

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington March 4, 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 March 4, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Others in attendance: Steve Hair, NCW Life
Dan Haller
Harold Malkin, Lane Powell
Chris Wojcik, Wojcik Films

Call To Order

- Vice President McKenna called the meeting to order at 10:00am

Pledge of Allegiance and Safety Minute

- Maria Kieninger, Senior Treasury Analyst, led the pledge and provided a safety minute on eye strain

Agenda

- The agenda was approved as presented

Cycle of Personal Ownership (CPO) Winner Recognition

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized the January CPO winner, Adam Couey, Electrical Engineer

Legislative Update

(see Chelan PUD website for presentation)

- Tracy Yount, Director of External Affairs, and Shaun Seaman, Government and External Affairs Program Manager, reviewed current legislative items
- Steve Wright, General Manager, expressed appreciation for Senator Hawkins' work on the clean energy legislation

Rock Island Capital Projects Funding

(see Chelan PUD website for presentation)

- Heather Irelan, Treasury Analyst Lead, and Debbie Litchfield, Director of Treasury, presented the funding proposal for capital projects at Rock Island Dam
- The district overall may not need external borrowing; but individual systems may have need for funding
- Internal loans allow a particular business unit to borrow from the District's unrestricted funds
- Reviewed loan terms, two-year funding plan, power purchaser impacts and purchaser outreach plan

Rock Island Accident Investigation Report

(see Chelan PUD website for report)

- Steve Wright, General Manager, introduced Harold Malkin, Attorney at Lane Powell, and Kirk Hudson, Managing Director of Generation and Transmission, who presented the Rock Island Accident Investigation report
 - The incident involved a heavy steel beam falling during the lifting of a spillway gate
 - The independent investigation, conducted by Lane Powell law firm of Seattle, included multiple site visits, 25 interviews with staff and review of historical records, reports, design drawings and internal communications
 - The investigation concludes that, for the most part, latent design weakness from the 1990s was the engineering root cause
 - At least one employee recalls there being a recognition of the design weakness in the 1990s, but the lack of procedures for documenting safety concerns in the 1990s led to none of the PUD employees associated with the spillway operation at the time of the incident being aware of the design issue or its risk
- Dan Garrison, Director of Hydro Operations, and Tim Pettit, Director of Safety and HPI, reported on three engineering recommendations and two human and organizational performance improvement recommendations
 - The PUD has committed to fully implementing all five recommendations; these cover areas such as changes to dam spillway design, new procedures for crane lifts, and assessment of employees' awareness of safety reporting systems
 - The report identifies 11 additional considerations; some of those items already were addressed, and the PUD will fully evaluate all of the remainder for action

Manager Items

- Justin Erickson, Managing Director of District Services, gave an update on Strategic Planning and his upcoming Early Action Credit topic team meeting
 - Justin noted a spike in traffic on the Strategic Planning website; the video has been well-received
 - Topic teams will continue to meet over the next 60 days with outreach to all customer-owners in May
 - The Early Action Credit topic team will hold its first meeting this week and will focus on brainstorming with participants
- Mike Coleman, Managing Director of Fiber and Telecommunications, gave an update on his Public Power Benefit topic team meeting held last week
 - Erik Wahlquist provided the group with an overview of the PUD's authority; Kelly Boyd provided financial information
 - The team found Erik and Kelly's presentations very informative, but noted a challenge in communicating those issues to the public
 - The team overwhelmingly supported continuation of the PPB program noting that it provides a continuing value for the communities
 - The team also recommended that funding criteria be updated
- John Stoll, Managing Director of Customer Utilities, noted that the Economic Development and Aesthetics topic teams' customer-owner survey will be launched this week

- Survey will be conducted by Cocker Fennessy in both English and Spanish with a sample size of 600 surveys
- Anticipate results in mid-April; results will also help inform the Rates topic team
- Andy Wendell, Director of Customer Service, reported on outreach for the new Chelan substation
 - Staff will host two forums on March 14 in Chelan; the afternoon forum is a drop-in opportunity for all community members
 - Will also seek feedback at these events on the proposed transmission line rebuild
- John Wasniewski, Energy Analyst, gave an update on Lake Chelan lake level management and what a low water year means for the District
 - Water is used to refill the lake first, then to generate power, and lastly spilled for headwater control
 - Our goal is to fill the lake to 1098 feet by July 1
 - The February 1 forecast showed 80% of average water; the March 1 survey is not yet completed, but looks to be around 77%
 - John noted that water supply to refill the lake becomes an issue during water years below 60% of average; only three of 89 historical averages have been less than 60%

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

Consent Agenda

(see Chelan PUD website for resolutions)

Vice President McKenna presented the consent agenda which included the following items:

- Minutes of the February 19, 2019 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated February 27, 2019:
 - Vouchers totaling \$12,465,226.37;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period February 13, 2019 through February 26, 2019 in the amount of \$17,126.16;
 - Approval of the net Payroll, Warrant Nos. 236396 through 236415 and Advice Nos. 668893 through 669637 for the pay period ending 02/17/2019 in the amount of \$1,912,089.65;
 - Approval of Warrant Nos. 25362 through 25419 totaling \$44,140.83 for claim payments from the workers' compensation self-insurance fund for the period ending February 25, 2019.
 - Resolution 9. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 18-60 WITH HYDRAFAB NORTHWEST, INC. OF SPOKANE VALLEY, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE
 - Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2 AND 3, AND AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-44 WITH MANDROS PAINTING, INC. OF GREEN RIVER, WYOMING AND AUTHORIZING PAYMENT OF RETAINAGE

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To accept the consent agenda as presented

Approved: Unanimously

Resolution 11

(see Chelan PUD website for resolution)

- David Lodge, Project Manager II, presented Resolution 11
- Timing for the RFP is based on 3-4 months lead time necessitating the advertisement now so that we are ready to proceed should the Board choose to do so
- We incur no financial obligation until the Board approves award of the RFP

- Resolution 11. A RESOLUTION APPROVING A REQUEST FOR PROPOSAL (NO. 18-91) FOR GENERAL CONTRACTOR CONSTRUCTION MANAGER SERVICES AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Congdon

To approve Resolution 11 as presented

Approved: Unanimously

Manager Items

- Kirk Hudson, Managing Director of Generation and Transmission, celebrated a recent award – the 2019 Engineering Excellence Award for the Wildfire Transmission Line Risk Assessment from the American Council of Engineering Companies
 - Kirk recognized Jim Caldwell, Senior Transmission System Engineer, and Steve Wickel, Transmission Engineering Manager, for their work on this project

Commission Items

- Commissioner Congdon recently attended the NWPPA Board Meeting and noted how highly they regard Suzanne Grassell
- Commissioner Smith attended last week's APPA Legislative Rally and noted that General Manager Steve Wright is highly regarded in the halls of Congress

Manager Item

- Steve Wright, General Manager, noted that resource adequacy in the region was discussed during the recent E3 presentation; we saw another high price event this weekend and are analyzing that to determine the influencing factors

Commission Travel

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

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

- Justin Erickson will email the strategic planning video link to Commissioner Bolz – emailed 2/19/19

Follow up on Action Item from Previous Meeting

- Staff will gather additional information on fire causes in California – emailed by Erik Wahlquist on 3/4/19

Delegation of Action Items

- Heather Ireland will provide information on outstanding balances of current debt for Rock Island
- Steve Wright will provide information on incremental investment analysis for Rock Island projects
- Justin Erickson will update Commissioners on emerging themes from Strategic Planning

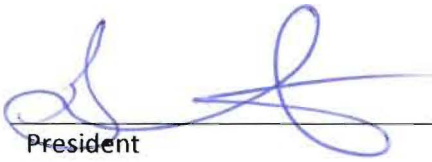
Executive Session

Vice President McKenna convened an executive session at approximately 1:25pm 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 60 minutes.

Regular Session Reconvened at 2:08pm

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


There being no other business, the meeting adjourned at 2:08pm.




President



Vice President



Secretary



Commissioner



Commissioner