

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

August 1, 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 August 1, 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 Acting General Manager Gregg Carrington, General Counsel Erik Wahlquist and Clerk of the Board Sheila Salmon.

Others in attendance: Steve McKenna, Daryn Klinginsmith, Larry McFadden, Bouke Verkerk, Eric Adam, Phillip Coufied, Kristy McFadden, Dimitri Mandelis and Christine Pratt (Wenatchee World).

Emily Bofto, Communications Intern, led the Pledge of Allegiance and provided a safety minute.

President Smith presented the Agenda for approval. The executive session was cancelled. The agenda was approved as amended.

Awards and Announcements – Congratulated five PUD employees for awards and accomplishments:

- Terry McFadden, foreman materials specialist, will celebrate his 40th anniversary with the District on Tuesday, August 2, 2016 and is the longest-tenured active employee. He joined the PUD in 1976 as a meter reader and worked in clerk positions in Customer Accounting before moving to the warehouse in 1979.
- Suzanne Grassell, Government Affairs Program Manager, was named a Woman of Hydro Vision by Pennwell Hydro Group, host of HydroVision International and publisher of HydroWorld magazine. The award, made last week at HydroVision in Minneapolis, honors “the most influential women in the hydropower industry.”
- Gregg Carrington, Energy Resources Managing Director, received recognition from the Hydro Research Association president for his 2014-2016 service.
- Teka Parks Sellers, Customer Relations Administrator, was named as one of the top 30 Under 35 business and community leaders by The Wenatchee World’s Business World magazine.
- Security Director Rich Hyatt is the new chairman of the Western Electricity Coordinating Council (WECC) Physical Security Working Group. In the elected, volunteer position, he will lead about 100 utilities across the West in best practice efforts on compliance and security.

High Density Load Implementation – Andrew Wendell, Customer Service Director, provided an update on the work being done to put the new High Density Load rate (HDL) into effect by January 1, 2017. (See www.chelanpud.org for the presentation) He said staff is doing extensive outreach to employees, customer groups and local agencies. Staff also recommended

MINUTES OF REGULAR MEETING OF THE COMMISSION

August 1, 2016

Page 2

commissioners consider extending the moratorium on applications for HDL service through December 31, 2016. A hearing on the moratorium is set for October 3, 2016.

2016 2nd Quarter Strategic Plan Status Update – Managing Directors provided an update on the second quarter progress on strategic items in the District’s annual performance plan. (See www.chelanpud.org for the presentation)

High Reliability Operations –Kirk Hudson, Managing Director of Generation and Transmission, presented High Reliability Operations – What We Have Been Learning. (See www.chelanpud.org for the presentation) High Reliability Operations is defined by 5 key principles: 1) People make errors; 2) Our response to failure matters; 3) Individual behaviors are influenced; 4) Operational upsets can be avoided; and 5) Error-like situations are predictable. Next steps include continued learning, training supervisors and focused improvements on learning teams and pre-task planning.

Alternative Fuel Requirements – Craig Weddle, Supply Chain and Fleet Manager, presented an update on Alternative Fuel Requirements and R99 Renewable Diesel. (See www.chelanpud.org for the presentation) Effective June 1, 2018, RCW 43.19.648 requires the District to “satisfy 100% of fuel usage for operating publicly owned vessels, vehicles and construction equipment from electricity or biofuel.” He reported no equipment or operational issues have been found in a controlled trial of R99 in certain District trucks. The plan is to start switch-over in the fall.

John Stoll, Managing Director of Customer Utilities reported that the community focus group working to identify possible locations for a substation on the north shore of Lake Chelan has narrowed the search to at least two sites. A community meeting is set for 5:30 p.m. on August, 24, 2016 at the Chelan City Hall to present the possible sites and gather feedback before a PUD consultant does detailed analysis.

The meeting recessed at 12:01 p.m. to reconvene at 1:00 p.m.

President Smith presented the amended consent agenda for approval.

The Auditor’s memorandum dated July 18, 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 \$14,974,142.56;
2. Approval of Customer Deposit Returns and Conservation Incentive payments dated July 26, 2016 in the amount of \$18,615.16;
3. Approval of the net Payrolls, Warrant Nos. 234540 through 234569 and Advice Nos. 617615 through 618360 for the pay period ending 07/10/2016 in the amount of

MINUTES OF REGULAR MEETING OF THE COMMISSION

August 1, 2016

Page 3

\$1,757,889.74; and

4. Approval of Warrant Nos. 22532 through 22615 totaling \$13,959.23 for claim payments from the workers' compensation self-insurance fund for the period ending July 25, 2016.

A motion was made by Commissioner Bolz, seconded by Commissioner Bergren and passed adopting the Consent Agenda, minutes of the July 18, 2016 and the above listed vouchers, which are on file in the offices of the District.

Ron Gibbs, Insurance and Claims Manager, presented the District Policy Renewal for 2016 – 2017 for Board approval. (See www.chelanpud.org for the presentation.) Manager Gibbs presented the following motion for consideration:

Commission authorizes expenditures by the District not to exceed \$2,245,000 plus surplus lines taxes and fees, for the purchase of District insurance for July 1, 2016-2017 policies upon terms and conditions approved by the General Manager.

A motion was made by Commissioner Congdon, seconded by Commissioner Bolz and passed to approve expenditures by the District not to exceed \$2,245,000 plus surplus lines taxes and fees, for the purchase of District insurance for July 1, 2016-2017 policies upon terms and conditions approved by the General Manager.

Brett Bickford, Director of Engineering and Project Management, presented an update on Rock Island and Rocky Reach Program. (See www.chelanpud.org for the presentation)

Commissioners considered the following resolution:

RESOLUTION NO. 16-14060 AUTHORIZING AMENDMENT NO. 3 TO SERVICES AGREEMENT (SA-TA NO. 13-173) WITH EUREKA! ENGINEERING OF SILVERLAKE, WASHINGTON FOR CRANE CONSULTING

A motion was made by Commissioner Congdon, seconded by Commissioner Arseneault and passed to adopt Resolution Nos.16-14060, which is on file in the office of the District.

Commissioners reported on various meetings each attended the weeks of July 18, 2016 and July 25, 2016.

A motion was made by Commissioner Congdon, seconded by Commissioner Bergren and passed to set a special meeting to be held at the Confluence Technology Center, 285 Technology Way, Wenatchee, WA on Tuesday, August 23, 2016 at 9:00 a.m. for the purpose of a board workshop.

LocalTel President Dimitri Mandelis provided an update on company plans to switch its TV service to all digital in the early morning on August 22, 2016. Mandelis said the change will

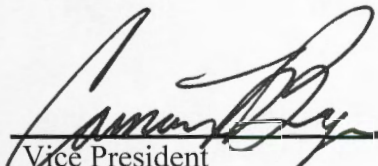
MINUTES OF REGULAR MEETING OF THE COMMISSION

August 1, 2016

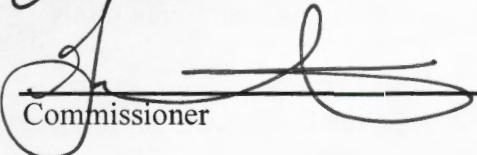
Page 4

bring the ability to provide more HD channels and align the channel lineups offered in Chelan and Douglas counties. LocalTel purchased the PUD's video receiving equipment – the “head-end” - about a year ago and provides TV services for 6,000 to 7,000 customers in the region. An equipment test is planned in the early morning on August 4, 2016. If all goes well, the digital conversion will go as planned. Outreach to TV customers has begun with notifications on the LocalTel website, calls and mailings to customers. Customers with older, analog-only TV sets will feel the most impact, Mandelis said. They will need to order a “DTA” box from LocalTel to receive the digital signals. Newer sets also will be affected, depending on each customer's set-up.

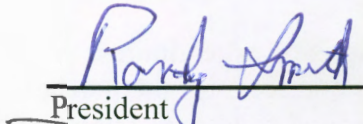
There being no other business, the meeting adjourned at 3:00 p.m.



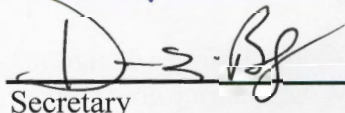
Vice President



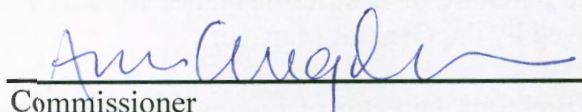
Commissioner



President



Secretary



Commissioner