

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
August 20, 2019
NEWPORT CONFERENCE ROOM, NEWPORT, WA

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 R. Whitney, Chief Legal, Generation &
Regulatory/Government Affairs Officer
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Phyllis Kardos, Member of the Public
Bob Eugene, Member of the Public
Don Gronning, Newport Miner

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, President.

CONSENT AGENDA:

The minutes from the August 6, 2019 meeting, August 12, 2019 special 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, August 20, 2019, the Board, upon motion by Commissioner Onley and seconded by Commissioner Larson approved the following:

- The minutes of August 6, 2019 meeting, August 12, 2019 special meeting and the revised agenda for August 20, 2019.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 3254 through 3320 in the total amount of \$204,274.56; ACH payments in the total amount of \$189,822.94; Wire transfers in the total amount of \$233,263.68; and ACH payroll transactions in the total amount of \$269,258.51 for the payroll ending July 31, 2019.

PRE-APPROVAL OF COMMISSION TRAVEL FOR SEPTEMBER:

Discussion was held regarding the Board's travel plans for September meetings attendance.

Commissioner Larson will plan to attend a Northwest Open Access Network (NoaNet) Board meeting on September 11 in Spokane.

Commissioner Onley will plan to attend the Washington Public Utility Districts Association (WPUDA) meetings on September 17 – 20 in Suquamish and the WPUDA Water Workshop on September 24 – 27 in Leavenworth.

Commissioner Knapp will plan to attend the WPUDA meetings on September 17 – 20 in Suquamish and an Energy Northwest Executive Board meeting on September 25 – 26 in Pasco.

The Board was in agreement with their September travel plans.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 8:52 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, Chief Legal, Generation & Regulatory/Government Affairs Officer. The executive session adjourned at 9:15 a.m. and the Board returned to open session. No final action was taken.

Suzie Thompson, District Human Resources Manager introduced Destini Parker, new hire for Payroll/Benefits Coordinator job position. Ms. Parker provided her background. The Board welcomed her to the District.

SAFETY SPOTLIGHT:

Jason Pimental, District Safety Coordinator reported an on-water oil spill response training drill was held at Boundary Dam Campground last week. He provided the details and reported the training included employees from the District, Boundary Dam and Fortis BC.

He provided an overview of today's Governor's Industrial Safety and Health Conference action item. Discussion was held. Colin Willenbrock, District General Manager reported staff attended this conference last year and the staff that attended were instrumental in the pole top rescue mock training held on July 18 at the Ione Warehouse.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Chief Customer Service & Metering Officer provided an update on the customer deposit program that started in May. She commended Alyssa Larion, District Customer Service Representative for doing a great job managing the program. Ms. Larion provided an overview of the program.

Commissioner Onley inquired about a customer's property gate that was damaged by a District vehicle. Ms. Willner reported the customer had sent an email regarding the matter to the District. She informed the customer that she forwarded the email to the appropriate staff to contact the customer. Discussion was held.

COMMISSION REPORT:

Commissioner Onley attended an Aquatic Weeds Workshop on August 9 at the Kalispel Tribe of Indians Camas Wellness Center. He commended Scott Jungblom, District Natural Resources Manager for giving an informative presentation and for representing the District. He, along with Commissioners Knapp and Larson attended the Cusick Town Council meeting which was published as a Special Board meeting on August 12 in Cusick. He provided an overview. He attended an Annual Citizens Water Committee meeting on August 16 at the District. He provided an overview and commended Mark Scott, District Water Systems Manager and Sarah Holderman, District Chief Treasury, Broadband & Strategic Planning Officer for providing great information. Discussion was held regarding backup generation at the Riverbend Water System. He attended the Pend Oreille County Fair this past weekend in Cusick and commended staff for their work on the District's display booth. Discussion was held regarding staffing at the booth in the future.

Commissioner Larson attended the Cusick Town Council meeting on August 12 in Cusick and a NoaNet Board meeting on August 14 in Spokane.

Commissioner Knapp attended the Pend Oreille County Fair this past weekend in Cusick, the Cusick Town Council meeting on August 12 in Cusick and Bond Rating presentations on August 7 – 9 in New York. He commended staff for their work on the presentation and preparations prior to meeting with the rating agencies.

Mr. Willenbrock provided an overview of the bond presentations with Moody's and Fitch rating agencies. He reported they met with Moody's Rating Agency first and good comments were made by the agency. Staff met with Fitch Rating Agency in the afternoon and they told the District that everything looked good. He explained that Moody's is the

more critical agency and rating agencies put different emphasis on certain areas. Discussion was held.

He provided an overview of the NoaNet Strategic Planning Workshop held on August 14 in Spokane and reported an offer is on the table for Energy Northwest to acquire NoaNet. He provided background information on NoaNet's financial position and Energy Northwest's business development efforts. He explained that Energy Northwest wants to find some efficiencies with NoaNet before considering this acquisition. He provided a timeline of making an executive decision in January with a final decision in March.

Brodie Larson, District Senior Power Supply Operator and Jeff Miller, District Technician/Electrician II introduced themselves.

BREAK/BUSINESS FROM THE PUBLIC:

Phyllis Kardos, member of the public attended a Pend Oreille County Board of Commissioners meeting yesterday and reported it was great to discuss the county's vision. She inquired on status on the smelter project. Commissioner Larson reported the District has had no contact with Pac West. Mr. Willenbrock reported the District has not heard anything from Pac West for several months but that it is uncertain if the project is dead. He explained the big part is with the Bonneville Power Administration (BPA) studies.

He expressed his appreciation that Ms. Kardos attended today and reported that per our vision and core values we want to get more involved with economic development. However our vision cannot just happen here, it needs to also happen in the county and we all need to collectively discuss growth in the county.

She thanked Mr. Willenbrock and the Board. The Board thanked her for attending.

Bob Eugene, member of the public expressed his concern with the District's presence at the Pend Oreille County Fair. He noticed that there were multiple booths that were not staffed. He commented the fair is a great opportunity for the District to interface with its ratepayers and this opportunity was missed.

He noted an item on today's agenda regarding a church sign funding request. He distributed a picture of hung banners from a customer who was unable to attend today's meeting. Mr. Willenbrock reported the District did receive the customer's email with a picture of the banners which he responded to and included a copy of the District's Hanging of Event Banners policy. He reported the District does not hang banners for religious or political groups. The banners pictured in the customer's email were banners that were hung on telephone lines and were not hung by the District. He explained this is a good reminder and thanked Mr. Eugene for bringing his concerns before the Board and District.

Discussion was held regarding the recent NoaNet meeting. It was reported that no financial numbers were provided by Energy Northwest for the potential NoaNet acquisition.

Don Gronning left the meeting.

COMMISSION BUSINESS:

- Ione Seventh-Day Adventist Church Sign Funding Request. A motion was made by Commissioner Onley and seconded by Commissioner Larson to deny the funding request as being in direct violation of the District's policy. The motion passed unanimously.

Commissioner Onley will attend an Economic Development Council (EDC) meeting tomorrow in Cusick.

Commissioner Larson will attend the EDC meeting tomorrow in Cusick and an EDC Business Development meeting on August 23 at the Pend Oreille County Commissioners office in Newport.

Commissioner Knapp will attend an Energy Northwest meeting on August 21 – 23 in Chelan.

ACTION ITEMS:

- Unbudgeted Item – HVAC Upgrade. Mr. Willenbrock reported this item is for discussion purposes only today. He provided an overview and reported we need to take a look at our HVAC system because some offices are too warm or too cold. We will also look at Box Canyon offices. Discussion was held.
- Unbudgeted Item – Governor’s Industrial Safety and Health Conference. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve this item, per the earlier discussion as it being critical to the District’s safety core value in the total amount of \$3,300. The motion passed unanimously.
- Resolution No. 1428 – Cusick Water Treatment Plant Acquisition. Tyler Whitney, District Chief Legal, Generation & Regulatory/Government Affairs Officer provided an overview and reported that Department of Health would allow us to take on a \$660,000 loan with 100% principal forgiveness if District acquires the water treatment plant from the Town. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve Resolution 1428. The motion passed unanimously. The Board thanked staff for their work done on this project.

Discussion was held regarding the Cusick WTP operating costs.

Following a 10-minute break, the meeting resumed.

April Owen, District Chief Audit, Financial & Power Supply Officer provided an overview of the June 2019 financials. Discussion was held. The Board thanked Ms. Owen for her informational report. She reported the Debt Service Coverage ratio which reflects the District’s cash flow to pay its current debt obligations is currently 6.03.

STRATEGIC PLANNING WORKSHOP:

Mr. Willenbrock reported this is part two of our strategic planning workshop. He provided a powerpoint presentation regarding strategic planning steps, strategic mission and vision, Electric System operations, Engineering, Information Technology, Customer Service, and Community Network System (CNS).

Discussion was held regarding how to market access to the CNS wireless towers and informing customers and retail service providers about the availability of CNS products.

Mr. Willenbrock will draft the strategic narratives over the next few months and create a red line version to review with the Board. He provided his vision of our physical assets, strengths, weaknesses, threats and opportunities.

Discussion was held on scheduling another strategic planning workshop.

RECOGNITION LUNCH FOR BRYANT KRAMER:

Mr. Willenbrock reported Bryant Kramer, District Senior System Operator recently received his Bachelor of Science Degree in Energy Management from Bismarck State College. He applauded Mr. Kramer for being a Grade A student throughout his schooling and for taking his education and job seriously. He commended him for always doing a great job.

Mr. Kramer thanked the District for organizing this recognition luncheon today and for allowing him to pursue further education. He thanked staff for their support and thanked his family for their support.

Mr. Willenbrock presented Mr. Kramer with a commemorative PUD logo wooden box with wooden pen.

A 60-minute working recognition lunch with cake was held to honor and congratulate Mr. Kramer.

There being no further discussion to come before the Board, the meeting adjourned at 1:00 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form