darlington, Moss Adams on December 10 to discuss the District's audit. He spoke with customers regarding hanging banners and if the District could become a retail service provider. He attended the PUD holiday gathering on December 18 and Energy Northwest meetings on December 14 – 16 in the Tri-Cities and provided an overview. Discussion was held regarding small modular nuclear plants, supply chain issues and renewable resources.

COMMISSION BUSINESS:

The commissioners do not have any business meetings to attend before the January 4 meeting.

MANAGEMENT REPORT:

Tyler Whitney, General Counsel & Assistant General Manager:

He reported Scott Jungblom, District Natural Resources Manager is at the fish ladder facility at Box Canyon with a contractor today tweaking the pumps and tail race. The fish ladder commenced operations on November 1 and 14 fish passed through the ladder in November. There were three fish that passed through the ladder in December. The fish ladder was shut down yesterday due to the cold temperatures and ice forming. It will reopen in approximately mid-February depending on the weather.

Bryant Kramer, Power Production Manager:

He reported the river flows are 23,000 cubic feet per second with four turbine units running. The river flows have varied since November with Albeni Falls Dam passing inflows upstream. Albeni has doubled that amount which will continue to increase the river flows. The snow water content is 95% of normal.

He reported staff is finishing the end-of-year emergency action plans and reports, continuing maintenance, and clearing snow.

Mark Scott, Water Systems Manager:

He reported that last Saturday the waterman was called out for a water leak at the Circle Motel. It was due to a line which became disconnected from our fittings. He thanked the line crew for their help in fixing the line.

He reported the watermen are doing filtering evaluations where they take core samples to determine how much metal is in the filter.

He continues working at the RV Park in Newport.

Discussion was held regarding the FERC hearing on December 16.

PUBLIC HEARING – RESOLUTION NO. 1455 – REDISTRICTING PLAN:

Pursuant to notice given to the Newport Miner, a public hearing to present and discuss Resolution No. 1455 – Redistricting Plan commenced at 10:30 a.m. There were three members of the public in attendance.

Mr. Whitney reported that redistricting is done every ten years and historically we follow the county's plan. He thanked the county for inviting us to attend the meetings. He reported the Pend Oreille County Board of Commissioners is taking action on this plan today at its regular meeting. He spoke with Marianne Nichols, Pend Oreille County Auditor and reported the commissioner districts map he presented to the Board two weeks ago has remained the same. He shared his screen and provided the boundary map details. District 3 remains unchanged and changes were made to Districts 1 and 2. Our Resolution No. 1455 has been updated to add the county's Schedule A of the commissioner district descriptions. Discussion was held regarding the boundaries. He

explained the county follows census tracts which in his understanding, follow the natural or man-made boundaries.

ACTION ITEM:

- Resolution No. 1455 – Redistricting Plan. A motion was made by Commissioner Larson and seconded by Commissioner Onley to accept the revised commissioner districts map and redistricting plan. The motion passed unanimously.

The hearing ended at 10:38 a.m.

MANAGEMENT REPORT (continued):

Suzie Thompson, Human Resources Manager:

She provided a year-end update and reported we have 78 full-time employees. She commended Destini Parker, District Payroll/Benefits Coordinator for providing COVID and Washington State Long-Term Care Act program information to employees.

She completed the annual employee compensation and benefits review.

She reported Ms. Parker is the Unified Insurance Program Trustee for the District and she is the Central Washington Public Utilities representative for the District.

She concluded the annual employee wellness program at the end of November. Employees were offered flu shots and provided with dental items.

She is prepping for year-end on material items for employee open enrollment.

She and Mr. Wiltse have been meeting with employee groups regarding the District's COVID policy.

Amber Gifford, Communications, Contracts & Conservation Manager:

She reported a PUD holiday gathering was held this past weekend. She thanked the attendees, staff for helping to make gingerbread houses, April Owen, District Director, Audit, Finance & Power Supply for providing lunch, and Frank Pisano, District Network Supervisor for being Santa's Elf.

She reported we have PUD Calendars for 2022 and to get them from the customer service representatives and to distribute and share the calendars with others.

She reported 38 contracts were issued in 2021 and provided a summary of the contracts.

She has energy conservation incentives to process and reported over \$22,000 was given to customers for energy incentives. She reported 7,350 LED lightbulb kits were mailed to customers. She asked Ms. Koenig to contact her for more information on the energy rebate funds and reported that for 2021, savings for commercial and residential customers was evenly split. In 2020, savings was 78% for residential customers and 22% for commercial customers. Discussion was held regarding the PUD calendars and LED lightbulb kits mailed to customers.

Chris Jones, Director, Operations:

He reported the busy construction season has come to an end due to the weather. Crews are still doing underground jobs and they have kept the plow going by installing primary wire and finishing jobs. Crews will do maintenance work, system improvements, and red tag pole change outs. Work is being done on snow removal and inventory – counts were done and staff is now reviewing.

Sarah Holderman, Director, Treasury, Broadband & Strategic Planning:

She provided a Federal Emergency Management Agency update and reported we had two events, one in 2020 and one in 2021. She thanked Mr. Conway for helping with the reimbursement process. The District was reimbursed and received approximately \$144,000 for the 2020 Labor Day storm and approximately \$81,000 for the January 2021 storm.

She reported the bond payments are due in January and are being scheduled. She received the subsidy for the 2012 Box Canyon bonds.

She reported the Community Network System dock crew has two fiber line extension jobs they are completing.

Kevin Conway, Director, Compliance, Safety, Engineering & Technology:

He is working with Mr. Kramer on the FERC Dam Safety Emergency Action Plans and Dam Safety Plans. He is coordinating with Seattle City Light (SCL) for reviews and reported that due to COVID, it is best to align ourselves with SCL to work on projects. We are due for a Functional Emergency Action Plan Exercise which was scheduled in the spring with coordination from SCL. SCL would like to do the exercise in October and we are working with FERC to get approval for that schedule.

He is working with BPA on compliance attestations for the 2021 reporting year. Each year the District gets a letter from BPA stating we met a number of compliance standards as part of our agreements with them.

He is working on District winter storm preparations and conducted a tabletop exercise in November. He reported action items were identified following that exercise and he is tracking their completion.

He is looking at coordinating with BPA on radio communications for emergency protocols. He reported Ray Chantry, District System Operations Trainee will be a System Operator effective January 1.

Adam Wiltse, Safety Manager:

He is working on the Occupational Safety and Health Administration logs which have been prepared. He is recapping the safety incidents throughout the year and finishing up the employee in-person and virtual safety meetings. He is looking at the new COVID rules that become effective next year, working on an infectious disease policy due to COVID, and new crane rules. He reported there is a 98% completion rate for all employee safety trainings. Discussion was held on safety meetings and COVID vaccine rules.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He and staff are wrapping up big projects for the year and putting the final touches on core network equipment for January installation and a revamp to the network in the administration building. They are working on data and getting information to Avista for the energy imbalance market project. Mr. Conway is working with the system operators on the Supervisory Control and Data Acquisition outage management system. They are entering into a new project with our antivirus provider and evaluating other solutions and a potential change to a different provider. They are doing updates to the fiber map on Mapwise. Discussion was held on having a Mapwise presentation. He shared his screen to show the District's fiber map and explained the tethers and ports. He reported the fiber connectivity model is being worked on.

John Bricher, Finance Manager:

He wrapped up our pre-audit with Moss Adams and reported it went smoothly. He thanked everyone who helped with the process and reported they received good responses from Moss Adams.

He is getting ready for the year-end close and will work on the 2021 state audit.

He will update and close work orders and will work with staff on this process.

He reported staff is getting the November financials ready to distribute.

April Owen, Director, Audit, Finance & Power Supply:

She received a note from the State Auditor that the audit will soon start. She explained we also do a compliance audit in the areas of contracting and purchasing.

She commended Mr. Bricher on working with the Internal Revenue Service on stimulus payment notices.

She reported we are selling excess power for January and are receiving power based on the net requirements from BPA. The excess power makes us long in power. She provided an overview of today's action item. She will look at the Ponderay Industries load for February. Discussion was held.

ACTION ITEMS (continued):

- January Surplus Energy Sales. A motion was made by Commissioner Onley and seconded by Commissioner Larson to accept the January Surplus Energy Sales proposal. The motion passed unanimously.
- Clean Energy Implementation Plan. Mr. Whitney briefed the Board at the last two meetings. A motion was made by Commissioner Larson and seconded by Commissioner Onley to adopt the plan. The motion passed unanimously.
- Material Procurement – Padmount Transformers. Commissioner Onley inquired about the unit price per transformer that was on the call for bid form. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to accept the bid from Border States Electric Supply in the total amount of \$979,439.15. The motion passed unanimously.
- Material Procurement – Underground Primary Wire, Contract No. 21-032. Mr. Jones reported this is different from our normal policy as we are not going with the lowest bidder and need to select General Pacific – Hendrix due to the significantly shorter lead time. He explained it is critical to make this purchase now so we can have the wire by mid-February. Mr. Whitney referenced Resolution No. 1272 for exemptions to our competitive bidding requirements due to an emergency situation. He explained the dollar limit hasn't changed since 2008 so we may need to amend that amount. He suggested a Board motion be made to allow staff to exceed the \$60,000 bidding requirement amount under current Resolution No. 1272. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the purchase and bid from General Pacific – Hendrix in the total amount of \$451,467.63 subject to amending Resolution No. 1272 to allow staff to exceed the \$60,000 bidding requirement amount. The motion passed unanimously. Mr. Whitney will present an amendment to Resolution No. 1272 and a resolution addressing the emergency and market conditions relating to this material procurement at the next Board meeting.
- Resolution No. 1453 – Electric Rates for 2022 and Electric Service, Rates and Credit Policy. Ms. Holderman reported this is a follow up from the December 7 meeting and the other policy change was to formalize the Neighbors in Need program which will help with our Clean Energy Transformation Act requirement. A motion was made by Commissioner Larson and seconded by Commissioner Onley to adopt resolution and revised policy. The motion passed unanimously.

- Resolution No. 1456 – 2022 Board Meeting Calendar. A motion was made by Commissioner Onley and seconded by Commissioner Larson to adopt the resolution. The motion passed unanimously.
- District Organization Representation for 2022. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the District Organization Representation for 2022, as amended and discussed earlier. The motion passed unanimously.
- Early Closing of Business, December 23, 2021. Mr. Willenbrock reported this is historically done by the Board each year as a thank you to staff for all their hard work for the year. A motion was made by Commissioner Larson and seconded by Commissioner Onley to have an early close of business on December 23 at 2:00 p.m. The motion passed unanimously.
- Electric Service Agreement Amendment with Ponderay Real Estate, LLC. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the amendment. The motion passed unanimously.
- Electric Service Agreements with D&M Technologies and Vaagen Brothers. Ms. Holderman provided the details and reported D&M is now in the name of the property owner, 6736 Foothill LLC and Vaagens has two contracts due to them having two meters. Mr. Whitney noted these are 1-year contracts. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve both the agreements. The motion passed unanimously.

Commissioner Knapp announced a 60-minute executive session on pending and/or potential litigation to begin at 11:45 a.m. with Tyler Whitney, General Counsel present. 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/or the Board will rejoin the open session to take any action or to adjourn the meeting. The next meeting is on January 4, being held virtually via Microsoft Teams.

Following a 10-minute recess, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 11:45 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel & Assistant General Manager. The executive session adjourned at 12:32 p.m. Commissioner Knapp returned to open session and reported that no final action was taken.

Commissioner Knapp reported the next meeting will be held on January 4, via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 12:35 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form