

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
September 19, 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
Steve Wood, CEO, Merkle Standard
Mike Coker, Riverview Water System Member

The meeting was called to order at 8:30 a.m. by Curtis J. Knapp, President.

Commissioner Knapp announced that a 30-minute executive session for pending and/or potential litigation will begin at 8:35 a.m. in the Riverbend Conference Room with Tyler Whitney, Cable Huston, LLP attending virtually. 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 continue the meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session for pending and/or potential litigation commenced at 8:35 a.m. The following were in attendance: Board of Commissioners; Sarah Holderman, Co-Interim General Manager; April Owen, Co-Interim General Manager; Ben Hall, Energy Resources Manager; and Tyler Whitney, Cable Huston, LLP, virtual. The executive session adjourned and the Board returned to open session at 9:00 a.m. No final action was taken during the executive session.

BOARD WORKSHOP:

The Board and District staff visited.

APPROVAL OF CONSENT AGENDA:

The minutes from the September 6, 2023 meeting, today's agenda, and the vouchers were reviewed.

As of this date, September 19, 2023, the Board, upon motion by Commissioner Onley and seconded by Commissioner Rick approved the following:

- The agenda for September 19, 2023, and the minutes of the September 6, 2023 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. 8520 through 8585 in the total amount of \$233,991.44; ACH payments in the total amount of \$1,047,291.30; Wire Transfers in the total amount of \$238,830.51; and ACH payroll transactions in the total amount of \$267,887.24 for the payroll ending August 31, 2023.

The motion passed unanimously.

CASCADE DIGITAL MINING, LLC CONTRACT:

April Owen, District Co-Interim General Manager, reported Cascade's contract expires on September 30.

Ben Hall, District Energy Resources Manager, provided a PowerPoint presentation and reported staff has been negotiating with Cascade on their contract. He recapped the September 6 Board meeting discussion. He reported the contract will now be a 6-month term beginning October 1, 2023 for 55 MW capacity. He explained the system and surplus product processes, market product scheduling, and payment and performance assurance that includes a reduction in the letter of credit to an amount of \$4.9M. Discussion was held.

The Board thanked Mr. Hall for his presentation and information.

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.

Mike Coker, Riverview Water System, was here for a water system update which he received earlier today from Bryant Kramer, District Director of Power Production, and Sarah Holderman, District Co-Interim General Manager.

Steve Wood, CEO of Merkle Standard, thanked the Board and staff for working with them on their revised contract. He commented that even though their new contract is for six months, they are committed to the County and need to make strategic business decisions.

Gretchen Koenig, member of the public, asked for a general manager search update. Commissioner Knapp reported that Lanie Mycoff, Managing Partner of Mycoff Fry Partners, LLC, has 20 new applicants and the application deadline is this Friday, September 22.

Commissioner Knapp thanked the public for attending and providing comments.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, showed and reviewed an internal Safety SharePoint Hub site. Discussion was held.

He reported we are seeing a resurgence of a new COVID variant BA.2.86. There are cases in Spokane and in Pend Oreille County and he is following the news. He reported both Pfizer and Moderna vaccine boosters are now available and he stressed the importance of getting on the list for the vaccine if you would like one as there are limited supplies.

CUSTOMER SPOTLIGHT:

Amber Gifford, District Customer Service & Contracts Manager, reported there was an Electric Vehicle Charging Station Grand Opening and Ribbon-Cutting Ceremony in Metaline Falls last week. It was a good event and the hope is that it will attract tourists and help local businesses. She reported it is located by the visitors center and a press release is posted on our website.

She reported that we will be celebrating Public Power Week the second week in October.

She reported the photo submittal deadline for our 2024 PUD Calendar was August 31 and she is hoping to get it distributed by Thanksgiving.

ACTION ITEMS:

- Declaration of Surplus Property – Information Technology Equipment. Bob Pebles, District Information Technology Manager/CIP Senior Manager, reported the equipment is recommended to be declared as surplus due to it has little or no value to the District and will be donated to local school districts or recycled through an e-cycler. A motion was made by Commissioner Rick and seconded by Commissioner Onley to approve and declare the equipment as being unserviceable, inadequate, obsolete, worn out, or unfit to be used in the District's operations, and no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The motion passed unanimously. Staff will proceed as appropriate.
- Unbudgeted Request for a Telecom Tech. Chris Jones, District Director of Operations, reported that we currently have two staff and a third staff person would help us stay on track with the fiber builds, installs, maintenance and outages. Discussion was held. Ms. Owen reported this would normally be addressed during the budget process but we want to get someone hired and trained before build season in the spring. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve the unbudgeted request. The motion passed unanimously. Discussion was held regarding District vehicles. Commissioner Knapp thanked Mr. Jones for managing our fleet assets. Mr. Jones thanked Rob Linton, District Fleet Foreman/Lead Mechanic, and Brett Shults, District Utility Services Mechanic, for their work maintaining our vehicles.
- Revised Community Network System (CNS) Policy and Fees. Ms. Holderman provided the changes. A motion was made by Commissioner Rick and seconded by Commissioner Onley to approve the revised CNS Policy and Fees as presented. The motion passed unanimously.
- October Energy Transaction. Mr. Hall reported this is a contingent approval if we don't execute an Electric Service Agreement with Cascade. He explained that without the agreement, we would be long in power and would need to sell this power to a wholesale counterparty. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve the October Energy Transaction, if needed. The motion passed unanimously.
- WSPP Trading Confirmation Approval. Mr. Hall reported this is a template we use with any wholesale counterparty. Discussion was held. Tyler Whitney, Cable Huston, LLP, provided the details of WSPP. A motion was made by Commissioner Rick and seconded by Commissioner Onley to approve the WSPP Trading Confirmation Approval. The motion passed unanimously.
- Approval of Cascade Digital Mining, LLC Contract. Ms. Owen reported we have discussed the contract parameters and have put in risk mitigation for our customers as well as some pluses for both the District and Cascade. Mr. Whitney reported this is a fair deal for both parties. Commissioner Onley appreciated hearing from Mr. Wood in how well our team worked with their team. A motion was made by Commissioner Onley and seconded by Commissioner Rick to approve the contract in substantially the same format as presented to the Board and authorize the General Manager to execute the contract. The motion passed unanimously.

MANAGEMENT REPORT:

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He reported staff is continuing to work on the NISC Telecom Module. He commended staff and hopes to start using it in a few weeks. It will eventually tie into mapping and staff will provide a presentation at a future Board meeting.

Suzie Wrbelis, Director of Human Resources:

She reported staff has finished updating the Employee Handbook and the changes were listed in a memo to the Board. She reported the Drug and Alcohol Policy will stand alone due to the length and it will follow the Department of Transportation guidelines. Discussion was held.

Bryant Kramer, Director of Power Production:

He provided a water system update and reported that Mr. Coker and other Riverview Water System customers had previously attended a Board meeting to ask for alarm capability improvements. Rusty Gill, District Lead Water Systems Operator, found a cellular phone-based device which would alert the water system operators if there is an outage or issue with a water system. We are researching to see if this is a viable option. Ms. Holderman reported we will have virtual citizen water system meetings before the end of the year. Discussion was held.

Mr. Kramer provided a production update and reported the Army Corps of Engineers began drafting Lake Pend Oreille today. Box Canyon received a set of proportional valves this week and turbine unit #1 will receive a set of proportional valves this Thursday. Unit #2 had the last overspeed event and the Box Canyon crew is currently doing an inspection. He showed and explained pictures of unit #2.

He did an inspection of Power Lake yesterday with Kevin Conway, District Director of Utility Services; Shawn Ellsworth, District System Operator; and Brodie Larson, District Senior Power Supply Operator. He showed and explained a PowerPoint presentation of the inspection report. Mr. Conway reported that Power Lake is regulated under the Washington State Department of Ecology. Mr. Kramer explained the inspection criteria and the findings from the annual inspection.

Scott Jungblom, Natural Resources Manager:

He and Syd Maurer, District Wildlife & Habitat Specialist, finished the Aquatic Plants Management survey last week. He reported milfoil was cleaned up at the boat launches.

He reported that last fall a wildlife tree planting was done at Everett Island but it was a really dry fall last year which caused a failed planting. They are looking at other planting options to propose to the technical committee.

He reported the river temperatures are decreasing and we are close to starting fisheries operations.

He reported the Selkirk School District third grade class is doing a frog catching event on September 25th at Campbell Pond.

He showed and explained a Mill Pond Historical/Cultural Signage project PowerPoint presentation. Six historical signboards were installed and we will maintain them. The next steps in the Sullivan license surrender process will be to do a report and submit it. Discussion was held.

He provided a LeClerc Fish Management Structure Project presentation and reported this project is a temporary structure for 6 - 10 years until the fish restocking is done. The structure is made to be reused. Discussion was held.

Sarah Holderman, Co-Interim General Manager:

She reported the Northwest Open Access Network (NoaNet) provided a draft interlocal agreement to assist in developing grant opportunities, designs, and cost estimates and then they will help with the grant application. She will move forward with this process to partner with NoaNet. She reported past grants have required applicants to provide digital equity. She reported staff is checking with libraries and Spokane Community College to see if we can partner with them or sponsor an event. Commissioner Onley had seen this

information through the Greater Newport Area Chamber of Commerce newsletter and encouraged staff to reach out to them to partner.

April Owen, Co-Interim General Manager:

She reported we had an entrance conference with the state auditor regarding the Clean Energy Transformation Act program. We are hoping to gather needed information from the state auditor on what we need to do. We are in the information gathering stage now and will let the Board know when the exit conference is scheduled.

COMMISSION REPORT:

The Board of Commissioners attended the Washington Public Utility Districts Association (WPUDA) meetings on September 13 – 15 in Richland. Commissioners Onley and Rick also took a Columbia River Generating Station tour. They provided an overview.

Commissioner Knapp reported he and Commissioners Onley and Rick attended a memorial service for Ken Hirsch, former District employee and commissioner, on September 9 at the Cutter Theatre. Commissioner Knapp attended Energy Northwest meetings on September 12 – 14 in Richland and provided an overview.

COMMISSION BUSINESS:

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

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

Commissioner Onley will attend a WPUDA Water Workshop on September 26 - 29 in Sequim and the Board meeting on October 3 in Newport. He recommended having a special meeting regarding the General Manager search soon.

Commissioner Rick will attend an Economic Development Council meeting tomorrow at the Camas Wellness Center in Cusick, a Tri-County Economic Development District meeting on September 27 in Colville, and the Board meeting on October 3 in Newport.

Commissioner Knapp will meet with Ms. Wrbelis regarding the General Manager search once Ms. Mycoff provides more information. He noted the WPUDA Water Workshop and Mr. Kramer reported that Mr. Gill will be attending.

Ms. Owen reported our Townhall meeting is scheduled for October 10 at the Camas Wellness Center and she noted the meeting will be held from 5 - 7p.m. She reviewed potential topics.

Commissioner Knapp reported that following a working lunch, the meeting would be adjourned. The next meeting is on October 3, 2023, beginning at 8:30 a.m., in the Newport Conference Room, Newport 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