

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
November 5, 2024
NEWPORT CONFERENCE ROOM, NEWPORT, WA AND
VIRTUAL VIA MICROSOFT TEAMS

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

Staff Present: April Owen, Acting General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Absent: John Janney, General Manager

Others: Jim Cupples, Economic Recovery Corporation
Gretchen Koenig, Member of the Public

The meeting was called to order at 8:30 a.m. by Joseph B. Onley, President.

BOARD WORKSHOP:

Commissioner Rick and Knapp wished Commissioner Onley good luck for today's election. Sarah Holderman, District Director of Customer Services, introduced Jim Cupples. Mr. Cupples is working under a 2.5 year fellowship funded by the Economic Recovery Corporation and is helping us with our Broadband Equity, Access, and Deployment Program Grant funding. Mr. Cupples provided an overview of the grant application maps. Commissioner Onley welcomed Mr. Cupples and thanked him for providing help to the District.

APPROVAL OF CONSENT AGENDA:

The minutes from the October 29, 2024 meeting, today's agenda, and the vouchers were reviewed. April Owen, District Acting General Manager, added a few agenda items. She praised Megan Malone, District Accounts Payable Analyst, for catching a scam with a vendor payment. The Board thanked Ms. Malone for catching this and Finance staff for having the necessary protocols in place.

As of this date, November 5, 2024, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Rick approved the following:

- The agenda for November 5, 2024 meeting and the minutes of the October 29, 2024 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. 9851 through 9865 in the total amount of \$840,533.73; ACH payments in the total amount of \$48,202.65; and Wire transfers in the total amount of \$397,431.24.

The motion passed unanimously.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, provided an update on a Labor and Industries (L&I) rule change for putting AED's in all of our District vehicles. Staff will talk with L&I staff for further information at an upcoming meeting. Discussion was held.

He reported we are entering the highest Driving Under the Influence (DUI) fatality rate of the year due to the upcoming holidays. He explained the importance of making smart decisions with having a designated driver, if you are drinking then don't drive, and when sober and driving to be aware of drunk drivers.

CUSTOMER SPOTLIGHT:

Shannon Johnston, District Customer Service Supervisor, shared a Halloween highlights slideshow. She reported we had a great trick-or-treater turnout, and she thanked staff for helping to pass out candy.

2025 UIP PREMIUM INCREASE PRESENTATION:

Katie Pfitzer, District HR Generalist, provided a 2025 Unified Insurance Program (UIP) Premium Increase presentation. She reviewed healthcare inflation and reported that over the last five years National Pharmacy costs have increased over 60%, National healthcare costs have increased over 30%, UIP Premium costs have increased over 30%, and Consumer Price Index for Wages has increased over 20%. She explained the UIP premium cost drivers are inflation, experience, administration, and reserve replenishment with a total premium increase of 11.1% for next year. Discussion was held. Sarah Holderman, District Director of Customer Services, reported that we spend about \$5M each year for employee benefits. Commissioner Onley thanked Ms. Pfitzer for her informational presentation.

3RD QUARTER FINANCIAL REPORT:

Ms. Owen provided a 3rd Quarter Financial Report and reviewed the financial performance highlights through September for operating revenues, operating expenses, and labor hours for the Electric System, Community Network System, Box Canyon Production System, and Water Systems. She reviewed the cash flows and capital projects. She commended John Bricher, District Finance Manager for his work. Commissioner Knapp reported he saw Christopher McKey, Energy West, LLC who commended our Finance team.

2025 BUDGET PRESENTATION:

Ms. Holderman provided a 2025 Draft Consolidated Budget presentation. She reviewed our budget process and timeline, revenue for our General Service customers, Cascade Digital, LLC, and other electric revenue including Ponderay Newsprint Company collateral, Shell Energy payment, and market sales.

Ben Hall, District Energy Resources Manager, explained our Shell Energy payment and rebalance contract.

Ms. Holderman reviewed our power costs for Bonneville Power Administration, Boundary Dam, Shell Energy, and other market purchases which are mainly for Cascade. She reviewed our employee headcount and proposed staff additions. She reviewed operation and maintenance expenses for all the systems, customer information, administrative and general, Protection, Mitigation, and Enhancement Measures, and capital expenditures. She provided and explained a summary.

She reported the Public Budget Hearing will be held on November 19 with Budget Adoption on December 3. The Board thanked Ms. Holderman for her presentation. Commissioner Knapp reported that he saw JoAnn Boggs, Pend Oreille County Emergency Management Director, who thanked the District for its work on the Wildfire Mitigation Plan.

FINANCIAL POLICIES PRESENTATION:

Ms. Owen reported that staff has been working on the District's 10-Year Forecast that goes into our strategic planning. She provided a Financial Policies presentation and

explained the need to establish financial policies for continued District operations, contingency for unplanned events, funding for future projects, giving direction to District staff, and helping us lessen the rate increase impacts. She explained financial targets for designated cash reserves.

Following a short recess, the meeting resumed.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Gretchen Koenig, member of the public, reported that Jessica Garza, Port Economic Development Director discussed at a meeting that site selection requests for large megawatts of power in a short amount of time come to her from the Department of Commerce. She inquired if the District could accommodate this amount of power and if another substation would be needed. Ms. Owen reported that we can serve that amount of power, but it comes down to cost and will they pay market power prices and for infrastructure improvements. She reported that Ms. Garza and John Janney, District General Manager, are in communication.

Commissioner Onley thanked Ms. Koenig for her comments and questions and he thanked the public for attending.

FINANCIAL POLICIES PRESENTATION (continued):

Ms. Owen continued her presentation related to financial targets. She reviewed the metrics of days of cash on hand which is the number of days we can operate without income and still pay our expenses, debt service coverage which is how many times principal and interest can be paid after our operating expenses. She reported that our Electric System bond covenant is 1.25 times. She explained the metric of debt ratio which is how much of our assets are funded by debt and it incorporates ratepayer equity where ratepayers pay for the benefit they are using. Discussion was held.

Commissioner Onley thanked Ms. Owen for providing a great presentation and reported that he learned a lot.

ACTION ITEM:

- Approval of Unbudgeted Request for Box Canyon Powerhouse Gantry Crane Trucks Repair. Bryant Kramer, District Director of Power Production, is requesting \$155,000 and reported the crane is a critical piece of equipment. He showed pictures and explained the repair that is needed and the testing after the repair is done. He reported we will go out to bid on the project. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the unbudgeted request. The motion passed unanimously.

COMMISSION REPORT:

Commissioner Onley attended a Metaline Falls Water System Tour on October 29 at the end of the Board meeting at Box Canyon and thanked Mr. Kramer; Rusty Gill, District Lead Water System Operator; and Andrew Crawford, District Water System Operator. He attended the District's 10-Year Forecast Public Meeting on October 30 at the Newport High School and thanked Mr. Janney and Joe Hathaway, District Public Information Officer for a great presentation. He attended a virtual Clean Energy Transformation Act (CETA) Audit Exit Conference on October 31 and provided an overview. He attended the six virtual Water Systems meetings yesterday and he complimented Ms. Holderman for organizing the team and for providing a financial overview and he thanked Mr. Gill for providing an Operations overview.

Commissioner Knapp attended the virtual CETA Audit Exit Conference on October 31.

Commissioner Rick attended the Metaline Falls Water System Tour on October 29, provided an overview, and thanked staff for providing the information. Mr. Kramer reported we are waiting for Welch Comer’s engineering report and then we need to get approval from the Department of Health. He attended the District’s 10-Year Forecast Public Meeting on October 30 at the Newport High School and thanked Mr. Janney and staff for their presentation. He attended a virtual Tri-County Economic Development District Audit on October 31 and provided an overview.

COMMISSION BUSINESS:

Commissioner Knapp will attend the Public Power Council and Pacific Northwest Utilities Conference Committee Annual meetings this week in Portland. He will attend the Annual Legislative Luncheon meeting on November 12 in Colville and the Washington Public Utility Districts Association (WPUDA) meetings on November 13 - 15 in Olympia.

Commissioner Rick will attend the Annual Legislative Luncheon meeting on November 12 in Colville and the virtual WPUDA meetings on November 13 - 15.

Commissioner Onley will attend a Greater Newport Area Chamber of Commerce meeting tomorrow night in Newport, the Annual Legislative Luncheon meeting on November 12 in Colville, and the WPUDA meetings on November 13 – 15 in Olympia.

He asked if there was any further business for the good of the order.

He reported the next meeting is scheduled for November 19, 2024, starting at 8:30 a.m., in the Newport Conference Room, in Newport and via Microsoft Teams. He adjourned the meeting at 10:51 a.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form