

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
December 18, 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: Four Members of the Public

The meeting was called to order at 8:32 a.m. by Curtis J. Knapp, Vice President.

CONSENT AGENDA:

The minutes from the December 4, 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, December 18, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of December 4, 2018 meeting and the revised agenda for December 18, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 2217 through 2298 in the total amount of \$394,056.53; ACH payments in the total amount of \$747,809.12; Wire Transfers in the total amount of \$143,918.62; and ACH payroll transactions in the total amount of \$242,632.54 for the payroll ending November 30, 2018.

BOARD WORKSHOP:

Colin Willenbrock, District General Manager provided a Northwest Open Access Network (NoaNet) Board meeting overview and reported 9 out of 10 members agreed to provide funding for bridge loan. Pend Oreille PUD opted out. Discussion was held.

He provided a Public Power Council (PPC) Annual meeting overview and reported Commissioner Peterson gave the key note opening speech and was honored with an award and standing ovation. He received a commemorative gavel for his years of service and dedication. Discussion was held.

BUSINESS FROM THE PUBLIC:

Shirley Sands, Mayor of Newport, Mr. Russ Pelleberg, Newport City Administrator, and others appeared before the Board to request funding for improving the Newport Rodeo Fairgrounds. She explained the City received some money to improve the grounds and they are partnering with Newport School District to upgrade the baseball and soccer fields. They are also upgrading their electrical service.

Mr. Willenbrock reported the District has been a big supporter of the City and Newport Rodeo. He met with Mayor Sands and Mr. Pelleberg and suggested they put together a project plan. Mr. Pelleberg explained they are looking at bringing other venues to the town. Discussion was held regarding a potential RV park with shower facilities and a

dump site to encourage campers and visitors to the area. Mr. Willenbrock asked that they submit a formal charitable contribution funding request so the Board knows the total costs and funds that are needed. The Board thanked them for attending and for their request. The members left the meeting.

BOARD WORKSHOP (continued):

Mr. Willenbrock reviewed the draft 2019 Board Meeting Schedule. Discussion was held.

ACTION ITEMS:

- Resolution No. 1418 – 2019 Board Meetings Calendar. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to adopt the resolution. The motion passed unanimously.
- Early Closing of Business, December 24, 2018 at 2:00 p.m. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the early closing of business. The motion passed unanimously.

SAFETY SPOTLIGHT:

Lloyd Clark, District Director, Safety & Human Resources referenced an article he read regarding an increase in crimes due to people reporting their location on social media. He explained the safety aspect of not posting that type of information while away on social media websites.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Customer Service Manager reported the 2019 PUD Calendars have arrived and are going fast. She reported the customer service representatives (CSRs) are doing a Neighbors in Need (NIN) Christmas tree ornament fundraiser where people receive an ornament with any NIN donation. The program is going well and is providing funds to our customers in need.

Commissioner Larson reported he handed out calendars in the north county and he thanked staff for their continued support of the NuVu Theater.

Chris Jones, District Director, Operations/Line Superintendent reported the Newport Rodeo Association has scheduled Memorial Day weekend to do work on the rodeo grounds. He explained the work that needs to be done and that funds and help are greatly needed to do the work. Discussion was held.

Commissioner Peterson arrived to the meeting.

HUMAN RESOURCES UPDATE:

Mr. Willenbrock reported this is annual non-union employee labor update.

Mr. Clark thanked the finance team for their help in gathering the information. He provided a powerpoint presentation with a focus on the non-union employee workforce, training and development, and compensation.

The Board thanked Mr. Clark for providing the information.

ACTION ITEMS (continued):

A motion was made by Commissioner Peterson and seconded by Commissioner Larson to approve a 1.3% CPI wage adjustment to the Non-Union Compensation Administration Policy. The motion passed unanimously.

COMMISSION REPORT:

Commissioner Larson attended a Tri-County Economic Development District meeting on December 5 in Colville, Economic Development Council Study Group meetings on December 6 and 13 in Newport and a NoaNet Board meeting on December 12 in Spokane. He provided a meetings overview.

Commissioner Peterson attended a Washington Public Utility Districts Association (WPUDA) Annual meeting on December 5 – 7 in Tulalip and a PPC Annual meeting on December 12 – 13 in Portland. He provided a meetings overview.

COMMISSION BUSINESS:

- North Pend Oreille Valley Lions Club Funding Request. Karen Willner, Clerk of the Board provided a funding request history. Commissioner Larson reported he had a conversation with the secretary of the club and provided the funding request details. A motion was made by Commissioner Larson and seconded by Commissioner Peterson to contribute \$50 for Selkirk High School student education scholarships. The motion passed unanimously.

BREAK/BUSINESS FROM THE PUBLIC:

Following a 5-minute break and no business from the public, the meeting resumed.

ACTION ITEMS (continued):

- Resolution No. 1417 – 2019 Budget. A motion was made by Commissioner Peterson and seconded by Commissioner Larson to adopt the resolution. The motion passed unanimously. The Board thanked staff for their hard work on the budget and for having a budget with no rate increase.
- Change Order No. 1, Contract No. 18-024 Distribution Dock Crew Services. Mr. Willenbrock, Mr. Jones and Amber Orr, District Director, Engineering provided the details. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Peterson to approve the change order not to exceed \$750,000 between 2018 and 2019 and authorize the general manager to execute the change order. The motion passed unanimously.

MANAGEMENT REPORT:

Colin Willenbrock, General Manager:

He provided highlights of the District's accomplishments for this year which included: Ponderay Newsprint Company Litigation Settlement – PNC remains in business and continues to operate and this was a significant savings for the District and its ratepayers; the Box Canyon Upstream Fish Passage Settlement with J.W. Fowler; there was major flooding on the Pend Oreille River and lots of remediation work was done by staff and customers; Andritz Settlement for the Box Canyon Dam turbine project which was a significant savings for the District and its ratepayers; Bonneville Power Administration completed its HiTest Feasibility Study where a lot of work was done by staff; there was a heat event which led to market power resale savings; staff participation in the Pend Oreille County Fair and promotion of NIN Low Income Assistance Program and introduction of Wattson; bond issuance of \$83M which was the largest in decades and a lot of work was done by staff and a lot of meetings were held which led to significant savings; Community Network System fiber broadband customer growth; high density load customers which provided significant revenues; Supervisory Control and Data Acquisition (SCADA) cross-over project and continued push on mapping projects; and work done by the field crews. He applauded the Board and staff on their accomplishments and sense of pride.

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

He and Mr. Willenbrock attended a WPUA Municipal Attorneys meeting on December 5 in Marysville where the issue on fire liability, losses incurred and availability of insurance were discussed.

Mr. Whitney provided an Off-License Settlement Agreement update and reported Scott Jungblom, District Natural Resources Manager is working with Fish & Wildlife on finalizing. He reported Dennis Schult, District Hydrologist is finishing work on the Total Dissolved Gas Study.

He met last week with Seattle City Light (SCL) and Washington Department of Fish & Wildlife staff regarding the SCL Fish Hatchery Project.

He provided a District records management update and reported that the hard-copy records portion of the project has been completed. The District has secured an off-site storage facility unit and staff has gone through records at the meat locker storage building. In the first quarter of 2019, he and Bob Pebles, District Information Technology Manager will provide training on consolidating electronic records. He thanked staff for doing a good job with their records.

Lloyd Clark, Director, Safety & Human Resources:

He provided a job recruiting update and reported the job posting for the Warehouseman hire position is closing this Friday. He will post for an Accountant hire position due to an upcoming staff vacancy. He will conduct job candidate interviews for the Hydro Operator hire position this week.

He reported the employee year-end evaluation process has been completed.

He on-boarded newly-elected Commissioner Joe Onley yesterday. Mr. Onley will take office effective January 1, 2019.

Mr. Willenbrock commended Kelly Scherf, District Senior Accountant for being a great asset to the District and for taking additional educational classes to further her career. He reported that she accepted an accounting job position at Kittitas County PUD.

Bob Pebles, Information Technology Manager:

He reported staff is finishing work on the District's website refresh project. An email will be sent to staff today to visit the new website and provide feedback.

He reported staff is gearing up for deployment of the National Information Solutions Cooperative map wise program.

He reported staff is handling a number of Help Desk tickets.

Kenna Tornow, Communications & Public Contracts Manager:

She asked for input on continuing the PUD Breakfast meetings with a commissioner in 2019. Discussion was held. The meetings will continue with a different format.

Libbey Bartel, Customer Service Manager:

She provided a year-end review and reported the District welcomed three new CSRs; improvements to cross-training of staff were made; staff attended trainings; and more programs for the community were implemented. Once a month the CSRs rotate between the Newport and Box Canyon offices.

Mark Scott, Water Systems Manager:

He reported there is a water leak on Sullivan Lake Road and Evergreen Rural Water is helping to locate the leak.

He reported the pilot program for arsenic removal at Riverview Water System is working well.

He met with the Town of Cusick staff yesterday to kick off the study for operating the Cusick Water Treatment Plant. The study should be completed by the end of 2018.

He reported the Drinking Water State Revolving Loan applications for the Riverview and Sunvale Acres Water Systems were submitted and he should hear back from the State in February.

Amber Orr, Director, Engineering:

She reported the SCADA project main portion is completed and staff has transitioned from the current to the new generation version. She explained the Survalent System has components that we can further expand upon, mainly for improved system visibility. Engineering will provide a powerpoint presentation to the Board in the future.

She reported staff is working on the inventory project and has received the first batch of data. Staff will go back to the Davey Resource Group to fine tune the data.

She reported staff is working on high density load and industrial load metering project. Staff is using a different meter package and will test the meter at the first location soon. Staff is also bench testing over-voltage protection on the distribution system to pilot at the first location in the coming months.

She reported trees are being cut along LeClerc Road and staff is doing customer outreach to make sure communication is good between the District and customers.

Chris Jones, Director, Operations/Line Superintendent:

He reported crews are close to finishing work on the Inland Power & Light (IP&L) customer line and demarcation at the Spokane County line. He explained the process and reported the District will continue to have an emergency feed to be able to feed IP&L customers during outages.

He reported the Kalispel Tribe of Indians Casino is ready to be energized today. The lift station and RV area will be ready to energize by the end of this week. Crews will install a primary metering point and the casino will be primary metered when done.

He was impressed with the safety collaboration between himself, Mr. Clark and Jason Pimental, District Safety Coordinator. He reported that Ben Huntley, District Serviceman provided a great training yesterday for meter crews and then sent the meter readers in the field with the line crew. He commended Mr. Pimental on doing a great job.

Sarah Holderman, Treasurer:

She is finishing up the budget for 2019 and then will be focusing on the audit.

Mark Cleveland, Director, Power Production:

He reported a dam break analysis for the Cusick dike was done. Flood inundation mapping was done and staff is reviewing the Federal Energy Regulatory Commission (FERC) requirements. Cameras for monitoring will need to be installed. He is waiting for the audit results on the dam safety plan and then will need to submit the documentation to FERC.

He reported the fish passage facility has gone over schedule. He explained the costs are increasing due to keeping staff on site. The District has started withholding liquidated damages to J.W. Fowler per the contract. He is anticipating substantial completion by the end of March. Discussion was held.

He reported the Campbell Pond repairs have been finished and submitted to FERC. The water level will be low for the winter.

Robert Fritz, Community Network System Supervisor:

He reported crews are doing fiber line extension installs and when the LeClerc Road tree removal project is done, crews will move the fiber cable.

He is receiving inquiries if fiber is offered in various areas.

RECOGNITION OF COMMISSIONER PETERSON SERVICE/LUNCH:

Following a recognition of Commissioner Peterson's service with the District and a working board lunch, the meeting resumed.

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