

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 20, 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 N. Wenatchee Avenue, Wenatchee, Washington, on November 20, 2017, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Randy Smith, President
Garry Arseneault
Dennis Bolz
Ann Congdon
Steve McKenna

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

Others in attendance: Pat McGrath, Andritz

Call To Order

- President, Randy Smith, called the meeting to order at 10:00am

Pledge of Allegiance and Safety Minute

- Micah Lenderman, Senior Management Analyst, led the pledge and provided a safety minute on Thanksgiving cooking

Agenda

- Items 15, 16, and 17 were moved to the consent agenda
- The agenda was approved as revised

Advanced Metering Infrastructure (AMI) and Related Customer Utility Technology Projects Update (see www.chelanpu1.org for presentation)

- John Stoll, Managing Director of Customer Utilities, and Mark O'Bryan, Project Manager for Customer Utilities reviewed advanced metering infrastructure and related customer utility technology projects
- The Board's decision on AMI will inform the upcoming decision on the customer information system
- Pilot project design and customer options would be determined closer to implementation
- Next steps and timelines were outlined with a decision on AMI expected on December 4

Commissioner Congdon was excused at 10:40am.

Powerhouse 2 Rehabilitation (see www.chelanpud.org for presentation)

- Brett Bickford, Director of Engineering and Project Management, and John Sagerser, Engineering and Project Management Manager, presented an overview of rehab indicated for Rock Island Powerhouse 2
- Today's decision is on spending \$5 million on engineering and design work to prepare for work in 2020-2021
 - The overall project is estimated at \$313 million and would be reevaluated at regular intervals to confirm the plan
- Extensive analysis show it is cost-effective to rehabilitate major components of the units to provide 40 years of additional use
- Plans include purchasing one new generator and select major components to prevent delays in the project
 - Are spare components from a sole source? No, all three turbine manufacturers make components for the bulb units
- Temporary staff need to be employees to maintain regulatory compliance; we plan to address that with 5-year limited assignment positions

Debt Planning: The Next Level of Detail (see www.chelanpud.org for presentation)

- Kelly Boyd, Chief Financial and Risk Officer, and Debbie Litchfield, Treasurer reviewed financial strategies on debt policy guidelines
- Reviewed the 2018 Operational Plan of Finance including changes from 2017; after 2023 we anticipate debt to level off
- While implementing mitigation tactics, we anticipate meeting our debt leverage ratio metric of less than 35% by 2019
- Reviewed hydro funding through Debt Reduction Charge and Capital Recovery Charge components of the cost-plus power contracts

Conservation Potential Assessment (see www.chelanpud.org for presentation)

- Andrew Grassell, Energy Development and Conservation Manager, reviewed proposed conservation targets for 2018-2019 of 2.42 aMW
- State statute requires us to set a new conservation target every two years

LED Streetlight Rate Update (see www.chelanpud.org for presentation)

- Andrew Grassell, Energy Development and Conservation Manager, reviewed information on setting a LED streetlight rate
- This allows us to account for the reduction in energy usage from LED streetlights and take advantage of grant funding
- The rate setting will be preceded by three informational meetings and a public hearing

Manager Item

- Cathy Melton, Customer Service Program Analyst, gave an update on the annual review of fees and charges
 - No cost adjustments suggested at this time
 - Focus of the revision was on document formatting and clarification around customer connection fees
 - Revisions will be available on the website January 1, 2018

Follow Up on Delegation of Action Items

- Value of 55 MWh related to the Canadian Entitlement – Gregg Carrington emailed today
- Estimation of the costs of repairs for turbines C9-C11 at Rocky Reach – Craig Kunz emailed on 11/6/17

Recessed at 12:00pm and Reconvened at 1:03pm

Public Hearing – 2018 Budget Update (see www.chelanpud.org for presentation)

- Craig Kunz, Senior Strategic Financial Planning Analyst, reviewed the updated 2018 budget and highlighted changes since the November 6 budget hearing
- Changes include: inclusion of the 2018 facilities plan, update to the 2018 Operational Plan of Finance, addition of 3 limited assignment positions, and immaterial changes to O&M plans
- Bottom-line impacts of updates are an improvement of about \$300,000
- Next Step: the budget will come back to the Board for a vote on December 4

Consent Agenda

- President Smith presented the consent agenda which included the following items:
 - Minutes of the November 6, 2017 Regular Meeting, November 7, 2017 Tri-Commission Meeting, and November 13, 2017 Mid-C Commissioners/Managers Meeting
 - Vouchers: Accounts Payable Summary Report dated November 15, 2017:
 - Vouchers totaling \$5,732,243.21
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 1, 2017 through November 14, 2017 in the amount of \$30,183.75
 - Approval of the net Payrolls, Warrant Nos. 235615 through 235640 and Advice Nos. 642882 through 643632 for the pay period ending 10/29/2017 in the amount of \$1,827,871.54; and
 - Approval of Warrant Nos. 23884 through 23899 totaling \$17,394.28 for claim payments from the workers' compensation self-insurance fund for the period ending November 13, 2017.
 - 15. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO. 17-183) WITH CONFLUENCE HEALTH OF WENATCHEE, WA FOR DISTRICT MEDICAL SERVICES
 - 16. A RESOLUTION AUTHORIZING AMENDMENT NO. 7 TO SERVICES AGREEMENT (SA-TA NO. 15-133) WITH ASPECT CONSULTING LLC TO PROVIDE TECHNICAL ASSISTANCE REGARDING THE DISTRICT'S WATER RIGHTS AND WATER RESOURCES PROGRAM
 - 17. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 14-196) WITH GRAY AND OSBORNE INC. TO PROVIDE ENGINEERING CONSTRUCTION SUPPORT SERVICES FOR ROCK ISLAND DAM POWERHOUSE NO. 1 WATER SYSTEM

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner McKenna

To approve the consent agenda as revised

Approved: Unanimously

Public Power Benefit (PPB) (see www.chelanpud.org for presentation)

- Felicity Saberhagen, Business Advisor, Micah Lenderman, Senior Management Analyst, Casey Hall, Project Manager, and Ryan Baker, Parks Manager provided an updated on the Public Power Benefit 2017 projects
- Reviewed results of the Camping Pass Pilot at Beebe Bridge Park; Commissioners agreed with the staff recommendation to put the project on hold until at least 2019 after a new campsite reservation system is in place that will improve the administrative efficiency of the program
- Commissioners agreed with a recommendation to study the possibility of moving the Museum of the Columbia from the powerhouse to the Visitor Center
 - Cost of exploring this option is estimated at \$70,000, which will be funded out of the 2017 PPB fund
- The remaining 2017 PPB funds will be closed out; there are \$1.2 million in unallocated PPB funds remaining in the 2018 budget

Commissioners considered the following resolutions 12, 13, 14, and 18

- Resolution 12 presented by Michael Wilson, Senior Physical Security Analyst

- Michael reviewed qualifications of Allied Universal Security Service
- Allied Universal Security Service has committed to retaining incumbent officers
 - A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO. 17-100) WITH UNIVERSAL PROTECTION SERVICE LP DBA ALLIED UNIVERSAL SECURITY SERVICES OF SANTA ANA, CA FOR DISTRICT UNARMED SECURITY SERVICES
- Resolution 13 presented by Mark Belton, Contract Specialist
 - Mark reviewed the reasons the initial bids are recommended for rejection; the accepted bid would be the lowest responsive bidder
 - A RESOLUTION REJECTING THE BID OF MID COLUMBIA FORKLIFT, INC. (BID A) AND PAPE MATERIAL HANDLING AND ACCEPTING THE BID OF MID COLUMBIA FORKLIFT, INC. OF EAST WENATCHEE, WA (BID B) (BID 17-22) FOR THE SUPPLY OF ROUGH TERRAIN FORKLIFT
- Resolution 14 presented by John Sagerser, Engineering and Project Management Manager
 - A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A TASK AUTHORIZATION SERVICES AGREEMENT (SA NO. 17-173) WITH STANTEC CONSULTING SERVICES, INC. OF BELLEVUE, WA FOR PROFESSIONAL ENGINEERING SERVICES RELATED TO ROCK ISLAND PROJECTS
- Resolution 18 presented by Bob Shane, Director of Network Operations
 - A RESOLUTION RESCINDING AND REPLACING RESOLUTION NO. 17-14114; ADOPTING NEW TELECOMMUNICATION RATES FOR WHOLESALE TELECOMMUNICATIONS SERVICES BY SERVICE PROVIDERS ON THE DISTRICT'S BROADBAND SYSTEM

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Bolz

To approve Resolutions 12, 13, 14, and 18 as presented

Approved: Unanimously

Commission Items

- Commissioners will consider the January meeting schedule, which will drive the timing of the informational meetings and public hearing for the LED Streetlight Rate proposal

Delegation of Action Items

- Ryan Baker will research the average usage rate at Beebe Park over the course of the season

Executive Session

President Smith convened an executive session at approximately 2:00pm 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 30 minutes.

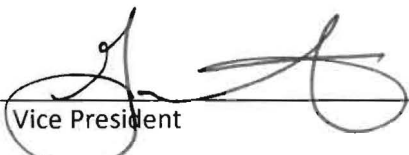
Regular Session Reconvened at 2:29pm

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

There being no other business, the meeting adjourned at 2:30pm.



President



Vice President



Secretary

Commissioner



Commissioner