

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington April 2, 2018

The regular meeting of the Commission, of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 N. Wenatchee Avenue, Wenatchee, Washington, on April 2, 2018, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Dennis Bolz, President
Garry Arseneault
Ann Congdon
Steve McKenna (by phone)

Commissioner absent: Randy Smith

Staff present: Steve Wright, General Manager
Erik Wahlquist, General Counsel
Rebekah Garfein, Clerk of the Board
Various staff

Others in attendance: Steve Byquist, Lake Chelan Boating Club
Michael Chambers
Nick Martini
Bill Robinson, Robinson Research
Mike and Karen Wade

Call To Order

- President Bolz called the meeting to order at 10:02am

Pledge of Allegiance and Safety Minute

- Irene Godfrey, Strategic Financial Planning Analyst, led the pledge and provided a safety minute on drinking water purification

Agenda

- Resolutions 12 and 15 were moved to the consent agenda; the agenda was approved as revised

2018 Customer Satisfaction Survey Results

(see www.chelanpud.org for presentation)

- John Stoll, Managing Director of Customer Utilities, Bill Robinson, Robinson Research, and Suzanne Hartman, Communications Manager, presented the results of the recent Customer Satisfaction Survey
- Bill reviewed survey highlights, noting that Chelan PUD scored high in overall customer satisfaction, positive descriptors, positive areas of expectations, reliability, communication, and other measures
- Reviewed demographics of survey participants

Quarterly Electrical Load Growth Update

(see www.chelanpud.org for presentation)

- Andy Wendell, Director of Customer Service, and Chad Rissman, Director of Distribution Asset Management, reviewed the quarterly load growth update and highlighted changes since last quarter
- Andy and other staff continue to work with counties and municipalities to communicate challenges related to high density loads (HDL) and discuss joint agency planning; want to understand zoning and how it will relate to our long-term planning
- Power requests are calculated under the current moratorium, which lowers the HDL total from last quarter

Unauthorized High Density Load (HDL) Fees

(see www.chelanpud.org for presentation)

- John Stoll, Managing Director of Customer Utilities, Lindsey Mohns, Business Manager, and Cathy Melton, Customer Service Program Analyst reviewed proposed fees for unauthorized HDL usage
- John reviewed 3 examples of unauthorized HDL usage, which pose severe safety risks
- Lindsey and Cathy reviewed proposed investigation and monitoring regulation changes along with potential fees for investigation, monitoring, and equipment degradation
- Next steps include finalization of proposed regulation changes, fees and charges, amnesty transition period, an implementation and escalation plan, and communication plan
- Once in place, advance meter infrastructure will assist in identifying unauthorized usage much more quickly

Public Comment

- Nick Martini is one of the applicants who is on hold under the current HDL moratorium
- Mr. Martini asked Commissioners to consider a more flexible approach to the moratorium

Board-Designated Fund: Strategic Facilities Plan

(see www.chelanpud.org for presentation)

- Kelly Boyd, Chief Financial and Risk Officer, reviewed options for Commissioners to consider additional funding of the Board-Designated Strategic Plan Fund
- This does not impact our 5-year plan as it is still part of our general fund and the overall facilities plan is reflected in our current long-term financial forecast
- Commissioners can increase or decrease the amount of this fund at any time as well as change the intended use of the fund at their discretion

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner McKenna

Move to direct staff to deposit an amount of \$30 million into the Board designated fund that was established last April 3, 2017, for the purpose of investing in the Long-Term Strategic Facilities Plan and renaming the fund the Headquarters/Service Center Strategic Facilities Fund to make it clear that the funds are designed for use for Headquarters/Service Center solutions

Approved: Unanimously

Manager Item

- Mark Mullins, Director of Enterprise Risk Management, followed up on a Commissioner question – How much lost generation do we have at the hydro projects and was the District made whole with insurance coverage?
 - The District received \$3 million in lost revenue insurance payments in 2017
 - When C10 was taken out of service, there was a zero-day deductible related to eligibility for recovery of lost revenues

- Upon subsequent renewal of that policy, a 60-day waiting period for lost revenue was put into place, which affected C-8, C-9, and C-11 outages
- The District was responsible for creating the model for lost revenue, based on 4 fully-functioning units and the impact of losing generation from one or more units; our insurance company agreed to our methodology

Recessed at 12:00pm and Reconvened at 1:04pm

Consent Agenda

- President Bolz presented the consent agenda which included the following items:
 - March 19, 2018 Regular Meeting
 - Vouchers: Accounts Payable Summary Report dated March 28, 2018:
 - Vouchers totaling \$5,162,816.10;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period March 14, 2018 through March 27, 2018 in the amount of \$38,496.80;
 - Approval of the net Payrolls, Warrant Nos. 235860 through 235884 and Advice Nos. 650265 through 651028 for the pay period ending 03/18/2018 in the amount of \$1,897,114.54; and
 - Approval of Warrant Nos. 24276 through 24321 totaling \$16,607.25 for claim payments from the workers' compensation self-insurance fund for the period ending March 26, 2018.
 - Resolution 12. A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO SERVICES AGREEMENT (SA NO. 16-116) WITH SIGNAL PERFECTION, LTD TO PROVIDE A SYSTEM OPERATIONS VIDEO SYSTEM
 - Resolution 15. A RESOLUTION PROVIDING NOTICE OF THE ESTIMATED BILLINGS EXPECTED FROM THE PUBLIC EMPLOYEES RETIREMENT SYSTEM DUE TO THE ACCUMULATION BY DISTRICT EMPLOYEES OF THEIR PERSONAL LEAVE AND NON-RECURRING EARNINGS

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Arseneault

To approve the consent agenda as modified

Approved: Unanimously

Lake Chelan Boating Club Agreement

- Jeff Smith, Managing Director of District Services, and Steve Byquist, Commodore of Lake Chelan Boating Club, reviewed an agreement finalized between the Lake Chelan Boating Club and PUD for Old Mill Park, which was approved by the Federal Energy Regulatory Commission (FERC)
- Steve noted the portion of Old Mill Park that is occupied by the Lake Chelan Boating Club
- Key provisions of the agreement:
 - The Boating Club will raise public awareness, improve public access to the lawn, and pay an annual fee
 - Term of the agreement is consistent with the current Lake Chelan hydro license, which expires in 2056
- Steve gave an overview of the history of the Boating Club and improvements that have been made
- Manson Parks and Recreation Department, under agreement with the District, maintains and operates Manson Bay and Old Mill Parks and under a new agreement will maintain the grounds in front of the Boating Club

Resolutions 11, 13, and 14

- Dan Frazier, Director of Shared Services, and Sam Dilly, Project Manager, presented Resolution 11
 - Staff presented to the Project Review Committee on March 22 and received unanimous approval
 - Dan reviewed the timeline and process going forward

- This process differs from design/bid/build by involving a contractor partner earlier in the process to assist in the design process; this process allows us to look at the least lifecycle cost and highest quality
 - 11. A RESOLUTION APPROVING A REQUEST FOR PROPOSAL (NO. 18-33) FOR GENERAL CONTRACTOR CONSTRUCTION MANAGER SERVICES AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT
- Lorna Klemanski, Managing Director of Human Resources, Labor, and Safety, presented Resolution 14
 - Lorna noted highlights of the contract including a 3% general wage increase on April 1 of each year, changes on healthcare cost sharing, changes to comply with State law, and adds past letters of understanding to the body of the contract
 - 14. A RESOLUTION APPROVING THE AGREEMENT REACHED PURSUANT TO LABOR NEGOTIATIONS WITH LOCAL NO. 77 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS FOR THE PERIOD APRIL 1, 2018 THROUGH MARCH 31, 2021

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Arseneault

Move to approve Resolution 11 and 14 as presented

Approved: Unanimously

- Erik Wahlquist, General Counsel, presented Resolution 13
 - This resolution gives direction to the staff in the implementation of the moratorium
 - The proposed motion gives additional guidance to staff on moratorium enforcement
 - 13. A RESOLUTION RATIFYING AND CONFIRMING THE ADOPTION OF A MORATORIUM AND ESTABLISHING POLICIES FOR ENFORCING THE MORATORIUM ON ELECTRIC SERVICE APPLICATIONS FOR COMPUTING AND DATA PROCESSING LOADS RELATED TO VIRTUAL OR CRYPTOCURRENCY MINING, BITCOIN OR SIMILAR PURPOSES

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Arseneault

Move to approve Resolution No. 13 ratifying the Moratorium on crypto-currency mining and directing staff to take all reasonable steps to enforce the Moratorium and prevent unauthorized mining activities including 1) imposing all available fees and penalties, 2) disconnecting service, and 3) referring unauthorized loads to law enforcement and other authorities as appropriate

Approved: Unanimously

Manager Items

- Erik Wahlquist gave an update on the Shoreline Management Outreach Plan
 - Outreach staff have developed a charter and populated the majority of community advisory members
 - Next steps are to assemble the advisory group and develop a model outreach program
 - All final decisions are reserved to the Board of Commissioners
 - Mike Wade hopes to engage the Commissioners in taking a different policy look at undergrounding
- Von Pope, Senior Wildlife Biologist, reported that Sage Hills opened on Saturday, March 31
 - The District owns and operates the Homewater Preserve, which includes 2.2 miles of the Sage Hills Trail; this parcel is a FERC wildlife mitigation parcel designated for mule deer wintering
 - Mule deer counts are conducted weekly in the winter months; mule deer counts this year were average compared to the previous 10-year average
 - Appreciate relationship with Chelan Douglas Land Trust, their cooperation allows the trail closure
 - Lake Chelan winter wildlife surveys have shown fewer goats, but boat surveys are limited

Follow Up on Delegation of Action Items

- From 12/18/17 – Erik Wahlquist gave an update today on the Shoreline Management Outreach plan
- From 1/8/18 – Jeff Smith has added Electrical Load Growth to the next Tri-Commission meeting agenda
- From 1/8/18 – Michelle Smith will bring back options for future management of Orondo River Park in May
- From 2/5/18 – Jeff Smith will report on the Contractor Safety Program in June
- From 2/20/18 – Options for increasing the Board-designated reserve fund were addressed today
- From 2/20/18 – Mark Mullins reported today on insurance coverage related to lost hydro generation
- From 3/5/18 – Commissioners have the opportunity to visit Skaha Hatchery on May 2, 2018
- From 3/19/18 – Tracy Yount sent a summary of the carbon tax initiative, which has been filed
- From 3/19/18 – Erik Wahlquist has sent information on HDL criminal issues and how those might be prosecuted

Commission Travel

- Lisa Sanders, Finance Administrative Assistant, reviewed upcoming Commissioner travel

Delegation of Action Items

- No action items were noted during today’s meeting

Executive Session

President Bolz convened an executive session at approximately 2:15pm to discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i) for approximately 60 minutes.

Regular Session Reconvened at 3:12pm

- President Bolz stated no votes were taken and no decisions were made

There being no other business, the meeting adjourned at 3:13pm.



Vice President



Commissioner



President



Secretary



Commissioner