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Pend Oreille PUD Board Meeting Report for October 20, 2026

Newport, WA. - The Board of Commissioners of Public Utility District No.1 of Pend Oreille County (PUD) held its regularly scheduled meeting on Tuesday, October 20, 2026 in Newport. Here are key updates and actions from the meeting:

BPA Interconnection and Large Load Update
Staff provided Commissioners with an overview of ongoing Bonneville Power Administration (BPA) interconnection studies and large-load activity. Staff explained that the process of interconnecting load to BPA's system is a multi-step process consisting of a Feasibility Study, System Impact Study, and Facilities Study. These studies determine whether the system can handle the additional demand, what upgrades may be needed and how those changes could affect the surrounding electric grid. Depending on the project, additional environmental and neighboring utility reviews may also be required.

Commissioners were reminded that BPA studies address only the Bonneville transmission system. The PUD must also conduct its own evaluations to ensure local system reliability can be maintained with the addition of a new load. Under PUD policy, customers requesting these connections are responsible for the associated study costs.

Staff also explained the important difference between being approved to connect to the electric grid (interconnection) and actually receiving electric service. Completing interconnection studies does not guarantee that electricity or transmission capacity will always be available at the requested amount. Those details, including power supply, costs and customer responsibilities, are addressed separately through Electric Service Agreements (ESAs), which govern the actual delivery of power to large-load customers and must be approved by the Board.

Commissioners then received updates on two active interconnection requests:

- **Merkle (Usk Site):** In February 2025, Merkle requested an increase in interconnection capacity from 100 MW to 225 MW. The first BPA feasibility study phase took more than a year to complete, significantly longer than BPA's typical timeline. Following a meeting with BPA, Merkle and the PUD in March 2026, Merkle funded the second study phase in April 2026 which remains in progress.
- **Krambu:** In October 2025, Krambu requested an increase in interconnection capacity to 9.9 MW. A phased approach allowed the customer to increase service to 2.5 MW through minor metering upgrades. The Board approved the associated ESA in August 2026, and work continues on evaluating the remainder of the request.

Staff noted that while considerable work is occurring behind the scenes, the interconnection process moves slowly due to the length and complexity of BPA's study requirements.

The Board discussed ESA provisions, including demand response capabilities, responsibility for infrastructure upgrades, and power supply arrangements. Commissioners were reminded that all ESAs for large-load customers are brought before them for approval. The discussion also covered growing interest from data center developers. The PUD receives several inquiries each month from companies looking for locations where large amounts of electricity may already be available. However, the PUD's existing system has limits, and its policies protect low-cost power resources for existing customers. Because major projects can take five to seven years to complete the necessary studies and infrastructure upgrades, the PUD is generally not in a position to accommodate developers looking for immediate service. Commissioners also discussed when large-load requests should come before the Board. While the PUD receives many early inquiries, projects are generally brought forward once a customer has demonstrated a serious commitment, including paying for the required studies.

Staff also discussed how the PUD manages electricity for large industrial customers, including arrangements that can reduce the cost of buying and selling power. One example is a process called a *book-out*, which allows certain power transactions to be settled without unnecessarily selling electricity into the market and then purchasing it back. This can reduce transmission and transaction costs while providing financial benefits to the PUD and its customers.

The presentation concluded with a discussion about how large industrial customers can help during periods of high electricity demand. Staff shared an example from Martin Luther King Jr. holiday weekend in 2024, when electricity demand increased significantly across the region due to the extreme cold temperatures. Under its agreement with the PUD, Merkle voluntarily reduced its electricity use, making additional power available when it was needed. Rather than purchasing that electricity at higher market prices, the PUD was able to use the power made available through the arrangement, resulting in nearly $1 million in savings.

Budget Presentation Highlights
As part of the ongoing 2027 budget process, staff presented Commissioners with an update on the PUD's expected expenses and planned projects for next year.

The presentation covered several major areas of the budget, including the cost of purchasing electricity for residential, commercial and large industrial customers, along with the day-to-day costs of operating and maintaining the PUD's electric, water, broadband and generation systems. These expenses include everything from maintaining power lines and responding to outages to supporting the employees, technology, insurance and other services needed to keep the PUD running.

Staff also reviewed environmental work required under the federal license for Box Canyon Dam. This includes projects that support fish and wildlife habitat, monitor water quality, address erosion and meet other environmental requirements.

The presentation also covered major construction and equipment purchases planned for 2027. Projects include continued work on the Bare Mountain Substation, expansion of the PUD's fiber network through the federally funded BEAD program, wildfire prevention work and repairs to the spillway crane at Box Canyon Dam.

Overall, the PUD is currently projecting approximately $95 million in total costs for 2027. The budget process will continue over the coming weeks as staff prepares the final budget for Board consideration.

Paperless Billing Campaign
Staff provided a final update on the PUD's Paperless Billing Promotion, which ran from August 11 through October 8, 2026. The campaign resulted in 358 customers enrolling in paperless billing, each receiving a one-time $5 bill credit. Along with giving customers another convenient billing option, the new enrollments will help the PUD save on future printing and mailing costs.

Energy Efficiency Program Update
Staff provided an update on the PUD's Energy Efficiency Program, which has completed 121 projects over the past year, saving more than 725,000 kilowatt-hours of electricity. These projects help residential, commercial and industrial customers lower their energy use and bills. One of the successes shared with Commissioners was the PUD's HOPE Program, which provides energy efficiency improvements for income-qualified households. The pilot project at Lazy Acres Mobile Home Park in Newport helped eligible residents receive energy-saving upgrades at little to no cost, with positive feedback from those participating customers.

Action Items:

- **Resolution No. 1517 - Meter Relocation Safety Assistance Program** - Commissioners approved a new program to help customers with the cost of relocating electric meters the PUD has identified as currently installed inside living spaces. Indoor meters can create electrical and fire hazards and make it difficult for PUD crews and emergency responders to safely access equipment.
- **Fiber Broadband Service Contract for NoaNet** - Commissioners approved a contract for a new premium class fiber service.
- **Fiber Broadband Service Contract for NoaNet** - Commissioners approved a second contract for a new premium class fiber service.

The next regularly scheduled PUD Board meeting will be Tuesday, November 3 in Newport, beginning at 8:30 a.m.

About Pend Oreille County Public Utility District
Pend Oreille PUD was established in 1936 and began operations in 1948. The PUD is governed by three locally elected Commissioners. A General Manager and staff operate the utility within policies set by the Board of Commissioners. The PUD has four operating systems: The electric system distributes electricity to the county, the production system produces power from the Box Canyon Hydroelectric Project, the water system consists of nine individual water distribution subdivisions, and the community network system provides wholesale broadband communication services. For more information visit: http://popud.org.