

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 17, 2023
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: Sarah Holderman, Co-Interim General Manager
April Owen, Co-Interim General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Tyler Whitney, Cable Huston, LLP, virtual
Gretchen Koenig, Member of the Public
Bob Eugene, Member of the Public

The meeting was called to order at 8:31 a.m. by Curtis J. Knapp, President.

BOARD WORKSHOP:

Discussion was held regarding digital equity and grant opportunities, fiber telecommunication services and costs, and a partnership letter for a Town of Metaline grant to install three level 3 fast electric vehicle charging stations.

APPROVAL OF CONSENT AGENDA:

The minutes from the October 3, 2023 meeting, the October 6, 2023 special meeting, the October 10, 2023 meeting, the October 13, 2023 special meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, October 17, 2023, the Board, upon motion by Commissioner Onley and seconded by Commissioner Rick approved the following:

- The revised agenda for October 17, 2023, the minutes of the October 3, 2023 meeting, the minutes of the October 6, 2023 special meeting, the minutes of the October 10, 2023 meeting, and the minutes of the October 13, 2023 special 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. 8627 through 8695 in the total amount of \$765,066.21; ACH payments in the total amount of \$1,100,204.37; Wire Transfers in the total amount of \$226,848.90; and ACH payroll transactions in the total amount of \$227,842.21 for the payroll ending September 30, 2023.

The motion passed unanimously.

GENERAL MANAGERS' UPDATE:

April Owen, District Co-Interim General Manager, reported staff had a meeting with Moody's Investors Service yesterday. They will review us for a potential credit rating upgrade. Discussion was held.

Sarah Holderman, District Co-Interim General Manager, attended a Northwest Open Access Network Board meeting on October 11 in Spokane. She provided an overview of member ownership percentages and equalizing contributions. Discussion was held.

Ms. Owen reported we will pass out candy for Newport's Halloween Trick-or-Treat event on October 31.

Discussion was held regarding Public Power Week.

PUBLIC HEARING – PUBLIC UTILITY REGULATORY POLICIES ACT:

Ben Hall, District Energy Resources Manager, provided a powerpoint presentation on the Public Utility Regulatory Policies Act (PURPA) and reviewed the background history and standards. He reported there are new standards for electric vehicles and demand response and provided an explanation. The purpose of today's hearing is for the Board to consider the new standards, hear staff recommendation, and hear public comment. Staff recommendation is not to adopt these new standards due to them not being in the best interest of our customers. October 17 – November 1 is the period for public comment and November 7 will be a presentation of the resolution to the Board for consideration.

Commissioner Knapp officially opened the public comment period.

Gretchen Koenig, member of the public, is in favor of staff recommendation and suggested the Board come up with a statement in support of electric vehicle charging stations. Discussion was held.

Ms. Owen provided a powerpoint presentation on privilege tax. She reported it is a tax on retail energy sales revenue and on the kilowatts we generate. She provided a 2023 estimated calculation and reported we will pay approximately \$1.2 million in total, and the county will receive approximately \$700,000. Privilege tax is paid once a year.

BUDGET UPDATE:

Ms. Holderman provided a powerpoint presentation on budget revenues for 2024. She reviewed general service revenue which included residential, commercial, and industrial totals. She reviewed Cascade Digital's power load assumptions through the contract term of March 31, 2024. Discussion was held.

Mr. Hall reviewed the Shell payment and how it affects our electric revenue. Discussion was held.

Ms. Holderman will review budget expenses and a revised capital projects list at the October 31 meeting. A budget presentation will be held on November 7 with a public budget hearing to be held on November 21.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Bob Eugene, member of the public, commented that there is no safeguard in Cascade's current agreement and noted there is a SEPA requirement to protect our environment. He suggested the PUD renegotiate the agreement.

Ms. Koenig commented that Cascade's Electric Service Agreement will end in three months and asked if the PUD is getting started on the next contract, will require Cascade to extend the contract longer, or offer a credit to them if they pay earlier. She commented that three months isn't an adequate amount of time. Ms. Owen reported we have started new contract discussions. Discussion was held.

Commissioner Knapp thanked the public for attending and providing comments.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reported that more employee safety awards were given.

Kevin Conway, District Director of Utility Services, commended Rick Hughes, District System Operator, for passing his NERC Certification test and gave him a safety award.

Mr. Wiltse reported Diana Jackson, District Power Supply Analyst, received a safety award for catching and reporting a phishing email and Ms. Holderman received a core value cyber security safety award for catching and reporting a spear phishing email. Discussion was held.

Commissioner Knapp noted a shooting at the Bonneville Power Administration facility in Mead.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager, reported we had a good turnout for Public Power Week. She shared pictures from the event and thanked staff for helping. Commissioner Onley commended her and staff on the power pole display at the front door.

MANAGEMENT REPORT:

Kevin Conway, Director of Utility Services:

He reported we are wrapping up the NERC compliance requirements for this year.

He reported the emergency action plan yearly refreshers for Sullivan and Box Canyon Dams are scheduled for the week of October 25. This is in conjunction with SCL.

He reported an independent external Federal Energy Regulatory Commission (FERC) owner operator safety dam 5-year audit will be done November 6 - 8. Discussion was held.

Philip Roice, Engineering Manager:

He reported a final walk through of the Diamond Lake Substation pole building will be done this week and a Board tour will be scheduled in the near future.

He reported the Bare Mountain Substation 10% design is finished with ECI comments and they are moving forward with the 30% concept. Discussion was held.

Chris Jones, Director of Operations:

He reported the power line north of Box Canyon has been repaired but it is not at the permanent place where we want to leave it, so we are working with engineering to relocate the line. An alternate feed is there.

He provided an overview of ongoing projects they are working on and reported next week there will be a scheduled outage from Boundary to Box Canyon to replace the 115kV switch arms. We will be using a helicopter at Bead Lake to replace a pole during the first week of November, depending on the weather.

He reported that residential generator safety is a major concern in the utility world and he received a phone call from a local electrician who was working with a customer who installed a generator. He explained the generator was installed by the electrician and inspected but it was hooked up wrong. When the power went out, it was back feeding on our system. Ben Huntley, District Serviceman, and the electrician found the issue this morning. There was no damage to our equipment. Discussion was held.

Suzie Wrbelis, Director of Human Resources:

She reported the Drug and Alcohol Policy is almost finished and will be provided at the next Board meeting for the Board's review.

Bryant Kramer, Director of Power Production:

He provided a water department update and reported there will be a contractor walk through of the Sunvale Acres Pipe Replacement Project on Thursday. Sanitary surveys were scheduled for Greenridge and Lazy Acres Water Systems. Rusty Gill, District Lead Water Systems Operator, discovered that the recent Metaline Falls Pipeline Project, completed in July 2023, has reduced water leakage by an estimated 4 million gallons per year.

He provided a production update and reported we received the last three proportional valve sets. One set is currently being installed on Box Canyon Unit 2 and it will be in service today or tomorrow.

He reported the caisson (floating dam) will be pulled out of the river and put back on the shore on Friday.

He reported the U.S. Army Corps of Engineers started drafting Lake Pend Oreille on September 19. He showed and explained a graph of the lake elevations and flows. He reported Sullivan Lake has been drafted and will be pulled down to about empty to do repairs this fall. Once repairs are completed it will be allowed to fill to the normal winter level.

He showed pictures and provided an overview of projects at Box Canyon. He reported that Ryan Tellessen, District Power Supply Mechanic Apprentice, upgraded shaft railings at the powerhouse and Syd Maurer, District Wildlife & Habitat Specialist, was getting readings from the water probes.

He reported all units will have new proportional valves installed. The current proportional valves installed on Units 1 and 4 will be swapped out and retained as spare valves when the water flows go down. There are currently three generator units running, with a fourth unit expected to be online today.

Scott Jungblom, Natural Resources Manager:

He provided a Sullivan Creek License Surrender update and reported installing the historical signs was the last thing we had to do and report on. Once all the signs were in place, we had to submit a final summary report under the Historic Resources Memorandum of Agreement to FERC. The report went out on October 11 to all the parties. We are moving forward with the license surrender process and have a final report of activities to do for the whole license surrender. While the final report is being written we will be updating and finalizing the Forest Service Special Use Agreement and we have several remaining Part 12 Dam Safety Conditions to finalize. One study is with FERC for their review, once approved the remaining studies and reports can be completed.

He provided a fish ladder update and reported that 842 fish were collected this year which included 199 native fish, with four target cutthroat trout that were transported. We passed 618 fish last year and are still a month out from winter shutdown. Discussion was held.

He reported the LeClerc Instream Structure project is complete and functioning and he showed and explained a picture.

John Bricher, Finance Manager:

He provided a Department of Revenue (DOR) excise tax audit update and reported that last week DOR issued the audit report covering the Ponderay Newsprint Company liquidated damages settlement, assessing tax at the higher Public Utility Tax rate. We are working with a tax attorney at Moss Adams who is drafting an appeal, making the case

for a reduced tax rate, and have until the end of November to submit. Ms. Owen reported that we have already paid tax at the lower rate.

Ben Hall, Energy Resources Manager:

He provided a Cascade update for November and reported they will be at 21MW of power in heavy load and 40MW of power in light load and still have some time to submit a request.

ACTION ITEMS:

- Teck Electric Service Agreement Approval. Ms. Holderman reported the current agreement expires at the end of October. The new 8-month agreement will expire at the end of June. A motion was made by Commissioner Onley and seconded by Commissioner Rick to authorize the interim general managers to execute the agreement in substantially the same form as presented. The motion passed unanimously.
- Seattle City Light Hatchery Electric Service Agreement Approval. Ms. Holderman reported this is a 1-year agreement. A motion was made by Commissioner Onley and seconded by Commissioner Rick to authorize the interim general managers to execute the agreement in substantially the same form as presented. The motion passed unanimously.
- Unbudgeted Request – Ground Penetrating Radar. Mr. Jungblom reported this is a replacement for the existing equipment required under our Historic Property Management Plan and the existing equipment which is no longer suitable for archaeological surveys, will be able to be used by other departments. A motion was made by Commissioner Rick and seconded by Commissioner Onley to approve the unbudgeted request. The motion passed unanimously.

Commissioner Knapp inquired if there are any job openings. Ms. Wrbelis reported we have a meter reader job position open.

COMMISSION REPORT:

The Board of Commissioners attended the October 10 Townhall meeting in Cusick and the October 13 Special Board meeting in Newport and virtually.

Commissioner Onley attended a virtual Internet for All Broadband Equity and Deployment Grant webinar on October 12 and provided an overview. He will attend the next monthly meeting on October 25.

Commissioner Rick received a request from the Town of Metaline regarding a Department of Commerce grant for electric vehicle charging stations and reported they are hoping to get three level 3 fast chargers and lease the chargers to the Metaline Mini Mart. He thanked Ms. Owen and Ms. Holderman for responding to the business owner. He attended a Town of Metaline Town Council meeting on October 11 in Metaline and provided an overview.

Commissioner Knapp attended a Public Power Council meeting on October 4 - 5 in Portland. He had conversations with customers.

COMMISSION BUSINESS:

Commissioner Onley will attend a Greater Newport Area Chamber of Commerce meeting on October 18 in Priest River, a virtual NTIA Broadband Office webinar on October 25, an Energy Northwest Public Power Forum on October 26 in Richland, and a Board meeting on October 31 in Ione.

Commissioner Rick will attend an Economic Development Council meeting tomorrow in Metaline Falls, a Tri-County Economic Development District meeting on October 25 in

Colville, an Energy Northwest Public Power Forum on October 26 in Richland, and the Board meeting on October 31 in Ione.

Commissioner Knapp will attend a virtual Energy Northwest Resource Adequacy Task Force meeting tomorrow, a virtual Washington Public Utility Districts Association Budget Committee meeting on October 19, Energy Northwest meetings on October 24 – 26 in Tri-Cities, and an Energy Northwest Public Power Forum on October 26 in Richland.

- Pre-Approval of Commissioner Travel or Meeting Attendance for November.

Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve the commissioner travel or meeting attendance for November, as presented. The motion passed unanimously.

Discussion was held regarding the legislative meeting on November 6 and the Pend Oreille Representatives Workshop on November 8.

Commissioner Knapp announced that during a working lunch, the Board of Commissioners and staff will go into a 15-minute executive session on pending and/or potential litigation will begin at 11:35 a.m. in the Riverbend Conference Room with Tyler Whitney, Cable Huston, LLP virtually attending. 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 this executive session, he and the Board will go into a 15-minute executive session to evaluate the qualifications of applicants for public employment. 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 that executive session, he will rejoin the open session to adjourn the meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 15-minute executive session on pending and/or potential litigation commenced at 11:35 a.m. The following were in attendance: Board of Commissioners; April Owen, Co-Interim General Manager; Sarah Holderman, Co-Interim General Manager; and Tyler Whitney, Cable Huston, LLP virtual. The executive session adjourned at 11:50 a.m. No final action was taken during the executive session.

EXECUTIVE SESSION – EVALUATION OF QUALIFICATIONS OF APPLICANTS FOR PUBLIC EMPLOYMENT:

A 15-minute executive session on the evaluation of qualifications of applicants for public employment commenced at 11:55 a.m. The following were in attendance: Board of Commissioners; Suzie Wrbelis, Director of Human Resources; and Tyler Whitney, Cable Huston, LLP virtual. The executive session adjourned at 12:10 p.m. No final action was taken during the executive session.

Discussion was held.

Commissioner Knapp reported the next meeting is on October 31, 2023, beginning at 9:30 a.m., at Box Canyon Dam, Ione and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 12:30 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form