

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
August 21, 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: None

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

CONSENT AGENDA:

The minutes from the August 7, 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, August 21, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of August 7, 2018 meeting and the revised agenda for August 21, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1662 through 1728 in the total amount of \$79,739.77; ACH payments in the total amount of \$241,871.65; Wire Transfers in the total amount of \$238,252.96; and ACH payroll transactions in the total amount of \$266,357.83 for the payroll ending July 31, 2018.

BOARD WORKSHOP:

Colin Willenbrock, District General Manager and Commissioner Knapp attended a Northwest Open Access Network (NoaNet) Board meeting on August 8 in Spokane where the main topic of discussion was pension liability. Mr. Willenbrock provided an overview. Discussion was held.

He provided a fiber update and reported the District purchased poles from Grant County PUD for wireless deployment. Discussion was held.

He; April Owen, District Director, Finance/Auditor; and Sarah Holderman, District Treasurer met with Fitch Rating Agency staff on August 9 at Box Canyon. He commended Ms. Owen and Ms. Holderman for doing a great job with the presentation to Fitch.

He provided a J.W. Fowler Company update on the upstream fish passage at Box Canyon Dam and reported over \$29M has been expended and we are 81% funded. He explained the on-going project construction.

He reported staff has been working on the budget process and a presentation will be provided to the Board in the future.

He and Lloyd Clark, District Director, Safety & Human Resources attended Central Washington Public Utilities negotiations with IBEW Local Union on August 15 in Spokane.

He reported the District retained Power Engineers, Incorporated as project manager for the District's South Newport Transmission and Substation Project. Discussion was held regarding their background. A kick-off meeting with Power Engineers, Incorporated was held yesterday at the District.

#### SAFETY SPOTLIGHT:

Mr. Clark reported today's weather forecast is for unhealthy air. He provided preventative measures and ways to reduce exposure to the air outside. Discussion was held.

#### CUSTOMER SPOTLIGHT:

- Pend Oreille County Fair Raffle Ticket Drawing. Kenna Tornow, District Communications & Public Contracts Manager reported the District raised over \$155 for its Neighbors in Need Low Income Assistance Program. Megan Bartholomaus, District Customer Service Representative read the names of the raffle winners. Mr. Willenbrock reported the District had a great presence at the fair.

Discussion was held regarding a customer's fiber broadband issue.

Chris Jones, District Director, Operations/Superintendent reported the south county voltage issue is corrected at this time.

#### COMMISSION REPORT:

Commissioner Knapp attended a NoaNet Board meeting on August 8 in Spokane and the Pend Oreille County Fair on August 18 in Cusick.

#### COMMISSION BUSINESS:

Commissioner Larson will attend an Economic Development Council meeting tomorrow at the Kalispel Tribe Camas Wellness Center where Congresswoman Cathy McMorris Rodgers will be having a roundtable discussion. He will attend a Sullivan and Box Canyon Dam Safety Audit on September 6 at Box Canyon Dam.

Discussion was held regarding a crypto-currency roundtable discussion on September 4 at the Pend Oreille County Courthouse in Newport. Commissioner Peterson will attend.

Commissioner Peterson will attend a Public Power Council (PPC) meeting on September 5 – 7 in Portland, a Northwest Public Power Association Cybersecurity Governance, Risk, and Compliance Workshop on September 6 in Portland and Washington Public Utility Districts Association (WPUDA) meetings on September 12 – 14 in Pasco.

Commissioner Knapp will attend a WPUDA Water Workshop on September 26 – 28 in Suquamish.

#### ACTION ITEMS:

- Resolution No. 1412 – Extend KeyBank Line of Credit. Ms. Owen provided the details. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to adopt the resolution. The motion passed unanimously.
- Unbudgeted Item – Information Technology (IT) Storage. Bob Pebles, District IT Manager explained the details. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the item in the total amount of \$75,000. The motion passed unanimously.

- Declaration of Surplus Property – Information Technology (IT) Gear. Mr. Pebles provided the details. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to declare the IT gear as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District and recycle or donate to a local school district. The motion passed unanimously. Staff will proceed as appropriate.
- Unbudgeted Item – Regulators for Pine Street Substation. Ms. Owen explained this was a previously budgeted item but there was an increased expense for this item. Amber Orr, District Director, Engineering explained the details for the increased price. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the item in the total amount of \$500,193. The motion passed unanimously.

MANAGEMENT REPORT:

Kevin Conway, Compliance & Training Manager:

He reported the Reliability Coordinator Peak has announced they are winding down and will end services on December 31, 2018. He explained the process and procedures of moving forward. Discussion was held.

He reported staff is in the process of reviewing documents for a renewed Reliability Compliance Policy. It will be brought before the Board for consideration at a later date.

He was contacted by the North American Electric Reliability Corporation for the District to join two committees to rewrite risk-based registration which allows us to register for only certain components for the bulk electric system regulations.

Mr. Willenbrock reported on a letter from Elliot Mainzer, Bonneville Power Administration Administrator & CEO to the region related to the reliability coordinator. Discussion was held.

BREAK/BUSINESS FROM THE PUBLIC:

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

MANAGEMENT REPORT (continued):

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

He reported the District filed its request for a one-year extension on three remaining fish passages. The Technical Committee has given its approval and letters of unanimous support have been received. An agency review was done and now awaiting the extension approval from the Federal Energy Regulatory Commission.

He reported the District's Records Management Week is September 17 – 21. He has been doing trainings and having meetings with staff during District Safety Meetings. He is getting good feedback from departments.

He received an industrial load template so we can start converting District current industrial customers to industrial contracts. Discussion was held.

Lloyd Clark, Director, Safety & Human Resources:

He reported Brenda Rodas, Customer Service Representative trained the last two weeks in Newport and is now working out of the Box Canyon Visitors Center.

Mr. Clark is working on letters of agreement and budget items.

Kenna Tornow, Communications & Public Contracts Manager:

She reported Employee Day is October 1 and she is putting together an agenda and requested a commissioner to speak to staff during the event.

She reported Selkirk School District is doing a safety-themed event on September 7. She will work with the Safety department to help with the event.

Mark Scott, Water Systems Manager:

He reported the sanitary survey results for the Greenridge and Lazy Acres Water Systems came back as good.

He reported a Riverview Water System Survey of the population was done and the water system customers hit the threshold to change from a Group A Transient Non-Community to a Group A Community water system. He updated the water facilities inventory form and submitted it to Washington State Department of Health. He has completed the Small Water System Management Plan for Riverview. He met with the Citizens Water Committee this past Friday at the District.

He reported the Citizens Water Committee meeting went well and there was interest from a member about the process of combining lots at the Granite/Sacheen Water System.

He distributed a handout on total optimization for surface water customers. Discussion was held.

He provided a milfoil update and reported the machine is moving along and about to the south part of the county. He has been helping the Town of Cusick complete a funding application. They are in the process of doing a bridge loan and have gone out to bid to do the expansion work. Discussion was held.

Bob Pebles, Information Technology Manager:

He reported staff are beginning a kick-off for a security camera system. They are bringing in a camera to pick up critical locations in the administration building and feed it to the system operators. This is a multi-year project that will be done in phases.

He reported staff is working on the Microsoft Windows 7 end of life procedures. The end of life deadline is January 2020 when Microsoft will discontinue all support and updates.

Sarah Holderman, Treasurer:

She reported a Water Rate Hearing will be scheduled in September or October. She is working on the budget and bond pricing, which will be done in September. She is also working on the high-density load process.

Amber Orr, Director, Engineering:

She is working on the high-density load process and updating the policy and related documents. She thanked the Finance staff for their help during this process. She has seen an increase in the number of new residential customer electrical connect requests, excluding high-density. There are currently over 100 requests excluding high-density load.

She reported the District has secured project management services for high industrial load in the area. A kick-off meeting with discussion about environmental issues was held yesterday. She is working on securing a dock crew before the end of this year to finish the work on red tagged poles.

Chris Jones, Director, Operations/Superintendent:

He provided an overview of a proposed District facility in Newport. He reported this process has been going on for a year and he has been working with Cortner Architectural Company on how to improve efficiencies and improvements with the existing facility. He explained the details for the meat locker and mechanics shop facilities and all the phases. Ms. Owen provided an overview for potential project funding. Discussion was held.

Mr. Jones provided an Indian Creek Bridge project update. Ms. Orr reported a survey is occurring for the line work.

April Owen, Director, Finance/Auditor:

She provided a bonding update and reported staff is working on an official statement that should be out in week or two and an investor audio presentation about the District. She is working on the final dollar figure for pricing the bonds. She explained the District can decide before pricing if it is better to refinance the bonds or to go out for new money. Discussion was held.

She reported a Moss Adams interim audit will be done during the second week in October.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 60-minute executive session on pending and/or potential litigation commenced at 11:45 a.m. The following were in attendance: Board of Commissioners: F. Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs. The executive session recessed at 12:25 p.m. and the Board returned to open session. No final action was taken.

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

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION  
(continued):

The executive session on pending and/or potential litigation resumed at 12:50 p.m. The following were in attendance: Board of Commissioners: F. Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs. Following public announcement, the executive session was extended for 20 minutes. The executive session adjourned at 1:30 p.m. and the Board returned to open session. No final action was taken.

There being no further discussion to come before the Board, the meeting adjourned at 1:31 p.m.

---

President

ATTEST:

---

Secretary

---

General Counsel  
Approved as to Form