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SUPERIOR COURT FOR THE STATE OF WASHINGTON  
IN AND FOR THE COUNTY OF SPOKANE

RESPONSIBLE GROWTH \*NE WASHINGTON;  
CITIZENS AGAINST NEWPORT SILICON  
SMELTER; THEODORE & PHYLLIS KARDOS;  
DENISE D. TEEPLES; GRETCHEN L. KOENIG;  
SHERYL L. MILLER; JAMES W. &  
ROSEMARY CHANDLER; AND PAMELA  
BYERS LUBY,

Plaintiffs,

vs.

PEND OREILLE PUBLIC UTILITY DISTRICT  
NO. 1; PEND OREILLE COUNTY; and HITEST  
SAND, INC.,

Defendants.

Case No. 18-2-02551-1

**SECOND DECLARATION OF RICK  
EICHSTAEDT**

I, RICK EICHSTAEDT, state and declare as follows:

1. I am the attorney of record for the Plaintiffs in the above-captioned action, am over the age of eighteen, and make this declaration based on my personal knowledge and under penalty of perjury.

2. Attached to this declaration are the following true and correct copies of the following documents, submitted in connection with the Plaintiffs' Reply in Support of Motion for Summary Judgment:

Ex. A: Email from Brook Beeler, Department of Ecology, to Phyllis Kardos (December 11, 2018).

1 Ex. B: Email from Greg Snow, Pend Oreille County, to Rick Eichstaedt (January 4,  
2 2019).

3 Ex. C: Department of Commerce News Release: "State invests \$300k to help bring new  
4 \$300-million silicon smelter, jobs to Pend Oreille County" (August 19, 2016).

5 Ex. D: December 5, 2017 Minutes of the Public Utility District No. 1 of Pend Oreille  
6 County.

7 Ex. E: January 16, 2018 Minutes of the Public Utility District No. 1 of Pend Oreille  
8 County.

9 Ex. F: September 11, 2018 Minutes of the Public Utility District No. 1 of Pend Oreille  
10 County.

11 Ex. G: October 2, 2018 Minutes of the Public Utility District No. 1 of Pend Oreille  
12 County.

13 I declare under the penalty of perjury under the laws of the state of Washington that the  
14 foregoing is true and correct.

15 DATED this 4<sup>th</sup> day of January, 2018.

16 By: 

17 RICHARD K. EICHSTAEDT

# EXHIBIT A

----- Forwarded Message -----

**From:** Beeler, Brook (ECY) <BBEE461@ECY.WA.GOV>  
**To:** Phyllis Kardos <pkardos\_jean@yahoo.com>  
**Cc:** Bommarito, Meg (ECY) <mbom461@ECY.WA.GOV>  
**Sent:** Tuesday, December 11, 2018, 3:47:04 PM PST  
**Subject:** Re: Updates?

Good afternoon Phyllis,

As of today, no permit applications have been filed.

We're currently working through contract negotiations with the consultant that won the bid to develop the Environmental Impact Statement. We'll have more to share once the contract is signed and we've had a chance to put together a solid project planning schedule. You can expect to hear about that sometime in January.

Once the contract is completed we'll dive into reviewing all the comments, determining scope and gathering all the technical information needed to draft the EIS.

Thanks for reaching out. We're happy to answer questions any time.

Brook Beeler  
509-290-0855

---

On Dec 10, 2018, at 8:48 PM, Phyllis Kardos <[pkardos\\_jean@yahoo.com](mailto:pkardos_jean@yahoo.com)> wrote:

Good morning, Brook and Meg,

Hope all is well. Checking up and seeing if PacWest has applied for permitting. Are there any other updates with regards to the Scoping process and what is going on with it? What type of communications is going on with PacWest? Any updates would be greatly appreciated.

Phyllis

# EXHIBIT B

RE: PacWest

Greg Snow <gsnow@pendoreille.org>

Fri 1/4/2019 6:49 AM

To: Eichstaedt, Rick <eichstaedt@gonzaga.edu>;

Good morning Rick,

They have not.

Have a good morning,

Greg

---

**From:** Eichstaedt, Rick <eichstaedt@gonzaga.edu>

**Sent:** Thursday, January 3, 2019 2:21 PM

**To:** Greg Snow <gsnow@pendoreille.org>

**Subject:** PacWest

Mr. Snow --

Can you let me know if PacWest has applied for any land use permits at this point?

Thanks!

Rick

# EXHIBIT C

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## Department of Commerce

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# NEWS RELEASE: State invests \$300K to help bring new \$300-million silicon smelter, jobs to Pend Oreille County

 August 19, 2016

*Edmonton-based HiTest Sand Inc. proposes to invest \$300 million in a new state-of-the-art silicon refining facility in Usk, creating an estimated 400 construction jobs and 170 permanent full-time jobs.*

OLYMPIA, WA — The Washington State Department of Commerce today announced that a new \$300-million silicon smelting facility proposed for Usk, Pend Oreille county, by HiTest Sand Inc. has been designated a Project of Statewide Significance and will receive \$300,000 in economic development assistance through the Pend Oreille Economic Development Council. Much of the silicon produced from sand at the smelter will be used by in-state solar cell manufacturers, computer chip makers and aluminum product manufacturers.



Based in Edmonton, Alberta, Canada, HiTest estimates about 400 construction jobs and once operational, about 170 permanent, full-time jobs will be created. Paying an average salary well above the community's prevailing wage, these high-skill jobs will deliver a significant boost to the tri-county region in the northeast corner of the state that's been struggling with unemployment rates several points above the state's 5.8 percent average.

The smelting process will use large quantities of wood chips from forest cullings, providing additional public benefit to Washingtonians in reduced wildfire risk and a lower carbon footprint for in-state manufacturers using this responsibly sourced, local silicon. The nearest similar sources are east of the Mississippi River or off-shore, primarily southeast Asia.

"As a leading innovator in their industry, HiTest shares our commitment to enabling the great promise of the clean energy economy," said Gov. Jay Inslee. "I look forward to watching the resurgence of hard-working Washington communities spurred by this exciting new development in our northeast region."



"HiTest Sand Inc. is excited at the prospect of joining the community of northeastern Washington. The support of local business leaders, the Pend Oreille County Commission, Governor Inslee and especially Representatives Shelly Short and Joel Kretz, was key in our decision to focus our development efforts on the Usk site," said Jayson Tymko, president, U.S. Operations, HiTest Sand Inc "We look forward to seeing our silicon product incorporated into similar environmentally focused industries both here in Washington as well as the rest of North America."

Meeting the threshold for a Project of Statewide Significance provides for voluntary expedited permitting treatment by local governmental bodies. To qualify for the designation, a project must be a private industrial development with private capital investment in manufacturing or research and development, or development that will provide a net environmental benefit. Additional criteria include providing significant economic benefit to the local or state economy and alignment with the state's comprehensive plan for economic development.

"This is one of the most significant projects in the state for years. It is gratifying to see it happen in a region facing economic challenges," Commerce Director Brian Bonlender. "The tri-county region and neighboring city of Spokane offer HiTest Sands an incredible foundation on which to build generations of success – sustainable forest resources, low-cost clean energy and a highly skilled manufacturing workforce. I'm proud of the way local officials, our fellow state agencies and our team at Commerce and Governor Inslee's office worked together with the company as business partners."

"From the time Representative Kretz and I first met Hi-Test Sand 8 months ago, our focus was to bring all decision makers to the table and to assist them with whatever challenges they had. Everyone worked tirelessly to help bring this to fruition. It's incredibly exciting and gratifying," said 7th District Representative Shelly Short.

The \$300,000 grant from the state Economic Development Strategic Reserve Fund will assist with engineering costs associated with developing the 80-acre industrial site in Usk. The project will take about nine months in design and permitting and two years to build.

###

Contact: [Penny Thomas](#), Commerce Press Office, 206-256-6106

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## MAIN MENU

# EXHIBIT D

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
December 5, 2017  
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, Winston & Cashatt Lawyers, via teleconference  
Karen Willner, Clerk of the Board

Others: Don Gronning, Newport Miner  
Nine Members of the Public

The meeting was called to order at 8:33 a.m. by Daniel L. Peterson, President.

CONSENT AGENDA:

The minutes from the November 21, 2017 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 5, 2017, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of November 21, 2017 and the revised agenda for December 5, 2017.
- Payment of those vouchers, included in the list referred to above and further described as follows: Umpqua Bank Voucher Nos. 554 through 599 in the total amount of \$360,486.99; ACH payments in the total amount of \$1,186,200.86; Wire Transfers in the total amount of \$751,898.17; and ACH payroll transactions in the total amount of \$284,940.62 for the payroll ending November 15, 2017.

BUSINESS FROM THE PUBLIC:

There was no business from the public.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

F. Colin Willenbrock, General Manager:

- He provided an update on a customer's fiber issue. Discussion was held.
- He distributed a draft Breakfast with the PUD community outreach document. Discussion was held.

SAFETY SPOTLIGHT:

Discussion was held regarding a review of safety policies and procedures; an employee safety rewards system; upcoming safety meetings; and a revised safety manual.

Chris Jones, District Director, Operations/Superintendent reported on the death of a friend. He emphasized the importance of being safe not only at work but also at home.

CUSTOMER SPOTLIGHT:

Discussion was held regarding the proposed budget; an update on the Cusick/Usk wildlife management area– trees were removed, vegetation was cleared and some work along the launch area will be done at a later date; an update on a Sunvale Acres Water System customer inquiry; and an update on the Tiger area WAN Tower/LID project.

COMMISSION BUSINESS:

- Resolution No. 1405 – 2018 Board Meeting Calendar. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to adopt the resolution. The motion passed unanimously.
- Emergency Food Bank of Ione Funding Request. Discussion was held. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to contribute \$300.00 to the Emergency Food Bank of Ione. This is a public relations benefit to the District. The motion passed unanimously.

Commissioner Larson will attend a Tri-County Economic Development District meeting tomorrow in Colville; a Ponderay Newsprint Company (PNC) deposition on December 7 in Spokane; Northwest Open Access Network (NoaNet) Annual and Board meetings on December 13 in Spokane; and an employee Christmas gathering on December 15 in Ione.

Commissioner Knapp will attend a PNC deposition on December 11 in Spokane; NoaNet Annual and Board meetings on December 13 in Spokane; and an employee Christmas gathering on December 15 in Ione.

Commissioner Peterson will attend a Public Power Council Annual meeting on December 7 in Portland.

COMMISSION REPORT:

The Board of Commissioners attended the Washington Public Utility Districts Association Annual Conference on November 29 – December 1 in Spokane and provided an overview.

ACTION ITEMS:

- Revised Change Order No. 3, Box Canyon Upstream Fish Passage Facility, Contract No. 16-002. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve and authorize the general manager to execute the revised change order. The motion passed unanimously.
- Declaration of Surplus Property – Snow Plow and Miscellaneous Items. Mr. Jones provided the details. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to declare these items as being no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. The motion passed unanimously. The staff will proceed as appropriate.
- Damage Claim DC11142017. Amber Orr, District Engineering Manager provided details for all four damage claims. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to deny the damage claim. The motion passed unanimously.
- Damage Claim DC11172017. Ms. Orr explained the details. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to deny the damage claim. The motion passed unanimously.
- Damage Claim DC11192017. Ms. Orr provided details. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to deny the damage claim. The motion passed unanimously.

- Damage Claim DC11192017(2). Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to deny the damage claim. The motion passed unanimously.

ALBENI FALLS FISH PASSAGE PROJECT:

Discussion was held regarding the Army Corps of Engineers Albeni Falls Fish Passage project and what the District's role, if any, is in the process.

Don Gronning, Newport Miner joined the meeting.

BREAK/BUSINESS FROM THE PUBLIC:

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

PUBLIC HEARING – RATES:

Pursuant to notice given to the Newport Miner, a public hearing to discuss the District's proposed rates for 2018 was held at 10:00 a.m. There were nine members of the public in attendance.

Staff introductions were made.

Sarah Holderman, District Treasurer provided a powerpoint presentation on the proposed electric service rates for 2018. She explained the purpose of the rates is to cover costs and a District goal is to build cash reserves to 180 days cash on hand. Staff has put together a balanced budget. She reviewed the consumption and demand charges, an electric rate summary, the impact to customers and other rates and fees.

She reported the District did a Cost of Service Study that provided suggestions on the rate structure. A budget hearing was held on November 21, 2017.

April Owen, District Director, Finance/Auditor reported the District is going out for bonds in the spring.

Public comments included concerns with increasing the rates and to reconsider any increases, particularly to the irrigation rates. Discussion was held.

The Board thanked the members of the public for attending and bringing their concerns and comments for discussion.

The public hearing ended at 10:53 a.m.

LEGISLATIVE PRINCIPLES FOR 2018:

This discussion topic was rescheduled to the December 19 Board meeting.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 30-minute executive session on pending and/or potential litigation commenced at 11:10 a.m. The following were in attendance: Board of Commissioners; F. Colin Willenbrock, General Manager; April Owen, Director, Finance/Auditor; Kim Gentle, Director, Power & Risk Management; and Tyler R. Whitney, Winston & Cashatt Lawyers, via teleconference. The executive session adjourned at 11:39 a.m. and the Board returned to open session. No final action was taken.

EXECUTIVE SESSION – PERSONNEL:

A 30-minute executive session on personnel commenced at 11:40 a.m. The following were in attendance: Board of Commissioners; F. Colin Willenbrock, General Manager; and Lloyd Clark, Director of Safety & Human Resources. The executive session

adjourned at 12:10 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 12:11 p.m.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
General Counsel  
Approved as to Form

# EXHIBIT E



Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
January 16, 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, Winston & Cashatt Lawyers, via teleconference  
Karen Willner, Clerk of the Board

Others: Two Members of the Public  
Don Gronning, Newport Miner

The meeting was called to order at 8:35 a.m. by Daniel L. Peterson, President.

CONSENT AGENDA:

The minutes from the December 19, 2017 meeting, the December 27, 2017 special 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, January 16, 2018, the Board, upon motion by Commissioner Knapp and seconded by Commissioner Larson approved the following:

- The minutes of December 19, 2017, December 27, 2017 special meeting and the revised agenda for January 16, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 686 through 797 in the total amount of \$771,200.14; ACH payments in the total amount of \$777,860.81; Wire Transfers in the total amount of \$12,524,893.20; ACH payroll transactions in the total amount of \$234,989.43 for the payroll ending December 15, 2017; and ACH payroll transactions in the total amount of \$248,709.06 for the payroll ending December 31, 2017.

The Board welcomed the members of the public.

GOVERNANCE REVIEW:

Colin Willenbrock, District General Manager provided an annual review of the District's Governance Policy. He explained the policy covers the roles and fiduciary responsibilities of the commissioners and provided an overview. Discussion was held.

SAFETY SPOTLIGHT:

Discussion was held regarding how safety starts at the top and the importance of having a safety culture of reporting safety concerns without fear of retaliation.

Mr. Gronning left the meeting.

Lloyd Clark, District Director Safety & Human Resources reported an internal job for a Safety Coordinator hire position was posted. A District employee applied and was interviewed. Paul Kiss, District Line Foreman, Ione was hired as the Safety Coordinator.

CUSTOMER SPOTLIGHT:

Discussion was held regarding a customer complaint with the District's phone system and not being able to report an outage. The District is aware of the situation and is working to correct the problem.

Mr. Willenbrock provided an update on the customer service area project. The project timeline is January 19 through January 30. Discussion was held.

#### COMMISSION REPORT:

The Board of Commissioners attended the Washington Public Utility Districts Association meetings on January 10 – 12 in Olympia and provided an overview.

Commissioner Peterson attended the Public Power Council meetings on January 3 – 4 in Portland and provided an overview.

Commissioner Larson attended a District breakfast meeting with local agencies and public members and reported it was an informational meeting.

#### COMMISSION BUSINESS:

Commissioner Larson will attend an Economic Development Council meeting tomorrow in Newport, a North Pend Oreille County Chamber of Commerce meeting on January 21 in Metaline Falls and a Northwest Open Access Network (NoaNet) broadband meeting with Stevens County Commissioners on January 22 in Colville.

Commissioner Knapp will attend an Energy Northwest meeting on January 23 – 25 in Olympia.

Commissioner Peterson will attend a Newport/Oldtown Chamber of Commerce meeting tonight in Newport and a Ponderay Newprint Company deposition on January 18 in Spokane.

#### ACTION ITEMS:

- Declaration of Surplus Property – Fleet Assets #650 and #652. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to declare the fleet assets as being no longer necessary, material to, or useful in the operations of the District and, therefore, surplus to the needs of the District. 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 bids to the highest bidders, as presented. The motion passed unanimously.
- Extend DO&E Insurance for District Staff in Such Outside Activities Allowed Under the PURMS Self-Insurance Agreement. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to extend the insurance to District staff, as amended. The motion passed unanimously.
- National Joint Powers Alliance Procurement of Altec Model AT37-G and Altec Model Digger Truck, Contract No. 18-001. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to authorize the general manager to execute the contract. The motion passed unanimously.
- Kalispel Tribe Interlocal Agreement – Archaeological Services. Mark Cauchy, District Director, Regulatory & Environmental Affairs provided the details. A motion was made by Commissioner Knapp and seconded by Commissioner Larson to authorize the general manager to execute the agreement. The motion passed unanimously.

#### BREAK/BUSINESS FROM THE PUBLIC:

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

MANAGEMENT REPORT:

F. Colin Willenbrock, General Manager:

- He provided a Production update. The District continues to have issues with J.W. Fowler Company on the upstream fish passage project.
- He provided an update on the Stevens County PUD broadband/NoaNet matter. Discussion was held.
- He reported the Cusick Water System and Chris Evers, Cusick Mayor have asked for the District's help for a water system operations. A meeting was held yesterday to discuss. He explained the details of an agreement for cooperative action. Discussion was held. The Board was in agreement for the District's Water Department to assist.

Kenna Tornow, Communications & Public Contracts Manager:

She reported the District is participating in a trade fair on February 1 at the Newport High School. She explained this is the first event and is sponsored by the Spokane Community College.

She reported the District is doing an internal food drive from now through January 31. All food donations will be distributed to county food banks.

Kim Gentle, Director, Power & Risk Management:

She reported Douglas County PUD released an article that they are out of power.

She and Amber Orr, District Director, Engineering are meeting with the Bonneville Power Administration on January 24 to see if the District can deliver power to HiTest Sand, LLC. She explained the District's balancing authority options.

Amber Orr, Director, Engineering:

She is working on several requests for high density load. She is waiting on the transformer and delivery costs for a potential new business.

She is reviewing the District's 5-year engineering plan.

She reported the District will go out to bid for system inventory to allow for data to be entered into the Geographic Information System (GIS) map. Discussion was held.

Libbey Bartel, Customer Service Manager:

She reported the customer service area project is upcoming and everyone is working hard to make sure the project goes smoothly and seamlessly.

April Owen, Director, Finance/Auditor:

She reported the Moss Adams independent District audit starts on February 6 and staff is preparing. Discussion was held.

Lloyd Clark, Director, Safety & Human Resources:

He reported the annual employee review process was finished last week and employee letters were distributed.

He reported the District posted internally for Serviceman and Foreman hire positions for north county. He is receiving feedback.

He reported the District re-posted for an Engineering Manager hire position last week. He has not received any responses.

He will attend a labor management meeting today at the District.

Kevin Conway, Compliance and Training Manager:

He reported staff is currently working on a self-certification for the Western Electricity Coordinating Council (WECC) related to the District's upcoming audit.

He reported staff is communicating daily with WECC and the North American Electric Reliability Corporation (NERC) to de-register. He has been informed that WECC has finished its process and now it is up to NERC. NERC is in the paperwork process and he is hoping for a response soon. He is working to understand how payments will be made for de-registering and explained the details.

He reported staff is working on the peak reliability services and the Transmission Operator certification. The WECC audit is scheduled in June however, the audit scope may be decreased and later canceled. More to follow.

Bob Pebles, Information Technology Manager:

He reported the iVUE docu-vault project is on track. Staff is learning the capabilities of records retention.

He reported staff is experimenting with having the meter information accessible on the GIS map.

Mark Cauchy, Director, Regulatory & Environmental Affairs:

He reported the annual eagle survey has started on the Pend Oreille River.

He reported staff is completing agency and Federal Energy Regulatory Commission (FERC) annual reports.

He reported Autumn Rice, District Administrative Assistant, Regulatory Affairs is reviewing the FERC relicensing documents for archiving.

He has announced his retirement effective April 30. He reported he has a total of 38 years in the utility industry with 26 years at the District. The Board congratulated him.

Chris Jones, Director, Operations/Superintendent:

He reported there were a couple of outages on January 6 – 8 and he is aware of the phone situation. He reported there was a 115kV insulator electric failure which was located and changed out the next day. Discussion was held.

He received the first rough draft of the District's long-term facilities plan yesterday.

He reported the District posted internally for Serviceman and Foreman hire positions for north county and explained this will be a huge process which could go into June and will involve a major shift in employees. The hiring process follows the Collective Bargaining Agreement Contract. Discussion was held.

Following a 5-minute recess, the meeting resumed.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 2-hour executive session on pending and/or potential litigation commenced at 11:13 a.m. The following were in attendance: Board of Commissioners; F. Colin Willenbrock, General Manager; April Owen, Director, Finance/Auditor; and Tyler R. Whitney,

Winston & Cashatt Lawyers, via teleconference. The executive session adjourned at 1:10 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 1:11 p.m.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
General Counsel  
Approved as to Form

# EXHIBIT F

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
September 11, 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: None

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

On behalf of the Commission, Commissioner Peterson shared the Board's appreciation of District staff for their work on the bond rating process.

CONSENT AGENDA:

The minutes from the August 21, 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, September 11, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of August 21, 2018 meeting and the revised agenda for September 11, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1729 through 1815 in the total amount of \$195,360.42; ACH payments in the total amount of \$463,776.02; Wire Transfers in the total amount of \$2,102,881.61; ACH payroll transactions in the total amount of \$245,153.38 for the payroll ending August 15, 2018; and ACH payroll transactions in the total amount of \$260,662.66 for the payroll ending August 31, 2018.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

Colin Willenbrock, District General Manager acknowledged today being September 11 and encouraged everyone to do a small act of kindness today in recognition of our service members and those who lost their lives.

He and Commissioners Knapp and Larson attended a high-density load/crypto-currency roundtable with county commissioners on September 4 and they provided an overview. Discussion was held.

He provided a District records update and reported staff inventoried records at the meat locker storage facility last Friday with a goal to eventually tear down that facility. He reported Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs; Karen Willner, District Public Records Officer; and Bob Pebles, District Information Technology Manager are managing this task and a District Records Week to categorize District records is scheduled for September 17 – 21. The District has applied for a Washington State Records Grant with awards for round two granted on October 1.

He reported Kim Gentle, District Director, Power & Risk Management is participating in Bonneville Power Administration (BPA) transmission tariff negotiations.

Ms. Holderman reported a public hearing on water rates will be held on October 2 with proposed adjusted rates becoming effective November 1. A Citizens Water Committee meeting was held on August 17 with three water system representatives attending. She provided an overview of the proposed recommendations for the water rate adjustments. Discussion was held.

April Owen, District Director, Finance/Auditor reported bond pricing will be held on Thursday in Seattle. She explained the process to refinance all the 2009 Series A and B Box Canyon Production Revenue Bonds.

Mr. Willenbrock reported he will attend the Northwest Open Access Network (NoaNet) Board meeting tomorrow in Spokane.

#### SAFETY SPOTLIGHT:

Paul Kiss, District Safety Coordinator and Ms. Holderman met with an AEGIS insurance representative last week at the District regarding a District risk assessment. Topics included the safety messages the District sends out to its customers and ensuring that all messages are consistent. Ms. Owen reported the assessment was done through the Public Utility Risk Management Services and is done every three years.

Mr. Kiss and Commissioner Larson attended a Safety Day at the Selkirk School District on Friday to discuss safety with the students. Commissioner Larson commended Mr. Kiss on a great job in relaying the safety message, "Lines Down, Stay Away" to the students.

#### CUSTOMER SPOTLIGHT:

Libbey Bartel, District Customer Service Manager reported the customer service staff have developed communication messages for customers that includes putting messages on bill envelopes and on SmartHub. There are also doing informational brochures.

#### COMMISSION REPORT:

Commissioner Knapp attended an Economic Development Council (EDC) meeting on August 22 in Cusick that included a Congresswoman Cathy McMorris Rodgers roundtable session and a continued session at Pend Oreille County Courthouse in Newport, an Energy Northwest Participants Review Board meeting on September 5 in Portland, a Public Power Council (PPC) meeting on September 6 in Portland, a Pacific Northwest Utilities Conference Commission meeting on September 7 in Portland and participated in a Washington Public Utility Districts Association (WPUDA) Awards Committee teleconference yesterday. He provided an overview. Discussion was held.

Commissioner Larson attended an EDC meeting on August 22 in Cusick that included a Congresswoman Cathy McMorris Rodgers roundtable session, a crypto-currency roundtable on September 4 in Newport, a Dam Safety Audit on September 6 in Ione and a Safety Day on September 7 in Metaline Falls. He provided an overview.

Commissioner Peterson attended a Congresswoman Cathy McMorris Rodgers roundtable on August 22 in Newport, a PPC meeting on September 6 in Portland and a BPA meeting on September 6 in Portland.

#### COMMISSION BUSINESS:

Commissioner Knapp will attend a meeting with Melannie Jones, Manager of Pend Oreille Valley Network later today.

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



Commissioner Peterson will attend WPUA meetings on September 12 – 14 in Pasco and an EDC meeting on September 19 in Ione.

ACTION ITEMS:

- Declaration of Surplus Property – Fleet Assets Chippers #090 and #091 and Truck #100. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to declare the fleet assets as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The chippers are being traded into the dealer as part of the transaction for a new chipper and the truck will be taken to auction. The motion passed unanimously. Staff will proceed as appropriate.
- Declaration of Surplus Property – Information Technology (IT) Gear. Mr. Pebles provided the details. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to declare the IT gear as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District and recycle or donate to a local school district. The motion passed unanimously. Staff will proceed as appropriate.
- Declaration of Surplus Property – Miscellaneous Utility Power Poles and Pole Ends. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Knapp and seconded by Commissioner Larson to declare the poles and pole ends as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The motion passed unanimously. Staff will proceed as appropriate.
- Revised Line Extension Policy. Ms. Holderman explained the revisions. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to approve the revised policy. The motion passed unanimously.
- Damage Claim DC08152018. Amber Orr, District Director, Engineering provided the details. Discussion was held. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to deny the damage claim in the total amount of \$7,845.11. The motion passed unanimously.

BREAK/BUSINESS FROM THE PUBLIC:

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

OPERATIONS STRATEGIC PLANNING:

Mr. Willenbrock provided a powerpoint presentation on the District's Operations Strategic Planning. He reported the purpose is to review the strategic planning process and explained the primary drivers behind the process and report. He recognized and thanked staff and agencies who participated in this process. Kevin Conway, District Compliance and Training Manager, was tasked with commissioning the investigation and report.

He provided an overview of District power resources; Electric System resource allocation; Box Canyon Production System capital projects, generation statistics, costs and labor; Ponderay Newsprint Company risk mitigation; and operations options and recommendations. Discussion was held.

EXECUTIVE SESSION – REVIEW OF PERFORMANCE OF A PUBLIC EMPLOYEE:

A 10-minute executive session on review of performance of a public employee commenced at 11:50 a.m. The following were in attendance: Board of Commissioners: F.

Colin Willenbrock, General Manager; Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs; and Lloyd Clark, Director, Safety & Human Resources. The executive session adjourned at 12:00 p.m. and the Board returned to open session. No final action was taken.

EXECUTIVE SESSION – PENDING AND/OR POTENTIAL LITIGATION:

A 90-minute executive session on pending and/or potential litigation commenced at 12:00 p.m. The following were in attendance: Board of Commissioners: F. Colin Willenbrock, General Manager; April Owen, Director, Finance/Auditor; and Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs. The executive session adjourned at 1:24 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 1:25 p.m.

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President

ATTEST:

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Secretary

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General Counsel  
Approved as to Form

# EXHIBIT G

Minutes of  
PUBLIC UTILITY DISTRICT NO. 1 OF PEND OREILLE COUNTY  
October 2, 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: Craig Gannett, Davis, Wright & Tremaine, LLP  
Six Members of the Public

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

CONSENT AGENDA:

The minutes from the September 25, 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, October 2, 2018, the Board, upon motion by Commissioner Larson and seconded by Commissioner Knapp approved the following:

- The minutes of September 25, 2018 meeting and the revised agenda for October 2, 2018.
- Payment of those vouchers, included in the list referred to above and further described as follows: Voucher Nos. 1884 through 1907 in the total amount of \$36,738.36; ACH payments in the total amount of \$45,387.34; and Wire Transfers in the total amount of \$113,711.08.

A member of the public inquired about the progress of the Pac West study and if more monies or installments have been received or requested. Colin Willenbrock, District General Manager reported there are three phases to the Bonneville Power Administration (BPA) studies: feasibility, impact and facilities. The feasibility study is completed and Pac West has paid for the study. The District has received written authorization from Pac West to move forward with next phase. The District has not received any additional installments from Pac West. He provided an overview for the payments and process. A term sheet from the District to Pac West lapsed last week and was not executed. The District has not received a firm power supply commitment from Pac West at this time.

BOARD WORKSHOP/GENERAL MANAGER'S REPORT:

Discussion was held regarding a customer's previously submitted damage claim on an irrigation meter issue. The customer was unable to attend today's meeting but had commented via email. The Board requested that more information be gathered from staff to present to the customer. Mr. Willenbrock will work with staff and then will meet with the customer.

Mr. Willenbrock reported scheduling efforts are continuing for a bi-annual leadership training for the District management team. Training will be provided on-site and in-house.

He reported the Shell Energy pilot project is underway and more information will be brought before the Board. This remarketing effort is part of the Ponderay Newsprint Company Settlement Agreement.

He introduced Craig Gannett, Davis, Wright & Tremaine, LLP and reported Mr. Gannett has been involved with numerous District projects. The Board welcomed Mr. Gannett.

Mr. Willenbrock reported Employee Day was a great success yesterday. He explained it is an annual event for employees to come together to recognize each other on their achievements and to receive service and core value awards. He noted that Kenna Tornow, District Communications & Public Contracts Manager typically does an employee survey at the end of the year for feedback.

#### SAFETY SPOTLIGHT:

Lloyd Clark, District Director, Safety & Human Resources explained the levels of Occupational Safety and Health Administration standards and what levels the District wants to hold as our standard for the safety and health of our employees and customers.

Mr. Willenbrock has received tremendous feedback from Brandon Corkill and Tanner Williams, District Journeyman Linemen after they competed in the Pole Top Rescue Competition. They conveyed that there are always things to learn no matter how good you are at your job and this experience provided them with great leadership skills. Discussion was held.

#### CUSTOMER SPOTLIGHT:

Libbey Bartel, District Customer Service Manager reported this is Customer Service Appreciation Week and staff is doing an introspect of the department.

She reported that next week is Public Power Week and a tent will be setup outside with staff helping customers set up their accounts on SmartHub bill pay site.

She reported staff will host the Breakfast with the PUD meeting on October 19 in Newport. Commissioner Knapp will attend.

#### COMMISSION REPORT:

Commissioner Knapp attended a Washington Public Utility Districts Association Water Workshop on September 26 – 28 in Suquamish. He provided an overview which included honoring PUD water system employees who excelled in operation and maintenance of a PUD water or wastewater system. He thanked Mark Scott, District Water Systems Manager for his water workshop role.

Commissioner Larson attended an Economic Development Council (EDC) Study Group meeting on September 27 in Newport and provided an overview. Tyler Whitney, District General Counsel/Director, Regulatory & Governmental Affairs also attended this meeting and provided details. Commissioner Larson reported he had conversations with the Community Network System staff regarding fiber to the home in the north part of the county. Discussion was held.

A member of the public inquired if the fiber hook-up fee could be decreased. Discussion was held.

Commissioner Peterson attended a Newport Chamber Board meeting yesterday in Newport.

#### COMMISSION BUSINESS:

Commissioner Larson will attend, via teleconference an EDC Study Group meeting on October 4. He will attend a Northwest Open Access Network (NoaNet) Board meeting on October 10 in Spokane and an EDC Career Fair on October 11 in Newport.

Commissioner Knapp may attend the NoaNet Board meeting on October 10 in Spokane.

Commissioner Peterson will attend a Public Power Council (PPC) meeting on October 3 – 4 in Portland and PPC meetings on October 9 – 11 in Washington, D.C.

ACTION ITEMS:

- Bid Award – Surplus Property – Power Poles and Pole Ends. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to award the bid to the highest bidder, as presented. The motion passed unanimously. Staff will proceed as appropriate.
- Proposed Changes to the FERC License. This item was tabled until later today.
- Declaration of Surplus Property – Fleet Assets #240 Ditch Witch R65 Trencher and #281 Trailer and Equipment. Chris Jones, District Director, Operations/Superintendent provided the details. Based on staff recommendation, a motion was made by Commissioner Larson and seconded by Commissioner Knapp to declare the fleet assets and equipment as being no longer necessary, material to, or useful in the operations of the District and, therefore surplus to the needs of the District. The ditch witch and trailer will be taken to auction. The equipment will be offered for sale through a sealed bid process. The motion passed unanimously. Staff will proceed as appropriate.

Following a 5-minute break, the meeting resumed.

BREAK/BUSINESS FROM THE PUBLIC:

Members of the public inquired about Pac West monies received by the District, infrastructure costs, BPA approved study, funding process, and the definitions and purposes of PPC, Northwest Public Power Association (NWPPA) and Federal Energy Regulatory Commission (FERC). Mr. Willenbrock provided an overview of costs, three phases of the project, general ledger accounts and funding process.

Discussion was held regarding the District's nine water systems.

A member of the public inquired about the power outages this summer that impacted the water irrigation pumps and provided a timeline of events. Discussion was held. Mr. Willenbrock thanked the members of the public for their comments and he will meet with staff for a further investigation.

A few members of the public left the meeting.

PUBLIC WATER RATE HEARING:

Pursuant to notice given to the Newport Miner, a hearing to discuss and consider water system rate adjustments was held at 10:18 a.m. There were three members of the public in attendance. Sarah Holderman, District Treasurer provided a powerpoint presentation on the District's Granite Shores/Sacheen, Greenridge, Holiday Shores, Lazy Acres, Riverview and Sandy Shores Water Systems rates. She provided proposals for water rate adjustments for those systems. Mr. Whitney reported the target cash reserve balances are based on what the Department of Health recommends for small water systems.

Ms. Holderman is proposing an increase of \$5.00 for the Granite Shores/Sacheen Water System. It was noted that via email Craig Soehren, customer of this system is opposed to the rate increase. Discussion was held regarding his comments.

Ms. Holderman is proposing an increase of \$5.00 for the Greenridge Water System. A customer of the water system commented that the system is old and inquired when the pipe will be replaced. Discussion was held.

Ms. Holderman is proposing an increase of \$1.50 for the Holiday Shores Water System, an increase of \$6.00 for the Lazy Acres Water System, an increase of \$5.00 for the Riverview Water System, and an increase of \$5.00 for the Sandy Shores Water System. It was noted that via email Jon and Angie Hankey, customers of the Riverview Water System are opposed to the rate increase. Discussion was held regarding their comments.

Ms. Holderman reported that no water rate adjustments are being proposed for the Riverbend, Sunvale Acres and Metaline Falls Water Systems. She provided a summary of the water rate adjustments.

Commissioner Peterson asked for public comments. A customer of the Greenridge Water System requested a change to the tiered rate so that customers who use more water will pay more. A customer of the Sandy Shores Water System is concerned that 10,000 gallons of water needs to increase to 15,000 gallons. Discussion was held.

The Board thanked the members of the public for attending and providing comments. The Board will consider the proposals, comments and emails and take action at a future meeting.

The hearing ended at 11:08 a.m.

Following a 5-minute break, the meeting resumed.

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

A 30-minute executive session on pending and/or potential litigation commenced at 11:14 a.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs; April Owen, Director, Finance/Auditor; and Craig Gannett, Davis, Wright, Tremaine, LLP. The executive session adjourned at 11:43 a.m. and the Board returned to open session.

#### PROPOSED CHANGES TO FERC LICENSE DISCUSSION (continued):

Pursuant to notice given to the Newport Miner, a continued discussion was held on the proposed changes to the FERC License. Mr. Gannett provided background information on the FERC License regarding hydro-power and reported the proposed outcome is to save money and to benefit the fish. He explained the habitat restoration work will be challenging but will be a benefit. He provided an overview of the process and the next steps. Discussion was held.

#### ACTION ITEMS (continued):

- Proposed Changes to the FERC License. A motion was made by Commissioner Larson and seconded by Commissioner Knapp to authorize the general manager to execute the Off-License Settlement Agreement and the Amended Settlement Agreement in substantially the same form as the final drafts provided to the Commission for review. The motion passed unanimously.

Commissioner Larson thanked staff for their efforts and work on this matter.

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

A 5-minute executive session on pending and/or potential litigation commenced at 12:29 p.m. The following were in attendance: Board of Commissioners; Colin Willenbrock, General Manager; and Tyler Whitney, General Counsel/Director, Regulatory & Governmental Affairs. The executive session adjourned at 12:34 p.m. and the Board returned to open session. No further action was taken.

There being no further discussion to come before the Board, the meeting adjourned at 12:35 p.m.

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President

ATTEST:

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Secretary

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General Counsel  
Approved as to Form