

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 16, 2018
NEWPORT CONFERENCE ROOM, NEWPORT, WA

Present: Daniel L. Peterson, President
Curtis J. Knapp, Vice President
Richard A. Larson, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler Whitney, General Counsel/Director, Regulatory &
Governmental Affairs
Karen Willner, Clerk of the Board

Others: Jared Horton, Real Life Ministries

The meeting was called to order at 8:30 a.m. by Daniel L. Peterson, President.

CONSENT AGENDA:

The minutes from the October 2, 2018 meeting and today's revised agenda were reviewed.

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. As of this date, October 16, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of October 2, 2018 meeting and the revised agenda for October 16, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1908 through 1994 in the total amount of \$214,693.09; ACH payments in the total amount of \$624,065.01; Wire Transfers in the total amount of \$21,223,398.78; and ACH payroll transactions in the total amount of \$221,200.94 for the payroll ending September 30, 2018.

BOARD WORKSHOP:

Colin Willenbrock, District General Manager provided an update on the Northwest Open Access Network (NoaNet) related to pension liability, revenue note and bond, District's share of NoaNet and member benefit. He reported NoaNet is requesting another line of credit for capital financing and is asking its members to fund a loan. He reviewed the options that NoaNet is considering. Discussion was held. More discussion will occur at the October 30 Board Meeting.

SAFETY SPOTLIGHT:

Paul Kiss, District Safety Coordinator provided an overview on the driving accident statistics with icy roads and the importance of being prepared for winter driving conditions including having winter tires on vehicles.

Commissioner Larson reported he had a phone call with a customer regarding volunteer fire fighters training as it related to a recent fire in the county.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Customer Service Manager reported staff's focus on customer service also includes our internal customer employees and this month they have

nominated Autumn Rice, District Regulatory Compliance Coordinator for her customer service support she provided to Box Canyon during a staffing transition.

Mr. Willenbrock reported he and Commissioner Knapp met on October 9 in Newport with a customer to follow up on an irrigation meter damage claim. He provided an overview and reported a letter was mailed to the customer to resolve the issue.

Commissioner Knapp reported he had a conversation with a customer regarding a fiber issue.

COMMISSION REPORT:

Commissioner Knapp attended a NoaNet Board meeting on October 10 in Spokane and a meeting with a customer on October 9 in Newport to discuss an irrigation meter damage claim.

Commissioner Larson participated, via teleconference, in an Economic Development Council (EDC) Study Group meeting on October 4 and provided an overview. Discussion was held.

Commissioner Peterson attended Public Power Council (PPC) meetings on October 3 – 4 in Portland and a PPC meeting on October 9 – 11 in Washington, D.C. He provided an overview.

COMMISSION BUSINESS:

Commissioner Knapp will attend a Washington Public Utility Districts Association Awards Committee meeting tomorrow in Olympia, a Breakfast with PUD meeting on October 19 in Newport, an Energy Northwest meeting on October 24 – 25 in Pasco, a legislative luncheon/meeting on October 29 in Colville and a Public Utility Risk Management Services (PURMS) meeting on October 31 in Seattle.

Commissioner Larson will attend an EDC meeting tomorrow in Newport, EDC Study Group meetings on October 18 and 25 in Newport, a Tri-County Economic Development District meeting on October 24 in Colville and a legislative luncheon/meeting on October 29 in Colville.

Commissioner Peterson will attend a legislative luncheon/meeting on October 29 in Colville.

ACTION ITEMS:

- Resolution No. 1413 – Water Rates Adjustments and Revised Water Service Policy. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to adopt the resolution and approve the revised policy. The motion passed unanimously.
- Contract No. 18-024 Distribution Dock Crew Services. Mr. Willenbrock provided the details and referred any questions to Chris Jones, District Director, Operations/Line Superintendent and Amber Orr, District Director, Engineering. They provided an overview of ongoing and upcoming projects. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to authorize the general manager to execute the contract. The motion passed unanimously.
- Resolution No. 1416 – Public Utility Risk Management Services (PURMS) Interlocal Agreement and Amendment. Sarah Holderman, District Treasurer provided the details. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to adopt the resolution. The motion passed unanimously.

- Revised Internal Reliability Compliance Policy. Kevin Conway, District Compliance and Training Manager provided the details. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the revised policy. The motion passed unanimously.
- Revised Meals – In County, Non-Union Employees Policy. April Owen, District Director, Finance/Auditor provided the details. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the revised policy. The motion passed unanimously.

BREAK/BUSINESS FROM THE PUBLIC:

Following a 5-minute break, the meeting resumed.

Jared Horton, Real Life Ministries appeared before the Board to explain the Happy Feet Program which provides shoes and socks to local community children and request funding. Discussion was held. The Board thanked Mr. Horton for appearing before the Board today to request funds. Mr. Horton left the meeting.

COMMISSION BUSINESS (continued):

- Happy Feet Program Funding Request. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to contribute \$250 to the program. The motion passed unanimously.

ACTION ITEMS (continued):

- High Density Load Contracts. Kim Gentle, District Director, Power & Risk Management provided the details for the proposed electric service agreements with West 117, LLC, Computer Services, Inc., and D & M Technologies, LLC. She reported the contract is a take-or-pay contract and is based on a schedule for what the customer requested. She explained the terms and penalties involved. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the contracts and authorize the general manager to sign the contracts in substantially the same form as presented. The motion passed unanimously.

MANAGEMENT REPORT:

Mark Scott, Water Systems Manager:

He received a letter from the Town of Cusick requesting the District use our consultant, Welch Comer to do a cost analysis to operate the Cusick Water Treatment Plant. The Town will pay for the cost analysis report. Discussion was held.

ACTION ITEMS (continued):

- Cusick Water Treatment Plant Cost Analysis. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the scope of work as identified in the Town of Cusick's letter request. The motion passed unanimously.

Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs:

He reported the District made an extension request for operation of the upstream fish passage project received unanimous support from the Technical Committee. He provided an update on the Off-License Settlement Agreement and reported the Amended Settlement Agreement has been approved by Ponderay Newsprint Company, Forest Service and Kalispel Tribe and that the parties are planning to meet with staff from the Federal Energy Regulatory Commission to discuss the license amendment application. Discussion was held.

Lloyd Clark, Director, Safety & Human Resources:

He reported Rod Schoener, District Journeyman Tree Trimmer Foreman was selected for the Linemen Apprentice job position.

He is working on employee open enrollment for insurance coverage to occur during the first two weeks in November. He is comparing our process with the Central Washington Public Utilities member open enrollment process.

He will provide a harassment training for the commissioners and staff before the end of this year.

He is working on a District leadership training to be held on November 15..

Paul Kiss, Safety Coordinator:

He is scheduling confined space training for the linemen.

He is scheduling first aid/cpr training for staff.

He helped Kenna Tornow, District Communications & Public Contracts Manager last week with kindergarten tours and visits to the Selkirk and Cusick School Districts to discuss safety awareness and to demonstrate the power town safety model to students during Public Power Week. He helped Ms. Tornow with an EDC-sponsored Career Fair at the Newport High School on October 11 and he commended Ms. Tornow for doing a great job with the display.

Mr. Willenbrock reported Mr. Kiss has helped with the District's records retention and disposal process. He reported the District is making great progress in organizing records in the meat locker storage facility and completing records disposal logs. He commended the crew for helping with the pallets and moving records.

Bob Pebles, Information Technology Manager:

He reported staff worked last week on installing a new camera system in the customer service area. The customer service representatives are excited about the level of safety it will provide.

He reported that last week during Public Power Week there was a display of the refreshed website page in the customer service area and that feedback was positive.

He reported a department internal cross-training program was instituted in order to transfer knowledge from one staff member to others for when employees are on leave or out of the office.

Kenna Tornow, Communications & Public Contracts Manager:

She reported a Breakfast with PUD meeting will be held this Friday and Commissioner Knapp and local realtors will be in attendance. The next breakfast meeting is scheduled for November 9 and Commissioner Peterson will attend.

She and Scott Jungblom, District Natural Resources Manager put out a request for proposal for an on-call biologist contract. More information will be provided at the October 30 Board meeting.

She asked for ideas for Thanksgiving donations to local food banks. Discussion was held. More discussion will follow at the October 30 Board meeting.

She reported the newsletter has been distributed for customers.

Libbey Bartel, Customer Service Manager:

She reported customer service representatives (CSRs) will be participating in the Breakfast with PUD meeting this Friday where the focus will be on building relationships with new customers and businesses.

She reported the CSRs will be handing out candy to children during the Halloween Trick-or-Treat event.

Chris Jones, Director, Operations/Line Superintendent:

He provided a high-density load update and reported the Newport Hospital Assisted Living Facility transformer has been set and will be energized. He reported another new business transformer will be energized next week. Discussion was held regarding temporary and primary metering services.

He reported the Kalispel Tribe Casino transformer is due to arrive this week and the grand opening for the food market is tomorrow. Two other new business transformers will be set in the next week or two. Discussion was held regarding a potential customer site build.

Kevin Conway, Compliance and Training Manager:

He reported staff has implemented a compliance oversight plan to document what has been done in the department.

He reported that Rod Clark, District System Operator Trainee started training in System Operations and a meeting for further training with Bryant Kramer, District Senior System Operator will be held on Thursday.

He has been filling in for Mark Cleveland, District Director, Power Production at Box Canyon. He provided a Production update and reported Pacific Marine has cleaned out the boat launch and the site is returning to its regular condition.

He provided an upstream fish passage update and reported the lights have been wired and day-to-day changes are being seen. The concrete has been poured and functional testing has been scheduled. The cofferdam was removed. Mr. Willenbrock reported Mr. Conway and Pat Carroll, Project Manager have been working on small cleanup projects. The District will do some work to get the aesthetics back to their normal condition. Discussion was held.

Robert Fritz, Community Network System (CNS) Supervisor:

He reported staff and crew are working on fiber line extensions. More applications are being submitted and staff is seeing a good number of those submittals just needing electronics.

He reported staff is doing an inventory of the department today.

He reported the CNS crew is working with the north linecrew on installing a pole at the River Bible Camp. They should be able to set the pole and have the fiber installed and running next week. He and Dario Nila, District CNS System Specialist will be attending a NoaNet Teckfest this week.

April Owen, Director, Finance/Auditor:

She reported Moss Adams auditors are at the District this week doing interim audit work. They will do an entrance interview with a commissioner at the end of this year. She explained the scope of the audit.

She reported that the 2018 bonds were funded. The proceeds were used to refund the 2009 bonds and paid off the KeyBank line of credit. The remaining funds will be used to pay for upstream fish passage. On average the District will save \$300,000 per year in debt service costs for Box Canyon from refinancing the 2009 bonds. She reported the

process went smoothly and commended Nancy Neraas, Foster Pepper, PLLC; Sean Keatts, Barclays Capital; and Jeb Spengler, Piper Jaffray & Company. Discussion was held.

She provided an overview on the operations center plans and how they work in the budget. Mr. Jones has worked with Cortner Architectural to do the project in four phases. The first stage is demolition of the meat locker storage facility and construction of the mechanics shop. The second and third phases are for storage areas and the fourth phase is expanding the linecrew warehouse. She explained the first phase will be included in this year's budget and the goal is to have a balanced budget and a rate increase will be used to build cash reserves. Discussion was held.

EXECUTIVE SESSION – REVIEW OF PERFORMANCE OF PUBLIC EMPLOYEE:

A 30-minute executive session on personnel for review of performance of public employee commenced at 11:40 a.m. The following were in attendance: Board of Commissioners; and Colin Willenbrock, General Manager. The executive session adjourned at 12:09 p.m. and the Board returned to open session. No final action was taken.

Following a 30-minute working lunch, the meeting resumed.

There being no further discussion to come before the Board, the meeting adjourned at 12:40 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form