

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
October 2, 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: Craig Gannett, Davis, Wright & Tremaine, LLP
Six Members 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 September 25, 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, October 2, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of September 25, 2018 meeting and the revised agenda for October 2, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1884 through 1907 in the total amount of \$36,738.36; ACH payments in the total amount of \$45,387.34; and Wire Transfers in the total amount of \$113,711.08.

A member of the public inquired about the progress of the Pac West study and if more monies or installments have been received or requested. Colin Willenbrock, District General Manager reported there are three phases to the Bonneville Power Administration (BPA) studies: feasibility, impact and facilities. The feasibility study is completed and Pac West has paid for the study. The District has received written authorization from Pac West to move forward with next phase. The District has not received any additional installments from Pac West. He provided an overview for the payments and process. A term sheet from the District to Pac West lapsed last week and was not executed. The District has not received a firm power supply commitment from Pac West at this time.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

Discussion was held regarding a customer's previously submitted damage claim on an irrigation meter issue. The customer was unable to attend today's meeting but had commented via email. The Board requested that more information be gathered from staff to present to the customer. Mr. Willenbrock will work with staff and then will meet with the customer.

Mr. Willenbrock reported scheduling efforts are continuing for a bi-annual leadership training for the District management team. Training will be provided on-site and in-house.

He reported the Shell Energy pilot project is underway and more information will be brought before the Board. This remarketing effort is part of the Ponderay Newsprint Company Settlement Agreement.

He introduced Craig Gannett, Davis, Wright & Tremaine, LLP and reported Mr. Gannett has been involved with numerous District projects. The Board welcomed Mr. Gannett.

Mr. Willenbrock reported Employee Day was a great success yesterday. He explained it is an annual event for employees to come together to recognize each other on their achievements and to receive service and core value awards. He noted that Kenna Tornow, District Communications & Public Contracts Manager typically does an employee survey at the end of the year for feedback.

SAFETY SPOTLIGHT:

Lloyd Clark, District Director, Safety & Human Resources explained the levels of Occupational Safety and Health Administration standards and what levels the District wants to hold as our standard for the safety and health of our employees and customers.

Mr. Willenbrock has received tremendous feedback from Brandon Corkill and Tanner Williams, District Journeyman Linemen after they competed in the Pole Top Rescue Competition. They conveyed that there are always things to learn no matter how good you are at your job and this experience provided them with great leadership skills. Discussion was held.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Customer Service Manager reported this is Customer Service Appreciation Week and staff is doing an introspect of the department.

She reported that next week is Public Power Week and a tent will be setup outside with staff helping customers set up their accounts on SmartHub bill pay site.

She reported staff will host the Breakfast with the PUD meeting on October 19 in Newport. Commissioner Knapp will attend.

COMMISSION REPORT:

Commissioner Knapp attended a Washington Public Utility Districts Association Water Workshop on September 26 – 28 in Suquamish. He provided an overview which included honoring PUD water system employees who excelled in operation and maintenance of a PUD water or wastewater system. He thanked Mark Scott, District Water Systems Manager for his water workshop role.

Commissioner Larson attended an Economic Development Council (EDC) Study Group meeting on September 27 in Newport and provided an overview. Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs also attended this meeting and provided details. Commissioner Larson reported he had conversations with the Community Network System staff regarding fiber to the home in the north part of the county. Discussion was held.

A member of the public inquired if the fiber hook-up fee could be decreased. Discussion was held.

Commissioner Peterson attended a Newport Chamber Board meeting yesterday in Newport.

COMMISSION BUSINESS:

Commissioner Larson will attend, via teleconference an EDC Study Group meeting on October 4. He will attend a Northwest Open Access Network (NoaNet) Board meeting on October 10 in Spokane and an EDC Career Fair on October 11 in Newport.

Commissioner Knapp may attend the NoaNet Board meeting on October 10 in Spokane.

Commissioner Peterson will attend a Public Power Council (PPC) meeting on October 3 – 4 in Portland and PPC meetings on October 9 – 11 in Washington, D.C.

ACTION ITEMS:

- Bid Award – Surplus Property – Power Poles and Pole Ends. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to award the bid to the highest bidder, as presented. The motion passed unanimously. Staff will proceed as appropriate.
- Proposed Changes to the FERC License. This item was tabled until later today.
- Declaration of Surplus Property – Fleet Assets #240 Ditch Witch R65 Trencher and #281 Trailer and Equipment. Chris Jones, District Director, Operations/Superintendent provided the details. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to declare the fleet assets and 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 ditch witch and trailer will be taken to auction. The equipment will be offered for sale through a sealed bid process. The motion passed unanimously. Staff will proceed as appropriate.

Following a 5-minute break, the meeting resumed.

BREAK/BUSINESS FROM THE PUBLIC:

Members of the public inquired about Pac West monies received by the District, infrastructure costs, BPA approved study, funding process, and the definitions and purposes of PPC, Northwest Public Power Association (NWPPA) and Federal Energy Regulatory Commission (FERC). Mr. Willenbrock provided an overview of costs, three phases of the project, general ledger accounts and funding process.

Discussion was held regarding the District's nine water systems.

A member of the public inquired about the power outages this summer that impacted the water irrigation pumps and provided a timeline of events. Discussion was held. Mr. Willenbrock thanked the members of the public for their comments and he will meet with staff for a further investigation.

A few members of the public left the meeting.

PUBLIC WATER RATE HEARING:

Pursuant to notice given to the Newport Miner, a hearing to discuss and consider water system rate adjustments was held at 10:18 a.m. There were three members of the public in attendance. Sarah Holderman, District Treasurer provided a powerpoint presentation on the District's Granite Shores/Sacheen, Greenridge, Holiday Shores, Lazy Acres, Riverview and Sandy Shores Water Systems rates. She provided proposals for water rate adjustments for those systems. Mr. Whitney reported the target cash reserve balances are based on what the Department of Health recommends for small water systems.

Ms. Holderman is proposing an increase of \$5.00 for the Granite Shores/Sacheen Water System. It was noted that via email Craig Soehren, customer of this system is opposed to the rate increase. Discussion was held regarding his comments.

Ms. Holderman is proposing an increase of \$5.00 for the Greenridge Water System. A customer of the water system commented that the system is old and inquired when the pipe will be replaced. Discussion was held.

Ms. Holderman is proposing an increase of \$1.50 for the Holiday Shores Water System, an increase of \$6.00 for the Lazy Acres Water System, an increase of \$5.00 for the Riverview Water System, and an increase of \$5.00 for the Sandy Shores Water System. It was noted that via email Jon and Angie Hankey, customers of the Riverview Water System are opposed to the rate increase. Discussion was held regarding their comments.

Ms. Holderman reported that no water rate adjustments are being proposed for the Riverbend, Sunvale Acres and Metaline Falls Water Systems. She provided a summary of the water rate adjustments.

Commissioner Peterson asked for public comments. A customer of the Greenridge Water System requested a change to the tiered rate so that customers who use more water will pay more. A customer of the Sandy Shores Water System is concerned that 10,000 gallons of water needs to increase to 15,000 gallons. Discussion was held.

The Board thanked the members of the public for attending and providing comments. The Board will consider the proposals, comments and emails and take action at a future meeting.

The hearing ended at 11:08 a.m.

Following a 5-minute break, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 11:14 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs; April Owen, Director, Finance/Auditor; and Craig Gannett, Davis, Wright, Tremaine, LLP. The executive session adjourned at 11:43 a.m. and the Board returned to open session.

PROPOSED CHANGES TO FERC LICENSE DISCUSSION (continued):

Pursuant to notice given to the Newport Miner, a continued discussion was held on the proposed changes to the FERC License. Mr. Gannett provided background information on the FERC License regarding hydro-power and reported the proposed outcome is to save money and to benefit the fish. He explained the habitat restoration work will be challenging but will be a benefit. He provided an overview of the process and the next steps. Discussion was held.

ACTION ITEMS (continued):

- Proposed Changes to the FERC License. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to authorize the general manager to execute the Off-License Settlement Agreement and the Amended Settlement Agreement in substantially the same form as the final drafts provided to the Commission for review. The motion passed unanimously.

Commissioner Larson thanked staff for their efforts and work on this matter.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 5-minute executive session on pending and/or potential litigation commenced at 12:29 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs. The executive session adjourned at 12:34 p.m. and the Board returned to open session. No further action was taken.

There being no further discussion to come before the Board, the meeting adjourned at 12:35 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form