

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington August 20, 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 August 20, 2018, at the hour of 10:00 am, pursuant to proper notice thereof.

**Commissioners present:** Dennis Bolz, President  
Garry Arseneault  
Ann Congdon (by phone)  
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 (public session attendees):**

Tom O'Connell	Becky Peters	Gail McDonough	David Smith
Jefferson Robbins, iFiber	Don Poirer	Jeremy Monroe	Aubyn Honeysett
Kathleen Johnson	Jeanna Poirer	Bryce Greenfield	Bridget Mire,
Nick Martini	Ryan Ochoa	Roberto Ocampo	Wenatchee World

**Call To Order**

- President Bolz called the meeting to order at 10:04am

**Pledge of Allegiance and Safety Minute**

- John Wasniewski, Energy Analyst, led the pledge and provided a safety minute on school zone safety

**Agenda**

- The agenda was approved as presented

**Cycle of Personal Ownership (CPO) Winner Recognition**

(see [www.chelanpud.org](http://www.chelanpud.org) for presentation)

- Steve Wright, General Manager, recognized the July CPO Winners
  - Josh Miller, John Barnett, Jess Haag, and James Elliot – Technicians in the Central Maintenance Tech Shop

**Quarterly Energy Resources Update**

(see [www.chelanpud.org](http://www.chelanpud.org) for presentation)

- Gregg Carrington, Managing Director of Energy Resources, Janet Jaspers, Energy Planning & Trading Manager, and Andrew Grassell, Energy Development and Conservation Manager, presented the quarterly update

- 2018 Energy Resources net revenue is forecasted to be slightly below budget
- Specified source energy sales are expected to be \$1.2M higher than budget
- Energy Efficiency programs are working towards meeting both the compliance and stretch goals
- The Energy Efficiency team will be providing additional services for customers
- Gregg also noted changes in the western power markets that are being monitoring
- The team will include an impact analysis of any proposed legislation along with any changes occurring in the quarterly reports

### **Human Resources and Safety Legislative Update**

(see [www.chelanpud.org](http://www.chelanpud.org) for presentation)

- Lorna Klemanski, Managing Director of HR, Labor and Safety, gave an update on over a dozen employment legislative bills enacted in the last legislative session and our progress on each initiative
- Lorna monitors potential legislation and provides input on proposals
- With some staff located in other states, we must also monitor employment laws for those states as well

### **Chelan-Manson Transmission Hardening**

(see [www.chelanpud.org](http://www.chelanpud.org) for presentation)

- Chad Bowman, Director Transmission and Compliance, and Steve Wickel, Transmission Engineering Manager, presented future project options to protect the Chelan-Manson transmission line from fire in response to customer feedback received during the last strategic planning cycle
- Reviewed three options for improving reliability of the Chelan-Manson transmission line along with an option to do nothing
- The fire risk assessment considered the intensity of potential fires when determining risk
- A transition to steel poles could cause a height difference of a few inches or several feet, depending on location
- Next step is outreach to determine interest in this project
- Commissioners are supportive of the project, but want to know up front about significant structural changes

### **Service Center / Headquarters Facilities Update**

(see [www.chelanpud.org](http://www.chelanpud.org) for presentation)

- Dan Frazier, Director Shared Services, reviewed previous scenarios considered for the current headquarters campus, including an option to reconfigure and build new facilities on the 5<sup>th</sup> Street campus
- That option remained the most expensive due mostly to the extended timeframe during which staff would have to be relocated and lack of clear efficiency gains found in a consolidated campus

### **Debt Ratio Target Update**

- Kelly Boyd, Chief Financial and Risk Officer, and Heather Irelan, Lead Treasury Analyst, celebrated the District achieving its goal of a debt ratio below 35% a year ahead of schedule
- In 2010, the District had over \$1B in debt and heard customer-owners' concern about the high debt ratio
- The goal was set to reduce debt to less than 35% by 2019
- Meeting this goal helps the District be more resilient, keep rates low, and meet financial challenges
- Credit agencies have responded by raising the District's credit rating to reflect our solid financial position

### **Manager Items**

- Jeff Osborn, Senior License Compliance Specialist, reported that whitewater rafting in Chelan Reach 1 will be suspended this year due to public safety concerns around the unstable slope above the river
  - Staff continue to explore options for future years
- Steve Wright, General Manager, noted staff is working on pole attachment rates
  - Public comment has been received which will be thoughtfully analyzed before presenting a rate proposal

### **Follow Up on Delegation of Action Items from the August 6, and July 23, 2018 Board Meetings**

- Dan Frazier will share analysis on HQ Facilities, if we cleared the 5<sup>th</sup> Street complex and built new buildings - analysis reviewed during today's meeting
- Erik Wahlquist will follow up on the number of cryptocurrency applications pending and how many current mining operations are under 50 KW - information shared with Commissioners on August 6
- Felicity Saberhagen will determine what it would take to prepare a map of PUD-owned properties - map shared via email this morning

Commissioner Arseneault departed at this time

### **Recessed at 11:58am and Reconvened at 1:00pm**

### **Public Hearing – Cryptocurrency Moratorium**

(see [www.chelanpud.org](http://www.chelanpud.org) for presentation)

- Lindsey Mohns, Customer Utilities Business Analyst, presented rate considerations, feedback received, and efforts underway for the next update
- Public Comment
  - Small miners expressed continued concern with the potential rate impacts
  - The question was raised about whether the PUD's hydropower resource should be used for such an energy-intensive industry
- Steve Wright, General Manager, noted that rates for small miners is our focus area for additional work
  - The District's goal in setting the rate is to cover the District's costs to provide the service
  - There are economies of scale in providing that load in one area; while individual mines may be small, there is a cumulative effect that creates a larger impacts

#### **MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To continue the moratorium and set the next public hearing for September 17, 2018, during the Board's regular meeting in the boardroom

Approved: Unanimously

### **Consent Agenda**

- After a 10-minute break, President Bolz presented the consent agenda which included the following items:
  - Minutes of the August 6, 2018 Regular Meeting and corrected minutes of the July 30, 2018 Special Meeting
  - Vouchers: Accounts Payable Summary Report dated August 15, 2018:
    - Vouchers totaling \$14,291,339.80;
    - Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 1, 2018 through August 14, 2018 in the amount of \$13,316.78;
    - Approval of the net Payrolls, Warrant Nos. 236102 through 236122 and Advice Nos. 658130 through 658926 for the pay period ending 08/05/2018 in the amount of \$2,059,804.47;
    - Approval of Warrant Nos. 24696 through 24768 totaling \$55,035.13 for claim payments from the workers' compensation self-insurance fund for the period ending August 13, 2018;
    - Approval of FERC payment – Statement of Annual Charges for Administration, Government Dams and Indian Lands – Lake Chelan, Rock Island Dam and Rocky Reach Dam – in the amount of \$45,670.91, \$516,183.35 and \$1,041,726.14 respectively; and
    - Approval of Hydropower Research Institute payment in the amount of \$477,493.47.

## **MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve the consent agenda as presented

Approved: Unanimously

## **Resolution 12**

(see [www.chelanpud.org](http://www.chelanpud.org) for resolution)

- Dan Frazier, Director Shared Services, and Sam Dilly, Project Manager, presented Resolution 12
- While this resolution is for \$220,000, it sets us on the path to proceed with Rock Island facilities estimated at \$25M and Rocky Reach facilities estimated at \$30M
- Resolution 12. A RESOLUTION ACCEPTING THE PROPOSAL OF LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND AND ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENT PROJECTS AND TO AUTHORIZE THE GENERAL MANAGER TO ENTER INTO CONTRACT FOR SAID SERVICES

## **Resolution 13**

(see [www.chelanpud.org](http://www.chelanpud.org) for resolution)

- George Velazquez, Manager Engineering and Project Management, and Tom Beebe, Project Manager, presented Resolution 13
- The low bidder on this project submitted two pages of clarifications to our contract terms and conditions; the legal team reviewed the clarifications and recommended not proceeding with the low bidder
- Resolution 13. A RESOLUTION REJECTING THE BID OF VOITH HYDRO, INC. AND ACCEPTING THE BID OF K & N ELECTRIC, INC. OF SPOKANE VALLEY, WA (BID 17-76) FOR ROCKY REACH UNIT C9 WICKET GATE MODIFICATIONS

## **MOTION**

Moved by: Commissioner McKenna

Seconded by: Commissioner Smith

To approve Resolutions 12 and 13 as presented

Approved: Unanimously

## **Manager Items**

- Dan Frazier, Director Shared Services, and Lance Knudtson, Fleet Services Supervisor, reported on the District being recognized as a Top 100 Fleet
  - This is the second time Fleet has been recognized as a Top 100 Fleet; awardees must show improvement in any of 12 areas to be considered for this award
- Tracy Yount, Director External Affairs, gave an update on sea lions and a proposed policy change
  - Proposed federal legislation would increase the number of predatory sea lions that can be taken, make it easier to do so, and include Tribes in this solution going forward
    - This is a step in the right direction to protect salmon returning to Columbia River spawning areas
  - Suzanne Grassell, Government Affairs Program Manager, monitored and filed comments on an ESA policy change that would have negatively impacted our Habitat Conservation Programs and that policy has been withdrawn
- Steve Wright, General Manager, had been asked to testify before the US Senate Energy and Natural Resources Committee tomorrow cryptocurrency mining
  - Due to time constraints, Steve provided a written statement on the topic, which was filed on Friday

**Commissioner Items**

- Charge-off to Uncollectible Accounts

**MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve charge-offs to Uncollectible Accounts over \$1,000.00 for:

- April 2017 in the amount of \$4,706.88
- July 2017 in the amount of \$3,280.31
- November 2017 in the amount of \$7,635.16
- February 2018 in the amount of \$3,172.46
- June 2018 in the amount of \$9,819.27

Approved: Unanimously

- Commissioner McKenna thanked staff working on the Paperless Boardroom initiative and expects to have recommendations by the end of the year

**Delegation of Action Items**

- Kirk Hudson will send the fire risk analysis previously performed


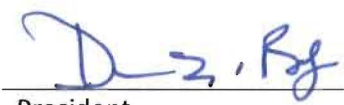

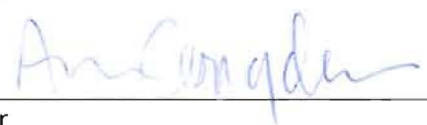
**Executive Session**

President Bolz convened an executive session at approximately 2:35pm 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) and 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) for approximately 60 minutes.

**Regular Session Reconvened at 3:06pm**

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

There being no other business, the meeting adjourned at 3:06pm.

 <hr/> Vice President	 <hr/> President
<hr/> Commissioner	 <hr/> Secretary
 <hr/> Commissioner	<hr/> Commissioner