

**Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
June 3, 2025
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS**

Present: Dave Rick, President
Curtis J. Knapp, Vice President
Troy Moody, Secretary

Staff Present: Chris Jones, Interim General Manager
Management/District Staff
Joe Hathaway, Acting Clerk of the Board

Absent: Karen Willner, Clerk of the Board

Others: Tyler Whitney, Cable Huston, LLP, virtual
Representative Andrew Engell (R – 7th District)
Laura Verity, Director of External Affairs, Merkle Standard
Gretchen Koenig, Member of the Public

The meeting was called to order at 8:30 a.m. by Commissioner Dave Rick, President followed by the Pledge of Allegiance. Commissioner Rick thanked Public Information Officer Joe Hathaway for procuring an American flag for the Board room.

Commissioner Rick then announced a 30-minute executive session to consider the qualifications of an applicant for public employment in the Riverbend Conference Room.

**EXECUTIVE SESSION – CONSIDER QUALIFICATIONS OF AN APPLICANT
FOR PUBLIC EMPLOYMENT:**

A 30-minute executive session to consider the qualifications of an applicant for public employment commenced at 8:35 a.m. The following were in attendance: Board of Commissioners; Chris Jones, Interim General Manager and Tyler Whitney, Cable Huston, LLP, virtual. The executive session ended at 9:03: a.m. and the Board returned to open session. No final action was taken during the executive session.

APPROVAL OF CONSENT AGENDA:

The minutes from the May 20, 2025 meeting, today's agenda, and the vouchers were reviewed. No changes were made.

As of this date, June 3, 2025, the Board, upon motion by Commissioner Moody and seconded by Commissioner Knapp approved the following:

- The agenda for June 3, 2025 meeting, and the minutes of the May 20, 2025 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. 10497 through 10535 in the total amount of \$135,622.20; ACH payments in the total amount of \$779,883.21; Wire transfers in the total amount of \$ 628,805.61; and ACH payroll transactions in the total amount of \$293,658.33 for the payroll ending May 15, 2025.

The motion passed unanimously.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Laura Verity, Director of External Affairs for Merkle Standard, said she appreciated PUD Energy Resources Manager Ben Hall's efforts on working on the Cascade contract renewal and the continued great relationship between the PUD and Cascade.

Gretchen Koenig, member of the public, said she appreciated the professional service she received from the PUD's CNS team. She stated that the CNS crew was polite, kind and did a great job.

Commissioner Rick thanked everyone for attending and for their comments.

SAFETY SPOTLIGHT:

Katie Pfitzer, District Safety Manager, recognized PUD employees Brandon Corkill, Frank Pisano, and Brodie Larson with Core Value and Safety Awards as they were nominated by their colleagues. Joe Hathaway was elected to the Safety Steering Committee.

Mrs. Pfitzer reported one safety incident in April involving an employee who experienced knee pain while moving a pallet. The injury was classified as non-recordable.

Upcoming trainings in June and July include water rescue, heat stress, wildfire mitigation, emergency action planning, and pole top and bucket rescue. Commissioner Knapp suggested starting each board meeting with a safety share. Mrs. Pfitzer said the PUD will consider the idea.

Commissioner Rick thanked Mrs. Pfitzer for her leadership of the safety program. Mrs. Pfitzer expressed appreciation for the organization's ongoing focus on safety.

Interim General Manager Chris Jones reminded the Board they are always welcome to attend safety meetings.

CUSTOMER SPOTLIGHT:

Shannon Johnston, District Customer Service Supervisor, provided an update on the low-income senior discount program, which the Board approved in April. As of June, 104 customers are enrolled, up from 65 as of April 1, with new participants signing up daily.

Mrs. Johnston also reported that four customers have enrolled in the low-income veteran's discount program.

INTERIM GENERAL MANAGER REPORT:

Mr. Jones provided an update on recent leadership training facilitated by Nash Consulting. He stressed the importance of investing in employee development and described the training as foundational for future growth. While this specific training will not be repeated, Mr. Jones reported that additional training opportunities will be made available, including for employees who were unable to attend.

Commissioner Moody asked whether the training would be offered again; Mr. Jones reiterated that future sessions will build on this foundation. Commissioner Knapp commended the training process and expressed support for continued development opportunities for both employees and commissioners.

Mr. Jones also shared that he will attend the upcoming American Public Power Association (APPA) conference, citing the value of the sessions offered. Commissioner Knapp noted that the PUD is not currently an official member of APPA and suggested the PUD consider membership.

Mr. Jones also reported on a recent meeting with BPA regarding Provider of Choice (POC) and the PUD's Contract High Water Mark (CHWM), and said the conversation is expected to continue over the summer. He also reported that the group visited the Cascade Digital Mine site during the trip.

Mr. Jones then announced that staff from the Washington Public Utility District Association (WPUA) will attend the June 17 meeting at Box Canyon to tour the facility.

Lastly, Mr. Jones said the PUD will continue to support the Newport Rodeo this year but will scale back its sponsorship to allow for broader support of schools and other local organizations. He stated that one of his goals is to expand visibility of the PUD's logo and support across the entire county.

After the Interim General Manager's Report, Commissioner Knapp raised a topic related to commissioner retirement benefits and self-reporting practices. He expressed concern that certain policies, such as those affecting PERS or Social Security eligibility, may be unclear or inconsistent across PUDs. He explained that no immediate action is needed but recommended further discussion in the future.

Commissioner Rick asked how other PUDs report time to prepare commissioners for meetings. Commissioner Knapp responded that Douglas and Chelan PUDs schedule dedicated prep days of up to eight hours. He also said that he was previously told commissioners do not receive retirement benefits, which he has since learned is not entirely accurate. Interim General Manager Chris Jones said PUD staff will begin researching the topic.

ACTION ITEMS:

- **Introduction of Resolution No. 1500 – Appointment of General Manager and Establishing Salary.** Commissioner Rick explained that Resolution No. 1500 is to appoint Chris Jones as General Manager. The resolution will be voted on June 17. Commissioner Rick discussed the requirement to introduce the resolution to the public before being voted on.

A motion was made by Commissioner Moody and seconded by Commissioner Knapp to introduce the resolution. The motion passed unanimously.

- **Approval of Revised Avista Pole Attachment Contract** – Mr. Jones explained that this is an update to Avista's pole attachment contract for the PUD's fiber lines attached to Avista's poles. He explained most of these lines are in the southern part of the county, along the Pend Oreille and Spokane County lines.

A motion was made by Commissioner Moody and seconded by Commissioner Knapp. The motion passed unanimously.

- **Approval of Revised Cascade Digital Mining, LLC Electric Service Agreement.** Ben Hall, District Energy Resources Manager, presented a revised electric service agreement with Cascade Digital Mining, LLC. Mr. Hall reported that Cascade is currently using approximately 50 megawatts of power and plans to increase usage. The revised agreement includes the following key changes:
 - Increased capacity – Raising the contracted capacity from 50 to 55 megawatts.
 - Monthly delivery fee – Increasing from \$180,000 to \$192,000.
 - System product update – Increasing the amount of power provided to Cascade from District resources.
 - Performance Assurance – Reduction in the performance assurance amount.

Mr. Hall noted that the District will coordinate with General Counsel to finalize the contract revisions. Commissioner Knapp asked whether this agreement supports the District's efforts to adjust its Contract High Water Mark (CHWM) with Bonneville Power Administration (BPA). Mr. Hall responded that the anticipated growth at the Cascade site factors into our annual net requirements over the coming three years, but will not be a primary consideration in determining our future CHWM.

A motion was made by Commissioner Knapp and seconded by Commissioner Moody. The motion passed unanimously.

REPRESENTATIVE ANDREW ENGELL VISIT/LEGISLATIVE UPDATE:

Commissioner Rick introduced State Representative Andrew Engell (R-7th District) and asked about his first year in the Legislature. Rep. Engell stated that some policies are well thought out, while others lack thorough consideration. He stressed the importance of avoiding unintended consequences when crafting legislation.

Rep. Engell noted that few bills this session directly supported the 7th District, Pend Oreille County, or public utility districts, including the absence of significant utility liability legislation. He emphasized that without reforms, any liability claims against utilities will ultimately be passed on to ratepayers. When asked by Commissioner Moody about the likelihood of future liability reform, Engell said discussions have taken place, particularly around wildfire-related issues, but no major legislation has emerged yet. He expects a bill on utility liability reform to surface in the next session and called attention to the need for addressing forest management as a component of wildfire prevention to avoid bankrupting utilities.

Rep. Engell also discussed challenges related to clean energy mandates, including electric vehicle targets, which he believes may shift based on national policy developments. He pointed out the disparity in priorities between rural areas and urban regions, particularly given the 7th District's large geographic area and small population.

In response to a question from Commissioner Moody about liability for fires on national forest land, Commissioner Knapp stated that reduced Department of Natural Resources (DNR) funding could hamper mitigation efforts. Rep. Engell said he hopes to pursue legislation that allows for expanded defensible space and vegetation management.

Commissioner Rick remarked that many failed bills from the current session may return next year. Rep. Engell agreed and said he plans to invest more time studying bills ahead of the next session. When asked about his work with WPUA, Engell said he has limited interaction but maintains some communication.

Commissioner Knapp asked what Engell would change in Olympia if he had a "magic paintbrush." Rep. Engell said the system is well-designed but often fails to function effectively due to complacency and the influence of lobbyists. He called for greater public engagement.

Knapp also expressed concern over cuts to the Public Works Fund and suggested longer legislative sessions might improve outcomes. Rep. Engell said it's important to tell Pend Oreille County's story to ensure rural issues are heard on the west side of the state. He invited the PUD to reach out to him with concerns involving state agencies, saying he can help hold them accountable.

Commissioners Knapp, Moody, and Rick thanked Representative Engell for his continued availability, advocacy, and willingness to engage with the PUD.

Following a short recess, the meeting resumed.

COMMISSION REPORT:

Commissioner Knapp reported attending recent meetings with Energy Northwest. He reported there was a minor outage at the organization's nuclear power facility, but it was not significant. He also participated in discussions focused on compensation and inclusion, including both short- and long-term incentive structures.

Commissioner Moody attended a Newport City Council meeting where he participated in conversations about improving the town's appearance. He mentioned a suggestion for establishing city code standards requiring buildings to be kept clean. A councilor also commented that the PUD should maintain its facilities, particularly the operations yard, in good condition. Moody said he agreed. Commissioner Knapp noted that a group had previously visited to provide beautification recommendations. Moody added that if homes are held to certain standards, businesses, including the PUD, should be as well.

Commissioner Rick attended the Tri-County Economic Development District (TEDD) meeting in Colville. He shared that the state is revising how economic development funds are allocated, with a reduction in payments. He asked county commissioners to clarify the financial impact on Pend Oreille County. Commissioner Rick also presented local unemployment data, reporting a 5.5% rate and three consecutive months of job and business losses statewide, likely tied to people moving out of the state.

Commissioner Rick also shared that public safety power shutoffs (PSPS) are being discussed by Avista. Interim General Manager Chris Jones said the PUD does not yet have a PSPS policy and that this topic will need to be addressed. Commissioner Rick asked how Avista is engaging the public and utilities; Stacie Maier, District Director of Engineering and Operations, responded that Avista communicates with interconnected utilities and affected customers

Finally, Commissioner Rick reported that TEDD approved a resolution to pursue a \$1 million USDA loan for economic development, which will be re-lent to local businesses.

COMMISSION BUSINESS:

Commissioner Moody stated he plans to attend the Pend Oreille County Representatives meeting on Wednesday, June 4, followed by the County Historical Society meeting on Wednesday, June 11.

Commissioner Knapp said he is considering attending the County Representatives meeting but may instead participate in the Public Power Council meeting on June 4. He also has a meeting scheduled with Energy Northwest on Friday, June 6. On Thursday, June 13, he will attend the NoaNet meeting in Spokane, followed by another Public Power Council meeting later in the month.

Commissioner Rick confirmed he will attend the County Representatives meeting on Wednesday, June 4.

BOARD WORKSHOP:

Fitch Rating Agency Review

April Owen, District Director of Finance, provided an overview of the materials prepared for Fitch Ratings, which will review the PUD's financials on June 5. She discussed the District's current "A" rating, outlined Box Canyon's \$115 million debt, and shared that the 2024 Annual Report is now available. Owen then reviewed the District's power resources, discussed BPA and Boundary Dam contract issues, and explained power purchase agreements, including future sales to Clark Public Utilities. She reported on load trends, progress on the AMI project, and engineering for the \$15 million Bare Mountain Substation. Mrs. Owen concluded by discussing the District's final payments from the PNC bankruptcy case and Climate Commitment Act proceeds.

Mr. Jones called for a short break before the strategic planning discussion.

Strategic Plan

Interim General Manager Chris Jones began the discussion by explaining that, through the Nash Leadership training, the PUD has been working to refresh its Strategic Plan. He reviewed the current 2021–2025 plan, beginning with the mission and vision statements. He also walked through the strategic priorities and critical tasks, highlighting the accomplishments and progress made to date.

Commissioner Rick asked if there was any other business for the good of the order. There was none.

He reported the next regular meeting is scheduled for Tuesday, June 17, 2025, starting at 8:30 a.m., at Box Canyon Dam, in Ione and via Microsoft Teams. He adjourned the meeting at 12:26 p.m.

ATTEST:

President

Secretary

General Counsel
Approved as to Form