

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
June 15, 2021
HYBRID MEETING – NEWPORT CONFERENCE ROOM, NEWPORT, WA
& 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: Sheryl Miller, Member of the Public
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 June 7, 2021 special meeting, the June 8, 2021 meeting and today's revised agenda were reviewed.

As of this date, June 15, 2021, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The revised agenda for June 15, 2021, the minutes of the June 7, 2021 special meeting, and the minutes of the June 8, 2021 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. 5762 through 5798 in the total amount of \$57,801.85; ACH payments in the total amount of \$275,196.12; and Wire Transfers in the total amount of \$199,304.78.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if Commissioners Larson and Onley had any topics for discussion. Commissioner Onley reported the Northwest Open Access Network (NoaNet) Board approved per diem for travel reimbursement. He requested hard copy documents for any action items and will contact Ms. Willner when any documents are needed. He inquired if the campground will be ready for the Newport Rodeo. Colin Willenbrock, District General Manager spoke with Dave North, City of Newport Public Works Director and reported District crews are helping get the park ready for the rodeo. Commissioner Onley commented that the analysis of the Box Canyon kiosk was good. This will be discussed at the June 29 meeting.

He reported we have a scheduled outage at the Pine Street Substation on June 21 – 25 and staff has contacted affected customers.

He provided a COVID-19 update. The end of July is when the customer disconnect moratorium expires and the District has sent letters to customers with past due accounts. He reported apology letters were mailed to budget billing customers who received the letters by mistake. Discussion was held on the budget billing true up.

Commissioner Knapp reported Ray Hansen, President of the Rodeo Association called him to give compliments to the District and for being great to work with.

He reported we had some outages last night due to the lightening storm. Box Canyon was tripped off line and we lost the Boundary tap which was restored.

He reported April Owen, District Director, Audit, Financial & Power Supply will give an April financial update. He reported power supply pricing in the northwest is uncertain at this time. He and Tyler Whitney, District General Counsel & Assistant General Manager will attend a virtual Pacific Northwest Wholesale Power Markets Conference this Thursday and Friday. He provided an overview of the conference. Discussion was held.

Gretchen Koenig, member of the public inquired how Allrise plays into all of this. Mr. Willenbrock reported it is our understanding that Box Canyon power probably won't meet their needs and they will need power from the open market. We're waiting for a load service request and have been in contact with their power supply consultant. She inquired if the substation at the former Ponderay Newsprint Company site is owned by the District. Mr. Willenbrock reported it is primarily owned by Allrise.

APRIL FINANCIAL UPDATE:

Ms. Owen provided an April financial update and reported we added a financial metric for Moody's and Fitch Rating Agencies regarding our debt service coverage and how much we can pay on our debt. The numbers are based on our yearly projected forecast.

Ms. Owen reviewed the past due electric customer accounts and reported we continue to make progress in collections. She reported the 60-day arrears total is approximately \$70,000 and the 90-day arrears total is about the same. Discussion was held regarding COVID relief funding assistance with the county.

Ms. Owen reported we continue to see good growth in residential customer electric services and we continue to see electric and fiber line extension applications.

She reviewed the water system statistics and labor hours. Commissioner Larson inquired about an increase in labor hours for the Metaline Falls Water System. Staff will follow up with details.

Ms. Owen reviewed the Shell Energy and Avista energy sales and the District's revenue with the Shell Energy net energy sales. She reported the wholesale purchases and net sales will probably dwindle in the summer. Discussion was held.

She reviewed the hourly load and Shell Energy hourly deliveries. Mr. Willenbrock discussed the importance of this graph.

Ms. Owen reviewed the average residential customer usage, the Box Canyon average hourly generation, and preschedule and real time market pricing.

She reviewed the actual versus budgeted expenses, debt and cash balances, and statement of cash flows for operating activities, non-capital financial activities and capital and related capital financing activities.

She reviewed the capital expenditures including the Riverview Water System arsenic treatment project.

She reviewed the budgeted forecast.

BUSINESS FROM THE PUBLIC:

Commissioner Knapp asked if there was any business from the public. There was no business from the public.

APRIL FINANCIAL UPDATE (continued):

Ms. Owen reviewed the Community Network System (CNS) and water systems financials. Commissioner Onley inquired about adding the new CNS service as a budget line item. Staff will review.

Mr. Willenbrock thanked the finance team for their work on this new dashboard platform.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager provided a COVID update and reported the original reopening date was scheduled for the end of this month. The vaccine rate has dropped off therefore June 30 will probably be the date for reopening non-service facilities. The Centers for Disease Control has provided new information and we will continue with our morning check-in stations for now.

Commissioner Onley reported Washington State has a 70% vaccination rate. Mr. Wiltse reported these numbers are for people who have just gotten the first dose. There is a disparity between the data used by the state versus federal government.

CUSTOMER SPOTLIGHT:

Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning reported an apology letter was mailed to our budget billing customers. We will continue our efforts in getting the moratorium letter out to customers with past due accounts and will continue with door hangers and phone calls.

She reported we hired a summer student helper for the customer service area. Leif Jungblom will help take customer payments and handle drive-through customers. Commissioner Larson noted that Mr. Jungblom just graduated from Selkirk High School and was the salutatorian.

COMMISSION REPORT:

Commissioner Onley attended a virtual Washington Public Utility Districts Association (WPUDA) Telecom Workshop on May 19 - 20 and provided an overview. He had a discussion with Mr. Willenbrock regarding CNS, Newport Rodeo, and the District's phone system. He attended a virtual Special Board meeting/City of Newport Council meeting on June 7. He observed a virtual NoaNet Board meeting on June 9 and provided an overview. Discussion was held regarding the NoaNet technicians. He attended a virtual WPUDA Strategic Planning meeting on June 10 and provided an overview. He received a phone call from the Newport Miner to discuss the City of Newport franchise and Allrise.

Commissioner Larson attended a virtual Broadband Action Team (BAT) meeting on June 10 and provided an overview.

Commissioner Knapp attended the virtual Special Board meeting/City of Newport Council meeting on June 7, the virtual NoaNet Board meeting on June 9, the virtual WPUDA Strategic Planning meeting on June 10, and the virtual BAT meeting on June 10. He met with several customers to discuss the City of Newport franchise and the Riverview Water System. He attended a virtual Economic Development Council (EDC) meeting on May 19. He had coffee with Don Gronning, Newport Miner on May 14 and had coffee with Andrew Engell, Congresswoman Cathy McMorris Rodgers Spokane Office on June 1. He had conversations with the City of Newport Mayor and Council members. Discussion was held regarding the EDC letter.

COMMISSION BUSINESS:

Commissioner Onley will attend a virtual WPUDA Water Committee meeting on June 24 and the PUD Board meeting on June 29 at Box Canyon.

Commissioner Larson will attend a virtual EDC meeting tomorrow and the PUD Board meeting on June 29 at Box Canyon. He reported the Tri-County Economic Development District meeting scheduled for June 30 has been canceled.

Commissioner Knapp will attend a Pend Oreille County Republican Party meeting on June 17 at the Cusick Legion Hall to discuss the former PNC mill status. He will attend an Energy Northwest meeting on June 23 – 24 in Tri-Cities.

Following a 5-minute recess, the meeting resumed.

ACTION ITEMS:

- District Organization Representation - WPUDA Telecom Committee. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to make a change to add Commissioner Larson and remove Commissioner Knapp as the District's Alternate Representative. The motion passed unanimously.

Discussion was held regarding a Board of Officers change. More discussion will be held at the June 29 Board meeting.

- Rescission of Resolution No. 1333. Ms. Holderman provided the details of the Boundary automatic rate adjustment. Mr. Willenbrock reported that we absorbed the cost last year and recommend absorbing it again this year due to customer hardship. We will include it in our budget discussion as a line item in December. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to rescind Resolution No. 1333. The motion passed unanimously.
- Approval to Proceed with Budgeted Project – OPGW Repair. Mr. Willenbrock reported this project was budgeted, with a staff evaluation and an ECI Consulting investigative report sent to the Board. Discussion was held. Commissioner Onley provided his thoughts and wants the District to save money and not do the project. David Hodder, District Engineering Manager provided information in reference to Commissioner Onley's comments. Robert Fritz, District CNS Supervisor provided insight. Further discussion was held. Commissioner Larson requested staff look into alternative options for partial repairs or alternative routes for the fiber. Dario Nila, District CNS Specialist reported the OPGW is damaged and it's just a matter of time before it fails. Ms. Holderman clarified that Commissioner Larson requested staff and ECI Consulting to look at a smaller section for the initial repair and/or an alternative route for the fiber. Commissioner Larson agreed with that clarification. More discussion will be held at a July meeting.
- Approval of Water Service, Rates and Credit Policy. Ms. Holderman reported the Community Water Systems customers requested a change to the policy to allow multiple lot owners to combine the minimum gallons usage on multiple lots. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the revised policy. The motion passed unanimously.
- Temporary Staffing. Mr. Willenbrock reported that with the extra work load and backlog of line extensions we need to hire a temporary 6-month electrical engineer and a temporary 4-month staking engineer. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the temporary staffing. The motion passed unanimously. Discussion was held regarding the CNS staffing.

MANAGEMENT REPORT:

The session was postponed until the June 29 meeting.

Mr. Whitney provided information regarding the cultural resource surveys for customer line extensions. He explained the District is required to ensure any ground-disturbing work near known historic sites, including work for customer line extensions needs to be administered through a certified archaeologist using appropriate processes. We have several line extensions that require potentially expensive and time-consuming archaeological work before the District can complete the line extension. Staff is proposing that the customer should bear the cost of the surveys as part of their line extension. He inquired if the Board wants to have customers bear the cost or if the District should absorb this cost. We need to give customers some guidance. Commissioner Knapp was in favor of having the customer bear the cost. Commissioner Larson inquired if the customer knows it is a cultural historic site. Mr. Whitney reported we can have the consultant investigate and provide a report to the customer. Commissioner Larson was in favor of having the customer bear the cost.

Commissioner Knapp announced a 30-minute executive session on pending and/or potential litigation will begin at 11:45 a.m. Following the executive session, he will rejoin this meeting to adjourn. The next Board meeting is June 29 at Box Canyon.

Following a 5-minute recess, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-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; Tyler Whitney, General Counsel & Assistant General Manager; April Owen, Director, Audit, Financial & Power Supply; and Christopher McKey, Energy West, LLC. Mr. Willenbrock left the executive session at 11:50 a.m to attend his daughter’s kindergarten graduation. At 12:18 p.m., Commissioner Knapp returned to open session and announced the executive session would be extended to 1:00 p.m. Mr. Willenbrock rejoined the executive session at 12:40 p.m. The executive session adjourned at 1:00 p.m. The Board returned to open session. No final action was taken.

There being no further discussion to come before the Board, the meeting adjourned at 1:01 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form