

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
July 26, 2022
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND VIRTUAL VIA
MICROSOFT TEAMS

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

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

Others: Gretchen Koenig, Member of the Public
Dave Rick, Member of the Public
Steve Wood, CFO of Merkle Standard
5 Members of Laurelhurst Manor Condominium Owners
Association

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

CONSENT AGENDA:

The minutes from the July 12, 2022 meeting, today's revised agenda, and the vouchers were reviewed.

As of this date, July 26, 2022, the Board, upon motion by Commissioner Onley and seconded by Commissioner Larson approved the following:

- The revised agenda for July 26, 2022 and the minutes of the July 12, 2022 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. 7088 through 7134 in the total amount of \$189,562.76; ACH payments in the total amount of \$680,609.86; Wire Transfers in the total amount of \$364,303.57; and ACH payroll transactions in the total amount of \$239,922.51 for the payroll ending July 15, 2022.

The motion passed unanimously.

BOARD WORKSHOP:

Commissioner Knapp asked if the commissioners had any discussion topics for today's workshop or future workshops. The commissioners did not have any topics.

Colin Willenbrock, District General Manager, reported that Kurt Miller, Executive Director of Northwest River Partners will attend the August 2 Board meeting to discuss the Snake River dams and hydro resources. Discussion was held.

He reported we are a member of the Central Washington Public Utilities (CWPU) which includes a Unified Insurance Program (UIP) for employee benefits. Every three years the seven utilities members meet for joint bargaining. He attended an initial meeting to discuss the benefits. Our contract expires April 2023.

He met with the Pend Oreille County Commissioners on July 18 at the county courthouse to discuss collaboration and communication following the COVID-19 pandemic. He reported discussion topics included the child care grant, hydroelectricity and Snake River

dams, and customer arrearages. Commissioner Larson reported that Brian Smiley, Pend Oreille County Commissioner, would like to routinely continue these meetings. Mr. Willenbrock agreed.

He attended a Washington Public Utility Districts Association (WPUDA) Managers Committee meeting on July 13 in Wenatchee and reported discussion topics included labor hiring, 4/10 work schedule, supply chain delays, commissioner elections, new administration buildings, post-2028 contract with the Bonneville Power Administration (BPA), and telecom fiber grants. Gretchen Koenig, member of the public, inquired if the PUDs can band together regarding broadband fiber grant objections. Mr. Willenbrock confirmed that was happening. Discussion was held.

He provided a wildfire update and reported the updated wildfire mitigation and vegetation management procedure documents are almost complete and will be presented to the Board at the end of August. The document has been reviewed by our insurance carrier. He reported public safety power shutoffs (PSPS) is a topic of discussion. We have transitioned to one shot. He provided an overview of the procedure. Discussion was held.

He provided an update on the potential north county electric vehicle charging station and reported that Sarah Holderman, District Director of Customer Services, has been in contact with Tara Leininger, Mayor of Metaline Falls.

He was contacted by Afton Servas, Cusick Town Council, regarding the Cusick water treatment plant and water distribution system operations.

He reported that Cole Bradbury, District Utility Services Designer, started at the District on June 1.

He reported Suzie Wrbelis, District Director of Human Resources, was a guest speaker and featured in a Northwest Public Power Association Bulletin magazine article from the 2022 Labor and Employee Relations Group Conference on employee engagement and the benefits of bringing fun into the workplace. He commended her and Destini Parker, District Payroll/Benefits Coordinator for doing a great job working with employees and their benefits. He commended Ms. Holderman and Philip Roice, District Engineering Manager, for meeting with the crews to discuss communications.

He reported our meter reader open job position was awarded to Arletta Hogan, District Customer Service Representative (CSR). He reported a job offer was made to a hydro operator position candidate. He reported David Bereiter was hired as a journeyman lineman.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager reported on sun protection and gave statistics regarding skin cancer. He referenced a UV index tool on the Center for Disease Control website and reported the highest level is 11 and Newport is currently at 9. He gave ways to protect yourself from the sun which include getting in the shade, and wearing sunscreen and sunglasses.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager reported the Pend Oreille County Fair is August 18 - 21.

She received a customer appreciation note thanking the crews for their good work.

COMMISSION REPORT:

Commissioner Onley attended the WPUDA meetings on July 13 - 15 in Wenatchee and provided an overview. He distributed and explained a Chelan County PUD graph regarding its long-term debt philosophy.

Commissioner Knapp attended the WPUDA meetings on July 13 – 15 in Wenatchee and provided an overview.

Commissioner Larson noted the passing of Sam Nicholas, who was a teacher, coach, and County Commissioner and his loss to the north county.

COMMISSION BUSINESS:

- Pre-Approval of Commissioner Travel or Meeting Attendance for September. Commissioner Knapp will attend the Employee Safety Day event on September 1 at the Kalispel Tribe of Indians Camas Wellness Center, the PUD Board meetings on September 13 and 27 in Newport, the Washington Public Utility Districts Association (WPUDA) meetings on September 14 – 16 in Olympia, and the Energy Northwest meetings on September 20 – 22 in Los Angeles. Commissioner Larson will attend the Employee Safety Day event on September 1 at the Kalispel Tribe of Indians Camas Wellness Center, the PUD Board meetings on September 13 and 27 in Newport, a tentative virtual Broadband Action Team meeting on September 8, a tentative Northwest Open Access Network (NoaNet) Board meeting on September 14 in Spokane, and a virtual Tri-County Economic Development District (TEDD) meeting on September 28. Commissioner Onley will attend the Employee Safety Day event on September 1 at the Kalispel Tribe of Indians Camas Wellness Center, a virtual Greater Newport Area Chamber of Commerce meeting on September 6, the PUD Board meetings on September 13 and 27, and WPUDA meetings on September 14 and 15 in Spokane.

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

Commissioner Knapp reported that he attended a special Energy Northwest meeting on July 21 and met with Mr. Willenbrock and staff from Senator Maria Cantwell's office on July 11 in Newport.

Commissioner Larson will attend a Tri-County Economic Development District meeting tomorrow in Colville.

Commissioner Knapp will attend the Energy Northwest meetings tomorrow and Thursday in Tri-Cities. He will be absent for the August 2 Board meeting.

Commissioner Larson suggested moving the commission report and commission business sessions to the end of the meeting. Discussion was held. Commissioners Onley and Knapp were in agreement with his suggestion.

Commissioner Onley will attend the WPUDA meetings in September and asked the commissioners if they will allow him to be the District's delegate for the Telecom Committee meeting. Discussion was held. Commissioner Larson made a motion and Commissioner Knapp seconded the motion to allow Commissioner Onley to be the District's delegate for the September WPUDA Telecom Committee meeting. The motion passed unanimously. Karen Willner, Clerk of the Board, later confirmed that Mr. Commissioner Onley was already the designated alternate.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

Commissioner Knapp asked if there was any business from the public or public comments. He reported the time limit is two minutes and the public needs to introduce his/herself.

Aleita Sirevog, Laurelhurst Manor Condominium Owners Association member, concerned about being back billed for a PUD billing error. She received a PUD letter about the back billing and doesn't feel she should pay for the PUD's error.

Dorothy Bernard, Laurelhurst Manor Condominium Owners Association member, objected to the PUD's letter regarding back billing and wants to know if the previous owners were also back billed.

Judy Mandigo, Laurelhurst Manor Condominium Owners Association member, was billed and received the PUD's letter that she was past due at the same time. She wants her money back.

Julie Brown, member of the public, reported her mother lives at Laurelhurst and wants to know why it took a year to get these letters.

Sophia Saremba, Laurelhurst Manor Condominium Owners Association member, received the PUD letter saying we needed the back bill amount all at once. She commented it should be done in installments and it is wrong to bill her for the PUD's error. She thanked the Board and staff for hearing them out and for being a good company.

Steve Wood, CFO of Merkle Standard, is representing Cascade Digital Mining. He thanked the PUD for working through the contract and the agreement with all the terms. They are waiting on the bank. He is asking for all the power they need for the month of August and are willing to do an average 40 MW. He reported they hired 16 more employees to be ready to go for August 1. They had BPA and staff tour the facility the other day.

Dave Rick, member of the public, commented it is good to have Kurt Miller, Northwest River Partners, here on August 2 to discuss the removal of the Snake River dams. It is an economic aspect that will impact us all. He suggested that WPUDA should have all utilities have a resolution to save the dams.

Ms. Koenig inquired about the status of the child care grant initiative. Mr. Willenbrock reported we received a grant from the Department of Commerce in 2021. We conducted a survey of staff who said that child care is a critical item for them. We had an opportunity to partner with the Newport Hospital, county, and Kalispel Tribe of Indians. We completed the survey and solicited funding from Senator Maria Cantwell's office and were told that we didn't demonstrate enough need for funding. We will continue to seek funding as it becomes available. Ms. Koenig reported that she attended an Economic Development Council meeting and a drawback to them having events is that there is no child care facility available.

Mr. Willenbrock apologized to the Laurelhurst residents for the billing error. The Board complimented them for their presentation. Commissioner Knapp thanked the public for their comments and questions.

Discussion was held regarding the Laurelhurst complex meters change out.

Discussion was held regarding Commissioner Onley already being an alternate for the WPUDA Telecom Committee. No motion or letter is needed.

ACTION ITEMS:

- Final Approval or Ratification of WSPP Master Transaction Confirmation for Energy Supply with Shell Energy North America (US), L.P. Mr. Willenbrock reported a few items remain regarding the bank and letter of credit. Tyler Whitney, District General Counsel, reported that at the last meeting the Board approved the general manager to execute the agreements in substantially the same format as presented. The transaction documents are almost in final form except for the date tied to the issuance of the letter of credit. We are waiting for the bank to issue the letter of credit. He explained that we do not have the final documents for the Board's approval but we have the documents that were finalized last week and are asking the Board to reconfirm that the general manager has the authority to execute the updated documents in

substantially the same format as have been presented to the Board. We need to prepay Shell for the energy transaction on the last business day of the month prior to the month of power delivery. Discussion was held. He reported this action item and the Cascade Digital Mining agreement action item are being handled as one item. A motion was made by Commissioner Larson and seconded by Commissioner Onley to authorize the general manager to execute this WSPP Master Confirmation and the Electric Service Agreement with Cascade Digital Mining in substantially the same format as the updated documents that the Board has seen and reviewed in the last few days. Discussion was held. The motion passed unanimously.

- Final Approval or Ratification of Electric Service Agreement with Cascade Digital Mining, LLC. This action item was addressed along with the previous action item.
- Extend Electric Service Agreement with Ponderay Real Estate for month of August. A motion was made by Commissioner Larson and seconded by Commissioner Onley to authorize the general manager to extend the Electric Service Agreement with Ponderay Real Estate for the month of August in substantially the same format as presented. Discussion was held. The motion passed unanimously.
- August Energy Transaction. April Owen, District Director of Finance, provided the light and heavy load pricing details and reported this is for Ponderay Real Estate. A motion was made by Commissioner Larson and seconded by Commissioner Onley to accept the August proposal as presented for Ponderay Real Estate. The motion passed unanimously.
- 32 Telephone Road Electric Service Agreement Second Amendment. Ms. Holderman reported they want to increase their load for August and September. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve the Electric Service Agreement amendment for 32 Telephone Road. The motion passed unanimously.

MANAGEMENT REPORT:

April Owen, Director of Finance:

She is busy working on the Cascade agreement and getting the power transaction together. She reported the power side of pricing has been crazy. She reported Diana Jackson, District Power Supply Analyst, does a lot of reporting as well as her daily work.

She provided a finance update and reported there is some reporting being done and staff is doing cross training. She reported John Bricher, District Finance Manager, was introduced to the power supply world and is helping with daily transactions. They are doing the bill for CWPU, which is managed by Megan Malone, District Accounts Payable Analyst.

John Bricher, Finance Manager:

He is training with Ms. Jackson on learning power scheduling.

He provided an excise tax audit update and reported four years of data was sent to the audit team at the beginning of this month. He is waiting for their data team to respond.

Sarah Holderman, Director of Customer Services:

She provided a fiber broadband grant update and reported the fiber grant application process is now rescheduled to October. She is working on the back end information to be ready when the grant is open for applications.

She reported the meter reader job position was awarded to Ms. Hogan, CSR, and back filling in the customer service department is going on. She congratulated Ms. Hogan and reported she will bring great knowledge to the position.

She reported Dario Nila, District Community Network System Supervisor, resumed the quarterly retail service provider meetings. Discussion was held regarding Concept Cable now as Mi-Fiber.

She reported the well maintenance at the Greenridge Water System was done.

Amber Gifford, Customer Service & Contracts Manager:

She reported our Employee Safety Day is September 1 and Mr. Wiltse is organizing a safety event. More details coming in the future.

She reported the bid opening for the OPGW repair project was launched and closes on August 15.

Mark Scott, Water Systems Manager:

He reported the Greenridge Water System well rehab was successful and the well will be put back in service this afternoon.

He reported the Newport RV Park project is going well and crews are working to remove the rocks.

He reported the milfoil harvester machine is headed to the Ione Park area and the milfoil will be cut before the Down River Days event this weekend. Discussion was held.

Philip Roice, Engineering Manager:

He and Chris Jones, District Director of Operations, are working to update the spec book for materials which will lead up to the staking program.

He and staff are working to get the power installed at the Seattle City Light hatchery project.

He and staff are working on the Diamond Lake tap design and replacing the poles that have been eaten by woodpeckers.

He reported Mr. Bradbury is doing well working on the pole attachment application with RTI.

Frank Pisano, Network Supervisor:

He reported that two weeks ago the District moved to a new server hosting the G drive and staff has finished restoring all the files.

He reported Kevin Persyn, District SCADA Engineer, is in training today for programming the SCADA system for custom programming of substation transformers.

He reported Rob Forbes, District Network Support Specialist, and Bob Pebles, District Information Technology Manager/CIP Senior Manager, are working on new storage and having the load transferred.

He is working on help desk requests and fish ladder data.

Scott Jungblom, Natural Resources Manager:

He provided a production update and reported the river flows are 19,000 cfs. The Campbell Pond repairs were completed. Trimble Creek bearing and shaft work is being

done. Crews are will start work on the turbine unit #2 guide bearing and electronic controls at the fish ladder.

He reported the fish ladder isn't currently operating because the water temperature is over 70 degrees. It may be back in operation in September. Work was done on several water control valves and repairs were made on their actuators. The fish ladder has passed 392 total fish to date.

He reported additional fishway repairs are underway and work is occurring on shoreline activities, habitat management, and stream habitat restoration.

He conducted an Aquatic Workshop on July 15 at the Camas Center and reported it was a success.

Mr. Willenbrock thanked the crews for doing work on the Campbell Pond damage repairs. Discussion was held regarding camping at the Campbell Pond area.

Tyler Whitney, General Counsel:

He is working on preparations for the CWPU bargaining and attended the CWPU meeting last week.

He is working with Mr. Roice and Lisa Curry, District Customer Service Representative, on customer line easements.

He is working on the Cascade Digital Mining power transaction.

Suzie Wrbelis, Director of Human Resources:

She provided a recruiting update and reported David Bereiter started last week as a journeyman lineman. A job position was offered to a hydro operator candidate and she is waiting on the background check. The meter reader job position was awarded to Ms. Hogan. There is an electrical project engineer job vacancy.

She and Ms. Parker will attend a UIP meeting this week.

She is finishing employee mid-year job evaluations.

Adam Wiltse, Safety Manager:

He reported we had OSHA reportable incidents and he is working with Rick Luten, Labor & Industries Officer for high voltage who is conducting an investigation on a recent incident. The root cause analysis process identified some areas for improvement. He is working on making safety improvements. Mr. Willenbrock commended Mr. Wiltse for being a trusted advisor on safety incidents and for always being on site as a first responder.

Angie Hall, Regulatory Compliance Analyst:

She is moving forward with internal compliance audits. She reported the quarterly North American Electric Reliability Corporation required reporting is completed.

Commissioner Knapp announced a 45-minute executive session to consider the acquisition of property and 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 and/or the Board will rejoin the open session to take any action or to adjourn the meeting. The next meeting is August 2 in the Newport Conference Room in Newport and virtually via Microsoft Teams.

EXECUTIVE SESSION – FOR CONSIDERING THE ACQUISITION OF PROPERTY AND PENDING AND/OR POTENTIAL LITIGATION:

A 45-minute executive session for considering the acquisition of property and on pending and/or potential litigation commenced at 11:40 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; April Owen, Director of Finance; Sarah Holderman, Director of Customer Services; and Tyler Whitney, General Counsel. The executive session adjourned at 12:10 p.m. The Board returned to open session.

Commissioner Knapp reported the next meeting is August 2, in the Newport Conference Room in Newport, WA and via Microsoft Teams.

There being no further discussion to come before the Board, the meeting adjourned at 12:11 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form