

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
November 3, 2020
TELECONFERENCE ONLY

Present: Curtis J. Knapp, President
Joseph B. Onley, Secretary

Absent: Richard A. Larson, Vice President

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler Whitney, General Counsel & Assistant General Manager
Karen Willner, Clerk of the Board

Others: Sheryl Miller, Member of the Public
Luke Smith, Member of the Public

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

CONSENT AGENDA:

The minutes from the October 20, 2020 meeting and today's agenda were reviewed. Colin Willenbrock, District General Manager noted that Commissioner Onley will need to briefly leave the meeting this morning but will be returning. Due to lack of a quorum at that time the meeting will be recessed.

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. As of this date, November 3, 2020, the Board, upon motion by Commissioner Onley and seconded by Commissioner Knapp approved the following:

- The minutes of October 20, 2020 meeting and the agenda for November 3, 2020.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 5012 through 5039 in the total amount of \$144,312.32; ACH payments in the total amount of \$115,790.53; Wire Transfers in the total amount of \$788,879.31; and ACH payroll transactions in the total amount of \$210,075.01 for the payroll ending October 15, 2020.

BOARD WORKSHOP:

Commissioner Onley complimented Amber Gifford, District Communications, Contracts & Conservation Manager on the Customer Connect newsletter which included information on the District's outage management map. Bob Pebles, District Information Technology Manager/CIP Sr. Manager reported the outage map is live on the website.

Mr. Willenbrock provided a COVID-19 update and reported there were 18 confirmed cases reported in the last 14 days with four new cases reported between October 30 and November 1. Several school districts are discussing a return to in-person learning this week or next.

He reported Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning will review the District's budget for 2021. He explained staff will give a presentation and provide documents to the Board both before and in conjunction with the public hearing on December 1. This is the first budget discussion.

Ms. Holderman reported a Water Rate Public Hearing will be held on November 17 before the evening townhall meeting. She, Mark "Bubba" Scott, District Water Systems Manager, and Karen Willner, District Assistant to the General Manager/Clerk of the Board held water system meetings to discuss financials and projects. She will be

proposing a rate adjustment for all nine water systems and will provide a summary to the Board before the November 17 meeting.

She reported staff has submitted their budget plans. The budget and electric rate public hearing will be held on December 1 with adoption scheduled for December 15. She reported the budget is a lean one. This budget will include a cash drawdown of Box Canyon/Production System and Electric System.

Mr. Willenbrock explained the cash drawdowns and reported this is to stretch our cash reserves. He reported we have leveraged our cash with a Shell deal as part of our strategic planning. He explained the budget will be lean and mitigated. No new employee headcount will be proposed and we will be discussing our summer student helper program. The fish ladder project is wrapping up and Tyler Whitney, District General Counsel & Assistant General Manager and Scott Jungblom, District Natural Resources Manager will give a presentation at the November 17 townhall meeting. He provided an overview of other Box Canyon projects.

He noted the Northwest Open Access Network (NoaNet) action item today and reported the timeline for our Board to approve the resolution is by November 10 with the NoaNet Board scheduled to pass the resolution on November 12. He explained we could hold a special meeting later this week if the Board is not able to take action today. Commissioner Onley felt it would be good to have Commissioner Larson in attendance. Ms. Willner will coordinate and schedule a special Board meeting for this week.

Mr. Willenbrock attended a virtual Washington Public Utility Districts Association (WPUDA) Managers Committee meeting on October 29 and provided an overview. He reported the COVID-19 pandemic is a major focus as well as the past due customer account balances. He reported a draft CARES Act policy was sent over to the county for review. He explained that since Ms. Holderman brought the Neighbors in Need Low Income Assistance program back in-house we are able to award funds as needed. The customer service representatives have been working with our customers to keep their accounts current. He reported the vast majority of public utilities are planning rate increases. He reported fires across the state have been devastating for Douglas, Grant, Chelan and Okanogan County PUDs.

He reported broadband legislation continues to be discussed. He reported the Kalispel Tribe of Indians received a \$5M grant award to bring high speed internet to businesses and residences on the east side of the Pend Oreille River. He is on the Wildfire Task Force and reported they are supposed to meet in late November or early December and that time is of the essence to coordinate a meeting with the Forest Service.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager reported today is Election Day. He explained the importance of being aware of your surroundings because there may be some upset individuals in the country. If we do not need to travel tonight it is best to stay inside.

CUSTOMER SPOTLIGHT:

Ms. Holderman reported the Community Network System (CNS) has implemented a fiber line extensions work process where an email goes out to fiber customers when their fiber line extension is built and is ready for service. Staff is getting good reception from our customers and she commended Robert Fritz, District CNS Supervisor and Dario Nila, District CNS System Specialist who worked on improving that process. Commissioner Knapp reported he received a customer's complimentary letter to the District on our quick response to outages and good service that we provide.

ACTION ITEMS:

- Bid Award – Surplus Property – Fleet Asset #326 Eager Beaver Equipment Trailer. Ms. Willner provided the bid details. A motion was made by Commissioner Onley and seconded by Commissioner Knapp to accept and award

the bid to the highest bidder, as presented. The motion passed unanimously. Staff will proceed as appropriate.

Due to Commissioner Onley needing to briefly leave the meeting, the meeting was recessed until 9:30 a.m.

- Declaration of Surplus Property – Fleet Assets #130 1995 Freightliner Bucket Truck and #028 Excavator Trailer. Mr. Willenbrock provided the details and reported the bucket truck was used by the tree trimming crew and the trailer was rebuilt and replaced. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Onley and seconded by Commissioner Knapp to declare the fleet assets as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. Staff will hold a sealed bid process or the assets will be taken to auction. The motion passed unanimously. Staff will proceed as appropriate.
- Damage Claim DC-17029. David Hodder, District Engineering Manager reported the damage was caused by a storm and not negligence of the District. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Onley to deny the damage claim in the total amount of \$2,500. The motion passed unanimously.
- Unbudgeted Item – Wildfire Management Program and Vegetation Management Plan. Mr. Willenbrock reported this is always a budget item and the plan needs to be updated to include wildfire management. Based on staff recommendation, a motion was made by Commissioner Onley and seconded by Commissioner Knapp to approve the unbudgeted item in the amount of \$25,000. The motion passed unanimously.
- Drinking Water State Revolving Fund Loan Application Submittal for Riverview Shores and Sunvale Acres Water Systems. Mr. Scott provided the details and reported staff would like to apply for additional loan funding for the Riverview Shores Water System. He reported there is a current loan with Public Works for the Sunvale Acres Water System but we are proposing to submit another loan application or subsidy. A motion was made by Commissioner Knapp and seconded by Commissioner Onley to approve staff to submit an application. Commissioner Onley commended Mr. Scott for his work on this project. The motion passed unanimously.
- Resolution No. 1442 – Northwest Open Access Network (NoaNet) Bond Issuance and Repayment Agreement. Commissioner Knapp's understanding was to delay this action item until Commissioner Larson can also attend the meeting. This was Commissioner Onley's request. Mr. Willenbrock reported we need to take action by November 10 and will schedule a special meeting. Ms. Willner will coordinate with the Board to schedule a special Board meeting this week.

COMMISSION REPORT:

The Board of Commissioners attended a virtual legislative meeting on October 27.

Commissioner Knapp attended virtual Energy Northwest meetings on October 21 – 22 and provided an overview which included replacement of an executive board member. He attended a virtual WPUDA awards ceremony meeting on October 23. He received a few customer calls this past week. He reported it was good to touch base with our state legislators and WPUDA staff at the virtual legislative meeting.

COMMISSION BUSINESS:

Commissioner Knapp will attend a virtual Public Utilities Risk Management Services meeting on November 4 and 5 and a virtual Broadband Action Team meeting on November 12. He will attend the special Board meeting this week once it is scheduled.

Commissioner Onley will attend tonight's virtual Greater Newport Area Chamber of Commerce meeting and the special Board meeting this week.

Commissioner Knapp reported the Board normally foregoes having a Board meeting during the last week in December and asked Commissioner Onley and District staff if they want to have a December 29 virtual meeting. Commissioner Onley was in favor of having the meeting. Commissioner Knapp reported a December 29 virtual Board meeting will be held. Discussion was held. Ms. Willner will notify the Code Reviser's Office and the Miner.

ACTION ITEMS (continued):

- December 29, 2020 Virtual Board Meeting. A motion was made by Commissioner Knapp and seconded by Commissioner Onley to schedule a virtual regular Board meeting on December 29. The motion passed unanimously.

BUSINESS FROM THE PUBLIC:

Gretchen Koenig, member of the public inquired how the Ady Advantage plan is being implemented and if it will be available to the public via the Economic Development Council (EDC). Mr. Willenbrock reported the report was published on the EDC website. She inquired about the work plan status. Mr. Willenbrock reported the report with the embedded work plan was turned over to the EDC. Ms. Koenig will contact the EDC.

DISCUSSION ON STRUCTURE OF INDUSTRIAL CUSTOMER POWER CONTRACTS:

Mr. Willenbrock reported Mr. Whitney and Ms. Holderman have done a great job working on this project. He reviewed the contract format and reported the team is proposing to renew the contracts, which expire at the end of this year and align them more closely to the District's industrial rate as opposed to the state and national rates.

Commissioner Onley inquired about our industrial rate calculation. Mr. Whitney asked if he was referring to our Box Canyon cost and explained how that rate is calculated.

Mr. Whitney provided a slide presentation and gave an overview of the District's high density load (HDL) industrial customers. Staff is proposing to go from a 2-year to a 3-year contract to lessen the burden of having to renegotiate the contracts and to be nimble to what power supply resources we have available. Discussion was held. Commissioner Onley inquired how many times a year the customer can change their load forecast. Mr. Whitney reported it is quarterly. Commissioner Onley inquired about the market price. Mr. Whitney reported it is a fixed price per contract.

Ms. Holderman provided an overview of the HDL customer contract energy rates and demand charges. Commissioner Onley noted he is not a fan of requiring a letter of credit for existing customers. Ms. Holderman reported we do not currently have customers with usage of 3 aMW or higher. Commissioner Onley noted the termination fee and minimum monthly payment of 50%. Mr. Whitney reported this is correct.

Mr. Whitney provided an industrial rate comparison of our rates versus other utilities. Ms. Holderman reviewed the chart and reported we fall in the middle of the other rates. Commissioner Onley inquired when we last changed our demand rate. Ms. Holderman reported it was adjusted in January 2018 after the cost of service study was completed in 2017.

Mr. Whitney reported we will bring the contracts to the Board for approval at a later date. Commissioners Onley and Knapp were in agreement to move forward with the project. Discussion was held.

Ms. Holderman provided an electric vehicle charging station update and reported there were 11 sessions in October and approximately 100 kWh were used. We will track the usage all year. She reported Energy Northwest applied for grants to install electric vehicle

charging stations in Pend Oreille County and we should hear the results by the end of November. Discussion was held.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 45-minute executive session on pending and/or potential litigation commenced at 10:45 a.m. The following were in attendance: Commission Curt Knapp; Commissioner Joe Onley; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel & Assistant General Manager. The executive session adjourned at 11:34 a.m. and the Board returned to open session. No final action was taken.

Discussion was held regarding scheduling a special Board meeting this week to discuss and take action on the NoaNet resolution.

There being no further discussion to come before the Board, the meeting adjourned at 11:38 a.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form