

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
August 7, 2018
NEWPORT CONFERENCE ROOM, NEWPORT, WA

Present: Daniel L. Peterson, President
Curtis J. Knapp, Vice President

Absent: 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: Jeb Spengler, Piper Jaffray & Company, via teleconference

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

CONSENT AGENDA:

The minutes from the July 31, 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 7, 2018, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Peterson approved the following:

- The minutes of July 31, 2018 meeting and the revised agenda for August 7, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1622 through 1661 in the total amount of \$65,090.90; and ACH payments in the total amount of \$170,939.81.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

Colin Willenbrock, General Manager provided an update on a customer meter issue and a grounding issue. He reported that staff and crews are investigating and troubleshooting. Discussion was held.

He will attend a Northwest Open Access Network (NoaNet) Board meeting tomorrow in Spokane. He reported on communication going back and forth regarding NoaNet.

He provided an update on the Bonneville Power Administration (BPA) net requirements for the reporting period. BPA asked for feedback. Ponderay Newsprint Company (PNC) was not in agreement with the change.

He provided a fire liability issue update. He will participate in a teleconference on August 10 to discuss the action and coordination plans. He explained the topics for the meeting. Discussion was held.

Chris Jones, District Director, Operations/Line Superintendent explained neutral and grounding requirements.

Libbey Bartel, District Customer Service Manager introduced Brenda Rodas, new hire for the Customer Service Representative position at Box Canyon Dam. The Board welcomed Ms. Rodas to the District.

SAFETY SPOTLIGHT:

Mr. Willenbrock provided an overview of the Teck-sponsored Courageous Safety Leadership workshop held last week at the Cutter Theatre. He; Paul Kiss, District Safety Coordinator; and Jet Allen, District Line Foreman, Newport attended.

CUSTOMER SPOTLIGHT:

Ms. Bartel reported the Pend Oreille County Fair is next week and she is asking for volunteers and raffle donations.

COMMISSION REPORT:

Commissioner Peterson attended a Public Power Council meeting on August 1 – 2 in Portland and a Pacific Northwest Utilities Conference Committee meeting on August 3 in Portland. He provided an overview of the meetings. He attended a Greater Newport Area Chamber of Commerce meeting yesterday in Newport.

COMMISSION BUSINESS:

- Newport Grizzlies Maws & Paws Booster Club Funding Request. Discussion was held. No action was taken due to a lack of a motion.

Commissioner Knapp will attend a NoaNet Board meeting tomorrow in Spokane.

Commissioner Peterson will attend a meeting with Jo Eckert from Senator Patty Murray's office tomorrow in Portland.

ACTION ITEMS:

- Project Management Services Contract. Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs explained this is a professional services consultant agreement for the District's South Newport Transmission and Substation Project. A motion was made by Commissioner Knapp and seconded by Commissioner Peterson to award the contract to Power Engineers Incorporated and authorize the general manager to execute the contract. The motion passed unanimously.

FINANCIAL UPDATE:

April Owen, District Director, Finance/Auditor; Sarah Holderman, District Treasurer; and Mr. Willenbrock provided a powerpoint presentation on the District's Box Canyon Production System Revenue and Refunding Bonds.

Mr. Willenbrock provided an overview of the District's organization, strategic vision and core values and the county's demographics.

Ms. Owen reported on the Box Canyon Production System, the Federal Energy Regulatory Commission License, and capital projects including the Upstream Fish Passage Facility, turbine upgrades and remaining fish passage projects. She reviewed the Production System operating revenues and generation statistics. Discussion was held.

Ms. Holderman provided an overview of the Boundary Project, the BPA Contract and the Calispell Project. She reviewed the Electric System operating results, energy sales and rates.

Ms. Owen explained the Electric System resource allocations.

Mr. Willenbrock provided an overview of PNC's subsidiaries and energy resources. He explained the risk mitigation following the litigation and reviewed optimization and hedging opportunities.

Ms. Owen provided a description of the bonds and details of the bond resolution and reserve account. Discussion was held.

BREAK/BUSINESS FROM THE PUBLIC:

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

FINANCIAL UPDATE (continued):

Ms. Owen reviewed Moody's Rating Agency rating metrics and the District's credit rating. She reviewed the District's June 2018 Financial Report.

The Board thanked staff for their presentation and information.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 90-minute executive session on pending and/or potential litigation commenced at 10:40 a.m. The following were present: Commissioner Peterson; Commission Knapp; F. Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs. The executive session adjourned at 12:08 p.m. 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 12:09 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form