

MINUTES OF REGULAR MEETING OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

June 5, 2017

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 North Wenatchee Avenue, Wenatchee, Washington, on June 5, 2017, at the hour of 10:00 a.m., pursuant to proper notice thereof.

Commissioners present were Randy Smith, Garry Arseneault, Dennis Bolz, Ann Congdon and Steve McKenna. In attendance were General Manager Steve Wright, General Counsel Erik Wahlquist and Clerk of the Board Sheila Salmon.

Various Staff were also in attendance.

Others in attendance: Allison Williams, Steve King, Christine Pratt, Brigitte Sztab, Robin Casel, Laura Tolson, Beverli Joy, Joan Brownfiler, Tammy Lee, D Kay Janet, Marcy Whitecome, George Maki, DK Baach, David Auick, Janise Veiller.

Val Greiner, Customer Accounts Specialist, led the Pledge of Allegiance and provided a safety minute.

President Randy Smith presented the Agenda for approval. Resolutions 12 and 13 were moved to the consent agenda. The agenda was approved as revised.

2017 – 2018 District Insurance Policy Renewal – (See www.chelanpud.org for the presentation) Received the annual update on insurance premiums for coverage starting July 1. 2017 Ron Gibbs, insurance and claims manager, forecast an estimated 4.6 percent premium decrease from last year's \$2.24 million, based on negotiations so far. Reasons for the decrease include no new PUD claims, competition in the insurance market and the PUD's strong risk and asset management programs, Gibbs said. Negotiations continue and commissioners will be asked to approve an "up to" amount for 2017-18 coverage at the June 26, 2017 meeting.

Public Power Benefit 2nd Discussion of Additional Items - (See www.chelanpud.org for the presentation) Continued discussing Public Power Benefit project funding for the rest of 2017 and 2018. Moving toward a decision on June 26, commissioners indicated support for allocating \$4 million for 2018 that would include \$2.5 million for fiber network expansion and continuing the day use pass for PUD parks managed by the state. Board members also indicated support for funding three hydro research projects to improve operations, better predict unit conditions and outages and identify research opportunities. Requested is \$250,000 from remaining 2017 funds and \$250,000 from 2018 funds. Also requested is using \$1 million from remaining 2017 funds to renovate Rocky Reach Visitor Center's fish viewing area.

Utility Services Policy Update - (See www.chelanpud.org for the presentation) Cathy Melton, customer service program analyst, clarified Eligibility for service requests located in extreme terrain, areas of geological risk or otherwise beyond acceptable standards; Electric, Water,

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Wastewater Line Extensions; Telecom Service Installation; Line Extensions are subject to applicable laws, ordinances, franchises, Construction Standards, Design Standards, and other reasonable conditions including mitigation of physical and geological risks; Requests that cause harm to District facilities or service, safety, access limitations, or geotechnical risks may be denied or modified at the District's discretion Policy. Commissioners will consider a resolution at the next regular meeting to adopt the recommendations.

Business Lines Financial Policies Overview - (See www.chelanpud.org for the presentation) Discussed long-term financial guidance for the PUD's water, wastewater and fiber divisions for planning and forecasting purposes after 2019, when the current strategic plan ends. Discussion of guidance for the electric system is set for the next two meetings.

The meeting recessed at 11:55 a.m., and reconvened at 1:00 p.m.

Advanced Two-Way Metering Update – (See www.chelanpud.org for the presentation) Commissioners agreed to move into developing detailed system design requirements and preparing a Request for Proposal (RFP) by year's end asking for information from vendors wanting to supply digital two-way electric meters to the District. Seven customers spoke about security, health and safety concerns. Staff and a consultant will start detailed system design, develop the RFP including opt-out/opt-up policies, include the project in budgets and forecasting and develop the timeline. Pending a decision from commissioners after evaluating responses to the RFP, installation could start in late 2018 or early 2019.

President Smith presented the consent agenda which consisted of the minutes of May 15, 2017 regular meeting.

The Auditor's memorandum dated May 15, 2017 supporting documentation and District's Computer Report, which certify, pursuant to RCW 42.24.080, that the District received certain goods, services and other considerations specified therein and describes as follows were presented for approval:

Accounts Payable Summary Report dated May 30, 2017:

1. Vouchers totaling 39,137,865.30;
2. Approval of Customer Deposit Returns and Conservation Incentive payments for the period May 10, 2017 through May 30, 2017 in the amount of \$39,047.54;
3. Approval of the net Payrolls, Warrant Nos. 235215 through 235240 and Advice Nos. 633679 through 634443 for the pay period ending 5/14/2017 in the amount of \$1,854,214.64; and
4. Approval of Warrant Nos. 23438 through 23474 totaling \$15,680.44 for claim payments from the workers' compensation self-insurance fund for the period ending May 29, 2017.

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RESOLUTION NO. 17- 14146 RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 6, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-06 WITH G.G. RICHARDSON, INC., OF WENATCHEE, WA, AND AUTHORIZING PAYMENT OF RETAINAGE

RESOLUTION NO. 17-14147 RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-33 WITH PIPKIN INC. DBA PIPKIN CONSTRUCTION OF EAST WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE

A motion was made by Commissioner Arseneault, seconded by Commissioner McKenna and passed adopting the Consent Agenda, consisting of the minutes of the May 5, 2017 regular meeting, the above listed vouchers and Resolution Nos. 17-14146 and 17-14147, which are on file in the offices of the District.

RESOLUTION NO. 17-14144 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A LEASE AND OPERATING AGREEMENT WITH THE CITY OF ENTIAT FOR MAINTENANCE AND OPERATIONS OF ENTIAT PARK AND ENTIATQUA TRAIL

A motion was made by Commissioner Congdon, seconded by Commissioner Arseneault and passed to adopt Resolution No. 17-14144, which is on file in the office of the District.

RESOLUTION NO. 17-14145 AUTHORIZING AMENDMENT NO. 6 TO CONTRACT 09-32 WITH COMPUTER 5, INC. DBA LOCALTEL COMMUNICATIONS TO PROVIDE TELEPHONE LOCAL EXCHANGE SERVICES

A motion was made by Commissioner Congdon, seconded by Commissioner Arseneault and passed to adopt Resolution No. 17-14145, which is on file in the office of the District.

A motion was made by Commissioner Arseneault, seconded by Commissioner McKenna to approve the District Governance Policy as revised.

General Manager Steve Wright followed-up on Delegation of Action Items from Previous Board Meeting.

President Smith convened an executive session at 2:30 p.m. following a 5-minute break 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) and to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b) for approximately 1.5 hours.

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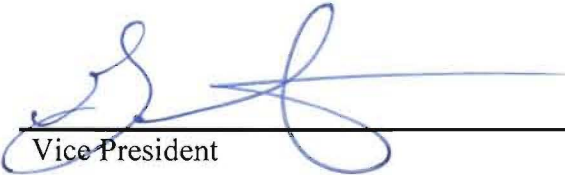
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Reconvening the meeting into regular session at 4:30 p.m., President Smith stated no actions and no votes were taken.

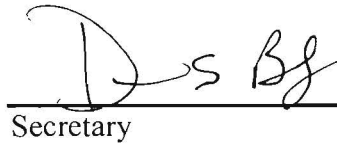
President Smith noted the next meeting will be held on June 26, 2017.

There being no other business, the meeting adjourned at 4:30 p.m.

President



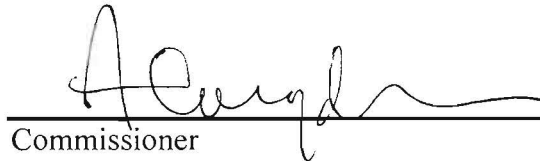
Vice President



Secretary



Commissioner



Commissioner