

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington February 19, 2019

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 February 19, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Others in attendance: Arne Olson

Call To Order

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

Pledge of Allegiance and Safety Minute

(see Chelan PUD website for presentation)

- The Safety Team, provided a safety report on truck blind spots and steps we are taking to address that issue
 - Testing a side-mounted radar device on large trucks
- Each month Commissioners will hear the same Human Performance Improvement (HPI) story that is being shared District-wide at safety meetings

Agenda

- Resolutions 14, 15, and 16 were moved to the consent agenda; the agenda was approved as revised

PGP Study

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, noted that he began working with Arne Olson many years ago; he's proud of the work done for us and PGP which allows us to fully participate in Olympia discussions
- Arne Olson, Senior Partner at E3, reviewed study results on carbon reductions in the Pacific Northwest
- The study considered several core policy scenarios to meet decarbonization goals
- The more stringent the carbon goals, the more important it is to maintain current carbon-free resources
- Steve Wright emphasized that that this presentation focuses only on the electric sector; decarbonization will have implications for us - expect to see some wind and solar in our area

Service Center Outreach

(see Chelan PUD website for presentation)

- Dan Frazier, Director of Shared Services, reviewed the project update and outreach plan
- The five options were reviewed for current information and stress tested against assumptions to see if the option ranking was impacted
- A consolidated facility still provides the most cost-effective solution while positioning customer-serving staff in the best location to serve the entire county

Audit Committee Annual Report

(see Chelan PUD website for presentation)

- Stacey Jagla, Internal Audit Manager, reported on the 2018 Audit Committee activities
- The internal audit department had their first external quality assessment and received a generally conforms rating – the highest rating possible

Quarterly Financial Review and Investment Report

(see Chelan PUD website for presentation)

- Mark Mullins, Director of Enterprise Planning Risk Analytics, and Craig Kunz, Manager of Strategic Financial Planning, reviewed the fourth quarter report
- 2018 results are better than budget
- Plans for significant capital investments are expected to fully use cash reserves
- Long-term financial metrics on track with an assumed new debt issuance in the next 5-year planning horizon
- Recommend we stay the course with our strategic goals

Manager Item

- Suzanne Grassell, Government Affairs Program Manager, reported on a recent staff meeting with FERC regarding implementation of early action credit
- The meeting was collaborative and positive; FERC staff offered suggestions on a path forward and agreed to review a draft of our request

Quarterly Major Projects, Contracts, and Project Revisions

(see Chelan PUD website for presentation)

- Dave Nelson, Business Advisor, reviewed fourth quarter changes to major project timelines, project budget revisions, and negotiated contracts

Recessed at 12:05pm and Reconvened at 1:02pm

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the February 4, 2019 Regular Meeting and the February 7, 2019 Special Meeting
- Vouchers: Accounts Payable Summary Report dated February 13, 2019:
 - Vouchers totaling \$6,517,442.84;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 30, 2019 through February 12, 2019 in the amount of \$20,194.22;
 - Approval of the net Payroll, Warrant Nos. 236375 through 236395 and Advice Nos. 668150 through 668892 for the pay period ending 02/03/2019 in the amount of \$1,909,402.65;
 - Approval of Warrant Nos. 25325 through 25361 totaling \$10,510.69 for claim payments from the workers' compensation self-insurance fund for the period ending February 11, 2019;

- Payment to Department of Revenue in the amount of \$2,993,547.30 on February 25, 2019 for Annual Privilege Tax Returns.
- Resolution 11. A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-15 WITH KRCl, LLC OF EAST WENATCHEE, WA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 12. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2 AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-26 WITH MOE ASPHALT PATCHING & SEALCOATING, INC. OF WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 14. A RESOLUTION AMENDING SECTIONS 41, 46 AND 65 OF THE UTILITY SERVICE REGULATIONS
- Resolution 15. A RESOLUTION AMENDING SECTIONS OF THE ELECTRIC LINE EXTENSION POLICY PORTION OF THE DISTRICT'S UTILITY SERVICE POLICIES
- Resolution 16. A RESOLUTION RESCINDING RESOLUTION NO. 03-12407, IN-PART, AS IT RELATES TO RATE SCHEDULE 4, AND ADOPTING A REVISED RATE SCHEDULE 4 FOR LARGE LOADS

MOTION

Moved by: Commissioner McKenna
 Seconded by: Commissioner Bolz
 To accept the consent agenda as revised
 Approved: Unanimously

Lessons Learned on Consent Agenda Resolution

(see Chelan PUD website for presentation)

- Bob Seabeck, Superintendent Drafting/Construction Manager II, reviewed lessons learned on dock construction over 28 years
- Bob showed before and after pictures of the Beebe bridge dock; design and materials have been updated to provide a better dock surface, which is ADA-compliant and allows light through to meet fish light requirements
- Dock design has been updated to allow docks to move with the water level, allowing for the removal of docks that traditionally remained high and dry most years

Resolution 17

(see Chelan PUD website for resolution)

- Brett Bickford, Director of Engineering and Project Management, presented Resolution 17
- Amends the price for blade bushings originally authorized under Resolution number 18-14243
- Resolution 17. A RESOLUTION AMENDING RESOLUTION NO. 18-14243 DECLARING VOITH HYDRO, INC. OF YORK, PENNSYLVANIA AS THE SOLE SOURCE SUPPLIER FOR BLADE TRUNNION SEALS, SEAL COVERS, AND BLADE BUSHINGS, NECESSARY TO REPAIR ROCKY REACH UNITS C1 THROUGH C7 AND AUTHORIZING THE GENERAL MANAGER TO PURCHASE ADDITIONAL BLADE BUSHINGS WITH VOITH HYDRO, INC. FOR A REVISED PRICE

MOTION

Moved by: Commissioner McKenna
 Seconded by: Commissioner Smith
 To approve Resolution 17 as presented
 Approved: Unanimously

Manager Items

- Justin Erickson, Managing Director of District Services
 - Gave an update on Tumwater Dam exploratory drilling

- The drilling is complete and has confirmed that immediate work is not needed; will perform a more extensive review and analysis in the fall
- Reviewed Strategic Planning activity
 - Kickoff event, February 7: 71 community members attended; topic teams range from 9-18 people
 - Customer-owner outreach is planned for May-June
 - Will pause on community presentations while the topic teams complete their meetings
 - The Strategic Planning website is now live with video and presentation materials
- Kim Craig, Public Information Officer, invited Commissioners to the FireWise community event being held at Pybus Market at 10:00am on February 23

Commission Items

MOTION

Moved by: Commissioner McKenna

Seconded by: Commissioner Bolz

To set a special meeting on April 11, 2019 at 9:00 am at the Confluence Technology Center, 285 Technology Center Way, Wenatchee for the purpose of holding a Board Workshop

Approved: Unanimously

- Commissioner Smith noted that he and Commissioner Arseneault will be attending the APPA Legislative Rally next week and will be adding our support to a resolution regarding funding to help prevent catastrophic forest fires

Follow Up on Delegation of Action Items from the 2/4/19 Board Meeting

- John Stoll will provide information on the City of San Diego's undergrounding plan – emailed 2/4/19
- Justin Erickson will provide additional information on Early Action Credit:
 - What constitutes a nexus with the Rock Island project
 - What a past list of projects included
- Mike Coleman will update the PPB Strategic Planning presentation to include the mission statement, specifically highlighting the commitment "to enhance the quality of life in Chelan County" – updated for the 2/7 presentation
- Justin Erickson will provide a list of service clubs that have received the Strategic Planning presentation – emailed 2/4/19

Delegation of Action Items

- Justin Erickson will email the strategic planning video link to Commissioner Bolz

Executive Session

President Arseneault convened an executive session at approximately 1:26pm 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 90 minutes.

Regular Session Reconvened at 2:36pm

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

There being no other business, the meeting adjourned at 2:36pm.



President



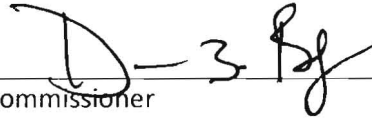
Vice President



Secretary



Commissioner



Commissioner