

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

February 16, 2016

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 February 16, 2016, at the hour of 10:00 a.m., pursuant to proper notice thereof.

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

Others in attendance: Steve McKinna and Christine Pratt (Wenatchee World)

Others in attendance for the 1:00 p.m. session: Steve McKenna, Jay Smith, Dave Brown, Jim Huffman, Scott parson, Ivan bowman, Dale Foreman, Dominick Barry, Steve Hair, Kevin Bromiley, Christine Pratt, Gary Begin, Jared Richardson, Chris Sharp, John McQuaig, Peggy Ludwick, Greg Oakes, and Daniel Cooper

Lance Keller, Senior Fisheries Biologist led the Pledge of Allegiance and provided a safety minute.

President Smith presented Commissioner Congdon a 10 year of service pin for her now 11 years of service.

President Smith presented the Agenda for approval. Resolution 13 was pulled from the agenda. The agenda was approved as revised.

Rock Island Powerhouse 1 Status Update on B1-B4 - Dan Garrison, Director of Hydro Operations informed the Commissioners that four units, B1 – B4, in the first powerhouse at Rock Island Dam are out of service for turbine blade inspection. The inspections are scheduled to finish by May 2, 2016. (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation)

4<sup>th</sup> Quarter 2015 Finance and Interest Investment Update - Commissioners heard the financial good news that the utility finished last year with a positive bottom line that was \$4.2 million ahead of budget, while continuing to meet strategic priorities to invest in utility assets and employees, pay down debt and launch Public Power Benefit projects. Chief Financial/Risk Officer Kelly Boyd recommended staying the course with the District's strategic business plans in 2016 including accelerated debt reduction. The clean, renewable benefits of the hydropower Chelan PUD generates and sells on the wholesale market helped support revenue. Those environmental attributes are an additional source of income even as wholesale market prices declined. Capital and operating expenses were lower than budgeted, adding to the overall positive bottom line of \$102 million. The District exceeded all financial targets in 2015. (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation)

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4<sup>th</sup> Quarter 2015 Capital Item List Review – David Nelson, Business Advisor, present the report. (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation)

2015 Audit Committee Annual Report – Stacey Jagla, Internal Audit Manager, presented the 2015 Annual Audit Report. She reported there were no significant findings. (See [www.chelanpud.org](http://www.chelanpud.org) for the report)

Legislative update – Shaun Seaman, External Affairs, presented the State Legislative Update as for February 16, 2016. Bills of interest to the District included Carbon reductions, solar incentives, Energy, Telecom and General Issues. (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation)

Jeff Smith, Managing Director of District Service along with Manager Craig Weddle of Procurement and Contract Services reported on an audit of the contract management system. Staff reported for future tracking there will be verification of each item when there is a change in the contract when a resolution is involved. A new contract management system is scheduled for implementation in 2017.

Ron Slabaugh, Wastewater Manager, reported a community meeting will be on Tuesday, March 1, 2016 to receive input from the community regarding potential route options for the Peshastin-Dryden Wastewater pipeline.

A motion was made by Commissioner Bolz, seconded by Commissioner Bergren and passed to set a special meeting to be held on March 1, 2016 at the Peshastin–Dryden Elementary School for the purpose of the Peshastin-Dryden Wastewater Project Community Meeting.

Suzanne Hartmann, Communications, reported Robinson Research has been hired to conduct the 2016 Customer Satisfaction Survey in early March with results to be reported near the end of the month.

Kimberlee Craig, Communications, reported the PUD will be the sponsor of the Wild hocking game on February 18, 2016, at the Town Toyota Center. Staff will be on hand to discuss the District's wildlife, parks and fish protection programs.

The meeting recessed at 11:50 a.m. to reconvene at 1:00 p.m.

Erik Wahlquist, General Counsel, opened a public hearing to declare .32 acres of District land surplus to the District's needs. A motion was made by Commissioner Bolz and seconded by Commissioner Arseneault to declare the subject .32 acres of District land surplus to the District's needs authorizing the General Manager to enter into the proposed land exchange agreement with James Stephen Goodfellow, Successor Co-Trustee of the Goodfellow Living Trust, to secure Amended Supplemental Easements over approximately 1.87 acres of Goodfellow property boundary in exchange for \$250,000 and fee title to the surplus .32 acres parcel and directing staff to prepare the appropriate confirming declaration for presentation. Attorney Kevin Bromiley, representative for the Goodfellow Living Trust, was in attendance at the hearing and

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supported the settlement. The motion passed with a 4-1 vote. Commissioner Ann Congdon voted no.

Erik Wahlquist, General Counsel, recommenced the public hearing of the High Density Load rate process from February 1, 2016. Staff presented three rate design options, upfront system impact fees and options for implementing a possible rate. Commissioners heard from customers, industry representatives and community members about the proposed High Density Load rate.

A motion was made by Commissioner Bergren to continue moratorium on High Density Load to the October 3, 2016 regular session. The motion was seconded by Commissioner Congdon and passed. Commissioner Smith abstained from the vote.

President Smith recessed the public hearing on the proposed High Density Load rate to the March 21, 2016 regular meeting.

The meeting recessed at 3:20 pm for a 5 minute break. Commissioner Congdon was excused for the remainder of the meeting to attend a community meeting in Manson.

Reconvening the meeting at 3:30 p.m., President Smith presented the revised consent agenda which consisted of the minutes of the February 1, 2016 regular meeting and the February 3, 2016 special meeting for approval.

The Auditor's memorandum dated February 9, 2016 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:

1. Claims certified by the Auditor for payment and authorization for the Auditor to issue warrants payable by the Treasurer for services, goods and other considerations received by the District in the total amount of \$5,135,653.69;
2. Approval of Customer Deposit Returns and Conservation Incentive payments dated February 9, 2016 in the amount of \$36,201.56;
3. Approval of the net Payrolls, Warrant Nos. 234074 through 234109 and Advice Nos. 609130 through 609792 for the pay period ending 01/24/2016 in the amount of \$1,564,193.42; and
4. Approval of Warrant Nos. 22089 through 22113 totaling \$11,916.66 for claim payments from the workers' compensation self-insurance fund for the period ending February 8, 2016.
5. Charge-offs to Uncollectible Accounts in Excess of \$1,000.00 for December 2015 in the amount of \$1,781.34.

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A motion was made by Commissioner Bolz, seconded by Commissioner Bergren and passed to adopting the Consent Agenda minutes of the February 1, 2016 regular meeting and February 3, 2016 special meeting for approval and the above listed vouchers, which are on file in the offices of the District.

General Manager Steve Wright presented the following resolutions for the Commissioners' consideration:

RESOLUTION NO. 16-14017 RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 15-37 WITH PIPKIN INC DBA PIKIN CONSTRUCTION OF WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE

RESOLUTION NO. 16-14018 RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 14-62 WITH RAYFIELD BORS EXCAVATING OF LEAVENWORTH, WA AND AUTHORIZING PAYMET OF RETAINAGE.

A motion was made by Commissioner Bergren, seconded by Commissioner Bolz and passed to adopt Resolution Nos. 16-14017 and 16-14018, which are on file in the office of the District.

Commissioners reported on the various meetings each attended the weeks of February 1 and February 8, 2016.

President Smith convened an Executive Session at 3:50 p.m. 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). He said he anticipated reconvening into regular session at 5:00 p.m.

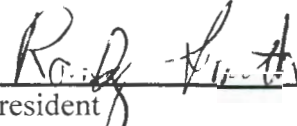
Reconvening at 4:37 p.m., President Smith stated that no action was taken.

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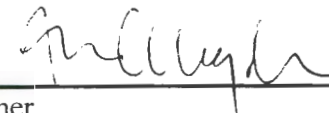
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There being no other business, the meeting adjourned at 4:37 p.m.

  
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President

  
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Vice President

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Secretary

  
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Commissioner

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Commissioner

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