

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
April 24, 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  
Elizabeth A. Tellessen, Winston & Cashatt Lawyers  
Collette L. Leland, Winston & Cashatt Lawyers  
Karen Willner, Clerk of the Board

Others: Tyler R. Whitney, Member of the Public  
Bob Sanborn, Member of the Public

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

CONSENT AGENDA:

The minutes from the April 10, 2018 meeting and today's 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, April 24, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of April 10, 2018 meeting and the agenda for April 24, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1191 through 1253 in the total amount of \$386,255.94; ACH payments in the total amount of \$585,513.40; Wire Transfers in the total amount of \$1,208,563.83; and ACH payroll transactions in the total amount of \$225,681.32 for the payroll ending April 15, 2018.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 90-minute executive session on pending and/or potential litigation commenced at 8:35 a.m. The following were in attendance: Board of Commissioners; F. Colin Willenbrock, General Manager; April Owen, Director, Finance/Auditor; Elizabeth A. Tellessen, Winston & Cashatt Lawyers; Collette L. Leland, Winston & Cashatt Lawyers; and Karen Willner, Clerk of the Board. Ms. Willner was excused. The executive session adjourned at 10:00 a.m. and the Board returned to open session. No final action was taken.

BREAK/BUSINESS FROM THE PUBLIC:

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

Q&A SESSION WITH GENERAL COUNSEL/DIRECTOR OF REGULATORY & ENVIRONMENTAL AFFAIRS JOB POSITION CANDIDATE:

Tyler R. Whitney, job candidate provided his background information. Discussion was held regarding the job position responsibilities and the recruiting and hiring process. The Board welcomed him to the District.

SAFETY SPOTLIGHT:

Paul Kiss, District Safety Coordinator read a safety message and explained how it's application. Commissioner Peterson provided a story about the dangers of electricity and

the importance of taking safety measures. Commissioner Knapp reported on someone's vehicle accident and how it impacted him. Colin Willenbrock, District General Manager reported on a safety class on grounding and tail board discussion that was given by Avista and noted the importance of having and keeping minds and eyes on task.

#### CUSTOMER SPOTLIGHT:

Discussion was held regarding the upcoming retirement of Mark Cauchy, Director, Regulatory & Environmental Affairs. Mr. Willenbrock reflected on Mr. Cauchy's role, the Regulatory & Environmental Affairs department and its importance to the customers of the District. Mr. Willenbrock commended Mr. Cauchy and his department staff for their management of the Federal Energy Regulatory Commission License as it relates to fish, environmental and water regulations. He provided Mr. Cauchy's background information and reported that Mr. Cauchy has been instrumental in building the District's relationship with the Kalispel Tribe regarding the Settlement Agreement. The Board thanked Mr. Cauchy for his service and commitment to the District.

#### COMMISSION REPORT:

Commissioner Knapp attended a PUD Breakfast meeting on April 13 at the District and provided an overview. He attended the Washington Public Utility Districts Association (WPUDA) meeting on April 18 – 20 at Skagit County PUD and provided an overview.

Commissioner Peterson attended the WPUDA meetings on April 18 – 20 at Skagit County PUD and provided an overview.

Commissioner Larson attended a Northwest Open Access Network (NoaNet) Board meeting on April 11 in Spokane and an Economic Development Council meeting on April 18 in Newport and provided an overview. He attended a HiTest Sand meeting on April 19 at the Cutter Theatre in Metaline Falls and provided an overview. Discussion was held.

#### COMMISSION BUSINESS:

- Request for Wrestling Sponsorship. Discussion was held. No action was taken due to lack of a motion. The requestor will be referred to the District's truck wash fundraiser.
- People of Pend Oreille Golf Tournament Funding Request. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to sponsor \$600 at the bronze level. The motion passed unanimously.

Commissioner Knapp will attend an Energy Northwest meeting tomorrow through Thursday in Tri-Cities.

Commissioner Peterson may attend a Lake Roosevelt Forum tomorrow in Spokane.

Mr. Willenbrock reported on a trip to New York in June for a Moody's Rating Agency bond presentation in anticipation of the District's bond issuance. He and finance staff members are planning to attend.

#### ACTION ITEMS:

- Resolution No. 1409 – Appointment of Director of Regulatory & Governmental Affairs/General Counsel. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to adopt the resolution. The motion passed unanimously.
- Unbudgeted Item – Compliance Department Travel. Mr. Willenbrock provided the details to amend the budget to include travel for Kevin Conway, District Compliance & Training Manager. A motion was made by Commissioner Larson

and seconded by Commissioner Knapp to approve the unbudgeted item in the total amount of \$10,600. The motion passed unanimously.

- Revised Contracting and Purchasing Authority and Procedures Policy. Mr. Willenbrock provided the details and explained the revisions. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the revised policy. The motion passed unanimously.
- J.W. Fowler Company Change Order/Settlement. Mr. Willenbrock provided the details. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to authorize the general manager to execute the change order and accept and execute the settlement agreement. The motion passed unanimously.

#### MANAGEMENT REPORT:

##### F. Colin Willenbrock, General Manager:

- He reported Stevens County PUD announce their intent to surplus their broadband infrastructure. Discussion was held.
- He and Commissioner Larson attended a NoaNet Board meeting and a NoaNet meeting regarding Community Network System (CNS) pricing. Additional deliverables will be provided at a later date.
- He reported work is occurring on Seattle City Light's hatchery on Kings Lake Road.
- He has had discussions with staff regarding the Kalispel Tribe's future casino project.

##### Mark Cauchy, Director, Regulatory & Environmental Affairs:

He thanked everyone for their kind words on his upcoming retirement and hopes everyone appreciates what they have here at the District and its value. He noted his appreciation of the quick response and resources from other departments.

He reported the Sullivan Lake Surrender Order will be pushed out a few years due to the Mill Pond Dam removal.

##### Kevin Conway, Compliance & Training Manager:

He reported staff is working through billing issues regarding the Peak Reliability Coordinator (PRC). Staff has asked the PRC to give an idea on funding and PRC is indicating it will be through Avista as the balancing authority.

##### Bob Pebles, Information Technology Manager:

He provided an update on the District's Website Refresh project and reported it is scheduled for completion in June or July.

He reported the Federal Energy Regulatory Commission passed the Critical Infrastructure Protection version 7 and staff is reviewing to comply with the revisions.

##### Libbey Bartel, Customer Service Manager:

She distributed and explained a handout on streamlining customer billing. She reported the changes will be implemented in a two-step process and she explained the process. She is working to transfer the customer bill assistance program funding back to Rural Resources. Discussion was held.

She explained there is currently a field service fee for customer meter issues. The District would like to implement a one-time fee waiver as a courtesy. Discussion was held.

##### Kenna Tornow, Communications & Public Contracts Manager:

She reported the Engineering Project Manager interviews will be held tomorrow.

She reported staff is evaluating the Power Supply Consultant bid applications.

She reported there was only one bid submittal for the Fire Retardant Clothing Program bid opening.

She reported Ecogrind was awarded the bid for the on-going East Fork Smalle Creek project.

She reported the next PUD Breakfast is scheduled for May 18 at Box Canyon and will include Customer Service and CNS presentations. A tour of the upstream fish passage will also be offered. She will mail letters out.

Kim Gentle, Director, Power & Risk Management:

She reported the request for proposal for a Power Supply Consultant closed on Friday and a selection will soon be made.

She reported staff has started a shift of the credit review process for large customers toward Sarah Holderman, District Treasurer.

She reported there are two high density load customers inquiring about service. Presentations will be given to the Board in the future.

She reported Box Canyon Dam has moved into spring spill operations.

Discussion was held regarding the fuel mix as it relates to coal in the Connect customer newsletter.

Mark Cleveland, Director, Power Production:

He reported the river flows are currently at 45,000 cubic feet per second and will continue increasing in a week to 10 days. The flows are being compared to 2011.

He reported there are four generators still online but generation is down and the dam will be shut down due to flooding in Cusick. The level has been maintained at Cusick.

He reported water overtopped the cofferdam of the fish ladder this month and it cannot be dewatered due to the structure. Crews have stopped work for now.

He reported crews have remobilized at Mill Pond Dam.

He reported cleanup work is occurring at Box Canyon.

He reported the Sullivan Lake Bridge will be set this week.

Chris Jones, Director, Operations/Superintendent:

He reported crews are working on a mass clean out at the Diamond Lake Substation and are getting rid of old transformers.

He reported the county road restrictions are off and crews will be working on line extensions.

Mark Scott, Water Systems Manager:

He reported there was a pump problem at the Metaline Falls Village wells and an investigation will be done.

He is working with the Town of Cusick on its water operations. The Town has received a grant to rebuild their water treatment plant but the bids came back too high so now they

are working to secure a loan. The watermen are working on the Cusick Water Infiltration Plant.

Mr. Willenbrock expressed his appreciation for the watermen's assistance at the Town of Cusick.

Mr. Scott reported the milfoil machine will soon be pulled out of the river due to the high flows.

He is working on a new backflow testing contract with Boundary Dam.

Amber Orr, Director, Engineering:

She reported there have been changes in operations regarding the long-range plan that was done years ago. The current growth rate does not meet the projected long-range forecast. She explained the District had an increase in customer connects last year than the year before and that trend is continuing this year. Certain substations are back in the District's 5-Year Plan and high-density loads are in the works.

She is continuing to work with the Bonneville Power Administration (BPA) on the Coordination Agreement.

She attended a PUD Engineering Forum last week in Portland and reported topics included safety and high-density loads. She reported it was a great opportunity to discuss all the issues that PUDs are facing.

Discussion was held regarding the substations and high-density loads.

She reported there was an outage last week which took the Ponderay Newsprint Company (PNC) offline. District staff is working with PNC on this issue.

Sarah Holderman, Treasurer:

She provided a review of the 2017 financial actual versus budget results. Discussion was held.

April Owen, Director, Finance/Auditor:

She distributed and explained a bond schedule and reported the District is trying to time going out for bonds with the market. She provided an overview of the District's financial resources and reported Nancy Neraas, Foster Pepper and Jeb Spengler, Piper Jaffray will be here at the May 1 Board meeting. Discussion was held.

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

There being no further discussion to come before the Board, the meeting adjourned at 12:46 p.m.

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President

ATTEST:

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Secretary

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General Counsel  
Approved as to Form