

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
September 25, 2018
NEWPORT CONFERENCE ROOM, NEWPORT, WA

Present: Daniel L. Peterson, President
Curtis J. Knapp, Vice President
Richard A. Larson, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler R. Whitney, General Counsel/Director of Regulatory &
Governmental Affairs
Karen Willner, Clerk of the Board

Others: Jeb Spengler, Piper Jaffray
Walker Stanovsky, Davis, Wright & Tremaine

The meeting was called to order at 8:30 a.m. by Daniel L. Peterson, President.

CONSENT AGENDA:

The minutes from the September 11, 2018 meeting and today's revised agenda were reviewed.

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, September 25, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of September 11, 2018 meeting and the revised agenda for September 25, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1816 through 1883 in the total amount of \$259,563.35; ACH payments in the total amount of \$1,070,826.92; Wire Transfers in the total amount of \$620,343.11; and ACH payroll transactions in the total amount of \$227,672.84 for the payroll ending September 15, 2018.

BOARD WORKSHOP:

Colin Willenbrock, District General Manager reviewed the agenda and noted the guests who will be attending today.

He provided a Pac West update. The District issued a revised term sheet to Pac West that expired last Friday without response from Pac West. Discussion was held.

He attended a Central Washington Public Utilities meeting where the topic of discussion was on the Janus decision regarding automatic dues deductions. He and Lloyd Clark, District Director, Safety & Human Resources attended a meeting yesterday with IBEW staff. A tentative agreement was given to revise the employment contract.

He and Commissioner Larson attended a Northwest Open Access Network (NoaNet) Board meeting on September 12 in Spokane. He reported it was a good meeting with good discussion. He noted for the 2019 Budget he would like to include NoaNet line items. Discussion was held.

He and Chris Jones, District Director, Operations/Superintendent visited the Kalispel Tribe Casino project last week in Usk. He provided the metering details. Discussion was held.

SAFETY SPOTLIGHT:

Mr. Clark provided national and county statistics for hitting deer while driving and how to prevent deer hits by being vigilant.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Customer Service Manager reported the linemen and Paul Kiss, District Safety Coordinator are attending a linemen pole top rescue competition in Spokane. Kenna Tornow, District Communications & Public Contracts Manager will be live streaming the competition.

COMMISSION BUSINESS:

- House of the Lord Thanksgiving Baskets Funding Request. Discussion was held. There was no action taken due to lack of a motion.
- Greenridge Property Owners Association Snow Removal Funding Request. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to contribute \$350 for snow removal. The District should keep Stanley Drive open and maintained to reach its Greenridge Water System. The motion passed unanimously.

Commissioner Knapp will attend a Washington Public Utility Districts Association (WPUDA) Water Workshop tomorrow through Friday in Suquamish.

COMMISSION REPORT:

Commissioner Larson attended a NoaNet Board meeting on September 12 in Spokane.

Commissioner Knapp attended a Pend Oreille Valley Network meeting on September 11 in Newport.

Commissioner Peterson attended WPUDA meetings on September 12 - 14 in Pasco, a Newport Chamber Member Breakfast meeting on September 18 in Newport, an Economic Development Council meeting on September 19 in Ione and a Community Leaders Roundtable meeting on September 21 in Cusick. He provided an overview. Discussion was held.

ACTION ITEMS:

- Resolution No. 1414 – Sale of North Fork Sullivan Creek District Surplus Property. Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs provided the details. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to adopt the resolution and authorize the general manager to execute the sales agreement. The motion passed unanimously.
- Resolution No. 1415 – Energy Northwest’s Horn Rapids Solar, Storage and Training Participant Agreement. Commissioner Knapp provided the details. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to adopt the resolution. The motion passed unanimously.
- Declaration of Surplus Property – Fleet Asset #800. Mark Scott, District Water Systems Manager reported the truck has over 209,000 miles and is in poor condition. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to declare the fleet asset as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The truck will be taken to auction. The motion passed unanimously. Staff will proceed as appropriate.

- Declaration of Surplus Property – Trimble Equipment. Mr. Jones provided the details. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to declare the equipment as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The equipment will either be offered for bid or donated to a local school district. The motion passed unanimously. Staff will proceed as appropriate.
- Early Dismissal on October 1, 2018 for Employee Day. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve early dismissal on October 1, 2018 at 3:00 p.m. The motion passed unanimously.

MANAGEMENT REPORT:

Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs:

He and staff have been working on the Federal Energy Regulatory Commission (FERC) License amendment.

He reported District Records Week last week was a success and a good initial push for records organization and retention. November 1 is the goal date for having all hard copy records reviewed and categorized.

Lloyd Clark, Director, Safety & Human Resources:

He reported employee open enrollment for insurance coverage will occur during the first two weeks in November.

He is working with the Unified Insurance Program on an Employee Wellness event.

He reported employee flu shots will be provided on Employee Day.

He will attend a labor management meeting today at the District.

He commended Mr. Kiss for passing his Certified Safety Utility Professional certification.

Kevin Conway, Compliance and Training Manager:

He and staff are reviewing documents on an annual basis. A revised Risk Management policy for compliance will be brought before the Board for consideration next month.

He will be filling in for Mark Cleveland, Director, Power Production while he is on personal leave.

He reported the department focus will be on operator training meetings at the end of the year.

Scott Jungblom, Natural Resources Manager:

Mr. Jungblom reported staff has started fishway monitoring. He explained the details which includes collecting target fish species and being ready to go when the upstream fish passage is operational. Discussion was held.

He reported the fall sampling is starting and explained the effectiveness for monitoring streams and in developing the aquatic management plan.

Discussion was held regarding the Indian Creek Bridge project. No further information has been provided at this time.

Mark Scott, Water Systems Manager:

He reported that RTI hit a District water main in Metaline Falls. The District will be billing RTI.

He reported there is interest in getting water service for the former Sullivan Creek Powerhouse.

He reported the Riverview Management Plan was submitted and the District received approval for arsenic mitigation.

He will attend a meeting with the Department of Health today regarding the Sunvale Water System pipeline replacement project.

He is finishing meter testing for 2018 to meet American Water Association standards.

Mr. Whitney reported postcards will be mailed to customers for the water rates hearing.

Bob Pebles, Information Technology Manager:

He reported staff is working with Engineering staff on providing Geographic Information System database information to contractors.

He reported staff is teeing up a project to replace the firewall in the administrative building.

He reported the security cameras will be replaced in the customer service area during the week of October 8.

He reported staff is targeting Public Power Week on October 8 – 12 to unveil the District's website refresh project.

Libbey Bartel, Customer Service Manager:

She reported next week is Newport School District's Homecoming Week and Customer Service Appreciation Week. Public Power Week is October 8 – 12.

She reported that Rural Resources is taking over administration of the District's Neighbors in Need Low Income Assistance Program.

Chris Jones, Director, Operations/Superintendent:

He reported year-end inventory will be done in a couple of weeks.

April Owen, Director, Finance/Auditor:

She reported the District's bonds were priced and Jeb Spengler, Piper Jaffray will provide more information later today.

She reported Moss Adams auditors will be here the week of October 15 to do interim work.

She reported staff is working on the budget. They have received department budget item submittals and they will present information to the Board at the next meeting.

She reported staff is working with Mr. Whitney and Engineering staff on high-density loads related to key credit accounts. Mr. Willenbrock reported staff will work on revising credit accounts. He commended Sarah Holderman, District Treasurer for doing a great job on this process.

Kim Gentle, Director, Power & Risk Management:

She reported the Avista Balancing Authority contract will expire at the end of this year. Avista has agreed to extend the contract..

She reported staff is working with the system operators on a trial run to trade with Shell Energy every hour on the price index.

She reported the District is moving into a Bonneville Power Administration rate case year.

She provided an update on high-density loads and reported staff is getting close on contracting with its first few customers.

BREAK/BUSINESS FROM THE PUBLIC:

Following a 5-minute break and no business from the public, the meeting resumed.

BOND SALE REVIEW:

Ms. Owen introduced Jeb Spengler, Piper Jaffray. Mr. Spengler provided his background information and a powerpoint presentation on the District's bond sale. Discussion was held.

Ms. Owen reported Moody's and Fitch Rating Agencies will be up for review at the end of next year and the District will have an opportunity to look at its 2010 Bonds at that time.

The Board thanked Mr. Spengler for attending and providing the bond sale information.

Following a 10-minute recess, the meeting resumed.

DISCUSSION ON PROPOSED CHANGES TO FERC LICENSE:

Pursuant to notice given to the Newport Miner, a discussion was held on the proposed changes to the FERC License.

Mr. Willenbrock reported the District and agencies have looked at and explored options for good conservation and economic impacts for the fish, environment and community.

Mr. Whitney presented a powerpoint presentation on the proposed changes. He explained the primary purpose is to achieve better conservation outcomes in the Lower Pend Oreille Basin. He reported the parties involved include: the District, Kalispel Tribe, Ponderay Newsprint Company, Interior – U.S. Fish & Wildlife Service and Bureau of Indian Affairs, and the U.S. Forest Service. The Off-License Settlement Agreement (OLSA) is between the District and the Kalispel Tribe.

Ms. Owen reviewed the projected savings. Discussion was held.

Mr. Whitney explained the timeframe for the process. He reported at the October 2 Board meeting the Board will consider and potentially take action on the proposed changes. Discussion was held.

Mr. Stanovsky thanked the Board for having him attend and he noted his appreciation of working with staff.

Following a 30-minute working lunch, the meeting resumed.

There being no further discussion to come before the Board, the meeting adjourned at 1:00 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form