

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
August 16, 2022
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
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, virtual
Karen Willner, Clerk of the Board

Others: Dave Rick, Member of the Public
Steve Wood, CFO of Merkle Standard

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

CONSENT AGENDA:

The minutes from the August 2, 2022 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, August 16, 2022, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The revised agenda for August 16, 2022, and the minutes of the August 2, 2022 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. 7149 through 7200 in the total amount of \$77,094.36; ACH payments in the total amount of \$230,486.32; Wire Transfers in the total amount of \$237,211.00; and ACH payroll transactions in the total amount of \$234,779.87 for the payroll ending July 31, 2022.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any topics of discussion for this or future workshops. Commissioner Onley requested a damage claim report update. Colin Willenbrock, District General Manager, will discuss today during the executive session.

Mr. Willenbrock reported all the transaction documents with Cascade Digital Mining, LLC have been executed and staff is working with the customer on scheduling power deliveries.

He attended a Public Power Council (PPC) meeting on August 4 in Portland and reported the Bonneville Power Administration (BPA) has surplus revenues and is considering joining the binding phase of the western resource adequacy program. He provided an overview. Discussion was held. Shauna McReynolds, Executive Director of the Pacific Northwest Utilities Conference Committee is retiring and a search will be conducted to fill her position. Discussion was held regarding rejoining Northwest RiverPartners. The Board requested that Northwest RiverPartners due be included in the budget for 2023, with our membership potentially being effective January 2023. The Board will attend a virtual PPC meeting in September.

He reported Deane Osterman, Executive Director, Natural Resources at the Kalispel Tribe of Indians, and he interviewed for an article in the Clearing Up publication about our partnership with the Kalispel Tribe and the success of our Box Canyon mitigation efforts. Discussion was held.

He and Commissioner Larson attended a Northwest Open Access Network (NoaNet) Board meeting last week in Spokane and he provided an overview.

He reported Dario Nila, District Community Network System Supervisor, has announced he is leaving the District and this Friday is his last day. There is a staff lunch today after this meeting to honor him. We wish him well in his new adventure. We are working on a staff transition plan.

He provided a wildfire management plan update and reported there is a lot of on-going regional discussion. Discussion was held. Our system has been in fire protection mode. He commended Kevin Conway, District Director of Utility Services, for being a big help with the documentation.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, provided a “What Does an Accident Cost” presentation. He explained the direct and indirect costs to the employee and employer.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager, reported the Pend Oreille County Fair is this weekend and she has a number of volunteers for staffing our booth. She has a couple available time slots and if anyone is interested to contact her.

Mr. Willenbrock commended Mark Scott, District Water Systems Manager, for managing the Cowboy Park/Newport RV Park and he provided an update. The City of Newport will operate and maintain the park.

ACTION ITEMS:

- August Energy Transaction. April Owen, District Director of Finance, reported that no action is needed today. With the heat this week, the prices were too expensive for Cascade Digital Mining, LLC. Discussion was held.
- Ratification of Electric Service Agreement with Cascade Digital Mining, LLC and WSPP Master Transaction Confirmation with Shell Energy North America (US), L.P. Tyler Whitney, District General Counsel, reported all the conditions were met last week and we received the letter of credit confirmation from US Bank and guarantee from Allrise. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to ratify the Electric Service Agreement with Cascade Digital Mining, LLC and the WSPP Master Transaction Confirmation with Shell Energy North America (US), L.P., as presented. Commissioner Knapp thanked the team for their work in going through this process. Commissioner Larson thanked the team and Steve Wood and Cascade for working together through this process. The motion passed unanimously.

MANAGEMENT REPORT:

April Owen, Director of Finance:

She provided a power supply update and reported that with the heat event this week, market prices should peak tomorrow and Thursday. When it is hot here and in Portland, the temperature drives the prices higher.

She provided a finance update and reported there is a lot of cross-training in finance and power supply.

Sarah Holderman, Director of Customer Services:

She reported the team is working in the field today. She is starting the budget season and managers are working on providing their budget submissions which are due in September. She will start presenting portions of the budget to the Board in October.

She reported there was a well pump issue at the Lazy Acres Water System which is being worked on. The Greenridge Water System well rehab went well a couple of weeks ago.

She reported the meter reader job position was awarded to Arletta Hogan, District Customer Service Representative (CSR II) who handled billing. Desiree Persyn, District CSR I, was promoted to fill the CSR II billing position. Interviews were conducted to fill the CSR I job position and an offer was extended to a candidate.

She reported the OPGW repair bids were due yesterday. Companies were not able to submit bids on time due to material and supply chain issues and they were still getting quotes so the bid deadline was extended. We will award the bid at a future meeting. Discussion was held.

She reported that Mr. Nila is at NoaNet in Spokane this morning and it is sad to see him leave.

Ms. Owen reported on a review meeting with Fitch Ratings and our plan to re-engage with them in a few weeks now that we have a signed agreement with Cascade Digital Mining, LLC. We will also have a discussion with Moody's Ratings. Discussion was held.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Steve Wood, CFO of Merkle Standard, thanked everyone for working to finalize the agreement. He inquired on when they should start to negotiate for the next power purchase and if they could purchase off peak as a consideration. They want to proceed with the BPA feasibility study.

Dave Rick, member of the public, congratulated the PUD and everyone involved on successfully completing the large load and service agreement.

Commissioner Knapp thanked the members of the public for their comments.

MANAGEMENT REPORT (continued):

Adam Wiltse, Safety Manager:

He reported there was an incident last week where no one was hurt. He commended McKinley Leslie, District Summer Student, for her help in organizing many areas and for working with other departments and staff.

He is getting ready for crane training and is getting the finalized cost quotes. Some of the work will require workers to be certified.

Kevin Conway, Director of Utility Services:

He is working on dam safety items. A FERC functional emergency action plan exercise is scheduled for October 25. All the agencies are engaged.

He reported a visible inspection of the Sullivan Lake Dam is scheduled for the second week in September. FERC has asked us to scope the drainage.

He provided an update on the Cusick dike 100 horsepower pumps leakage at the conduit. The water level in the river is low so we can access the conduit and do a visual inspection. We will work with FERC on a plan for the repair when we determine the cause. We are working with McMillen Jacobs on the Cusick dike repair.

He is working on having fully documented physical security. He had a meeting with staff last week and is working on a draft.

He reported the monkeypox virus is in the news and we're monitoring the public health sites. The Center for Disease Control has new guidance on COVID-19 and they are easing restrictions.

Mr. Willenbrock commended Mr. Conway and Bob Pebles, District Information Technology Manager/CIP Senior Manager for their work on our physical security practices. He commended Mr. Conway for supporting Bryant Kramer, District Director of Power Production, and his staff on the functional emergency action plan exercises for the FERC dam safety requirements. The team makes sure the documents get updated. We are trying to be a good community partner and working with Seattle City Light (SCL) on a mutual aid agreement for operating Boundary Dam.

Philip Roice, Engineering Manager:

He reported staff is busy with line extensions and he is working with the county on road permits.

He reported a transformer bushing failed at the Deer Valley Substation and he is working on getting a new bushing.

He is working on a battery replacement at the Diamond Lake Substation.

Discussion was held regarding line extension numbers and policy. Ms. Holderman reported the customer has 60 days to pay the engineer's staking quote. Mr. Willenbrock noted our June financial report with line extension growth.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He reported the fiber map is now 95.5% done and staff is working on phase 2 for adding fiber line extensions.

He reported we have new firewalls and will work on switching out the old firewalls.

He reported Frank Pisano, District Network Supervisor, is working on a fish app for tracking the fish when they come in to the fish ladder and where they are released after staff completes their work on the fish.

He reported Kevin Persyn, District SCADA Engineer, was able to add the forest service roads on the internal GIS map.

He thanked Mr. Nila for being gracious with his time and reported that he and Rob Forbes, District Network Support Specialist, have been getting as much information from him as they can before he leaves the District.

Discussion was held regarding the fish app.

Ms. Holderman reported we have a bid out for the Newport Administration Building elevator modernization and she will get something to the Board at a future meeting. Mr. Willenbrock provided the project details.

Tyler Whitney, General Counsel:

He provided the logistics with executing the Cascade Digital Mining, LLC agreement documents.

He received a request from SCL for mutual aid assistance and is working on an agreement.

He reported we have a labor union contract opening with the IBEW and have met with the Central Washington Public Utilities joint bargaining managers. A joint bargaining session is scheduled for the end of this month.

He is working with Ms. Holderman and Mr. Nila on updating our Metaline Falls cell tower lease.

Suzie Wrbelis, Director of Human Resources:

She and staff are on-boarding our new hydro operator, Rodny Roberg.

She reported the District is saying good-bye to our summer students. She sent out an evaluation to the supervisor and student and read some of the student evaluation responses. She read Ms. Leslie's summary that Mr. Wiltse asked her to complete. The Board commended Mr. Wiltse and Ms. Wrbelis for their work and guidance on our summer student program.

Scott Jungblom, Natural Resources Manager:

He provided a production update in Mr. Kramer's absence and reported flows have stayed at 9,000 cfs since last week. Crews are finishing the turbine unit 2 draft tube and scroll case dewatering job. Last week they repaired the turbine guide bearing and cleaned the inside of the air housing. This week the crew will work to reinstall the shaft and bearing on the Trimble Creek Pump and inspect the 100 horsepower discharge conduit at Cusick for a possible leak.

He reported Campbell Park has been seen lots of use recently and has been full of campers for the past few weeks.

He reported Rodny Roberg started today as a hydro operator. Jenna Couch, District Summer Maintenance Student, will be leaving later this week.

He provided a fisheries update and reported repairs are being made to the fishway due to flooding. The engineer of record is doing physical measurements to confirm the flow through the fishway is what it was designed to be.

He reported staff is doing water quality work.

COMMISSION REPORT:

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce meeting on August 2 and provided an overview.

Commissioner Larson attended a NoaNet Board meeting on August 10 in Spokane and received emails regarding Cascade. He reported that Campbell Pond is being utilized with campers and people and requested further discussion on the Campbell Pond regarding site reservations, safety, and cleaning.

Commissioner Knapp had conversations with customers regarding line extensions, RCWs related to the Laurelhurst meter issue, and Merkle Standard.

COMMISSION BUSINESS:

Commissioner Knapp will attend Energy Northwest meetings on August 24 – 26. He noted an Economic Development Council meeting agenda for tomorrow regarding the south bench study. Discussion was held.

Commissioner Larson will attend a virtual Tri-County Economic Development District meeting on August 24.

Commissioner Onley will virtually attend the PUD Board meeting on August 30 at Box Canyon Dam in Ione.

Commissioner Knapp requested a field trip to Power Lake. Mr. Willenbrock suggested a tour of the powerhouse and caretaker's house. He reported a PUD townhall meeting is scheduled for September 27 at the Camas Wellness Center and suggested doing a tour before the townhall meeting. He asked if the Board had any topics for the townhall meeting. Discussion was held.

Commissioner Knapp announced a 50-minute executive session on pending and/or potential litigation to be held upstairs in the Riverbend Conference Room 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 the Board will rejoin the open session to take any action.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 50-minute executive session on pending and/or potential litigation commenced at 11:10 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; April Owen, Director of Finance; Sarah Holderman, Director of Customer Services; and Tyler Whitney, General Counsel. The executive session adjourned at 12:02 p.m. The Board returned to open session.

Commissioner Knapp reported the next meeting is August 30, beginning at 9:00 a.m., at Box Canyon Dam, in Ione and via Microsoft Teams.

Following a 30-minute working lunch and gathering for Mr. Nila, the meeting resumed.

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