

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
July 15, 2025
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: Chris Jones, General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Tom Owen, Pend Oreille County Historical Society President

The meeting was called to order at 8:30 a.m. by Commissioner Dave Rick, President followed by the Pledge of Allegiance.

ACTION ITEM:

- Adoption of Resolution No. 1500 – Appointment of General Manager and Establishing Salary. Commissioner Rick read the resolution. A motion was made by Commissioner Moody and seconded by Commissioner Knapp to adopt the resolution. Commissioner Moody read a summary of his thoughts and thanked and expressed his appreciation of Mr. Jones. Commissioner Knapp commended Mr. Jones and expressed that we have the right person for this role. Commissioner Rick looks forward to watching Mr. Jones lead the team and commented that it's a great day for the utility. The motion passed unanimously. Mr. Jones thanked the Board for their comments.

APPROVAL OF CONSENT AGENDA:

The minutes from the July 1, 2025 meeting, today's agenda, and the vouchers were reviewed.

As of this date, July 15, 2025, the Board, upon motion by Commissioner Moody and seconded by Commissioner Knapp approved the following:

- The agenda for July 15, 2025 and the minutes of the July 1, 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. 10630 through 10676 in the total amount of \$147,130.71; ACH payments in the total amount of \$752,857.38; Wire transfers in the total amount of \$278,446.64; and ACH payroll transactions in the total amount of \$325,004.94 for the payroll ending June 30, 2025.

The motion passed unanimously.

GENERAL MANAGER REPORT:

Chris Jones, District General Manager, referred to William Zurcher, District Vegetation Management Supervisor. Mr. Zurcher introduced Jorey McFadden, District Journeyman Tree Trimmer and reported the District is excited to have McFadden at the District. Mr. McFadden reported he is excited to work here and to be valued. The Board welcomed Mr. McFadden to the District.

Mr. Jones referenced our Meter Replacement Project and reported that the project was awarded to General Pacific. We recently received notification that Hubbell, the parent company of Aclara, decided not to contract with General Pacific going forward. We are under contract with General Pacific from the beginning to the end of the meter project. We and over 30 other utilities sent a letter of support to Hubbell for General Pacific to keep Aclara as a partner due to our long-standing relationship. Discussion was held.

He reported we sent a letter of support to the Northwest Power and Conservation Council that we support the Bonneville Power Administration's (BPA) position of using science-based fish goals and opposing breaching the Lower Snake River Dams and undermining operational system reliability decisions.

COMMISSION REPORT:

Commissioner Moody attended a Pend Oreille County Historical Society meeting on July 9 in Newport and provided an overview. Mr. Jones will meet with them to review the items the District has provided to them and he reported Joe Hathaway, District Public Information Officer will help with their interface setup.

Commissioner Rick received a customer phone call regarding a fiber outage for six days and provided an overview. He reported the customer is upset with their retail service provider and is grateful for the District's help. Discussion was held.

Commissioner Knapp attended an Aquatic Plants and Weeds Workshop on July 11 at the Kalispel Tribe of Indians Camas Wellness Center and commended Scott Jungblom, District Natural Resources Manager for his presentation.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Gretchen Koenig, member of the public, congratulated Mr. Jones on his appointment as General Manager. She reported she is busy working on the upcoming Pend Oreille County Fair. She thanked the District for locating at the fair grounds and is looking forward to seeing the District's booth at the fair.

Tom Owen, President of the Pend Oreille County Historical Society, reported they will have over 4,000 public members touring the museum this summer. He requested if the District could waive its \$250 application fee for moving the fiber underground since they are a non-profit 501c3 organization. He reported they need to changeout their flag and paint the top of their gazebo and asked if the District could help with the use of a bucket truck. He reported they have lots of exciting plans for the museum and it's a great asset and thanked the District for all its help.

Commissioner Rick thanked everyone for attending and for their comments.

COMMISSION BUSINESS:

Commissioner Moody will attend the Washington Public Utility Districts Association (WPUDA) meetings tomorrow through Friday in Mt. Vernon.

Commissioner Knapp will attend a virtual Energy Northwest Governance meeting today, the WPUDA meetings tomorrow through Friday in Mt. Vernon, and Energy Northwest Board meetings on July 22 – 23 in Tri-Cities.

Commissioner Rick will attend the virtual WPUDA meetings tomorrow and Thursday and a Tri-County Economic Development District meeting on July 23 in Colville.

Commissioner Knapp left the meeting due to a conflict.

MANAGEMENT REPORT:

Bryant Kramer, Director of Power Production:

He showed pictures of the Box Canyon summer crew and staff and reported on summer maintenance projects that can be done since the river is low and we won't lose generation. Crews started the Unit 1 dewater on July 7 with a physical inspection of the powerhouse's mechanical and operational components and inspected the Unit 2 generator parts and security of the components. He reported the inspections went well. Today they are inspecting the shutdown features of Unit 1 and we are expecting the unit to be in service next week. Discussion was held.

Sarah Holderman, Director of Customer Services:

She provided a Broadband Equity Access and Deployment Grant applications update and reported the Round 3 was opened and applications are due by July 23. She commended Amber Gifford, District Conservation and Grants Manager and Nik Reed, District Broadband System Network Administrator and NoaNet for their help to gather the applications information.

Ben Hall, Energy Resources Manager:

He reported that staff is continuing discussions with Cascade Digital Mining, LLC on their revised electric service agreement which starts October 1. He will provide more information at upcoming Board meetings and they are looking at options for a longer-term contract.

He and staff are continuing to work on short-term and long-term resource planning for the District's power supply needs. He provided a regional overview explaining how forecasts indicate that regional loads are expected to grow beyond the generating capabilities of resources throughout the region. He reviewed our energy and capacity needs over the next years and reported that we are looking at generating resource options, especially for the winter time, in the most cost-effective and optimized way. He reported staff had a kickoff meeting to discuss renewal of our balancing authority agreement with Avista last week. Discussion was held.

Following a short recess, the meeting resumed.

MANAGEMENT REPORT (continued):

Suzie Wrbelis, Director of Administrative Services:

She reported we had a surprise Labor and Industries inspection on July 1 in Metaline Falls and it went well. She thanked J.L. Chantry, District Line Foreman in Ione; Dave Bereiter, District Journeyman Lineman; and Hunter Enyeart, District Journeyman Lineman for representing the District with safety, professionalism, integrity, and customer focus during the inspection. They were nominated for Safety Core Value awards. Mr. Jones reported that Labor and Industries are doing more surprise inspections and that we welcome them.

Scott Jungblom, Natural Resources Manager:

He reported the American Legion and Washington State Fish and Wildlife hosted a youth and senior fishing event at Campbell Pond on May 31 –June 1. They estimated there were 150 youth on the first day and 30 seniors on the second day. It was a successful event and fun to do.

He reported 5-year eagle monitoring surveys were done via helicopter in April and June. They look at nest use, nest success, and chick count. The last survey was done in 2021 and this year the numbers are up in all categories – there were 52 nests, 42 nests

occupied, 32 nests occupied during the second survey, and 51 chicks. About 2/3rd of the eagles stay year-round in the county and a number of eagles will nest in the same area as their parents, increasing nest density along the river. Discussion was held.

He provided a fishway update and reported the facility was started this spring and there were no issues. We had a bumper crop with 3,188 fish by summer high temperature, shutdown, the previous high annual count at 2,017. There were 188 salmonids and 10 target fish collected so far. We are in the summer shutdown and doing repairs and the divers will come in to do inspections.

He reported the public Aquatic Plants and Weeds Workshop falls under our Box Canyon Federal Energy Regulatory Commission License Aquatic Plant Management Plan as an outreach and education requirement. We had 35 - 45 citizens attend, and it was successful. It is done in coordination with the Pend Oreille County Weed Board with guest speakers from many other organizations including Avista who gave a presentation on ground barriers.

He noted that on the second leg of the eagle monitoring flight, the Kalispel Tribe of Indians uses the helicopter to do a big-horn sheep survey at Sullivan Lake. This year they didn't see any sheep.

April Owen, Director of Finance:

She reviewed an inflation graph that showed that inflation has not risen due to tariffs as expected. She reported that we are around 3% inflation and 6% is high historically. She explained that inflation affects our baseline rate increases and we have payments tied to the inflation-related Consumer Price Index, including amounts we receive from Clark PUD beginning in 2026. We are projecting a future 3% inflation rate and we want to make sure we're keeping up with that rate.

She reported our Department of Revenue tax appeal was not successful and we will be paying a tax assessment. She provided an overview of the taxes we pay which include Business and Occupation (B&O) tax, a Public Utility Tax (PUT) which is a privilege we pay for utility services and water, and a Privilege tax that is paid in lieu of county tax, all of which are paid on gross revenues. We pay roughly \$2.8M in yearly taxes. Discussion was held. She reported that roughly \$540,000 goes back to the county. She explained our tax appeal process and reported that in 2020 when the Ponderay Newsprint Company liquidated, we received \$10M collateral and took the conservative approach in looking at it as a B&O tax. We had a Department of Revenue audit on our 2018-2021 tax years and asked the department to review and confirm that we were correct. They said we should have been paying tax but paying at the higher PUT rate of 3.8734%. We didn't think we should have been taxed at all and went through the appeals process with the Department of Revenue. They came to the same conclusion. We received the announcement a couple of weeks ago and took it to Tyler Whitney, Cable Huston, LLP. We could take it to the Department of Appeals or the Supreme Court. Mr. Whitney brought in a state and local tax expert through Cable Huston and the expert didn't think we had a great case. We

decided the effort to fight any longer was too expensive so we will paying roughly \$325,000 to the Department of Revenue.

Stacie Maier, Director of Engineering and Operations:

She reported there is a wind event for the whole county and recommends that everyone get the Watch Duty application. The wind advisory was from 4pm yesterday until 11am today and it was significant. We had roughly 20% of our customers out of power mainly due to trees on the lines and we had northerly winds. She commended system operators, line crews, and customer service representatives for their help with the outages.

She reported we had a red flag warning last week for the Cusick area. We moved our reclosers into an Elevated Fire-Safe Mode to make our system as sensitive as possible. We had one feeder at the Diamond Lake Substation that tripped offline. We have a Wildfire Committee that met to see where the red flag warning would impact us and we put a list together of where our reclosers are located. She reported that it was a great process to work through and she anticipates more red flag warnings this summer. She reviewed lessons learned, what went well, and what needs work including customer communications and planned work schedule. She distributed and reviewed a Fire Risk Potential county map from the Forest Service. Discussion was held. She thanked all staff who helped with the event.

Commissioner Rick thanked Mr. Jones and the Wildfire Committee for taking a proactive approach. Mr. Jones reported we will do more wordsmithing on our communications and mitigate our risk of fire. Discussion was held.

Ms. Owen reported we hired a Senior Accountant, David Heikkila who will start August 4 and we are excited for him to come onboard and provide support. She reported Megan Malone, District HR Generalist, has been promoted to Accountant and that she is a huge asset for us and it's great to advance her. Mr. Jones reported we have great employees at the District and we are complicated as a small water, fiber, and electric utility. We had a great meeting with Avista last week and will discuss topics with the Board going forward. He reported that starting in August staff will meet individually with each commissioner for educational purposes. We'll work on a schedule for the next couple of weeks.

Summer students provided introductions which included their summer jobs, where they are attending college, and their future career plans: Lilly Hughes (Customer Service), Sarah Goodman (Newport Warehouse), Berg Hughes (Community Network System), Bear Smith (Brush Crew), Ty Jenkins (Information Technology), Brennan Jones (Engineering), and Nick Ogle (Engineering). Mr. Jones reported he is hopeful there is a job opportunity in the county so the students come back to the county. Commissioner Rick congratulated the summer students and is glad that they are working here and that they value their education. Discussion was held.

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, July 29, 2025, starting at 8:30 a.m., at Box Canyon Dam, Ione and via Microsoft Teams.

He adjourned the meeting at 10:56 a.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form