

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
July 10, 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: Christopher McKey, Energy West, LLC
Steve Wood, Ponderay Newsprint Company
Martina Coordes, Director, Youth Emergency Services
Thomas Grim, Attorney with Cable Huston, LLP, via
teleconference
14 Members of the Public

The meeting was called to order at 8:32 a.m. by Daniel L. Peterson, President.

CONSENT AGENDA:

The minutes from the June 19, 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, July 10, 2018, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Larson approved the following:

- The minutes of June 19, 2018 meeting and the revised agenda for July 10, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1468 through 1539 in the total amount of \$236,729.21; ACH payments in the total amount of \$998,026.82; Wire Transfers in the total amount of \$5,126,327.29; ACH payroll transactions in the total amount of \$245,559.77 for the payroll ending June 15, 2018; and ACH payroll transactions in the total amount of \$258,703.44 for the payroll ending June 30, 2018.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

Mr. Willenbrock will attend a Northwest Power Pool Executive Steering Committee meeting on Thursday in Portland and a Pacific Northwest Utilities Conference Committee Executive Committee meeting on Friday in Portland.

He reported the District had a few power outages last week due to the high winds.

COMMISSION REPORT:

Commissioner Larson attended an Economic Development Council (EDC) meeting on June 20 in Ione, a North Pend Oreille County Chamber of Commerce meeting on June 27 in Ione, and a Tri-County Economic Development District (TEDD) meeting on June 27 in Colville. He provided an overview of the meetings.

COMMISSION BUSINESS:

Commissioner Larson will attend an EDC meeting on July 18 in Newport, a North Pend Oreille County Chamber of Commerce meeting on July 25 in Ione, and a TEDD meeting on July 25 in Colville.

- Pend Oreille County Fair Rodeo Funding Request. Discussion was held. This item will be funded through the District's advertising budget.
- Youth Emergency Services Golf Tournament Funding Request. This item was tabled until today's Business from the Public session.

SAFETY SPOTLIGHT:

Cecil Taylor, District Safety & Environmental Coordinator distributed and reviewed handouts regarding the District's monthly safety and health performance, incidents and near misses and at risk safety behaviors. Discussion was held.

Mr. Willenbrock asked Steve Wood, Ponderay Newsprint Company (PNC) to speak to PNC's safety program. Mr. Wood reported they reached 365 days of being injury free this year. All their employees start by being aware of safety and their safety culture starts from the top down. It is important to never take your eye off of safety. The Board thanked Mr. Wood for sharing.

CUSTOMER SPOTLIGHT:

Libbey Bartel, District Customer Service Manager reported the cross-training program in customer service is on-going and is going well. She reported customer communication for billing updates is being done via Facebook, website and customer newsletters.

Mr. Willenbrock reported the Newport Rodeo Parade went well and thanked staff for participating.

Discussion was held regarding a customer email inquiry on the District's energy rebate program and the contingency of the District's energy conservation program funds being available through the Bonneville Power Administration.

Mr. Willenbrock reported Autumn Rice, District Administrative Assistant, Regulatory Affairs has been promoted to Regulatory Compliance Coordinator and will be covering for both the Regulatory Affairs and Production departments in Newport and at Box Canyon.

The District has received candidate applications for the Customer Service Representative – Box Canyon hire position and interviews will be held next week. Anna Kotzian, Summer Student Helper at Box Canyon is doing tours and covering the customer service area at the Box Canyon Visitors Center.

Staff introductions were provided for the public members in attendance.

Mr. Willenbrock provided details for the public rate hearing.

LARGE AND HIGH DENSITY LOAD RATE HEARING:

Pursuant to notice given to the Newport Miner, a public rate hearing to discuss large and high density load rates was held at 9:15 a.m. There were 14 members of the public in attendance.

Kim Gentle, District Director, Power & Risk Management reported this is the second round of the strategic workshop. She explained the term "high density load" is used to describe not just technologies like bitcoin and block chain, but also includes industrial customers with large uses of power but in a small footprint. She reported the District has received inquiries and is working with the industrial customers.

She introduced Thomas Grim, Attorney with Cable Huston, LLP and reported he was joining the meeting via teleconference. She asked Christopher McKey, Energy West, LLC to introduce himself. Mr. McKey provided his background information.

Ms. Gentle provided a powerpoint presentation and explained the District's historic and future service obligations. Mr. McKey provided an overview of the current Pacific Northwest electricity markets. Ms. Gentle explained the internal and external helpful and harmful strengths, weaknesses, opportunities and threats.

The public hearing recessed at 10:00 a.m.

BREAK/BUSINESS FROM THE PUBLIC:

Following a 5-minute break, the meeting resumed.

Martina Coordes, Director of Youth Emergency Services (YES) reported that YES is a non-profit organization that focuses on helping homeless teens in Pend Oreille County. They provide host homes to the teens and the teens in the program are required to graduate from high school. The Board thanked Ms. Coordes for attending and for her request.

A member of the public inquired if PacWest has made its July installment payment. The District has not received this payment. The Board thanked them for their question and comment.

LARGE AND HIGH DENSITY LOAD RATE HEARING (continued):

The public hearing resumed at 10:10 a.m.

Mr. McKey explained the advantages and disadvantages of new load as a contract or rate based service. Discussion was held.

Ms. Gentle provided information on the annual budget rate impact per half megawatt of new load and the impact of distribution and default costs. She asked the Board for its comments regarding contract specifications which include credit, infrastructure cost allocation, pace, resources and contract terms. Discussion was held.

Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs explained the revisions to the Electric Service Rates and Credit Policy. Discussion was held.

Commissioner Peterson asked for staff and public questions/comments. Mr. Willenbrock reported Sarah Holderman, District Treasurer will handle training and maintaining key customer accounts which are going to new and revised contracts. Discussion was held regarding residential customer application verbiage.

The public hearing ended at 12:01 p.m.

- Revised Electric Service Rates and Credit Policy. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve the revised policy. The motion passed unanimously.
- Cash Control Policy. Ms. Bartel provided the details of the new policy. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the new policy. The motion passed unanimously.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 12:05 p.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 adjourned at 12:35 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 12:36 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form