

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 1, 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: John Janney, General Manager
Management/District Staff
Karen Willner, Clerk of the Board

Others: Gretchen Koenig, Member of the Public
Laura Verity, Merkle Standard

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

BOARD WORKSHOP:

Discussion was held regarding the American Public Power Association Legislative Rally in Washington, D.C. in February, a 10-Year Financial Forecast handout, gratitude and thanks to staff for restoring power and fiber from last Wednesday's storm outage, and a candidate forum question regarding the Climate Commitment Act (CCA) and Clean Energy Transformation Act (CETA) and thanks to John Janney, District General Manager, for his CCA and CETA information.

APPROVAL OF CONSENT AGENDA:

The minutes from the September 17, 2024 meeting, today's agenda, and the vouchers were reviewed.

As of this date, October 1, 2024, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Rick approved the following:

- The agenda for October 1, 2024 meeting and the minutes of the September 17, 2024 meeting, as amended.
- 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. 9724 through 9764 in the total amount of \$96,968.53; ACH payments in the total amount of \$489,934.04; Wire transfers in the total amount of \$395,119.32; and ACH payroll transactions in the total amount of \$262,206.58 for the payroll ending September 15, 2024.

The motion passed unanimously.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager, reported there was a lineman fatality in Montana and he explained that safety importance applies to and affects all utility industries. He provided an overview of OSHA safety data of linemen and meter readers fatalities, injuries and non-injuries. Commissioner Rick commended staff for having no safety injuries from last week's storm outage.

CUSTOMER SPOTLIGHT:

Shannon Johnston, District Customer Service Supervisor, reported next week is Public Power Week and we will be offering coffee, cookies, cocoa, and PUD-logo swag giveaways while supplies last. This week is Newport Homecoming and staff is decorating for this event and will also decorate for Public Power Week.

GENERAL MANAGER REPORT:

Mr. Janney commended staff for doing a great job handling the storm outage and reported it was wonderful to see staff knowing exactly what to do and doing it professionally.

He noted the International Longshoremen's strike which could impact our supply chain. He provided the strike details and reported that President Joe Biden has the authority to stop the strike per the Taft-Hartley Act but he has indicated he will let it play out.

He provided a 10-Year Forecast and Rate Study Deeper Dive Discussion Topics presentation. He reviewed the suggested discussion topics which included Financial Policy Metrics, Capital Plan, Workforce Plan, Integrated Resource Plan, Wildfire Mitigation Plan, CCA, CETA, and Low-Income Programs. He reported staff will be discussing our 2025 Budget as well as potential adjustments to the 10-Year Forecast as we complete our analysis on these deeper dive topics at upcoming meetings. He asked if there were any additional topics Commissioners would like covered in the weeks ahead. Discussion was held. The Board thanked Mr. Janney for his presentation.

2025 BUDGET:

Sarah Holderman, District Director of Customer Services, reported the budget process was kicked off at the end of August and department budgets were submitted in September. She provided a 2025 Draft Budget presentation that included general service revenue amounts and capital expenditures, indicating that Staff is continuing to review these figures and will make needed adjustments before the proposed budget is presented to the Board for approval. She reported this scenario is based on our existing electric rates. She reviewed the residential revenue customer counts and usage, commercial revenue, and industrial revenue customer counts and usage. She reviewed capital expenditures and major upcoming projects. Discussion was held. Commissioner Onley suggested the capital budget be reduced by 10%. Mr. Janney asked why 10% and reminded Commissioner Onley that, as Sarah indicated, the numbers presented are preliminary and that staff will continue to fine-tune their figures before a final budget is presented for approval – presenting only what is necessary and doable in the coming year. He also mentioned that we haven't been able to complete much needed capital projects over the past several years due to staff turnover and supply chain issues. With an aging infrastructure and a growing backlog of delayed replacements and improvements, we need to be very careful about delaying much-needed work any further to avoid major impacts on system reliability and more costly repairs and replacements down the road. He indicated that the Capital Budget will be covered in greater detail during the Deeper Dive topic on the Capital Plan mentioned in the General Manager Report earlier today. Discussion was held. Ms. Holderman provided the budget schedule for discussions, presentation, public hearing, and request for board adoption.

ACTION ITEM:

- Approval of Dark Fiber Lease. Ms. Holderman reported that per our Community Network System (CNS) Policy and Fees Policy all dark fiber leases need to be approved by the Board. She explained a customer has paid for the line extension to build a 12 count fiber and they would like to lease two strands as dark fiber (through a Retail Service Provider). Discussion was held. A motion was made by Commissioner Rick and seconded by Commissioner Knapp to approve the Dark Fiber Lease. The motion passed unanimously.

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, inquired about a voucher for a workplace investigation. Mr. Janney reported we had an outside party investigate a workplace matter. She inquired if Cascade Digital Mining, LLC's Electric Service Agreement is in place. Mr. Janney reported that it is in place.

Commissioner Onley thanked the public for attending.

USK 230kV CIRCUIT SWITCHER UPDATE AND SPARE EQUIPMENT PROGRAM:

Stacie Maier, District Director of Utility Services, reported this was her first experience with a big outage here at the District and she was impressed with how the team stepped up and jumped in. She commended Bob Pebles, District Information Technology Manager/CIP Senior Manager, and his team, the Customer Service Representatives, Chris Jones, District Director of Operations, and his crews. She reported the bulk of the power was restored Wednesday evening. She highlighted the team efforts and reported that everyone was restored by Friday.

Mr. Jones reported we had four broken poles and the crews spanned one, used a truck to replace two yesterday, and there is a planned outage today to replace one. He thanked Mr. Pebles and his team, and the CNS crew, and Kevin Persyn, District SCADA Engineer, for helping to provide the AMI meter information that we receive and noted the possibilities are endless of what we can gain by and do from this information.

Ms. Maier thanked Joe Hathaway, District Public Information Officer, for communicating outage updates to our customers via our website and Facebook and she thanked our customers for calling in to let us know about any outages and trees and/or lines that were down. Discussion was held regarding the District's outage map usage. Ms. Maier reported it was a widespread impact and harder to predict restoration time. Mr. Janney commended Ms. Maier for jumping in to help and playing a huge role too.

Ms. Maier provided an Usk 230kV Circuit Switcher and Spare Equipment Program presentation and noted this is for informational purposes with no action today but is a conversational start. She explained that we need to plan to mitigate for any future risks and reported that we had an outage at the Usk Substation due to a circuit switcher that wouldn't close. She reported a number of staff were involved to help get it closed. She reported that we do not have any spares on hand and it would have caused an issue if we couldn't connect with the Bonneville Power Administration. She reported the switcher operated on the customer's side was a mechanical issue and she explained how the switcher was fixed for the short term and we will need to bring in the manufacturer to fix it for the long term. Discussion was held. She showed pictures of aging infrastructure and provided background history. She reviewed why we need a Spare Equipment Program and reported we have estimated long lead times for replacements which means extended outages for customers and reduced reliability. She explained differences between breakers and circuit switchers. She reported the next steps are to review system impacts due to equipment failure, survey neighboring utilities for best practices, and create a Spare Equipment Program to determine costs and reliability. The Board thanked Ms. Maier for her presentation and information.

COMMISSION REPORT:

Commissioner Rick attended virtual Washington Public Utility District Association (WPUDA) meetings on September 18 and provided an overview. He attended a Special Board meeting on September 23 in Newport.

Commissioner Knapp attended the WPUDA meetings and Tour of Douglas PUD's Renewable Hydrogen Plant on September 18 – 20 in Wenatchee and provided an overview. He attended the Special Board meeting on September 23 in Newport.

Commissioner Onley attended the WPUA meetings on September 18 – 20 in Wenatchee and provided an overview. He attended the Special Board meeting on September 23 virtually. He attended a virtual Greater Newport Area Chamber of Commerce meeting on September 27 and reported the Chamber extended hosting the electric vehicle charging station at the District. He had his weekly phone call with Mr. Janney yesterday and expressed appreciation of his time.

COMMISSION BUSINESS:

Commissioner Onley will attend a Vietnam Veterans Recognition Event on October 4 at the Camas Wellness Center in Cusick and will meet with Mr. Hathaway tomorrow in Newport.

Commissioner Rick will attend an Ione Town Council meeting tomorrow in Ione, a Candidates Debate Forum on October 3 at the Camas Wellness Center in Cusick, the Vietnam Veterans Recognition Event on October 4 at the Camas Wellness Center in Cusick, and a Metaline Town Council meeting on October 9 in Metaline.

Commissioner Knapp will attend a virtual Energy Northwest Special meeting to discuss major funding tomorrow, a virtual Public Power Council meeting on October 3, and a virtual Pacific Northwest Utilities Conference Committee meeting on October 4.

Discussion was held regarding taking a tour of the Metaline Falls Water System following the October 29 Board meeting at Box Canyon. The Board agreed to tour.

FORECAST REVIEW:

April Owen, District Director of Finance, provided a Revenue Requirement Forecast Discussion presentation and reported today she will be discussing cash. She reviewed two cash outflow graphs for our cash operating expenses, Boundary power, capital projects, and debt service from 2023 – 2035. She showed annual rate revenues in relation to cash outflows, and reported that the next several years will have more cash outflow than inflow. She reported this shows why we currently have cash reserves and explains that over the next few years we will be drawing down these cash reserves for major capital projects. We will continue to discuss our forecast over the upcoming meetings. Discussion was held.

Commissioner Onley asked if there was any further business for the good of the order. There was none.

He announced a 1-hour executive session to review the performance of a public employee will begin at 11:00 a.m. in the Riverbend Conference Room. 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 resume or adjourn the meeting. He reported the next meeting will be held on Tuesday, October 15 at 8:30 a.m., in the Newport Conference Room, in Newport and via Microsoft Teams.

Mr. Janney noted that he is not available to attend the Vietnam Veterans Recognition Event on October 4 but thanked Commissioner Onley for his service.

EXECUTIVE SESSION – REVIEW PERFORMANCE OF A PUBLIC EMPLOYEE:

A 1-hour executive session to review the performance of a public employee commenced at 11:00 a.m. The following were in attendance: Board of Commissioners; and John Janney, General Manager. The executive session ended at 12:00 p.m. and the Board returned to open session. No final action was taken during the executive session.

Commissioner Onley reported the next meeting is scheduled for Tuesday, October 15, 2024, starting at 8:30 a.m., in the Newport Conference Room, in Newport and via Microsoft Teams. He adjourned the meeting at 12:01 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form