

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
June 18, 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: Gretchen Koenig, Member of the Public
Laura Verity, Merkle Standard
Troy Moody, Member of the Public
Sonya Scaufaire, Selkirk Sun, virtual

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

BOARD WORKSHOP:

Discussion was held regarding the status of the Deer Valley transformer - installed and waiting to be energized, and the Bare Mountain transformer – staff close to ordering.

APPROVAL OF CONSENT AGENDA:

The minutes from the June 4, 2024 meeting, today’s revised agenda, and the vouchers were reviewed.

As of this date, June 18, 2024, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Rick approved the following:

- The revised agenda for June 18, 2024 meeting, and the minutes of the June 4, 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. 9415 through 9467 in the total amount of \$584,983.09; ACH payments in the total amount of \$2,031,559.33; Wire transfers in the total amount of \$285,931.31; and ACH payroll transactions in the total amount of \$277,707.28 for the payroll ending May 31, 2024.

The motion passed unanimously.

GENERAL MANAGER REPORT:

John Janney, District General Manager, provided a Wildfire Mitigation Plan update and reported we received the initial draft from our consultant, are working with staff on revisions, and then later we will engage community stakeholders for feedback. The final revision will be presented to the Board for approval. He and Chris Jones, District Director of Operations, attended a regional wildfire meeting last week in Colville and he provided an overview.

He attended an Avista Public Safety Power Shutoff Tabletop Exercise on June 6 in Spokane and reported that Sarah Holderman, District Director of Customer Service, is virtually attending a Washington Utility Wildfire Risk and Policy meeting today that is being held at Avista in Spokane. He reported that many Investor Owned Utilities have announced that they will be doing power shutoffs as needed. We will review that option.

The County is also updating their Hazard Mitigation Plan and we will review our part of their plan. Discussion was held regarding Compact Modular Reclosers and One Shot.

4/10 WORK SCHEDULE DISCUSSION/RECOMMENDATION:

Mr. Janney provided a 4/10 Schedule Update presentation and reported on the proposed schedule, public process and next steps, communication efforts, reasons for concern, things we can do to remain competitive in the workplace, why to implement a 4/10 work schedule, other PUD's and local businesses that work a 4/10 schedule, recap of the employee survey results and feedback, potential customer benefits, and public comments recap. Based on all the feedback, he recommended that the Board adopt the following schedule: Operations 6:00 a.m. - 4:30 p.m., Office 7:00 a.m. - 5:30 p.m., and Shift Work no change. Coverage will remain the same for outages and emergencies – 24/7 evenings, weekends, and holidays. We will continue to help customers adjust to the 4/10 schedule for paying bills, educating the customers on remote options, drop box payment options, and continuing to listen to customer feedback. We will also work with employees to adjust to the new schedules. Reasonable accommodations will be considered that are not expected to negatively impact customers or burden fellow employees.

Commissioner Onley applauded staff on the process. Commissioner Rick appreciated the communication aspect to engage the public and Mr. Janney responding back on the feedback. He requested a copy of Mr. Janney's presentation and reported he reached out to the north community for their feedback and received valuable feedback. Mr. Janney will provide a copy of his presentation and it will be posted on our website. Commissioner Knapp inquired if we had any issue with the on-call crew coverage. Mr. Jones reported the outage coverage process runs smoothly and it doesn't happen often that we have difficulty finding a crew to cover after-hour outages.

Commissioner Onley suggested Office hours of 7:30 a.m. – 6:00 p.m. for people with small children and to do an evaluation at six months. Mr. Janney noted our Strategic Plan Decisiveness Core Value and reported we will adjust as needed. Commissioner Onley inquired about pay by phone usage. Discussion was held.

MANAGEMENT REPORT:

Scott Jungblom, Natural Resources Manager:

He provided a fish ladder update and reported the entrance gate 1 has been broken and the manufacturer will replace it and the gate is currently in the manufacturing process. It will be manufactured and ready to ship by the end of the month. The manufacturer will cover the cost of remanufacturing the broken pieces. Discussion was held regarding the warranty. He provided an overview of how the gate was broken and the steps taken to fix it.

He reported this weekend is the youth and senior fishing event at Campbell Pond. The youth event is Saturday and the senior's event is on Sunday. The Washington State Fish and Wildlife is covering the costs.

He reported the Aquatic Weed Plant Workshop will be held on July 12 at the Camas Wellness Center in Usk or virtually.

He reported that 1,700 fish were stocked this year at Power Lake.

Bryant Kramer, Director of Power Production:

He provided a water department update and reported the Sunvale Acres Water System Pipe Replacement project is going well. He showed and explained project construction pictures. He commended Rusty Gill, Lead Water Systems Operator, for doing a great job working with the contractor and county to protect the road and keep the costs down. The project should be done in about a month.

He reported there was a water leak in Metaline Falls last week. We had to dig up part of the street to locate the leak.

He provided a production update and reported we hit the spring runoff peak at 43,000 cfs this past weekend and are still spilling some. The unit 3 annual overhaul will start in early July and will run through the end of August. Other summertime maintenance is also planned.

He reported the District hired a Campground Host at Box Canyon. Charles Johnson started yesterday as a part-time temporary employee. He will also check on Power Lake. His work schedule is mid-day from Thursday through Saturday.

Discussion was held regarding the Sunvale Acres Water System project.

Ben Hall, Energy Resources Manager:

He provided a presentation on carbon allowances for the Climate Commitment Act (CCA). He reported that Washington utilities are allocated no-cost carbon allowances by the State and he explained the allowance program. We completed our carbon obligations for 2023 and staff does not forecast that the District will have any covered emissions in 2024. The primary use of the allowances will be to consign them to the State/Department of Ecology for its auction. He explained the auction process and reported that for the upcoming September auction, staff recommends consigning 100% of 2023 and 2024 no-cost instruments to the auction. He reviewed the recent and upcoming auction results. If successful at the September auction and if all our 108,532 allowances are sold, we should have an estimated revenue of \$2.6M. The auction will be held on September 4 with the results announced 7 - 10 days later. Discussion was held. Mr. Janney asked if there are any restrictions in using the revenue. April Owen, District Director of Finance, reported that proceeds need to benefit our ratepayers, with an emphasis on mitigating rate impacts to low-income customers.

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, member of the public, reported he is here to observe the meeting.

Laura Verity, Merkle Standard, provided comments on the District's proposed 4/10 work schedule which included impacts to the overtime cost if an outage occurs after hours, influx of customers on Fridays when they also work a 4/10 schedule, and suggested a different schedule where staff works Monday through Thursday or Tuesday through Friday so there is coverage every day. She inquired if the carbon credits are considered real property and will go to a zero value and if they pertain to other markets and not just Washington markets. Discussion was held.

Gretchen Koenig, member of the public, inquired about the District's Wildfire Mitigation Plan. Mr. Janney reported we have an existing plan in place and are updating it due to the new regulations.

Sonya Scaufaire, Selkirk Sun, asked whether, assuming a 4/10 work schedule is approved, the District is considering childcare to allow employees to bring their child/children to the workplace. Mr. Janney reported we will need to evaluate that and consider the impacts.

Commissioner Knapp inquired how emergency shutoffs affect our customers with medical needs. Mr. Jones reported we have a few medical needs customers and have had a push to find those customers because they move. Commissioner Knapp commented that the government should provide batteries for customer devices. Ms. Owen reported that we no longer keep a list but that we encourage our customers to have a backup plan. Mr. Janney reported these are all things we are considering with our plan.

MANAGEMENT REPORT (continued):

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He recognized Kevin Persyn, District SCADA Engineer, for receiving his Network Plus Certification. This is a great honor and success.

He reported staff applied for a grant to get a network monitoring system and was awarded \$50,000 and received a product from Dragos. Staff is busy implementing the product.

Chris Jones, Director of Operations:

He reported we received our occupancy permit for the Diamond Lake building. He applauded Dale Bozarth, District Project Manager, for his work with the county.

He reported that over the next few months we will see large invoices for transformers that are arriving. The first shipment is due in July.

He reported the OPGW project is going well and should be done around July 4. There will be an outage on the Pine Street Substation to string the OPGW inside the substation. We will have a change order for broken clevises that were found where the insulators should move and swivel and didn't when a tree hits the insulators.

He reported a phase conductor was found that looks like it was shot. Tomorrow they will investigate to see if the steel strands are broken and if they need to be spliced. Discussion was held.

April Owen, Director of Finance:

She reported that our 2022/2023 state audit starting. She asked if the Board would like to have an entrance conference with the State Auditors Office. The Board declined, and Commissioner Onley will send an email to the State Auditors Office to indicate their decision not to participate in an entrance conference. She reported that we will have an exit conference.

She reported staff met with Fitch Rating Agency yesterday for an annual review. We have had an A- credit rating since 2005 and last year we improved to an A credit rating.

Amber Gifford, Communications and Contracts Administrator:

She reported some changes are needed on our Contracting and Purchasing Authority Policy due to new state regulations. She provided a contracting policy updates presentation and reported the updates are effective July 1. Updates include increased information requirements from contractors on the Small Works Roster, change in the Limited Public Works process, addition of direct-contracting procedures, and increased reporting requirements. She is working with Tyler Whitney, Cable Huston, LLP on revisions and hopes to present an action item proposal to the Board on July 2.

She is exploring the Municipal Research and Services Center (MRSC) Small Works and Vendor Roster and using MRSC's 3rd party e-bidding platform, Bonfire. Discussion was held.

She reported the Newport Rodeo Parade is Saturday and she is looking for volunteers.

She showed pictures of the Deer Valley transformer delivery.

Ms. Owen provided details for two action items. She reported the Teck Electric Service Agreement is due to Teck shutting down their pumps at the end of this month. They will go to ½ MW for a few months and then bring on a water treatment plant and use 1 MW. This changes them from a Large Industrial Customer to a Standard Industrial Customer.

She reported the Tri-County Economic Development District (TEDD) Interlocal Agreement is in conjunction with the BEAD grant funding. It would be advantageous for us to use the software for grant application data gathering.

ACTION ITEMS:

- Approval of Teck Electric Service Agreement. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to approve and authorize the general manager to execute the Teck Electric Service Agreement in substantially the same form as presented. The motion passed unanimously.
- Approval of Tri-County Economic Development District (TEDD) Interlocal Agreement for COS Business Engine Software. Ms. Owen reported the cost is \$2,500 initial cost with a \$250 monthly subscription cost. She provided an example of using the software. Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve and authorize the general manager to execute the TEDD Interlocal Agreement for COS Business Engine Software in substantially the same form as presented. The motion passed unanimously.
- Approval of Box Canyon Fire Alarm System, Contract No. 24-011. Adam Wiltse, District Safety Manager, reported this is for the fire alarm and smoke detection that Box Canyon needs. There was one bidder who submitted a bid and five bidders did the walk-through. Discussion was held. A motion was made by Commissioner Knapp and seconded by Commissioner Rick to approve and award the bid to the apparent low bidder, Evco Integrated Solutions in the total amount of \$296,175.00 of which \$200,000 was budgeted. The motion passed unanimously.
- Approval of 4/10 Work Schedule. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the proposed 4/10 work schedule. The motion passed unanimously.
- Approval to Consign Carbon Allowances to Auction Under the Climate Commitment Act. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve consigning our carbon allowances to auction under the Climate Commitment Act. The motion passed unanimously.

COMMISSION REPORT:

Commissioner Knapp attended a virtual Public Power Council (PPC) Members Forum on June 5 and provided an overview. He attended a virtual PPC Executive Board meeting on June 6, a virtual Energy Northwest Audit Exit Conference on June 6, and a Washington State Audit Conference on June 17 via telephone. He noted the passing of former Mason PUD Commissioner Bruce Jorgenson.

Commissioner Rick attended an Ione Town Council meeting on June 5 in Ione and provided an overview. He attended a Pend Oreille County Representatives Workshop on June 12 in Newport and provided an overview. He attended a North Pend Oreille Chamber of Commerce meeting on June 13 in Metaline Falls and provided an overview.

Commissioner Onley attended a Greater Newport Area Chamber of Commerce meeting on June 5 in Newport and provided an overview. He attended a Pend Oreille County Representatives Workshop on June 12 in Newport and thanked Commissioner Rick and Ms. Owen for attending and providing an overview. He reported a workshop attendee commended Ms. Owen and her team for their work on the District's 2023 Annual Report and Ms. Willner for the last workshop minutes. He attended a Special Greater Newport Area Chamber of Commerce meeting on June 13 in Newport and provided an overview.

COMMISSION BUSINESS:

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

Commissioner Rick will attend a Port Economic Advisory Committee meeting on June 27 in Cusick and the Board meeting on July 2 in Newport.

Commissioner Knapp will attend a virtual Energy Northwest Resource Task Force meeting tomorrow, a virtual PPC Forum of Utility Elected Leaders on June 24, Energy Northwest meetings on June 25 – 27 in Portland, and the Board meeting on July 2 in Newport.

Commissioner Onley will attend a virtual Washington Public Utility Districts Association Water Committee meeting on June 27 and the Board meeting on July 2 in Newport.

Commissioner Onley announced that following a working lunch, a 1-hour, 15-minute executive session to review the performance of a public employee will begin at 11:45 a.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. He reported the next meeting will be held on July 2 at 8:30 a.m., in Newport and via Microsoft Teams.

EXECUTIVE SESSION – REVIEW OF PERFORMANCE OF A PUBLIC EMPLOYEE:

A 1-hour, 15-minute executive session to review the performance of a public employee commenced at 11:45 a.m. The following were in attendance: Board of Commissioners; and John Janney, General Manager. The executive session ended at 1:03 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 scheduled for July 2, 2024, starting at 8:30 a.m., in the Newport Conference Room in Newport and via Microsoft Teams. He adjourned the meeting at 1:05 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form