

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
December 17, 2024
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

Present: Joseph B. Onley, President
David W. Rick, Vice President
Curtis J. Knapp, Secretary

Staff Present: John Janney, General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Troy Moody, Commissioner-Elect
Nathan Ikehara, Department of Health
Marcus Goodman, Department of Health
Russell Mau, Department of Health
Laura Verity, Merkle Standard

The meeting was called to order at 8:30 a.m. by Joseph B. Onley, President.

BOARD WORKSHOP:

- Riverbend Water System Treatment Optimization Platinum Award Presentation by Department of Health. Marcus Goodman, Department of Health read a recognition letter. The Riverbend Water System Drinking Water Treatment Plant's water turbidity was 0.10 NTU or less at least 95% of the time and it is one of six state-wide to receive this award. He applauded the District Water System Staff for its dedication, skills, and work ethic and congratulated the current and past team for their huge accomplishment. Nathan Ikehara, Department of Health, commended the team for having 15 years of continuous operation and reaching an amazing achievement. Russell Mau, Department of Health, commended the team for their water treatment plant having better treatment than others and for never having a pump or metering failure in 15 years. Commissioner Onley thanked the Department of Health staff for presenting this award and congratulated our Water Systems Team. John Janney, District General Manager, commended Rusty Gill, District Lead Water Systems Operator, and Andrew Crawford, District Water Systems Operator. The Department of Health staff exited the meeting.

Commissioner Onley read a recognition letter from Angela Bennink, Kitsap PUD General Manager, for his commitment to fiber broadband and serving the District and the county.

APPROVAL OF CONSENT AGENDA:

The minutes from the December 3, 2024 meeting, today's agenda, and the vouchers were reviewed.

As of this date, December 17, 2024, the Board, upon motion by Commissioner Rick and seconded by Commissioner Knapp approved the following:

- The agenda for December 17, 2024 meeting, and the minutes of the December 3, 2024 meeting.
- 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. Payment of those vouchers, included in the list referred to above and further described as

follows: Voucher Nos. 9993 through 10071 in the total amount of \$230,249.92; ACH payments in the total amount of \$5,005,283.69; Wire transfers in the total amount of \$276,090.90; and ACH payroll transactions in the total amount of \$291,739.86 for the payroll ending November 30, 2024.

The motion passed unanimously.

GENERAL MANAGER REPORT:

Mr. Janney recognized Adam Wiltse, District Safety Manager, and reported he will be leaving the District as he found his dream job at the Newport Hospital and will also be completing his Master's Degree in people management. He thanked him for his work at the District and wished him the best in his future endeavors. The Board thanked Mr. Wiltse for his service to the District and the community.

INTEGRATED RESOURCE PLAN PRESENTATION PART 2:

Ben Hall, District Energy Resources Manager, provided the second half of the Integrated Resource Plan (IRP) Presentation. The first part of the presentation was provided at the December 3rd meeting. He reviewed the IRP process and provided some of the initial findings that will be included in the written plan. The presentation covered forecasts for load and demand growth under both high- and expected-case growth, as well as detailing some of the milestones that will need to be addressed under the Clean Energy Transformation Act (CETA). He reported that our forecasted energy resources provide a strong foundation to meet the clean energy levels mandated by CETA, while also noting there will be a need to procure additional resources to meet peak loads during the winter months beginning in 2030. He noted that load growth could increase at a rapid pace with the addition of industrial customers and high adoption of electric vehicles. Discussion was held.

He reported that multiple types of resources will likely be needed in order to meet forecasted peak loads; including, optimizing existing resources, new resources, market resources and energy conservation. Mr. Janney noted that I-937 required utilities in Washington to pursue cost-effective conservation measures; however, this did not apply to the District and there may be some good potential for conservation in the future, Mr. Hall reported we historically relied on Bonneville Power Administration conservation funds but there is a potential that those funds may be limited in the future. Mr. Janney commended Mr. Hall for carrying the load on this in addition to his normal job responsibilities and is writing our plan in-house which is saving our customers a considerable amount of money.

CLEAN ENERGY TRANSFORMATION ACT AND OTHER LOW-INCOME PROGRAMS:

Sarah Holderman, District Director of Customer Services reviewed the CETA low-income requirements, the definition of Energy Burden and reported the target is that no one pays more than 6% of their total energy costs, not just electric. She reported on the electrical assistance funding levels that we are required to meet: 60% by 2030 or \$894,445 and 90% by 2050 or \$1,341.667. She reviewed a possible new state program but we don't know how it will be funded. Proposed options are through state general funds, funding from the Climate Commitment Act, or a system benefits charge which would be applied to energy customers' bills. We also don't know if there will be an Opt-Out option.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Onley asked if there was any business or comments from the public.

Troy Moody, Commissioner-Elect, thanked Mr. Hall for his presentation and commented that he is excited to work with staff on our resource needs in the future.

Laura Verity, Merkle Standard, thanked Mr. Hall and commented it will be interesting and clear to see the impact of our long-term decisions on the county. As a rate payer, it is unfortunate that we are doing this now.

Commissioner Onley thanked the public for their comments and for attending.

CLEAN ENERGY TRANSFORMATION ACT AND OTHER LOW-INCOME PROGRAMS (continued):

Ms. Holderman reviewed our current low-income programs that include Neighbors in Need grants and Low-Income Senior Discount and noted other ways we could provide assistance.

The Board thanked Ms. Holderman for her presentation. Mr. Janney reported that in the same way Mr. Hall is doing IRP we also need to look at these programs to make sure we are spending our dollars the best way we can.

MANAGEMENT REPORT:

John Bricher, Finance Manager:

He reported staff is getting the November financials closed.

He reported staff worked with Moss Adams on our Interim Audit procedures and the audit is going well.

Scott Jungblom, Natural Resources Manager:

He provided a Production safety update on behalf of Bryant Kramer, District Director of Power Production, who was not able to attend today due to a conflict.

He reported the Box Canyon crew changed the governor oil on turbine unit 2 and began on unit 1. Unit 1 is cleared for return to service after it tripped offline.

He reported Sullivan Lake is drawn down to winter elevation level which allows the crew to perform maintenance.

He reported the Box Canyon Powerhouse crane replacement project is scheduled for January and is currently out to bid.

He reported the key card system update is being done at Box Canyon.

He reported the Box Canyon and Sullivan Dam Part 12 Federal Energy Regulatory Commission Periodic Inspections are scheduled for June 2025.

Katie Pfitzer, HR Generalist:

She provided an open job positions update and reported the bids closed yesterday for the serviceman 1, journeyman tree trimmer, and lead warehouseman job postings. The bid closes today for the limited assignment hydro maintenance worker job posting.

She reported staff has submitted half of the items for the Labor and Industries abatement.

Discussion was held regarding the open job positions.

Chris Jones, Director of Operations:

He provided an update on the safety initiative. He reported Josh Draper, Safety Consultant with True Grit Brotherhood, visited last week and toured the Box Canyon site with Mr. Wiltse and Mr. Kramer. In 2025, he will be starting the review of Production procedures with a review of the Lock Out Tag Out procedure first.

He reported the fire alarm system installation project is making good progress. Arctic Electric started work in mid-November at the Box Canyon site. The scope of this job is to complete the original fire alarm installation started by the District. All buildings on the Box Canyon site will be tied to a central alarm system. The Visitor Center and Maintenance Shop portions are complete, and the fire alarm installers are now working in the powerhouse. The work in the powerhouse will continue into 2025 and the circuits will extend to the spillway.

He reported that last week, Production, Natural Resources, and Water Department employees attended Fall Protection and Aerial Lift training in Newport with the Operations Department.

He provided an operations update and reported on an employee incident where an employee fell backwards out of the bucket truck when their harness buckle failed to stay latched. The employee suffered a broken collarbone and other injuries. He reviewed the harness failure and reported that Labor and Industries (L&I) did an investigation and the opening conference was held on August 22. They asked us for various documents which we gathered and provided to them. On October 10 we received a finding with two violations and they issued a citation to us. We have until January 15 to review, update, and train on our safety policies. He reported that we do not have certain safety policies in place. We brought in linemen to review the policies and this week two policies were sent to L&I. We are in the final edits of the last two policies which will be sent to L&I.

Ms. Pfitzer expressed her appreciation of staff taking what the Washington Administrative Code says to do and putting it into a formal policy so that we are compliant. She reported we hired Mr. Draper to work with staff and L&I wants our entire Accident Prevention Program when it is finished. Discussion was held.

Mr. Janney reported when we did our safety gap analysis we found we are lacking in our documentation. We are implementing a Safety Management System that will capture and document our safety practices.

Sarah Holderman, Director of Customer Services:

She reported the CETA low-income assistance costs were not presented during our financial forecast.

She reported that we received funding for the Metaline Falls Water System pipe repair from the Public Works Board. It is a 50% loan and 50% grant in the amount of \$1M for a 20 - 25-year loan. There is an action item today to authorize the general manager to execute the contract. The proposed water rate adjustment for the Metaline Falls Water System does not include this loan impact. We will come before the Board in the future. Mr. Janney commended Ms. Holderman for taking immediate action.

She provided a Broadband Equity Access and Deployment Grant funding update and reported the state will now not cover the 25% match. The in-kind match is only for infrastructure build. Jim Cupples, Economic Recovery Corporation, has been great at helping us with this process. We are continuing with our application evaluation. Mr. Janney thanked the Port for allowing Mr. Cupples to help us with our application process.

She reported the electric vehicle charger in Metaline Falls is currently turned off. The Town of Metaline Falls does not want to sponsor it anymore. She is reaching out to others for sponsoring. We will do an analysis and see about other PUD's rates.

ACTION ITEMS:

- Approval of Revised Internal Reliability Compliance Policy. Angie Hall, District Regulatory Compliance Manager, reported this is our annual review and the majority of the changes were removing repetitive comments. One proposed change is to update the yearly review cycle to annual. The North American Electric Reliability Corporation defines annual as not to exceed 15 months. This change would give the District additional time to meet deadlines. A motion was

made by Commissioner Knapp and seconded by Commissioner Rick to approve the revised policy. The motion passed unanimously.

- Approval of Resolution No. 1491 – 2025 Water System Rates. Commissioner Onley complimented Ms. Holderman and the team on the annual water meetings format. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to adopt the resolution. The motion passed unanimously.
- Approval of Resolution No. 1492 – Financial Metrics. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to adopt the resolution. Discussion was held. Commissioner Rick questioned if we are delegating authority to other rate making authorities and he contacted Tyler Whitney, Cable Huston, LLP to review. He wants to table this so our General Counsel can provide input and Mr. Whitney will be here for the January 7 meeting. Commissioner Knapp agreed to table this item until the January 7 meeting. A motion was made by Commissioner Rick to table this resolution until legal counsel can provide input. Commissioner Knapp seconded Commissioner Rick's motion. The motion passed unanimously.
- Approval of Napa Valley Electric Service Agreement. Discussion was held. Mr. Janney reported this is a 1-year renewal of their 2024 agreement which will expire in December 2025. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the agreement and authorize the general manager to execute the agreement in substantially the same format. The motion passed unanimously.
- Approval of Public Works Board Emergency Funding for Metaline Falls Water System. Ms. Holderman reported we received an award letter. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the funding for the Metaline Falls Water System. The motion passed unanimously.

Discussion was held regarding the draft 2025 Board meeting calendar. There will be an action item at the January 7 meeting.

COMMISSION REPORT:

Commissioner Onley attended the Pend Oreille Representatives Workshop on December 11 in Newport and provided an overview. Discussion was held.

Commissioner Knapp had conversations with public and staff. He attended the Energy Northwest year-end meeting on December 10 – 12 in Tri-Cities and provided an overview.

Commissioner Rick attended a Tri-County Economic Development District meeting on December 4 in Colville and provided an overview. He distributed their budget. He attended the Pend Oreille Representatives Workshop on December 11 in Newport provided an overview. He thanked Commissioner Knapp for providing the Energy Northwest CEO's Report.

COMMISSION BUSINESS:

- Pre-Approval of Commissioner Travel or Meeting Attendance for January. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to approve the Commissioner Travel or Meeting Attendance for January. The motion passed unanimously.

Commissioner Rick will attend an Economic Development Advisory Committee tomorrow in Newport and the Box Canyon Holiday Luncheon on December 19 in Ione.

Commissioner Knapp will deliver calendars in the Newport area this week. He will have breakfast with Kevin Conway, Northwest Power Pool, on December 19.

Commissioner Onley inquired about off-boarding process. Discussion was held. He read a summary of his career highlights. Commissioners Rick and Knapp thanked him for his service. Mr. Janney expressed his appreciation of Commissioner Onley's challenges and making staff think harder and thanked him for all he's done for the District. He presented a card to him from staff. Commissioner Onley thanked staff.

RECOGNITION LUNCH FOR COMMISSIONER JOE ONLEY'S SERVICE:

A recognition lunch and cake were provided to Commissioner Onley for his service. Commissioner Onley announced a 1-hour executive session to review the performance of a public employee will begin at 12:05 p.m. in the Riverbend Conference Room. If the executive session needs to be extended he will rejoin the open session to publicly announce an extension. No final action will be taken during the executive session. Following the executive session, he and the Board will rejoin the open session to resume the meeting.

EXECUTIVE SESSION – REVIEW THE PERFORMANCE OF A PUBLIC EMPLOYEE:

A 1-hour executive session to review the performance of a public employee commenced at 12:05 p.m. The following were in attendance: Board of Commissioners; and John Janney, General Manager. At 1:01 p.m., Commissioner Onley publicly announced the executive session would be extended for 15 minutes. The executive session ended at 1:20 p.m. and the Board returned to open session. No final action was taken during the executive session.

Commissioner Onley asked if there was any further business for the good of the order.

He reported the next meeting is January 7, 2025, starting at 8:30 a.m., in the Newport Conference Room, in Newport and via Microsoft Teams. He adjourned the meeting at 1:21 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form