

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington July 23, 2018

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 July 23, 2018, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Dennis Bolz, President
Ann Congdon
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: Nick Martini
Nevonne McDaniels, Wenatchee World
Pat McGrath
Grant Olson, NCW Life Channel
Malachi Salcido, Salcido Enterprises

Call To Order

- President Bolz called the meeting to order at 10:05am

Pledge of Allegiance and Safety Minute

- Michelle Dennis, Fiber Administrative Assistant, led the pledge and provided a safety minute on pool safety for children

Agenda

- The agenda was approved as presented

Recognition

- Suzanne Hartman, Communications Manager, has been recognized by the Public Relations Society of America and will be inducted into their College of Fellows in October
- President Bolz read a letter from Gene Sharratt congratulating the Commission on the development of the Hydro Research Institute

Quarterly Board Balanced Scorecard Status Update

(see www.chelanpud.org for presentation)

- Commissioners reviewed metrics; no new exceptions were noted

- Commissioner Bolz requested that the two items under Continuously Improve Board Member Skills be added to the upcoming Board workshop agenda

Cryptocurrency Moratorium Update

(see www.chelanpud.org for presentations)

- Lindsey Mohns, Customer Utilities Business Advisor, gave an update on progress made on power availability and cost for cryptocurrency miners
- There are about 100 MW available on our system spread throughout the Wenatchee corridor
- Proposed new transmission and distribution costs would be in addition to current fees
- Customer's willingness to pay does not guarantee service availability
- Must consider residential services in the new rates due to increased cost to deliver residential service

Rate Setting Procedures Discussion

(see www.chelanpud.org for presentations)

- Cathy Melton, Customer Service Program Analyst, noted current procedures and related challenges
- Reviewed proposed updates to the rate-setting procedures both before and after a rate change

Rock Island Powerhouse 2 Rehabilitation Program Procurement Method Update

(see www.chelanpud.org for presentations)

- John Sagerser, Manager Engineering and Project Management, reviewed alternative procurement options for the Rock Island Powerhouse 2 Rehabilitation project
- Working closely with vendors to determine the best approach to this project as we strive for the most long-term value
- Determined the Progressive Design Build procurement option best meets our needs on this project; contracting is not expected to change the project timeline

Port - PUD Tentative Agreement

(see www.chelanpud.org for presentations)

- Dan Frazier, Director Shared Services, reviewed major elements of the tentative agreement reached with the Port of Chelan County for 19 acres
- The PUD and Port will both seek public feedback on the proposed plan
- A partnership is planned for the PUD, Port, and City of Wenatchee to redevelop the PUD's 5th Street and Hawley Street campuses

Manager Items

- Kirk Hudson, Managing Director of Generation and Transmission, gave a Lake Chelan surge tank update
 - The surge tank came out of service on July 16 for maintenance; expect completion in late September or early October
 - Heard concerns from customer owners; reached out to key accounts and irrigators to address concerns
- Felicity Saberhagen, Interim Managing Director of District Services, gave an update on agreements with the Wenatchee Row & Paddle Club
 - Authorized a permit allowing the Club to utilize parking adjacent to the trail, which the City will pave
 - The adjacent parking for the Club cannot be used to meet the City's parking requirements, but can be used for event parking
- John Stoll, Managing Director of Customer Utilities, and Mike Coleman, Managing Director of Fiber and Telecom, reported on the recent 9th Street outage
 - Last week's outage near 9th and Mission was due to a cable receiving a fault, which damaged the conduit
 - Crews were able to switch around this issue and are in the process of determining if the conduit can be repaired

- There is a second duct in this area that contains fiber; it may be an option to use that for power as well
- The impacts to customers as this is repaired will depend on the chosen solution
- There are about 800 miles of underground cables in our system
- The cable in this case was installed in 1976 and about 140 miles of cable in our system is of the same age
- This is one of the areas where the District is running into priority conflicts

Cycle of Personal Ownership (CPO) Award

(see www.chelanpud.org for presentation)

- Steve Wright, General Manager, recognized Bev Freeman, Benefits Program Manager, as the June CPO winner

Recessed at 12:00pm and Reconvened at 1:02pm

Public Hearing – 2018 Integrated Resource Plan

(see www.chelanpud.org for resolution)

- Becky Keating, Energy Planning Senior Analyst, noted no public comment has been received
- Resolution 13. A RESOLUTION APPROVING THE DISTRICT’S 2018 INTEGRATED RESOURCE PLAN PROGRESS REPORT

MOTION

Moved by: Commissioner Congdon
 Seconded by: Commissioner McKenna
 To approve Resolution 13 as presented
 Approved: Unanimously

Consent Agenda

- President Bolz presented the consent agenda which included the following items:
 - Minutes of the July 9, 2018 Regular Meeting
 - Vouchers: Accounts Payable Summary Report dated July 18, 2018:
 - Vouchers totaling \$6,980,728.68;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 4, 2018 through July 17, 2018 in the amount of \$63,447.33;
 - Approval of the net Payrolls, Warrant Nos. 236060 through 236080 and Advice Nos. 656548 through 657342 for the pay period ending 07/08/2018 in the amount of \$2,034,348.23; and
 - Approval of Warrant Nos. 24608 through 24662 totaling \$25,710.37 for claim payments from the workers’ compensation self-insurance fund for the period ending July 16, 2018.

MOTION

Moved by: Commissioner Smith
 Seconded by: Commissioner Congdon
 To approve the consent agenda as presented
 Approved: Unanimously

Resolution 12

(see www.chelanpud.org for resolution)

- Dan Frazier, Director Shared Services, and Lance Knudtson, Fleet Services Supervisor, presented Resolution 12, which exercises the second 1-year renewal of the current fuel contract
- We currently use B5 fuel, which is 5% biodiesel; we previously piloted R99 a 100% renewable fuel
 - As we completed our R99 pilot, the product became unavailable

- Resolution 12. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2 AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 3 TO THE DISTRICT UNLEADED AND DIESEL FUEL SUPPLY CONTRACT NO. 15-30

Resolution 14

(see www.chelanpud.org for resolution)

- Kirk Hudson, Managing Director of Generation and Transmission, and Ryan Roy, Senior Power Business Systems Technology Architect and Analyst, presented Resolution 14
- Resolution 14. A RESOLUTION APPROVING PROPOSED WORK FORCE CHANGES TO SUPPORT ONGOING RIVER OPERATIONS IN PREPARATION FOR TERMINATION OF THE MID-COLUMBIA HOURLY COORDINATION AGREEMENT

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner McKenna

To approve Resolutions 12 and 14 as presented

Approved: Unanimously

Manager Items

- Steve Wright, General Manager, gave an update on the California Independent System Operator (CAISO)
 - Tracking the renewable portfolio standard in California; one version of the bill excluded hydro
 - A bill is currently being considered regarding regional governance of CAISO; it would be hard for us to participate in Western market formations if one state controlled governance
 - We've engaged through the Public Generating Pool to insure our messages are heard
- Steve Wright, General Manager, also gave an update on Reliability Coordinator (RC) services
 - Peak has provided RC services for the last few years; Peak announced last week that they will be winding down operations and closing at the end of 2019
 - We'll have to choose a new RC provider and determine how to integrate with them

Commissioner Items

- Commissioner Smith noted property is a topic of interest recently
- Commissioner Congdon requested that the topic of safety ideas be added to the upcoming Board workshop

Follow Up on Delegation of Action Items from the July 9, 2018 Board Meeting

- Will be included in the next quarterly report: Electrical load growth – Andy Wendell and Chad Rissman
 - Organize multi-agency meeting to study/collaborate on planning for load growth
 - Communicate to Board on planning for infrastructure, including substations needs with developers
- Will be reported at the August 20 meeting: Gregg Carrington and Ryan Roy will investigate any trading revenue impacts related to the change in hourly coordination

Delegation of Action Items

- Lindsey Mohns - How will cryptocurrency applications be processed once the moratorium is lifted? In what order and for how much service?
- Felicity Saberhagen – what would it take to prepare a map of PUD-owned properties?

Matters of General Business as May Necessarily Come Before the Commission

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner McKenna

To set a special meeting on August 20, 2018 at 8:30 am in the 2nd Floor Conference Room of the Headquarters Building, 327 N Wenatchee Ave, Wenatchee for the purpose of Human Performance Initiative (HPI) training

Approved: Unanimously

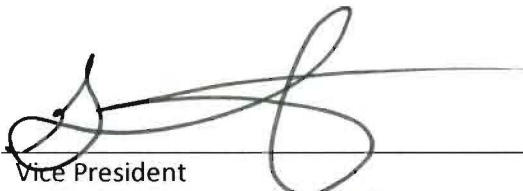
Executive Session

President Bolz convened an executive session at approximately 1:30pm 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), to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b), and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c) for approximately 60 minutes.


Regular Session Reconvened at 2:13pm

- No votes were taken and no decisions were made during Executive Session

There being no other business, the meeting adjourned at 2:13pm.



Vice President



Commissioner

President



Secretary



Commissioner