

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
May 16, 2023
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: Sarah Holderman, Co-Interim General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Absent: April Owen, Co-Interim General Manager

Others: Kirk Boxleitner, Newport Miner, virtual
Gretchen Koenig, Member of the Public
Timothy Terrill, Member of the Public, virtual
Lawsandra Kramer, Member of the Public, virtual
Tyler Whitney, Cable Huston, LLP, virtual

The meeting was called to order at 8:30 a.m. by Joseph B. Onley, Vice President.

BOARD WORKSHOP:

Discussion was held.

APPROVAL OF CONSENT AGENDA:

The minutes from the May 2, 2023 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, May 16, 2023, the Board, upon motion by Commissioner Rick and seconded by Commissioner Knapp approved the following:

- The revised agenda for May 16, 2023, and the minutes of the May 2, 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 those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 8083 through 8148 in the total amount of \$260,127.49; ACH payments in the total amount of \$1,376,790.03; Wire Transfers in the total amount of \$209,202.96; and ACH payroll transactions in the total amount of \$242,516.45 for the payroll ending April 30, 2023.

The motion passed unanimously.

GENERAL MANAGERS' UPDATE:

Sarah Holderman, District Co-Interim General Manager, reported we were not awarded the Washington State Broadband Office (WSBO) fiber broadband grant for the north end county. She provided the award details. She will have an exit conference call with WSBO to review the application scoring details. We will watch for future funding.

She attended a Northwest Open Access Network meeting on May 10 in Spokane and reported changes to the bylaws and ownership percentages are being discussed. Discussion was held. She attended a Washington Public Utility Districts Association (WPUDA) Telecom meeting on May 10 - 11 in Spokane and reported on grant partnerships. She attended a WPUDA Managers meeting on May 11 - 12 in Spokane and

reported on the legislative bills debrief session and the new heat moratorium. Discussion was held.

MANAGEMENT REPORT:

Sarah Holderman, Co-Interim General Manager:

She provided an operations update and reported we are seeing long lead times for materials including transformers and wire. Staff will begin ordering for next year.

She reported Rusty Gill, District Lead Water Systems Operator and Ryan Tellessen, District Water Systems Operator are doing a great job managing the Metaline Falls Water System pipe replacement project and working with the contractor. The upper Lehigh Hill section is nearing completion and they will start the lower section later than expected due to a supply chain lead time issue. Customers will be notified of the timeline change and a change order will be issued.

Suzie Wrbelis, Director of Human Resources:

She attended a Central Washington Public Utilities/Unified Insurance Program Employee Insurance Advisory Committee meeting yesterday in Spokane Valley and reported it was a tutorial from Alliant on how they set insurance rates for employees.

She provided a staffing update and reported Mr. Tellessen has been awarded the Power Supply Mechanics Apprentice position effective May 16 which leaves a Water System Operator job position open. We have a meter reader position available and our summer student positions have all been filled.

Bryant Kramer, Director of Power Production:

He gave a slide presentation on the Pend Oreille River outlook and reported Box Canyon Dam has been spilling water since May 1 and river flows should hit 75,000 cubic feet per second next week. The snowpack is low at 89% of median. Discussion was held. He gave an Albeni Falls Dam and Lake Pend Oreille discharge update. The river elevation peak is anticipated at the end of May due to the warm temperatures and rain. The Cusick Pumping Plant is currently at capacity with all four pumps running and water is over the plant deck. Calispell Creek and Trimble Creek will both be pumping water for a while. Sullivan Lake is half full. Discussion was held.

He reported Power Lake and Campbell Pond have been stocked with fish. There is a Washington State Fish & Wildlife youth league fishing event at Campbell Pond on June 3 for kids and June 4 for senior citizens. The fish ladder started operations on April 27 and 25 fish, mainly rainbow trout were caught and processed. One West Slope Cutthroat Trout target fish was tagged and transported upstream. Discussion was held.

Kevin Conway, District Director of Utility Services, reported a Federal Energy Regulatory Commission inspection is due on July 25 - 26. He, Mr. Kramer, and staff are coordinating.

John Bricher, Finance Manager:

He is finishing the annual report and the monthly reporting packages through the first quarter.

He reported the 2023 annual inventory counts for the electric system and community network system are done and staff is finalizing.

He is working on the annual reporting with the Washington State Auditors Office for our 2022 data. He is working on the tax incentive report.

He reported the Low Income Home Energy Assistance Program application is due in June.

He is finishing the Department of Revenue excise tax audit for 2018 – 2021 and working with a tax attorney at Moss Adams to provide an opinion on the Department of Revenue's tax assessment.

ACTION ITEMS:

- Declaration of Surplus Property – Fleet Asset #331, a 2008 Ford F250, Fleet Asset #344, a 1997 Ford F350, and Short Bed Pickup Box from a 2008 Ford Super Duty Truck. Ms. Holderman reported the fleet assets are being replaced. The fleet assets will be sold at auction or through a sealed bid process. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve and declare the fleet assets and pickup box as no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The motion passed unanimously. Staff will proceed as appropriate.
- Declaration of Surplus Property – Box Canyon Swim Dock. Mr. Kramer provided the details. The swim dock will be sold through a sealed bid process. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve and declare the swim dock as no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The motion passed unanimously. Staff will proceed as appropriate.
- Unbudgeted Request for Deer Valley Transformer Cost Increase. Philip Roice, District Engineering Manager, provided the details. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to accept the unbudgeted request. Discussion was held. The motion passed unanimously.
- Bid Award for Deer Valley Transformer. Mr. Roice provided the bid summary details. He recommended the bidder with the lowest cost and shortest lead time. This will show in next year's budget. A motion was made by Commissioner Rick to pre-approve the purchase. There was no second and the motion died. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to award the bid to the lowest bidder, as presented. The motion passed unanimously.
- Unbudgeted Request for North County Fencing Project. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the unbudgeted request for the north county fencing project, as presented. The motion passed unanimously.
- Bid Award for North County Fencing Project. Mr. Kramer reported this is a 2-part project, for fencing at the Metaline Falls cell tower and Box Canyon security fencing. Discussion was held. Mr. Conway reported that security fencing is strongly advised by the North American Electric Reliability Corporation. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the bid award to the apparent low bidder for the north county fencing project, as presented. The motion passed unanimously.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Gretchen Koenig, member of the public inquired about status of Cascade's search for a backup qualified bank for their letter of credit. Ms. Holderman reported Cascade is in discussions with a few banks and they have an end of this month deadline.

Commissioner Onley thanked Ms. Koenig and everyone for attending and providing comments.

Commissioner Onley announced a 60-minute executive session on pending and/or potential litigation will begin at 10:05 a.m., in the Riverbend Conference Room with the Board of Commissioners, Ms. Holderman, and Tyler Whitney in attendance. 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 continue.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 10:05 a.m. The following were in attendance: Board of Commissioners; Sarah Holderman, Co-Interim General Manager; and Tyler Whitney, Cable Huston, LLP, virtual. The executive session adjourned at 11:05 a.m. No final action was taken during the executive session.

ACTION ITEMS (continued):

- Bid Award for Building at Diamond Lake Substation. Amber Gifford, District Customer Service & Contracts Manager, provided the bid details and recommended the bid award go to Kilgore Construction. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to accept and award the bid to Kilgore Construction. The motion passed unanimously.
- Approval of Cable Huston, LLP Engagement Letter. Ms. Holderman reported this engagement letter is for the PUD to continue to working with Tyler Whitney for general counsel services. The letter/professional services agreement is through the end of this year. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the Cable Huston, LLP Engagement Letter. The motion passed unanimously.

SAFETY SPOTLIGHT:

Mr. Conway shared a slide presentation and reported the upcoming Memorial Day weekend means boating season is here. He reported on the proper life jacket purpose and explained the five types of life jackets and when to use them. Discussion was held. Mr. Kramer reported two new sets of PUD logo life jackets will be at the Box Canyon boat launch and Campbell Pond. Ms. Gifford reported PUD logo life jackets are also stocked at the Rotary Park Oldtown boat launch.

CUSTOMER SPOTLIGHT:

Ms. Gifford reported on upcoming educational safety events. A line crew will be at the Stratton Elementary School tomorrow to talk about safety with the kindergarten classes. The north-end line crew will be at the Cusick School District on Thursday to talk about safety with the K – 5th grades. A line crew will be at the Idaho Hill Elementary School on June 7 for a safety day event. She thanked staff for their support of these educational events.

COMMISSION REPORT:

Commissioner Knapp attended a WPUDA Telecom meeting on May 10 – 11 in Spokane. He and Commissioner Rick attended an Economic Development Summit meeting on May 9 in Newport. He and the commissioners received an email invite to attend a Policy Circle meeting on May 18. Discussion was held. He will not be attending.

Commissioner Rick received the Policy Circle email invite and reported it is an Ag and Rural Caucus meeting on economic development. He would like to attend. Commissioners Onley and Knapp were in agreement for him to attend. He and Commissioner Knapp attended an Economic Development Summit meeting on May 9 at

the Pend Oreille County Courthouse and he reported it was a meeting to discuss economic development grants and coordination with county agencies. He attended the WPUA Telecom meeting on May 10 – 11 in Spokane and provided an overview.

Commissioner Onley attended a virtual Greater Newport Area Chamber of Commerce meeting on May 3 and provided an overview. He attended the WPUA Telecom meeting on May 10 - 11 in Spokane and provided an overview.

COMMISSION BUSINESS:

Commissioner Onley will attend a Special Board meeting for an executive session tomorrow in Newport. He will attend the Board meeting on May 31 at Box Canyon.

Commissioner Rick will attend a virtual Porta meeting on May 18, the Ag and Rural Caucus meeting on May 18 at the Sacheen Fire Station, a Tri-County Economic Development District meeting on May 24 in Colville, and the Board meeting on May 31 at Box Canyon.

Commissioner Knapp will attend a virtual Energy Northwest meeting tonight, a virtual Special Board meeting on May 17, and the Board meeting on May 31 at Box Canyon. He inquired about a Port meeting on May 31. Discussion was held. This meeting conflicts with the Board meeting on May 31 at Box Canyon.

Discussion was held regarding the commissioner pre-approval travel.

Commissioner Onley reported the next meeting is May 31, 2023, beginning at 9:30 a.m., at Box Canyon Dam, Ione 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 12:39 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form