

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

June 6, 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 June 6, 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 Counsel Erik Wahlquist and Clerk of the Board Sheila Salmon.

Others in attendance: Daryn Klinginsmith, Steve McKenna, Lauren Michel, Michael Cao, Chad Erickson, Tom Erickson, Daniel Conner, Chris Brown, Rich Cole, Sean Cooper, Scott Pan and Christine Pratt (Wenatchee World).

Lyle Moore, Customer Service Engineer Supervisor, led the Pledge of Allegiance and provided a safety minute.

President Smith presented the Agenda for approval. Agenda items 9, 11 and 12 were moved to the Consent Agenda. The agenda was approved as revised.

2016 – 2017 District Insurance Policy Renewal – Ron Gibbs, Insurance and Claims Manager, presented the annual update on insurance premiums. (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation.) Premiums and terms are currently under negotiation. Manager Gibbs will request authorization of the policy at the next regular business session.

Long Term Debt Philosophy 2016 - 2027 – Heather Irelan, lead Treasury Analyst, presented various scenarios which have been used to inform the debt strategy presented to the Board at the May 16, 2016 regular meeting. The strategy includes continuing to pay down debt, targeting a debt ratio of less than 35 percent by 2019 and beyond and considering possible new borrowing in the mid-2020s. It supports continuing the Public Power Benefit as long as bottom line results remain strong and balanced with future commitments. Commissioners will be asked to affirm the strategy at the June 20, 2016 regular meeting. Once affirmed it will be used in business planning starting in the fall as part of annual budgeting. (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation)

2016 Integrated Resource Plan Finalized Analysis and Draft Progress Report Final Portfolio – Becky Keating and Janet Jaspers, Energy Trading staff, presented the revised portfolio analysis of the 2016 Integrated Resource Plan (IRP). (See [www.chelanpud.org](http://www.chelanpud.org) for the presentation) Staff recommended the District retain its current mix of generation resources to meet load and the renewables requirements of the WA Renewable Portfolio Standard (RPS) for the planning period of 2016 – 2026. Commissioners will be asked to approve the IRP at the public hearing to be held on June 20, 2016.

Fiber and Distribution Update – Managing Directors Mike Coleman and John Stoll reported the rehabilitation of distribution system has been reprioritized to coincide with the 2017 fiber expansion plan for Yakum Canyon and Mission Creek area.

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Head Cover Update – Director of Project Engineering and Project Management Brett Bickford reported a contract was executed with Andritz to purchase head covers as authorized by Resolution No. 16-14044 and will be delivered in 2017.

Lake Chelan Lake Level Update – Senior Analyst Becky Keating reported the elevation of Lake Chelan is at 1098.2 and snopack is likely between 25 and 29%. Runoff is early this year and staff is managing spill to keep the lake in the top foot.

The meeting recessed at noon, to reconvene at 1:00 p.m.

Public Hearing – High Density Load – General Counsel Erik Wahlquist reconvened the public hearing. Lindsey Mohns, Customer Utilities Business Adviser, presented an update on High Density Load rates. (See [www.chelanpubd.org](http://www.chelanpubd.org) for the presentation.) Staff recommends a rate that covers the production cost of the energy, plus full recovery of customer and delivery costs. In addition, there would be an upfront charge of \$190 per kilowatt of new or increased HDL load. Commissioners recessed the hearing to reconvene on June 20, 2016 at 1:00 p.m.

President Smith presented the revised consent agenda which consisted of the minutes of the May 16, 2016 regular meeting and the May 24, 2016 Chelan Substation Meeting and May 25, 2016 Regional Water Community Meeting for approval.

The Auditor's memorandum dated May 31, 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. Vouchers totaling \$39,023,036.66;
2. Approval of Customer Deposit Returns and Conservation Incentive payments dated May 31, 2016 in the amount of \$27,068.30;
3. Approval of the net Payrolls, Warrant Nos. 234350 through 234380 and Advice Nos. 614689 through 615417 for the pay period ending 05/15/2016 in the amount of \$1,721,804.56; and
4. Approval of Warrant Nos. 22341 through 22412 totaling \$19,459.41 for claim payments from the workers' compensation self-insurance fund for the period ending May 30, 2016.

RESOLUTION NO. 16-14045 REJECTING THE BID OF GENERAL PACIFIC, INC. AND WESCO DISTRIBUTION, INC. AND ACCEPTING THE BID OF ANIXTER, INC. OF PORTLAND, OREGON (BID 16-41) FOR THE SUPPLY OF OVERHEAD AND UNDERGROUND TRANSFORMERS



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RESOLUTION NO. 16-14046 AUTHORIZING AMENDMENT NO. 3 TO SERVICES AGREEMENT (SA NO. 15-085) WITH CLEARRESULT CONSULTING, INC. TO PROVIDE THE ENERGY SMART GROCER PROGRAM

RESOLUTION NO. 16-14047 AUTHORIZING THE GENERAL MANAGER TO EXECUTE A MASTER INTERLOCAL AGREEMENT WITH WENATCHEE VALLEY COLLEGE FOR THE EXCHANGE OF SERVICES

A motion was made by Commissioner Bolz, seconded by Commissioner Congdon and passed adopting the amended Consent Agenda, minutes of the May 16, 2016 regular meeting, May 24, 2016 Chelan Substation Meeting and May 25, 2016 Regional Water Community Meeting, the above listed vouchers, and Resolution Nos. 16-14045 thru 16-14047, which are on file in the offices of the District.

The following resolution was pulled from the agenda:

A RESOLUTION SELECTING AND AUTHORIZING IMPLEMENTATION OF THE 2016 AND 2017 PUBLIC POWER BENEFIT PROGRAM OPTIONS AND RELATED BUDGET ITEM

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

RESOLUTION NO. 16-14048 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A FIFTH FUNDING AGREEMENT WITH COLUMBIAGRID

A motion was made by Commissioner Congdon, seconded by Commissioner Bergren and passed to adopt Resolution No. 16-14048, which is on file in the office of the District.

RESOLUTION NO. 16-14049 A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A TEMPORARY WATER RIGHT MITIGATION AGREEMENT BETWEEN THE REGIONAL WATER SYSTEM MEMBERS AND CROWN COLUMBIA WATER RESOURCES, LLC, A DELAWARE LIMITED LIABILITY COMPANY

A motion was made by Commissioner Bolz, seconded by Commissioner Arseneault and passed with approval by Commissioner Smith to adopt Resolution No. 16-14049, which is on file in the office of the District. Commissioners Congdon and Bergren abstained from the vote.

Commissioners reported on various meetings each attended the weeks of May 23 and 30, 2016.

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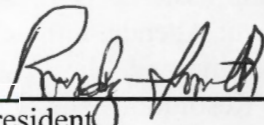
President Smith convened an Executive Session at 2:30 p.m. to discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i). He said he anticipated reconvening into regular session at 3:45 p.m.

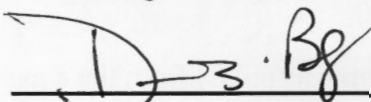
Reconvening at 3:47 p.m., President Smith stated that no action was taken.

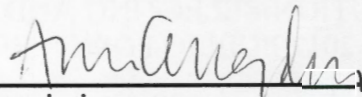
There being no other business, the meeting adjourned at 3:47 p.m.

  
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Vice President

  
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Commissioner

  
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President

  
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Secretary

  
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Commissioner