

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington January 6, 2020

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 January 6, 2020, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Guests present: Kyle Lamb
Monte Dodge
Robyn Casal
Brigitte Sztab
Suzanne Keller

Call To Order

- President Arseneault called the meeting to order at 10:03am

Pledge of Allegiance and Safety Minute

(see Chelan PUD website for presentation)

- Brad Peterson, Wireman Shop Foreman, led the pledge and provided information on an improvement made using Human Performance Improvement principles to reduce the size and weight of nitrogen bottles for mobile substations

Agenda

- Resolution 8 was moved to the consent agenda; the agenda was approved as revised

Rates Planning Discussion

(see Chelan PUD website for presentation)

- Lindsey Mohns, Customer Utilities Business Manager, presented information on long-term rate planning and the electric, water, wastewater and fiber outreach plan
- Reviewed public outreach timeline, including a proposed public hearing on February 3; public feedback will also be accepted through the Chelan PUD website

- Implementation is planned by May 31 for water, wastewater and fiber rate changes and no later than December 15 for electric rate changes
 - Rate change implementation is dependent on stabilization of the Customer Information System
- Revenue generated from rate increases will be set aside in a Board-designated fund to guard against future large rate increases and to be used at the Board's discretion; use of this fund is internally restricted
 - This differs from the Rate Stabilization Fund, which is a requirement of our bond covenants and is externally restricted
- Proposed rate increases vary by business line from 3-4%
- New rate structure would include changes to the low-income senior and disabled programs to offset the impact of rate increases to qualifying customer-owners

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Smith

To establish the appropriate procedure for engagement and notice to customers and, in addition, to set the outreach plan and the date of the public hearing to be February 3 at 1:00pm as proposed by staff in the presentation

Approved: Unanimously

2020 District Performance Plan Review

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, introduced the 2020 District Performance Plan
- Managing Directors provided details on the objectives for which they are responsible
- Metrics support the four strategic plan priorities with an emphasis on innovation and resiliency
- Tasks range from continuing to modernize hydro units and other equipment and starting construction of the new Service Center to substation construction/upgrades and new technology initiatives
- The 2020 budget has \$170M earmarked for capital projects

Recessed at 12:01pm and Reconvened at 1:03pm

Consent Agenda

(see Chelan PUD website for resolutions)

President Arseneault presented the consent agenda, which included the following items:

- Minutes of the December 16, 2019 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated December 31, 2019:
 - Vouchers totaling \$26,723,168.68;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period December 11, 2019 through December 30, 2019 in the amount of \$25,843.09;
 - Approval of the net Payroll, Warrant Nos. 236817 through 236836 and Advice Nos. 685573 through 686330 for the pay period ending 12/8/2019 in the amount of \$2,057,935.45;
 - Approval of the net Payroll, Warrant Nos. 236837 through 236858 and Advice Nos. 686331 through 687086 for the pay period ending 12/22/2019 in the amount of \$2,299,729.60;
 - Approval of Warrant Nos. 26268 through 26333 totaling \$25,385.36 for claim payments from the workers' compensation self-insurance fund for the period ending December 30, 2019.
- Resolution 8. A RESOLUTION APPROVING A NEW INTERLOCAL COOPERATIVE PURCHASING AGREEMENT (SA NO. 19-10574) BETWEEN THE DISTRICT AND THE CITY OF SEATTLE FOR THE PURCHASE OF MATERIALS, EQUIPMENT, SERVICES AND SUPPLIES

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To accept the consent agenda as revised to include Resolution 8

Approved: Unanimously

Resolution 7

(see Chelan PUD website for resolution and presentation)

- John Stoll, Managing Director of Customer Utilities, and Lindsey Mohns, Customer Utilities Business Manager, reviewed Resolution 7 along with an alternative to include an analog meter option
- Lindsey and John reviewed information gathered on digital meter options and summarized feedback received; Commissioners also received some input directly from customer-owners
- Four customer-owners addressed Commissioners to express their concerns with advanced metering infrastructure and the proposed cost of opting out
- A letter from customer-owners will be posted on the Chelan PUD website with today's meeting materials and is incorporated in the Board's record of decision
- Resolution 7. A RESOLUTION ESTABLISHING AN ADVANCED METERING INFRASTRUCTURE OPT-OUT PROGRAM AND DIRECTING STAFF TO INCORPORATE THE PROVISIONS OF THE POLICY INTO THE DISTRICT'S RATE SCHEDULES AND SERVICE REGULATIONS

MOTION, Moved by Commissioner Smith, to approve Resolution 7 with the analog meter fee set at \$35 and the disabled digital meter fee set at \$25. Motion not seconded.

MOTION, Moved by Commissioner McKenna, Seconded by Commissioner Bolz, to approve Resolution 7 with the analog meter fee set at \$25 and the disabled digital meter fee set at \$12.50. Motion and second withdrawn by Commissioners McKenna and Bolz, respectively.

MOTION

Moved by: Commissioner McKenna

Seconded by: Commissioner Bolz

To set the monthly opt-out fee at \$25 for all meter types

Approved: 4 in favor, 1 opposed

Break at 2:52pm and Reconvened at 3:01pm

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To approve Resolution 7b as modified

Approved: 4 in favor, 1 opposed

2020 District Performance Plan Review, continued

- Managing Directors continued their overview of the 2020 District Performance Plan

Manager Items

- John Stoll, Managing Director of Customer Utilities, gave an update on the Customer Information System
 - Anticipate going live in the new system beginning January 17 and wrapping up on Monday, January 20
 - The team is completing their final due diligence to make sure all major issues have been addressed and tested; next Wednesday will be the final go/no-go decision

- Kirk Hudson, Managing Director of Generation and Transmission, updated Commissioners on an alert received from the Federal Energy Regulatory Commission (FERC) regarding Homeland Security's request for heightened awareness due to tensions in the Middle East

Commission Items

- Commissioners discussed 2020 Association representation
 - American Public Power Association (APPA) – no change
 - Energy Northwest – Commissioner McKenna delegate, with Commissioner Arseneault as alternate
 - Northwest Public Power Association (NWPPA) – no change
 - Washington PUD Association (WPUDA) – Commissioner McKenna delegate to Commissioner Education, no additional changes
 - It was noted that all Commissioners serve as alternates for all delegated positions

Commission Travel

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

Follow Up on Delegation of Action Items from the 12/16/19 Board Meeting

- David Lodge will provide the height of the operations building at the Service Center – email from Justin Erickson on 12/19/19
- Alene Underwood will provide additional information on why we stock fish in Jameson Lake

Delegation of Action Items

- Kirk Hudson will share previously-completed seismic studies
- Kirk Hudson will provide a presentation including a graphic with the current turbine status

Executive Session

President Arseneault convened an executive session at approximately 4:04pm 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 5 minutes.

Regular Session Reconvened at 4:10pm

- President Arseneault stated no votes were taken and no decisions were made during Executive Session

There being no other business, the meeting adjourned at 4:10pm.



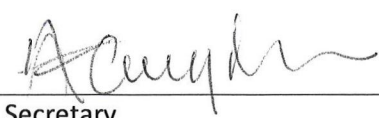
 Vice President



 Commissioner



 President



 Secretary



 Commissioner