

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington April 29, 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 29, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

**Commissioners present:** Garry Arseneault, President  
Dennis Bolz  
Ann Congdon (by phone)  
Steve McKenna  
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:** Vanessa Lund and Kyle Jensen, Cocker Fennessy

## **Call To Order**

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

## **Pledge of Allegiance and Safety Minute**

- Teresa Boushay, Generation and Transmission Admin Assistant, led the pledge and provided a safety minute on skin cancer awareness

## **Agenda**

- Resolution 14 was moved to the consent agenda; the agenda was approved as revised

## **Quarterly District Performance Plan Status Update**

(see Chelan PUD website for presentation)

- Managing Directors provided updates on items that have been completed or are at risk of not meeting milestone deadlines

## **Quarterly Financial Review and Investment Report**

(see Chelan PUD website for presentation)

- Mark Mullins, Director of Enterprise Plan Risk Analytics, and Craig Kunz, Manager of Strategic Financial Planning, reviewed the first quarter financial and investment results
- Key highlights:
  - Bottom-line results better than budget
    - Power contract revenues offset impacts from low stream flow conditions, unit outages, and higher weather-driven retail load

- Financial metrics meeting targets
- Recommend we stay the course with our strategic goals
- Cost per average MWh is due to low production and high retail load demand (low water conditions); not driven by our costs
- Studying impacts to integrated electrical business line metrics in light of the large off-system sale; staff will make sure the financial metrics are giving us useful data

### **Legislative Update**

(see Chelan PUD website for presentation)

- Tracy Yount, Director of External Affairs, and Shaun Seaman, Government and External Affairs Program Manager, gave an update on current legislative issues
- Reviewed top issues: bid limits, transportation, broadband access, hydro tax parity, wildfire, low-carbon fuel standard, and clean energy standard
- Hydro tax parity bill was not passed, but is well-positioned for next session; thanks especially to Senator Hawkins for all the work he put into this bill

### **Aesthetics and Economic Development Survey Results**

(see Chelan PUD website for presentation)

- Susan Gillin, Energy Efficiency Marketing Strategist, and Vanessa Lund, Research Director with Cocker Fennessy, reviewed results of the recent customer-owner survey regarding aesthetics and economic development
- Surveyed to understand customer-owners' perspectives on undergrounding for aesthetics and whether growth should pay for growth
- Reviewed key findings and areas of importance among different responder groups
- Only 33% of respondents indicated concern with aesthetic issues; the majority aren't willing to pay higher rates for conversion of overhead power lines to improve views

### **Manager Items**

- Justin Erickson, Managing Director of District Services, gave an update on Strategic Planning
  - Reviewing results from initial survey in order to create the county-wide survey; survey will be finalized and presented at the May 13 meeting
    - Planning to convene a public focus group next week to engage with customer-owners on developing survey questions
    - Still on track for a late summer draft plan completion
  - Upcoming presentations – Chelan Rotary on May 28
  - Effort to engage with youth at Pioneer Middle school; scheduled to occur on May 13
- John Stoll, Managing Director of Customer Utilities, and Kelly Boyd, Chief Financial and Risk Officer, gave an update on the recent Long-Term Rate Planning topic team meeting
- The team refined, reviewed, and provided edits and comments on the topic team report
  - The report created an overarching agreement and also reflects some specific areas of disagreement
  - The final report will be shared with the Board
- Mike Coleman, Managing Director of Fiber and Telecommunications, and Neil Neroutsos, Communication Manager, reported on the current fiber marketing campaign
  - Overall feedback has been very good, particularly on videos
  - Customer-owners that don't yet have fiber have reached out; Mike and his team respond to each concern and provide any available information

**Recessed at 12:06pm 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 April 11, 2019 Special Meeting and the April 15, 2019 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated April 24, 2019:
  - Vouchers totaling \$15,145,329.91;
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 10, 2019 through April 23, 2019 in the amount of \$22,053.22;
  - Approval of the net Payroll, Warrant Nos. 236472 through 236490 and Advice Nos. 671980 through 672781 for the pay period ending 04/14/2019 in the amount of \$2,078,734.58;
  - Approval of Warrant Nos. 25534 through 25598 totaling \$53,909.12 for claim payments from the workers' compensation self-insurance fund for the period ending April 22, 2019.
  - Charge-offs to Uncollectible Accounts over \$1,000.00 for April 2019 - \$10,652.00.
- Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4 AND 5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-07 WITH PIPKIN INC DBA PIPKIN CONSTRUCTION OF EAST WENATCHEE, WA AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 11. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2 AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-30 WITH BRIVO CORP. OF CHENEY, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 14. A RESOLUTION AUTHORIZING CAPITAL BUDGET REVISIONS FOR DISCOVERY CENTER IMPROVEMENTS

### **MOTION**

Moved by: Commissioner McKenna

Seconded by: Commissioner Bolz

To accept the consent agenda as revised to include Resolution 14

Approved: Unanimously

### **Resolution 12**

(see Chelan PUD website for resolution)

- Casey Hall, Project Manager II, reviewed Resolution 12
- This contract will support design work for all three facilities, includes construction support for Rocky Reach and Rock Island facilities and is in line with the strategic facilities budget
- Resolution 12. A RESOLUTION AUTHORIZING AMENDMENT NO. 4 TO SERVICES AGREEMENT (SA-TA NO. 17-116) WITH RH2 ENGINEERING, INC. TO PROVIDE LONG-TERM STRATEGIC FACILITIES PLAN ENGINEERING SERVICES

### **Resolution 13**

(see Chelan PUD website for resolution)

- Vicki Griffin, Real Estate and Permitting Manager, and Chad Rissman, Director of District Asset Management, reviewed Resolution 13
- Our new substation design had implications for the Ohme property, increasing the property needed
- Part of the negotiation was that Goodfellow Bros. would sell the site improved for our use; their site preparation cost was within 10% of our estimates
- Resolution 13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO PURCHASE .27 ACRES OF LAND AND REQUIRED SITE IMPROVEMENTS LOCATED ADJACENT TO THE FUTURE OHME SUBSTATION FROM GBI HOLDING CO., A WASHINGTON CORPORATION



## **MOTION**

Moved by: Commissioner McKenna

Seconded by: Commissioner Bolz

To approve Resolution 12 and 13 as presented

Approved: Unanimously

## **Hawley Street Substation Update**

(see Chelan PUD website for presentation)

- Chad Rissman, Director of District Asset Management, and Lindsey Mohns, Customer Utilities Business Advisor, gave an update on the Hawley Street substation project in preparation for Board action on May 13 and June 3
- Reviewed background, logistics of siting the substation on PUD property, and Stemilt's proposed timeline
  - Testing schedule with Stemilt; it has consequences for our staff
- Reviewed necessary District activities and highlights of agreements

## **Manager Items**

- Ron Slabaugh, Water/Wastewater Manager, updated Commissioners on:
  - Customer notice regarding pressure reduction valves
    - Postcard to water customer-owners going out tomorrow to advise them of relatively high pressure on our system and how they can minimize any damage to their property
    - Regulation states that customer-owners must install a pressure reduction valve if the service provider PSI is over 80
  - Peshastin Water District (PWD)
    - A consultant working on the regionalization study concluded at a high level that taking over PWD might be feasible
    - PWD outlined why they would like the PUD to take over their system and their requests
    - We responded in February, including sideboards under which we might move forward; one of those requirements was for us to hear from their customers
      - PWD has held their first meeting with customers; commercial customers continue to express support and the community overall seems supportive as well
    - PWD will also need a second well at their expense for capacity, reliability and to perfect their water right; grant funds may be available to assist with the cost of the second well
    - The District needs to perform a more thorough evaluation than was completed in the regionalization study to insure customer-owners are not adversely impacted

## **Commission Items**

### **MOTION**

Moved by: Commissioner McKenna

Seconded by: Commissioner Bolz

To set a special meeting on May 29, 2019 at 1:00 pm at the Confluence Technology Center, 285 Technology Center Way, Wenatchee for the purpose of holding a Tri-Commission Meeting

Approved: Unanimously

## **Follow Up on Delegation of Action Items from the 4/11/19 Board Workshop**

- Rebekah will provide a list of Safety Meetings to Commissioners – emailed 4/12/19
- Senior Management Team will review dashboard measures and provide feedback on categories
- Erik will provide an inventory of risk areas and how they are being addressed
- Erik and Steve will provide a proposed policy change to Board Governance Policy 11 on how Commissioners accomplish risk oversight through relationships with staff

- Rebekah will research whether the search tool in BoardEffect can be narrowed by a date range – emailed 4/19/19

**Follow Up on Delegation of Action Items from the 4/15/19 Board Meeting**

- Kirk Hudson will provide a map of generating units to Commissioners – handed out today

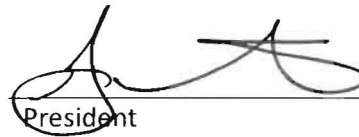
**Delegation of Action Items**

- Cocker Fennessy will provide demographic information of respondents in relation to Question 18 regarding building infrastructure in advance of need
- Cocker Fennessy will provide a comparison of respondent education level and retiree status to the county as a whole
- Ron Slabaugh will let Commissioners know how many Peshastin Water District customers attend the next two meetings regarding a potential acquisition

**Executive Session**

- No Executive Session was held

There being no other business, the meeting adjourned at 2:09pm.



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President



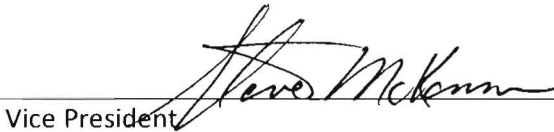
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Secretary



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Commissioner



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Vice President



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Commissioner