

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
March 19, 2019
NEWPORT CONFERENCE ROOM, NEWPORT, WA

Present: Curtis J. Knapp, President
Richard A. Larson, Vice President, via teleconference
Joseph B. Onley, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler R. Whitney, Chief Legal, Generation &
Regulatory/Government Affairs Officer
Karen Willner, Clerk of the Board

Others: Don Gronning, Newport Miner
Caneel Johnson, Newport Miner
Robert Wiese, Member of the Public
AJ Wiese, Newport High School Student
Jeremy Ward, Newport High School Student
Vickie Blanchet, Program Director, Grizzly Discovery Center,
Newport School District
Bob Eugene, 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.

CONSENT AGENDA:

The minutes from the March 5, 2019 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, March 19, 2019, the Board, upon motion by Commissioner Onley and seconded by Commissioner Larson approved the following:

- The minutes of March 5, 2019 meeting and the revised agenda for March 19, 2019.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 2618 through 2670 in the total amount of \$130,368.48; ACH payments in the total amount of \$295,154.64; Wire Transfers in the total amount of \$169,723.62; and ACH payroll transactions in the total amount of \$201,768.78 for the payroll ending February 28, 2019.

BOARD WORKSHOP:

AJ Wiese, Jeremy Ward and Vickie Blanchet appeared before the Board to request funding to attend the International SeaPerch Competition Nationals. They explained the SeaPerch underwater robotics program and explained how the remotely operated vehicle works. Mr. Wiese and Mr. Ward placed first in the Eastern Washington competition and have qualified to go to Nationals at the University of Maryland. They reviewed the costs to attend Nationals and are requesting the Board's help to fund. Discussion was held. Commissioner Knapp thanked them for coming and for their presentation. Ms. Blanchet reported a Science, Technology, Engineering and Math Night will be held on Wednesday night at Stratton Elementary. The Board will discuss this funding request at the April 9 Board Meeting when Commissioner Larson can attend in person. Mr. Wiese, Mr. Ward and Ms. Blanchet left the meeting.

April Owen, District Chief Audit, Financial & Power Supply Officer provided a January 2019 Financials update and reported the debt service coverage ratio estimate is 6.94 for 2019. The Board thanked Ms. Owen for her update. Discussion was held.

She reported we paid our privilege tax last month and explained the privilege tax is in lieu of property tax. Discussion was held.

SAFETY SPOTLIGHT:

Lloyd Clark, District Chief Safety, Operations & Administrative Services Officer reported Jason Pimental, District Safety Coordinator met last week with other PUD safety managers and staff to compare safety programs. He explained the Occupational Safety and Health Act (OSHA) Voluntary Protection Programs where OSHA can come to the District and set up a safety and health management program.

Colin Willenbrock, District General Manager reported he and Mr. Clark will attend a Vegetation Management meeting with the tree trimming crew this Thursday at the District. Discussion was held.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Chief Customer Service & Metering Officer reported the warmer weather is bringing out more customers for line and fiber extension projects. Discussion was held.

COMMISSION REPORT:

Commissioner Knapp attended a Northwest Open Access Network (NoaNet) Board meeting on March 13 in Olympia and Washington Public Utility Districts Association (WPUDA) meetings on March 13 – 15 in Olympia. He provided an overview.

Commissioner Larson attended the NoaNet Board meeting on March 13, via teleconference.

Commissioner Onley attended the WPUDA meetings on March 13 – 15 in Olympia and provided an overview.

COMMISSION BUSINESS:

Commissioner Knapp will attend Energy Northwest meetings on March 26 – 28 in Tri-Cities.

Commissioner Onley will attend a WPUDA Water Committee meeting this Thursday in Olympia.

Commissioner Larson will attend an Economic Development Council meeting tomorrow in Ione, a Tri-County Economic Development District meeting on March 27 in Colville and a North County Chamber of Commerce meeting on March 27 in Metaline.

- Northwest Public Power Association Voting Delegate for 2019 Meetings. A motion was made by Commissioner Onley and seconded by Commissioner Larson to nominate Commissioner Curt Knapp as the voting delegate and Tyler Whitney as the alternate. The motion passed unanimously.
- Cutter Theatre Sponsorship Funding Request. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to do a corporate sponsorship at the \$1,000 level and continue to support and use the Cutter Theatre for townhall meetings. The motion passed unanimously.

MANAGEMENT REPORT:

Colin Willenbrock, General Manager:

He reported the Public Power Council (PPC) mission is to protect and enhance the value of the Federal Columbia River System. He explained PPC makes up roughly 84% of BPA power. He reported Scott Corwin, PPC Executive Director will be leaving to go to the Northwest Public Power Association as the Executive Director. Mr. Willenbrock is a member of the PPC Executive Committee. He reported BPA is considering joining the California-based Energy Imbalance Market.

BREAK/BUSINESS FROM THE PUBLIC:

Gretchen Koenig, member of the public inquired if the District can enlist ratepayers to be eyes on the ground if they notice trees are endangering power lines. Discussion was held.

Bob Eugene, member of the public thanked Ms. Owen and the Finance staff for making the financial handout easy to follow and for being prudent in balancing the District's cash flow.

Following a 5-minute break, the meeting resumed.

MANAGEMENT REPORT (continued):

Colin Willenbrock, General Manager:

He noted the Kalispel Casino Grand Opening on April 10 in Cusick and inquired about attendance. He, Commissioner Knapp and Commissioner Onley will likely attend.

He has executed the Off License Settlement Agreement with the Kalispel Tribe of Indians.

He will meet with Debra Smith, Seattle City Light CEO tomorrow in Seattle.

He provided a Central Washington Public Utilities (CWPU) meeting update regarding the Interlocal Cooperation Agreement with the seven other public utilities on IBEW bargaining and wages. Discussion was held.

Tyler Whitney, Chief Legal, Generation & Regulatory/Government Affairs Officer:

He reported the Off License Settlement Agreement signature pages have been circulated. He explained the process for submitting it to the Federal Energy Regulatory Commission (FERC).

He reported Scott Jungblom, District Natural Resources Manager and Dennis Schult, District Hydrologist are working with the Box Canyon Production staff to implement a required total dissolved gas grid study.

He provided a Newport Rodeo Fairgrounds upgrade update and reported he followed up with Newport City to see if they will be submitting any formal plans but he has not received any plans.

Mark Scott, Water Systems Manager:

He received the funding notification from the State for the Riverview Water System arsenic removal. A pilot program is being done there and the District currently has a request for qualifications (RFQ) for a water engineer advertised. He is working on the State Environmental Policy Act proposal for the project.

He met with the Town of Metaline Falls last week to discuss replacing the water pipe on Lehigh Hill. This will be done through a 100% grant. Discussion was held.

Kenna Tornow, Communications and Public Contracts Manager:

She reported that more than 140 customers have signed up to receive electronic newsletters from the District.

She reported the 2018 Annual Report design edits are finished and she is working with Ms. Owen on the financials.

She and the Ione line crew will be at the Cusick School District next week to do a Safety Awareness event.

She reported the contract management software, ProcureWare implementation began this week and is expected to reach completion and go live in May.

Libbey Bartel, Chief Customer Service & Metering Officer:

She reported two newly hired meter readers were onboarded yesterday, today they are doing safety orientation and they will be in the field with staff doing hands on training on Thursday. She explained one meter reader was hired as a replacement and the other meter reader is a new hire. Mr. Willenbrock provided a meter reader staffing overview. Discussion was held.

Lloyd Clark, Chief Safety, Operations & Administrative Services Officer:

He provided a Human Resources update and reported two meter readers and a hydro operator were onboarded yesterday. The Controller hire position remains open. He will work with Kevin Conway, Chief Compliance, Engineering & Technology Officer on the open job positions. He will start working on job advertisements for the summer student helpers.

He provided an Operations update and reported line crews are working on setting poles on Highway 2 near the four lanes. They will be doing an underground line extension on Friday depending on the weather.

Commissioner Onley inquired about the 5-day, 8-hours work schedule. Mr. Willenbrock explained the need for providing customer coverage, being prudent and making fiscally responsible business decisions that were discussed by the Executive Leadership Team and management staff. However, he also committed to continuing the conversation with impacted staff to find a scheduling solution that worked for everyone. Discussion was held.

Kevin Conway, Chief Compliance, Engineering & Technology Officer:

He provided a System Operators update and reported the operators received customer phone calls regarding Davey Resource Group (DRG). DRG is doing our system inventory project. The District has asked DRG to contact the operators on a daily basis to let them know where they will be working.

He provided a Compliance update and reported staff is working with the Western Electricity Coordinating Council (WECC) on the self-report for documentation of FAC-001 to coordinate any interconnections. Staff is preparing a self-report for PRC-5 for system protection maintenance and documentation. He reported the North American Electric Reliability Corporation (NERC) is changing its process for reporting self-reports and he explained the process. He provided an overview of WECC, FERC and NERC and their responsibilities. FERC wants to implement a find and fix tracking system. He reported WECC auditing staff is changing and WECC is working on the transitioning.

He reported a RFQ for index testing of the Box Canyon Dam turbine units was advertised and the District received two strong bids. An evaluation was done and Ms. Tornow will set up a phone call with Alden Research Labs. He explained the scope of the project.

Sarah Holderman, Chief Treasury, Broadband & Strategic Planning Officer:

She reported staff had National Information Solutions Cooperative (NISC) training for three days last week on all of our work processes and how we use NISC modules.

She is working with Mr. Whitney on banking authority resolutions.

She is working with Robert Fritz, District CNS Supervisor on CNS policy rate revisions.

She will attend a Public Utility Risk Management Services meeting tomorrow in Seattle.

April Owen, Chief Audit, Financial & Power Supply Officer:

She is working on the financials for the 2018 Annual Report.

She reported Olga Darlington, Moss Adams auditors will be attending the April 9 Board meeting to provide a presentation on the financial audit. State auditors are here this week doing a 3-year audit. She reported the February financial reports will be coming out soon.

She provided a Power Supply update and reported staff is continuing to make sure we have backups for our daily processes and reporting.

ACTION ITEMS:

- Declaration of Surplus Property – Trimble Geo XT 2005 Series Unit, Equipment #2221. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Onley and seconded by Commissioner Larson to declare equipment #2221 as being no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. The equipment will be donated to a school district that has an engineering department. The motion passed unanimously. The staff will proceed as appropriate.
- Declaration of Surplus Property – Miscellaneous Items. Based on staff recommendation, a motion was made by Commissioner Onley and seconded by Commissioner Larson to declare the miscellaneous items as being no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. The items will be sold using the sealed bid process. The motion passed unanimously. The staff will proceed as appropriate.
- Procurement of Altec Boom Truck, Contract No. 19-014. Mr. Willenbrock reported all three boom trucks have been budgeted in accordance with our Fleet Management Program. One truck is for CNS and two trucks are for the Electric System. The District used the National Joint Powers Alliance purchasing process. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the contract in the amount of \$151,805, without sales tax and authorize the general manager to execute the contract with Altec Industries, Inc. The motion passed unanimously.
- Procurement of Altec Boom Truck, Contract No. 19-015. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the contract in the amount of \$150,559, without sales tax and authorize the general manager to execute the contract with Altec Industries, Inc. The motion passed unanimously.
- Procurement of Altec Boom Truck, Contract No. 19-016. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the contract in the amount of \$150,559, without sales tax and authorize the general manager to execute the contract with Altec Industries, Inc. The motion passed unanimously.
- Procurement of Padmount Transformers, Contract No. 19-007. Mr. Willenbrock and Ms. Tornow provided the details. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Onley to approve the contract in the total amount of \$166,769.24 and authorize the general manager to execute the contract with General Pacific, Inc. The motion passed unanimously.

Discussion was held regarding the evening meeting scheduling. Following a 30-minute working lunch, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 90-minute executive session on pending and/or potential litigation commenced at 12:30 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; April Owen, Chief Audit, Financial & Power Supply Officer; and Tyler Whitney, Chief Legal, Generation & Regulatory/Government Affairs Officer. Ms. Owen left the executive session at 1:45 p.m. The executive session adjourned at 2:00 p.m. and 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 2:01 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form