

Minutes of
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY
December 1, 2020
TELECONFERENCE ONLY

Present: Curtis J. Knapp, President
Richard A. Larson, Vice President
Joseph B. Onley, Secretary

Staff Present: F. Colin Willenbrock, General Manager
Management/District Staff
Tyler Whitney, General Counsel & Assistant General Manager
Karen Willner, Clerk of the Board

Others: Sheryl Miller, Member of the Public
Don Gronning, Newport Miner
Christopher McKey, Energy West, LLC

The meeting was called to order at 8:32 a.m. by Curtis J. Knapp, President. A roll call was taken.

CONSENT AGENDA:

The minutes from the November 17, 2020 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, December 1, 2020, the Board, upon motion by Commissioner Larson and seconded by Commissioner Onley approved the following:

- The minutes of November 17, 2020 meeting and the revised agenda for December 1, 2020.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 5094 through 5137 in the total amount of \$195,052.22; ACH payments in the total amount of \$306,401.87; Wire Transfers in the total amount of \$287,512.94; and ACH payroll transactions in the total amount of \$223,722.81 for the payroll ending November 15, 2020.

BOARD WORKSHOP:

Colin Willenbrock, District General Manager provided a COVID-19 update and reported we continue to see a surge in the tri-county area. We are continuing with our phased back restrictions and have had some employees who have come in contact with people who have tested positive that are quarantining. Some staff are working remotely and other staff are working in staggered A/B shifts. We have not had any major system disruptions. Per the Tri-County Health District there are 60 new confirmed cases in the county.

He reported there is a contractor on site this week working on our Vegetation Management & Wildfire Mitigation plan. He provided an overview and commended our in-house tree trimming crew who have made our right-of-ways look better than they ever have making the line crews able to troubleshoot outages quicker. He and Jim Smith, General Manager of Klickitat County PUD had a virtual meeting with the Department of Natural Resources to further discuss wildfire mitigation, prevention and vegetation management.

He reported the District received \$50,000 in CARES Act grant money from the county and commended the customer service representatives (CSRs) who have done an amazing job in reaching out via phone calls, emails and letters to our customers who need assistance in paying their utility bills. We have helped over 87 accounts with over \$36,000.

He reported on a few projects the District is working on, including the early learning and childcare center grant and a STEM curriculum program. He reported we are still pressing forward in our strategic partnership for District hydro resources.

Commissioner Onley congratulated the CSRs regarding their work on the CARES Act funding and he inquired if there was a limit. Sarah Holderman, District Director, Treasury, Broadband & Strategic Planning reported the amount was capped at \$1,000 to customers who had past due balances, but the award amounts were all over the board.

PUBLIC HEARING – 2021 BUDGET AND RATES:

Pursuant to notice given to the Newport Miner, a public hearing to discuss and consider the 2021 budget and electric system rates was held at 9:00 a.m. There were approximately four members of the public in attendance.

Ms. Holderman provided a powerpoint presentation on the 2021 budget. She reported we need approval of the budget before the end of this year. She provided Ponderay Newsprint Company (PNC) background information and reported they filed for bankruptcy in June 2020 and closed their doors. She provided background information on Box Canyon Dam and the electric system from 2019 to 2021. She reported the District has been preparing for PNC's closure over the past five years and explained cost cutting measures the District implemented.

She reported the budget is broken down into operating revenues, operating expenditures, debt expenses and capital project expenditures and she provided a summary. Mr. Willenbrock provided an overview of the Box Canyon protection, mitigation and enhancement expenses. Discussion was held.

Commissioner Onley referenced work on the OPGW static line and was not in favor of keeping it in the budget. David Hodder, District Engineering Manager provided details and will discuss it off line with Commissioner Onley. Mr. Willenbrock explained the Board's and staff's roles in the budget process.

Ms. Holderman provided an overview on labor assumptions and reported no staffing changes are planned for 2021. She provided an overview on dues and memberships. Mr. Willenbrock provided an overview of memberships. He provided detail of the District's labor assumptions.

Ms. Holderman provided a summary of all the department revenues and expenditures. She reported there are two more Board meetings before the budget needs to be approved. Discussion was held.

She provided a powerpoint presentation on the 2021 rate proposal and reported the District has looked at cost cuts and now needs to look at revenue adjustments. She provided three rate adjustment proposals. Proposal A shows a 10% revenue adjustment. Proposal B shows a 5% revenue adjustment. Proposal C shows a 15% revenue adjustment. She explained how each proposal impacts the residential rates. She gave a rate comparison with neighboring utilities.

Mr. Willenbrock asked if the Board had any questions and/or comments. Discussion was held.

The public hearing recessed at 10:00 a.m. for business from the public.

BUSINESS FROM THE PUBLIC:

Dan Peterson, member of the public inquired about the increase to the energy charge and usage. Ms. Holderman provided an explanation.

PUBLIC HEARING – 2021 BUDGET AND RATES (continued):

The public hearing resumed at 10:05 a.m.

Commissioner Larson inquired about the cash on hand effect to rates and cash reserves, both Box Canyon or electric system. He inquired which system can loan to other systems. Mr. Willenbrock explained all three proposals result in drawing cash on hand below 180 days. Discussion was held.

Ms. Holderman provided a rate comparison of the monthly residential electric bill based on 2,000 kWh with all the other PUDs in the state.

Commissioner Knapp thanked Ms. Holderman and the finance team who have done a great job on the budget and rates presentation.

The public hearing adjourned at 10:22 a.m.

Following an 8-minute recess, the meeting resumed.

SAFETY SPOTLIGHT:

Adam Wiltse, District Safety Manager recognized Lisa Curry, District CSR for receiving a safety award. Ms. Curry was commended for her awareness of a particular situation, asking questions and doing what she was supposed to do. He commended staff for completing their safety training for the year and reported we do not have any past due safety assignments.

CUSTOMER SPOTLIGHT:

Ms. Holderman thanked the customer service department for contacting customers who needed assistance and helping to provide CARES Act grant funding to them.

She provided an electric vehicle charging station update for November and reported there were 12 sessions and five separate users.

Mr. Willenbrock referred to an American Public Power Association Customer Service manual and reported there are seven hallmarks to strive for and reach as a utility. He explained some of these hallmarks that we reached at the District such as improving our processes during the COVID-19 pandemic, installing an electric vehicle charging station, installing a payment kiosk at Box Canyon and most importantly to have the right, best and brightest employees working at the District. Our customer service, communication, conservation, and net metering departments do a great job and we have an incredible team.

COMMISSION REPORT:

Commissioner Onley attended virtual Washington Public Utility Districts Association (WPUDA) meetings on November 18 - 20 and provided an overview. He applauded our District for CARES Act grant funding.

Commissioner Larson attended a virtual Economic Development Council meeting on November 18 and provided an overview which included the Janet Ady study and the PNC site.

Commissioner Knapp attended the virtual WPUDA meetings on November 18 – 20 and met with a few customers. He read a thank you card from Lila Middleton.

COMMISSION BUSINESS:

Commissioner Onley will attend a virtual Greater Newport Area Chamber of Commerce meeting tonight and a virtual WPUDA Annual Conference on December 2 – 4.

Commissioner Knapp will attend the virtual WPUDA Annual Conference on December 4 and a virtual Broadband Action Team meeting on December 10.

Commissioner Larson will call in to the virtual WPUA Annual Conference session tomorrow and will attend a virtual Northwest Open Access Board meeting on December 9 and a virtual BAT meeting on December 10.

ACTION ITEMS:

- Amendment to Riverview Arsenic Treatment System Loan Agreement with Department of Health. Mark Scott, District Water Systems Manager provided the contract amendment details. Tyler Whitney, District General Counsel & Assistant General Manager provided additional details and reported that the interest rate was actually lower than expected. Discussion was held. A motion was made by Commissioner Onley and seconded by Commissioner Larson to authorize the general manager to execute the amendment and agree to the loan agreement conditions. The motion passed unanimously.
- Damage Claim DC-200028. This action item was tabled in order for staff to gather more information.
- Damage Claim DC-213061. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Onley to deny the damage claim in the total amount of \$340.47. The motion passed unanimously.
- Extension of Interlocal Agreement with Town of Cusick for Operation of Water Treatment Plant. Mr. Whitney reported the Town asked us for a 90-day extension as the current agreement expires at the end of December. District staff is requesting an extension to June 2021 to allow the Town's water operator to take the certification test. The District would extend the agreement on substantially the same terms, subject to a 4% cost adjustment to reflect increased labor costs. A motion was made by Commissioner Onley and seconded by Commissioner Larson to approve a 180-day extension to the agreement. The motion passed unanimously.

Discussion was held regarding the December 15 Board meeting schedule.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 1-hour executive session on pending and/or potential litigation commenced at 11:00 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; April Owen, Director, Audit, Financial & Power Supply; Tyler Whitney, General Counsel & Assistant General Manager; and Christopher McKey, Energy West, LLC. Commissioner Knapp publicly announced the executive session was extended for 45 minutes. Commissioner Knapp publicly announced the executive session was extended for an additional 15 minutes and adjourned at 1:00 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 1:01 p.m.

President

ATTEST:

Secretary

General Counsel
Approved as to Form