

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington April 15, 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 April 15, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Garry Arseneault, President
Dennis Bolz
Ann Congdon
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: Marcus Bellisimo, KOHO 101
Dorry Foster
Steve Hair, NCW Life
Kyle Lamb, KPQ AM

Call To Order

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

Pledge of Allegiance and Safety Minute

(see Chelan PUD website for presentation)

- Tim Pettit, Director of Safety and HPI, led the pledge and provided a safety report on close calls involving trucks and pedestrians at the Hawley Street complex entrance
- Interim solutions include a flashing stop sign for employees, flashing lights toward the trail, and possible striping on the sidewalk for awareness
- Relocating the loop trail behind the Hawley Street property is being explored as a long-term solution

Agenda

- Resolution 13 was moved to the consent agenda; the agenda was approved as revised

Cycle of Personal Ownership (CPO) Winner Recognition

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized March winners Sharon Turcotte, Office Services Manager, and Ruth Erwert, Recruiting Program Manager

Quarterly Board Balanced Scorecard Status Update

(see Chelan PUD website for presentation)

- Commissioners reviewed metrics; exceptions were noted and explained

Discovery Center Update

(see Chelan PUD website for presentation)

- Casey Hall, Project Manager II, and Debbie Gallaher, Visitor Services Manager, reviewed proposed changes to the Discovery Center project and associated funding needs
- Proposed changes include bringing the café up to restaurant code and upgrades to the entry
- Reviewed initial design concepts for the Discovery Center

Customer Information System (CIS) Project Update

(see Chelan PUD website for presentation)

- Mark O'Bryan, Technical Project Manager, reviewed project progress and upcoming milestones
- System is scheduled to go live in 6 months; the project remains on time and on budget
- Current focus is on testing to make sure requirements are met
 - Testers mostly come from the Customer Relations department; the focus on testing may reduce Customer Relations staff availability during peak times

Rock Island Spillway Hoist Replacement

(see Chelan PUD website for presentation)

- Brett Bickford, Director of Engineering and Project Management, reviewed a proposal to replace the automatic hoists on Rock Island spillways 17 and 25
- Recommendation is to revise the project and associated budget to replace, rather than repair, the hoists on spillways 17 and 25 with properly sized equipment
- Auto-hoists insure that the spillway can be opened in a timely manner in a scenario where all units tripped offline; while low probability, overtopping the dam would have serious consequences

Manager Items

- Justin Erickson, Managing Director of District Services, gave an update on strategic planning activities
 - Major focus is preparation of the customer survey and related elements including a context document, video, and website content; the printed Owners Guide and all digital content will be dual-language in English and Spanish
 - Justin will be presenting to Chelan Rotary on May 28
 - We'll be involving youth in this process by engaging Pioneer Middle School 6th graders
- Kelly Boyd, Chief Financial and Risk Officer, and John Stoll, Managing Director of Customer Utilities, gave an update on the long-term rate planning topic team
 - Held the second of three topic team meetings last week with good participation; the team dove into issues around long-term rate planning for electric, water, wastewater, and fiber
 - Goal is to take feedback and have the team confirm and refine their final recommendations
 - The team encouraged the District to communicate the subsidy from wholesale sales, but in a venue other than the bill
- Andrew Grassell, Energy Development / Conservation Manager, gave an update on the economic development topic team
 - The team held their second meeting where they reviewed high-level results of the Aesthetics and Economic Development survey
 - Team members took the same survey to compare to customer results, which showed different perspectives
 - The final team meeting will focus on options and ideas for Board consideration

- Andy Wendell, Director of Customer Service and Stakeholder Outreach, gave an update on outreach efforts
 - Will share information on the Lake Chelan transmission hardening project and seek community feedback; specifically targeting those who have views of the transmission line
 - Washington State Department of Fish and Wildlife has provided a written response to the Chelan Dam transmission line options expressing concern with a line to the substation from Chelan Dam
 - North Shore and Leavenworth substation outreach will seek input on aesthetic considerations
- Chad Bowman, Director of Transmission and Compliance, reported on the Mid-Columbia joint line project
 - Cultural permitting issues that have been outstanding for quite some time have been resolved with an agreement between Bonneville, Tribes, and the State
 - Douglas PUD and Bonneville are proceeding toward final design and procuring equipment
- Steve Wright, General Manager, announced a contract with Microsoft
 - A new agreement with Microsoft was announced last Friday; the agreement is for real-time supply of energy to serve their load

Follow Up on Delegation of Action Items from the 4/1/19 Board Meeting

- No follow up items noted

Follow Up on Delegation of Action Items from Previous Meetings

- Kelly Boyd will follow up with potential Board dashboard options later in the year – provided 4/11/19
- Steve Wright will provide information on incremental investment analysis for Rock Island projects – provided by email 3/26/19
- John Stoll will provide an update on appropriate PUD signage on properties – provided by Teka Sellars 4/1/19

Recessed at 11:54am and Reconvened at 1:04pm

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the April 1, 2019 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated April 10, 2019:
 - Vouchers totaling \$5,528,690.13;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period March 27, 2019 through April 9, 2019 in the amount of \$34,265.66;
 - Approval of the net Payroll, Warrant Nos. 236453 through 236471 and Advice Nos. 671196 through 671979 for the pay period ending 03/31/2019 in the amount of \$1,992,581.85;
 - Approval of Warrant Nos. 25490 through 25533 totaling \$13,386.56 for claim payments from the workers’ compensation self-insurance fund for the period ending April 8, 2019.
- Resolution 13. A RESOLUTION AUTHORIZING BUDGET AND APPROVING BIDDING DOCUMENTS FOR BID NO. 18-85 FOR MOBILE SUBSTATION PROCUREMENT COMPLETE WITH CABLE AND CABLE TRAILERS 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 Smith

To accept the consent agenda as revised

Approved: Unanimously

Resolution 12

(see Chelan PUD website for resolution)

- Vicki Griffin, Real Estate and Permitting Manager, and Andy Wendell, Director of Customer Service and Stakeholder Outreach, reviewed Resolution 12
- Alternative sites were explored, but several factors made them very high cost; additional property would support a 56MW substation at that location
- Resolution 12. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO PURCHASE A .27 ACRE PARCEL OF LAND LOCATED ADJACENT TO THE WENATCHEE SUBSTATION FROM WATTEN FRESH, A CALIFORNIA LIMITED PARTNERSHIP

Resolution 14

(see Chelan PUD website for resolution)

- Resolution 14 was reviewed this morning in the Rock Island Spillway Hoist Replacement presentation
- Resolution 14. A RESOLUTION AUTHORIZING A CAPITAL BUDGET REVISION AND APPROVING BIDDING DOCUMENTS FOR ROCK ISLAND DAM SPILLWAY BAYS 17 AND 25 HOIST REPLACEMENT PROJECT (BID NO. 19-28) AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR SAID PROJECT

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To approve Resolutions 12 and 14 as presented

Approved: Unanimously

Manager Items

- Kirk Hudson, Managing Director of Generation and Transmission, gave an update on hydro projects
 - Trunnion bushings on units C1-C7; we are making progress on disassembling unit C1
 - We have similar concerns with C3 and are looking at plans to address all remaining units; these units were refurbished in the late 1990s-early 2000s
 - At Rock Island we are modernizing units B1-B4 and continuing modernization on units B5-B10
 - Earlier this year had an equalizing pressure alarm on unit B10; took that unit offline and began disassembly to determine alarm cause
 - Last week observed parts in the turbine hub that had come loose; our engineering team is working with Andritz on the root cause
 - B6 punchlist items and Powerhouse 2 maintenance work were put on hold to take B10 offline
 - Units B6, B7, and B9 have similar designs and may be impacted once the root cause is determined
- Janet Jaspers, Energy Planning and Trading Manager, reported on Lake Chelan lake level management
 - We are expecting to refill the lake on time
 - March generation was 40% of capacity to assure a timely fill
- Steve Wright, General Manager, provided additional information on the contract with Microsoft
 - We are contracted with the Renewable Energy Buyer's Alliance, who represent companies that want carbon-free or renewable energy
 - We've also reached out to environmental community leaders with good success
 - Chelan County Commissioners sent a supportive statement in response to our contract announcement

Service Center Update and Resolution 11

(see Chelan PUD website for presentation)

- Dan Frazier, Director of Shared Services, and David Lodge, Project Manager II, presented feedback on the Service Center project

- Feedback was focused in four main areas:
 - Downtown business impacts, traffic impacts, site design and public access, and lobby functions and features
 - Dan reviewed how each area of concern would be addressed
- Steve Wright, General Manager, reviewed the process that took place over the last four years and ultimately led to this decision
- The resolution is the decision to move forward with a consolidated service center, adoption of the capital budget, and the continued redevelopment of our downtown property
- Resolution 11. A RESOLUTION APPROVING THE SERVICE CENTER CONSOLIDATION PROJECT AND ADOPTING THE PROJECT CAPITAL BUDGET

MOTION

Moved by: Commissioner Bolz
 Seconded by: Commissioner Smith
 To approve Resolution 11 as presented
 Approved: Unanimously

Delegation of Action Items

- Kirk Hudson will provide a map of generating units to Commissioners

Commission Items

- Commissioner Smith will take over as President of WPUA this week; given the large amount of commissioner turnover on a state-wide basis, his theme for the year is "Getting to Know You"

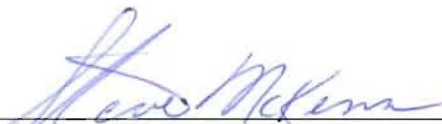
Executive Session

President Arseneault convened an executive session at approximately 2:10pm 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.

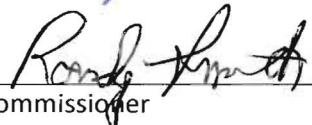
Regular Session Reconvened at 3:10pm

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


There being no other business, the meeting adjourned at 3:10pm.



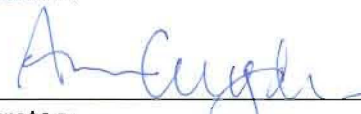
 Vice President



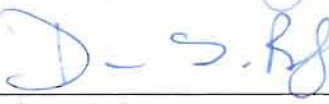
 Commissioner



 President



 Secretary



 Commissioner