

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
May 1, 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, Director of Regulatory & Governmental  
Affairs/General Counsel  
Karen Willner, Clerk of the Board

Others: Seven Members of the Public  
Nancy Neraas, Foster & Pepper  
Jeb Spengler, Piper Jaffray  
Don Gronning, Newport Miner

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

CONSENT AGENDA:

The minutes from the April 24, 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, May 1, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of April 24, 2018 meeting and the revised agenda for May 1, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1254 through 1285 in the total amount of \$72,404.21; ACH payments in the total amount of \$70,012.34; and Wire Transfers in the total amount of \$685,837.10.

BUSINESS FROM THE PUBLIC:

Members of the public requested the District consider possible revisions to its Surplus Property policy.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

F. Colin Willenbrock, District General Manager reported the District's 2017 Annual Report is complete and work continues on the front end. He will prepare a written summary and provide it to Commissioner Peterson for review. He explained the format.

He reported HiTest Sand studies are running through the Bonneville Power Administration (BPA) for their review process. Burns & McDonnell has been selected as the project manager for the project.

He reported as part of the Ponderay Newsprint Company (PNC) Settlement and by request of PNC, the District went out for bid for a power supply consultant to assist with remarketing efforts. Energy West was selected. They will perform marketing, solicitation and modeling and then take that data to determine the best strategy for the District and PNC.

He reported the District sent a letter of support for Congresswoman Cathy McMorris Rodgers H.R. Bill 3144 in support of the hydro system and the bill was passed the next day. The Bill still needs to get through the Senate. Discussion was held.

#### BOND RESOLUTION:

April Owen, District Director, Finance/Auditor introduced Jeb Spengler, Piper Jaffray and Nancy Neraas, Foster & Pepper who appeared before the Board and staff to introduce the District's bond resolution. She summarized the bond resolution and explained it will give the Board parameters of what the District can borrow.

Ms. Neraas reported she is Bond Counsel to the District and prepares the document and gives legal advice. This bond resolution would be to refund the 2009 Series A and B Box Canyon Production Revenue Bonds. It establishes the parameters for issuing bonds. Discussion was held. She explained the cap is \$105M, \$36M is new money to borrow for the upstream fish passage and the remaining money could be used to refinance the 2009 bonds.

Mr. Spengler reported they are looking to price the bonds in July and to close in August for the new money. He and District staff will meet with Moody's Rating Agency in June with the main goal being to improve the District's credit rating to an A category. Discussion was held.

Mr. Willenbrock commended Mr. Spengler and his team for being incredibly helpful.

#### ACTION ITEMS:

- Resolution No. 1410 – 2018 Bond Resolution. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to approve and adopt the resolution. The motion passed unanimously.
- Bid Awards – Surplus Property, Miscellaneous Items. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to award the items to the highest bidders, as presented. The motion passed unanimously. Staff will proceed as appropriate.

#### SAFETY SPOTLIGHT:

Mr. Willenbrock reported on a weekend outage where the Pine Street Substation went down. The District received 1,400 customer calls. He thanked the line crews and system operators for working hard to restore power. Engineering is investigating a few system issues. The District is looking at protocols for the future. Discussion was held.

Cecil Taylor, District Safety & Environmental Coordinator distributed and explained handouts on safety awareness related to near misses and 2017 and 2018 safety performance reports. The Board thanked Mr. Taylor for providing the information.

Mr. Willenbrock explained the importance of being aware, wearing personal protective equipment and communicating with each other not for disciplinary reasons but to allow the District to be more efficient and ensuring we have the right resources to do our jobs safely. Discussion was held.

#### CUSTOMER SPOTLIGHT:

Discussion will be held later today.

#### COMMISSION REPORT:

Commissioner Peterson attended a Lake Roosevelt Forum on April 24 – 25 in Spokane and provided an overview.

Commissioner Larson attended a North Pend Oreille County Chamber of Commerce meeting on April 25 in Metaline Falls and inquired about the District becoming a member. He is willing to represent the District. He had a conversation with a customer regarding the Pend Oreille River Commission. Discussion was held.

Commissioner Knapp attended an Energy Northwest meeting on April 24 – 26 in Tri-Cities and provided an overview.

Discussion was held regarding a customer's thank you letter.

#### COMMISSION BUSINESS:

The Board of Commissioners will attend a Northwest Open Access Network/Washington Public Utility Districts Association Telecom Workshop on May 9 – 10 in Spokane.

Commissioner Knapp will attend a Kalispel Tribe Economic meeting on May 2 in Usk and a Newport/Oldtown Chamber of Commerce Member Breakfast on May 15 in Newport.

Commissioner Peterson will attend a Public Power Council meeting on May 2 – 3 in Portland and a Newport/Oldtown Chamber of Commerce meeting on May 7 in Newport.

#### BREAK/BUSINESS FROM THE PUBLIC:

A member of the public inquired about the Pine Street Substation outage over the weekend and asked if this substation would be used for the proposed HiTest facility. Mr. Willenbrock reported it could be with modifications, but we do not know at this time.

A member of the public referred to the county's application for a bitcoin operation on Highway 2 in Newport and inquired about the amount of power that would be required. Mr. Willenbrock reported the District cannot give out individual customer information but we are aware of this type of load generally and are managing for future risk.

A member of the public inquired how long the BPA feasibility study for HiTest will take and when completed if the public can access it. Mr. Willenbrock explained the load line study takes 90-120 days.

Don Gronning, Newport Miner joined the meeting.

A member of the public who lives in Idaho inquired why the District is not concerned this coal burning, smelter burning facility is a health concern and is being built here. The member expressed the need for tourism.

The Board expressed their appreciation for all the comments and thanked the members of the public for attending.

#### EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 10:15 a.m. The following were in attendance: Board of Commissioners; F. Colin Willenbrock, General Manager; and Tyler R. Whitney, Director, Regulatory & Governmental Affairs/General Counsel. Following public announcement by Tyler Whitney, the executive session was extended for 15 minutes to 11:00. The executive session adjourned at 11:00 a.m. and the Board returned to open session. No final action was taken.

Commissioner Peterson publicly announced the Board was going into a 15-minute executive session on personnel for a review of a public employee.

#### EXECUTIVE SESSION – REVIEW OF PERFORMANCE OF A PUBLIC EMPLOYEE:

A 15-minute executive session to review the performance of a public employee commenced at 11:00 a.m. The following were in attendance: Board of Commissioners; and F. Colin Willenbrock, General Manager. Following public announcement by Commissioner Peterson, the executive session was extended for 15 minutes to 11:30 a.m. The executive session adjourned at 11:30 a.m. and the Board returned to open session. No final action was taken.

PUBLIC SESSION:

Discussion was held regarding a customer issue.

There being no further discussion to come before the Board, the meeting adjourned at 11:40 a.m.

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President

ATTEST:

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Secretary

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General Counsel  
Approved as to Form