

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 15, 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
Tom Pulford, 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 our Wildfire Mitigation Plan, a Tri-County Economic Development District (TEDD) Conference Room rental fee, status of the marker balls for the OPGW – we are still waiting to receive them, and the draft October 1 Board Meeting Minutes regarding the 2025 Budget discussion wording.

Chris Jones, District Director of Operations, introduced Willis Whitehead, District Fleet Mechanic, and provided his background. He reported Rob Linton, District Fleet Foreman/Lead Mechanic will retire on November 1 with over 30 years of service at the District. Mr. Whitehead started last week. The Board welcomed Mr. Whitehead to the District.

APPROVAL OF CONSENT AGENDA:

The minutes from the September 23, 2024 special meeting, the minutes from the October 1, 2024 meeting, today's agenda, and the vouchers were reviewed.

As of this date, October 15, 2024, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Rick approved the following:

- The agenda for October 15, 2024 meeting, the minutes of the September 23, 2024 special meeting, and the minutes of the October 1, 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. 9765 through 9824 in the total amount of \$148,065.04; ACH payments in the total amount of \$969,729.94; Wire transfers in the total amount of \$266,034.83; and ACH payroll transactions in the total amount of \$321,252.86 for the payroll ending September 30, 2024.

The motion passed unanimously.

GENERAL MANAGER REPORT:

- Tentative 10-Year Forecast, Rate Study, and Budget Discussion Topics.

John Janney, District General Manager, reviewed the Tentative 10-Year Forecast, Rate Study, and Budget Discussion Topics schedule for the upcoming meetings. He reported

this is a high-level overview and more information will be provided at future meetings. He asked if there were any changes to these topics of discussion. Commissioner Knapp commented that these topics may require a full-day Board meeting for discussion. Mr. Janney suggested that we need to give staff plenty of time to present the information, for discussion, and the Board plenty of time to review the information. Commissioner Rick thanked Mr. Janney for the list of topics and inquired if our quarterly financial reports should include some of this information. Mr. Janney reported that by mid-2025 staff should be able to provide quarterly or semi-annual forecast updates that include the projected financial targets as well as forecasts versus actuals for the prior period. The quarterly financial reports will be more in depth and we will give more time for review. Commissioner Onley inquired if the Board can get a peek into the targets. Mr. Janney reported there will likely be 2 - 4 targets and the Board will have a better peek at upcoming meetings. Commissioner Onley inquired about the path of increasing rates. Mr. Janney can streamline and see how things are shifting and see if we need to adjust rates going forward. He commended the leadership team for their efforts and vision and explained that we will provide comprehensive and vetted information in our 2025 budget proposal and long-term forecasts and no one wants to increase rates but we need to be prudent and financially responsible. Commissioner Knapp suggested a governance of excellence topic be added along with a new meeting format. Mr. Janney reported that hearing no objections from the Board, he will reach out to find sources to provide more guidance and he thanked Commissioner Knapp for his comments. He reported that although we might be considered a small utility, we are very complex and deal with the same issues larger utilities deal with.

Joe Hathaway, District Public Information Officer, provided a 10-Year Financial Forecast & Electric Rate Study Public Engagement presentation. He reviewed the key objectives and messages in providing transparency and building trust through open engagement. He reviewed the plan and schedule. Mr. Janney encouraged the Board to let him or Mr. Hathaway know if they have any community contacts.

Mr. Hathaway explained the meeting format and promotion plan, and the next steps to schedule meetings and locations. He will then finalize the details and promote the meetings. Mr. Janney reported we are trying to reach people outside of our normal avenues to get our information out. Discussion was held on advertising ideas.

WILDFIRE MITIGATION PLAN PRESENTATION:

Mr. Hathaway provided a Wildfire Mitigation Plan (WMP) presentation for understanding the legal framework and plan development. He provided Washington State Department of Natural Resources (DNR) information on the rising threat of wildfires, how the wildfire mitigation requirements were established with the passage of HB 1032, the role of DNR and its WMP guidelines, the key elements of law with an emphasis on vegetation management, infrastructure inspections, and public communications, and the purpose behind WMP's which is to protect public safety and prevent loss of life, preserve infrastructure and ensure reliable service, minimize financial liability and damage claims, and respond to increasing risks of wildfires. He explained how we began crafting our plan.

Stacie Maier, District Director of Utility Services, explained our WMP objectives to reduce potential wildfire ignition, improve system resilience and grid reliability, ensure compliance with state and federal regulations, and foster continuous improvement and adaption to changing fire conditions.

Mr. Jones reported on our vegetation management improvement steps that we have taken and the annual line inspections we are doing. He reported it's a new world that will take more people to ensure that our projects get done efficiently and safely and we will be asking the Board for additional hires. Discussion was held regarding wildfire insurance and liability. Mr. Janney reported the staff additions that Mr. Jones mentioned will be included in our Workforce Plan and 2025 budget proposal. The Board will see more cost details and more capital spending details in order for us to be able to execute our WMP.

Ms. Maier reviewed how we assess our fire risks and what things we have implemented, the key preventative measures like vegetation management and fuel reduction, infrastructure upgrades for recloser replacements and SCADA monitoring, fire-safe settings on equipment, and ongoing training and inspection programs to increase our reliability for customers year-round. Discussion was held regarding reclosers.

Mr. Hathaway reviewed the ways we will be engaging the community in wildfire prevention through our website, Facebook, SmartHub for sharing emergency preparedness tips and necessary real-time updates during fire season, educating and engaging the community and key stakeholders on planned and unplanned outages and in our WMP process and outage response. He reviewed the importance of preparedness and being proactive. Discussion was held regarding public safety outages and power restoration.

Tom Pulford, member of the public, inquired if we can track how long outage durations last and commented that checking lines after outages takes longer. He suggested providing a worst-case scenario and noted we have a forest that is susceptible for an overdue wildfire due to lack of logging.

BUSINESS FROM THE PUBLIC/OPEN COMMENT PERIOD:

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

Laura Verity, as a member of the public, inquired if the District has been in contact with JoAnn Boggs with the Pend Oreille County Department of Emergency Management as a useful resource. Mr. Hathaway reported we are in contact with Ms. Boggs. Ms. Verity noted the Emergency Management meetings are a huge resource for a lot of risk management and planning. She suggested using language that is common to other County plans like “threat” or “warning”, to use the Nixle Alert Program which is a great tool that is already established within the County, and to engage closely with the Emergency Management Department. Mr. Hathaway noted the Nixle Alert Program is a great tool and he is in contact with Ms. Boggs and her department.

Gretchen Koenig, member of the public, reported the Pend Oreille County’s Wildfire Mitigation Plan needs to figure into the District’s plan too. Mr. Janney reported we were involved with the County’s Hazard Mitigation plan process and have integrated it into our plan. Ms. Koenig noted a national organization reported that the level of the outside heat was 5% higher and commented that we’re just waiting for something to happen.

Mr. Pulford commented the public is confused on who has fire jurisdiction. DNR lets the fire grow and the only way to stop it is to eliminate the fuel source. DNR is responsible for forest and state lands and fire districts are responsible for improved properties. He’d like to see someone in the county, maybe an incident commander, who takes over and works with all the entities in the county. Commissioner Knapp reported the Forest Service harvested and cleaned up after the fires and it is frustrating how one entity has a borderline. He noted the 1910 fire where people and animals were lost.

Following a short recess, the meeting resumed.

2025 BUDGET DUES & MEMBERSHIPS:

Sarah Holderman, District Director of Customer Services, reported this is a draft list and staff continues to work on updating them. She reviewed the next steps and meeting schedule for discussions, presentations, hearing, and adoption. She reviewed the Annual Water Systems meetings scheduled for the first week in November.

She distributed and explained a draft 2025 Budget Dues and Memberships list and reported on how the dues are calculated. Commissioner Knapp noted a virtual Washington Public Utility Districts Association (WPUDA) Budget meeting on October 17 that he will be attending due to an alternate representative dropping out. Discussion

was held. Ms. Holderman reported the dues and memberships information will be incorporated into the 2025 Budget proposal.

MANAGEMENT REPORT:

Sarah Holderman, Director of Customer Services:

She provided a BEAD Grant update and reported the project areas were released last week and there are five areas in the county and application submittals open in November. She reported we received a WSAC Grant in the amount of \$37,500 to help pay for the BEAD Feasibility Study analysis. We are working with the Northwest Open Access Network on the grant design and there are other funds available through Washington State. Jim Cupples, Economic Recovery Corporation, will be at an upcoming meeting to meet the Board. She reported a lot of analysis needs to be done before we can decide whether to submit an application.

She reported the Broadband Survey closed yesterday and we received 290 responses which surpassed our goal. The survey answers will help guide us in our application process. The responses will be summarized and provided to the Board. The survey was sponsored by TEDD.

She reported several Standard Industrial Electric Service Agreements (ESA's) will expire at the end of this year and staff will bring new ESA's to the Board for approval.

She reported the Meter Replacement Project kickoff was on October 3 with the contractor who is working on the deployment plan. The plan is to be done by April and she reviewed the communication plan that includes postcards informing the customers about crews working in the areas being mailed. Mr. Janney reported the contractor won't be doing all the meters, that some will be done by our staff.

He reported we received great support from Jill Shacklett, Pend Oreille County Financial Manager, and the county on the WSAC Grant. He gave kudos to them.

Shannon Johnston, Customer Service Supervisor:

She provided highlights from Public Power Week which was held last week. She reported it was a great success in Newport and at Box Canyon with giveaways and refreshments and our customers were appreciative. The Customer Service Representatives (CSR's) estimated we had over 100 people in the lobby during the week. Ms. Holderman commended the CSR staff for decorating the lobby and outside the front door.

April Owen, Director of Finance:

She reported we concluded our State Accountability Audit a few weeks ago and that it was a clean audit.

She received the report for our Clean Energy Transformation Act Audit and staff is working on our responses to findings included in the report. We have not scheduled the exit conference yet and will let the Board know. She reported that many other PUD's had findings in their audits similar to ours.

Bryant Kramer, Director of Power Production:

He provided a Box Canyon and Sullivan Creek Projects Annual Emergency Action Plan (EAP) meetings recap. The Annual EAP Refresher was held at Box Canyon last week. It is done in conjunction with Seattle City Light which results in some cost savings. He commended Jamie Dunn, District Administrative Assistant, Production and EAP Coordinator, for doing a great job presenting our EAP. He reported this refresher was for two Federal Energy Regulatory Commission (FERC) projects – Box Canyon and Sullivan Creek. He explained the purpose of the EAP, reviewed the flowchart of what happens when there is an emergency/failure condition, showed and explained an inundation map of what happens when a dam breaks and what steps are taken, reviewed

FERC's four emergency classifications – imminent failure, potential failure, and non-failure and high flow, reviewed the dam owner and plan holder responsibilities and incident log and termination, and the preparedness and prevention programs and instruments and tools used. He reported there is a wildfire and smoke component in the EAP and we have plans to address those components.

Mr. Janney reported Adam Wiltse, District Safety Manager, and Katie Pfitzer, District HR Generalist, are working on our EAP for the rest of the District.

Bob Pebles, Information Technology Manager/CIP Senior Manager:

He reported staff has been working on a Windows Edge and Chrome security settings project. October is National Cyber Security Month and he reported the security settings have been implemented for Edge and Chrome and were designed with a type of encryption.

COMMISSION REPORT:

Commissioner Rick attended a Candidate Forum on October 3 at the Kalispel Tribe of Indians Camas Wellness Center and a Vietnam Veterans Recognition Ceremony on October 4 at the Camas Wellness Center and he provided an overview. He attended a Metaline Town Council meeting on October 9 in Metaline and provided an overview.

Commissioner Knapp had lunch with Mr. Hathaway on October 1 and lunch with Don Gronning, Newport Miner on October 2. He attended virtual Public Power Council (PPC) meetings on October 2 and 3, a virtual Pacific Northwest Utilities Conference Committee meeting on October 4, and a virtual PPC FUEL Mix meeting on October 9. He distributed a handout from the PPC FUEL Mix meeting. Discussion was held.

Commissioner Onley attended a Vietnam Veterans Recognition Ceremony, as he is a Vietnam Veteran, on October 4 at the Camas Wellness Center. He reported it was a great celebration and recognition and the Kalispel Tribe of Indians is always so welcoming. He met with Mr. Hathaway on October 2 and reported it was a great meeting.

COMMISSION BUSINESS:

Commissioner Knapp will attend a virtual Energy Northwest Public meeting on October 16, a virtual WPUA Budget Committee meeting on October 17, Energy Northwest meetings on October 22 – 24 in Tri-Cities, and the Board meeting on October 29 at Box Canyon.

Commissioner Rick will attend an Economic Development Advisory Committee meeting tomorrow in Metaline, a TEDD meeting on October 23 in Colville, and the Board meeting on October 29 at Box Canyon.

Commissioner Knapp referenced the WPUA Legislative Update Call emails from Carol West, WPUA Government Relations Manager and reported they provide good information. He inquired if Commissioner Rick will be attending the WPUA/American Public Power Association (APPA) Legislative Rally in February in Washington, D.C. Commissioner Rick reported that he is thinking about it and noted its value. Discussion was held.

Commissioner Onley thanked Commissioner Rick for his encouragement in following who the candidate winners may be. Commissioner Rick reported the candidates at the state level are hungry for information and for what's ahead of them.

Mr. Janney explained the importance of telling our story with WPUA and encouraged Commissioner Rick to attend the APPA Legislative Rally.

Commissioner Onley asked if there was any further business for the good of the order. There was none. He reported the next meeting is October 29, 2024, starting at 9:30 a.m.,

in the Box Canyon Conference Room, in Ione and via Microsoft Teams. He adjourned the meeting at 11:11 a.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form