

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
November 20, 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 R. Whitney, General Counsel/Director of Regulatory &  
Governmental Affairs  
Karen Willner, Clerk of the Board

Others: Richard Schultz, Member of the Public  
Bob Eugene, Member of the Public

The meeting was called to order at 2:05 p.m. by Daniel L. Peterson, President.

CONSENT AGENDA:

The minutes from the November 6, 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, November 20, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of November 6, 2018 meeting and the revised agenda for November 20, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 2094 through 2180 in the total amount of \$153,474.93; ACH payments in the total amount of \$540,699.03; Wire Transfers in the total amount of \$1,726,481.32; and ACH payroll transactions in the total amount of \$262,400.90 for the payroll ending October 31, 2018.

BUDGET WORKSHOP:

Sarah Holderman, District Treasurer distributed a handout and provided a powerpoint presentation on the proposed 2019 Draft Budget. She reviewed the residential and industrial general service revenue; operation and maintenance (O&M) costs; customer information which includes metering; administrative and general costs; protection, mitigation and enhancement (PM&E) measures; capital expenditures; and labor assumptions. She provided a financial summary.

April Owen, District Director, Finance/Auditor reported this proposed draft budget does not include any rate increases. Discussion was held. She reported a budget and rate public hearing will be held on December 4.

The Board thanked Ms. Holderman and Ms. Owen for their presentation.

Commissioner Larson reported the Economic Development Council (EDC) is considering options for marketing sites for industrial businesses and noted that we should keep this in mind for our budget process. Discussion was held.

Discussion was held regarding District memberships representation for 2019.

Mr. Schultz left the meeting.

## EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 3:15 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs; and Kim Gentle, Director, Power & Risk Management. Ms. Gentle was excused at 3:30 p.m. After public announcement at 4:16 p.m., the executive session was extended for 1 hour and 15 minutes. The executive session adjourned at 5:30 p.m. and the Board returned to open session. No further action was taken.

Following a 5-minute break, the meeting resumed.

Commissioner Peterson welcomed Bob Eugene, member of the public, and explained the format of the meeting evening portion.

## SAFETY SPOTLIGHT:

Colin Willenbrock, District General Manager reported the District continues its push on safety and is making progress. He explained the importance of having a safety culture and that safety programs become critical for getting there, making sure we have the appropriate fire-retardant clothing, equipment and tools and not getting complacent and doing what we can for safety. He emphasized that safety is important to everyone. The District is doing safety projects at Box Canyon, passing safety policies, talking about safety procedures, implementing incentive safety programs, working on community safety projects, and rehabbing our system to promote safety. He reported this is an on-going effort and he gave credit to staff on the progress we have made.

## CUSTOMER SPOTLIGHT:

Mr. Willenbrock explained the importance of investing in our front-line staff and their roles and new technologies that make us more efficient and effective. Everything we do in developing solutions is done for our customers. Our focus is always on customer rates and customer service.

## COMMISSION REPORT:

Commissioner Knapp attended a Northwest Open Access Network Board meeting on November 14 in Olympia and provided an overview of committee meetings. Mr. Willenbrock reported the Telecom Committee meeting included discussion on the Community Economic Revitalization Board upping its grant funding to \$3 million for rural broadband construction projects. Other discussion included raising the competitive bidding amounts for procurement contracts from \$150,000 to \$300,000.

Commissioner Larson attended a Tri-County Economic Development District meeting on October 24 in Colville and reported the group is shrinking and struggling to keep employees. They are looking at options in moving forward. Discussion was held.

## COMMISSION BUSINESS:

Commissioner Larson will attend a Pac West meeting tomorrow in Newport and an EDC Study Group meeting on November 29 in Newport.

Commissioner Knapp will attend an EDC meeting tomorrow in Cusick.

## ACTION ITEMS:

- Pend Oreille County Hazard Mitigation Plan. Autumn Rice, District Regulatory Compliance Coordinator reported the county has updated the plan for hazard impacts within the county. She explained the plan is a condition for federal disaster grant assistance. The county went out for public comment in September and the plan was reviewed by the Washington State Division of Emergency Management and the Federal Emergency Management Agency and has been

approved pending adoption by the county and the District. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the updated plan. The motion passed unanimously.

- D&M Technologies, LLC Electric Service Agreement. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to authorize the general manager to execute the described agreement. Mr. Willenbrock provided an overview of the agreement and reported the load schedule with this customer has been amended. The motion passed unanimously.
- Approval of Bonneville Power Administration (BPA) TC-20 Settlement Agreement. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to authorize the general manager to execute the BPA TC-20 Settlement Agreement. The motion passed unanimously.
- Approval of BPA BP-20 Partial Settlement Agreement. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to authorize the general manager to execute the BPA BP-20 Partial Settlement Agreement. The motion passed unanimously.

#### BUDGET:

Ms. Owen will provide the earlier budget workshop document to Mr. Eugene. She provided a powerpoint presentation on the draft budget which included the financial basics of the Electric System, Box Canyon Production System, Community Network System and Water System.

The Board thanked Ms. Owen for her presentation.

#### NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION (NERC) COMPLIANCE:

Kevin Conway, District Compliance and Training Manager provided a powerpoint presentation on NERC Compliance. He reported the 2005 Energy Policy Act authorized the Federal Energy Regulatory Commission (FERC) to regulate the Bulk Power System (BPS). He reviewed ways the District has maintained compliance while reducing its costs and reported that cyber security and physical security will have the most impact on District risk and costs going forward. The District continues to look for cost effective ways to manage NERC compliance.

The Board thanked Mr. Conway for his presentation.

#### PROPOSED BOX CANYON LICENSE AMENDMENT:

Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs provided a powerpoint presentation on the proposed Box Canyon License Amendment. He reported the District was obligated under the license to put in upstream and downstream fish passages. The primary purpose of this amendment is to achieve better conservation outcomes for target species in Lower Pend Oreille Basin and it would stabilize Box Canyon costs and allow the District to avoid additional major capital projects for the remainder of the license.

The Board thanked Mr. Whitney for his presentation.

There being no further discussion to come before the Board, the meeting adjourned at 7:04 p.m.

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President

ATTEST:

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Secretary

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General Counsel  
Approved as to Form