

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
June 7, 2022
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

Present: Curtis J. Knapp, President, virtual
Richard A. Larson, Vice President
Joseph B. Onley, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler Whitney, General Counsel
Karen Willner, Clerk of the Board

Others: Steve Wood, CFO of Merkle Standard
Dave Rick, Member of the Public
Gretchen Koenig, Member of the Public
Bob Eugene, Member of the Public

The meeting was called to order at 8:30 a.m. by Richard A. Larson, Vice President.

CONSENT AGENDA:

The minutes from the May 17, 2022 meeting, the May 26, 2022 special meeting, today's agenda, and the vouchers were reviewed.

As of this date, June 7, 2022, the Board, upon motion by Commissioner Onley and seconded by Commissioner Knapp approved the following:

- The agenda for June 7, 2022, the minutes of the May 17, 2022 meeting, and the minutes of the May 26, 2022 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. 6927 through 6966 in the total amount of \$95,585.50; ACH payments in the total amount of \$362,802.90; Wire Transfers in the total amount of \$642,482.18; and ACH payroll transactions in the total amount of \$210,063.80 for the payroll ending May 15, 2022.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Onley inquired about the Box Canyon payment kiosk. Ms. Holderman reported we still have an annual maintenance fee for the software and a monthly transaction fee for cash transfers but the unit has been purchased.

Colin Willenbrock, District General Manager reported Allrise/Merkle increased its load on Monday to approximately 23aMW. Steve Wood, CFO of Merkle Standard thanked the PUD staff for the extra power.

Mr. Willenbrock reported today's Board Workshop is for discussion of our Electrical Service, Rates and Credit policy and the key changes. We have received additional customer requests to increase their industrial load. We need to look at market pricing for power purchases. Discussion was held.

Ms. Holderman provided a powerpoint presentation regarding the Electrical Service, Rates and Credit policy changes and provided an overview of the large industrial service fees and charges.

April Owen, District Director of Finance, reviewed load and resources and rising market prices graphs. Discussion was held.

SAFETY SPOTLIGHT:

Kevin Conway, District Director of Utility Services, reported staff is working on the Box Canyon Substation planned outage from last night and this morning. Mr. Willenbrock commended Bryant Kramer, District Director of Power Production; the Box Canyon crew; and Adam Wiltse, District Safety Manager for their work on the planned outage. He provided an overview of the outage.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager provided an update on the state's customer arrearage funding program. She reported that we opted in for the funding and sent our application to the Department of Commerce. We will hear more this summer. She reported our 2021 Annual Reports have been printed and distributed.

Ms. Holderman provided a broadband grants update and reported the Washington State Broadband Office Notice of Funding Opportunity for Round 2 will be released on June 14. Staff participated in a conference call yesterday and are waiting to get more information when the notice is released. She noted two different scoring items for this round. She will bring more information, as it becomes available, before the Board. Discussion was held.

COMMISSION REPORT:

Commissioner Onley did not have anything to report.

Commissioner Larson attended a virtual Tri-County Economic Development District meeting on May 25 and provided an overview. He attended a virtual North Pend Oreille County Chamber of Commerce meeting last night and provided an overview.

Commissioner Knapp attended a Northwest Public Power Association Annual Conference on May 22 - 25 in Coeur d'Alene and provided an overview.

COMMISSION BUSINESS:

Commissioner Onley requested an amendment to his June travel authorization to include a virtual Washington Public Utility Districts Association (WPUDA) Water Committee meeting on June 23. Commissioners Larson and Knapp approved his request.

Commissioner Knapp does not have any business travel before the June 21 meeting.

Commissioner Larson will attend a Northwest Open Access Network meeting tomorrow in Spokane.

Commissioner Knapp reported Garry Arseneault, Chelan PUD Commissioner and WPUDA President, is coming to the District for a visit with the Board and staff. He is tentatively scheduled for September 27.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC:

Commissioner Larson asked if there was any business from the public.

Gretchen Koenig, member of the public, inquired if there was any update on the Town of Cusick's water system and/or if an agreement was made with the PUD. Mr. Willenbrock reported the PUD is working with the Town on next steps.

Steve Wood thanked the PUD staff again.

Dave Rick, member of the public, commented that today's Board Workshop was fantastic and he likes the District's forward thinking approach and good insight for the factors affecting volatility. He believes electric vehicles will continue to be a source of future growth. Mr. Willenbrock thanked him for his comments.

Bob Eugene, member of the public, commented on the need for economic development in Newport and wants to see retail and commerce on Union Avenue. He noted there are better locations for the PUD's warehouse. Mr. Willenbrock thanked Mr. Eugene for his comments.

Commissioner Larson received a customer inquiry regarding our stance on the removal of the Snake River dams. Mr. Willenbrock reported that the PUD has not made a public statement, but is inherently supportive of hydroelectric projects as a reliable source of carbon free energy and capacity.

ACTION ITEMS:

- Declaration of Surplus Property – Approximately 23 Utility Poles and Miscellaneous Pieces. Karen Willner, Clerk of the Board, provided the details. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Onley to declare the poles and pieces as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. A sealed bid process will be used. Discussion was held. The motion passed unanimously. Staff will proceed as appropriate.
- Amended Electrical Service, Rates and Credit Policy. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the amended Electrical Service, Rates and Credit policy. Commissioner Onley noted his general support for the policy changes, but objected to the process as he believed it afforded insufficient time to review and opine on the documents. The motion passed. Commissioner Onley was opposed. Commissioner Onley requested that the signature page to the policy document his opposition to the policy. Tyler Whitney, District General Counsel, noted the minutes reflect the motion and the policy signature page is a guide. The Board can make a change. Commissioners Knapp and Larson want to keep the current procedure.
- Amended Utility Extension Fees Policy. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the amended Utility Extension Fees policy. Commissioner Onley referenced his opposition stated in the previous action item. The motion passed. Commissioner Onley was opposed.
- Ratification of Seventh Amendment to Electric Service Agreement with Ponderay Real Estate, LLC. Mr. Willenbrock reported the amendment is in place and reflects the Board's motion of conditions and protections from the May 26 special meeting and it includes the District's adder. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Knapp to approve the ratification of the seventh amendment to the Electric Service Agreement with Ponderay Real Estate, LLC. The motion passed unanimously.

Discussion was held regarding the Board's policy process.

Commissioner Larson announced a 60-minute executive session on pending and/or potential litigation to be held upstairs with Tyler Whitney, General Counsel present. If the executive session needs to be extended, he will rejoin this open session to publicly announce an extension. Following the executive session he or the Board will rejoin the open session to take any action or to adjourn the meeting. The next meeting is June 21, in the Newport Conference Room, in Newport and via Microsoft Teams.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 11:00 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel. The executive session adjourned at 12:02 p.m. The Board returned to open session. No final action was taken.

Commissioner Larson reported the next meeting is June 21, in the Newport Conference Room, in Newport and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 12:03 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form