

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington September 4, 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 September 4, 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

Staff present: Steve Wright, General Manager
Erik Wahlquist, General Counsel
Rebekah Garfein, Clerk of the Board
Various staff

Others in attendance: Nevonne McDaniel, Wenatchee World
Pat McGrath

Call To Order

- President Bolz called the meeting to order at 10:02am

Pledge of Allegiance and Safety Minute

- Janet Jaspers, Energy Planning & Trading Manager, led the pledge and provided a safety minute on yellow jacket stings and bites

Agenda

- The agenda was approved as presented

Yakama Nation Agreement

(see www.chelanpud.org for presentation)

- Alene Underwood, Fish & Wildlife Manager, and Ian Adams, Hatchery Maintenance and Operations Coordinator, gave an update on the agreement with the Yakama Nation for coho salmon
- The hatchery program is approved to fulfill our habitat conservation plan (HCP) coho requirement
- Alternatives were considered; none would be as cost-effective as our partnership with the Yakama Nation
- We provide about 10% of the overall funding; the Hatchery Committee insures the program is successful
- Reviewed terms of the new, 15-year agreement; next step is a request for funding at the 9/17/18 meeting

Pole Attachment Rates

(see www.chelanpud.org for presentation)

- Katie Marshall, Pole Attachment Program Manager, gave an overview of pole attachment rate updates
- Received feedback and recommend an interim rate excluding the two rate components still in litigation

Outreach on Cryptocurrency Zoning

(see www.chelanpud.org for presentation)

- Andy Wendell, Director Customer Service, reviewed information that has been provided to the City of Wenatchee and others regarding cryptocurrency load zoning and infrastructure impacts
- Decentralized mining will have a much more significant impact on infrastructure
- The PUD currently has property for one additional substation in the Wenatchee area; we continue to look at how best to address growth across the county

Discussion on Cryptocurrency Rates for Small Miners

(see www.chelanpud.org for presentation)

- Lindsey Mohns, Customer Utilities Business Analyst, reviewed options related to rates for small miners
- Staff recommendations continue to support an adjusted rate for residential miners due to the increased cost of serving that load
- Rate options include:
 - Allocating the basic charge equally or using a tiered approach
 - Setting a market rate periodically to minimize rate fluctuations
- The immediate implementation of the cryptocurrency rate will require manual billing; some portions could be implemented without additional manual work if the full rate were implemented in April 2020 to coincide with the new Customer Information System (CIS) system

Manager Item

- John Stoll, Managing Director of Customer Utilities, and Mark O'Bryan, Technical Project Manager, gave an update on the CIS project
 - We are 1/3 of the way through the project
 - The project is going very well; currently finishing up analysis – reviewing requirements and determining how we will configure and install the system
 - The next phase will be focused on testing, training, and configuration as work done to date is designed and implemented

Staff Recognition

- President Bolz recognized Kelly Boyd, Chief Financial and Risk Officer, for 25 years of service

Recessed at 12:04pm and Reconvened at 1:01pm

Consent Agenda

- President Bolz presented the consent agenda which included the following items:
 - Minutes of the August 20, 2018 Regular Meeting and August 20, 2018 Special Meeting
 - Vouchers: Accounts Payable Summary Report dated August 29, 2018:
 - Vouchers totaling \$14,903,660.69;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 15, 2018 through August 28, 2018 in the amount of \$39,902.14;
 - Approval of the net Payrolls, Warrant Nos. 236123 through 236143 and Advice Nos. 658927 through 659713 for the pay period ending 08/19/2018 in the amount of \$2,026,858.15; and
 - Approval of Warrant Nos. 24769 through 24789 totaling \$15,710.17 for claim payments from the workers' compensation self-insurance fund for the period ending August 27, 2018.
 - Resolution 9. A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1, 2, 3 AND 4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 15-75 WITH AMERICAN EQUIPMENT, INC. OF SALT LAKE CITY, UTAH AND AUTHORIZING PAYMENT OF RETAINAGE

- Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-79 WITH CAPSTONE STRUCTURES, LLC OF QUINCY, WA AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 11. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-21 WITH SMITH EXCAVATION, INC. OF CASHMERE, WA AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 12. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-77 WITH APOLLO SHEET METAL, INC DBA APOLLO MECHANICAL CONTRACTORS OF KENNEWICK, WA AND AUTHORIZING PAYMENT OF RETAINAGE

MOTION

Moved by: Commissioner McKenna
 Seconded by: Commissioner Arseneault
 To approve the consent agenda as stated
 Approved: Unanimously

Lessons Learned on Consent Agenda Resolutions

- Brett Bickford, Director Engineering & Project Management, reviewed lessons learned including:
 - The importance of being able to negotiate contracts to align scope and value
 - The importance of accurate as-built drawings
 - Coordination with cities on storm water and wastewater system and our piping

Resolution 14

(see www.chelanpud.org for resolution)

- Gregg Carrington, Managing Director of Energy Resources, presented Resolution 14
- Resolution offers clarification for Resolution 11-13687 in response to the changing power markets and power purchasers
- Resolution 14. A RESOLUTION CLARIFYING THE GENERAL MANAGER'S AUTHORITY TO ENTER INTO FORWARD TRANSACTIONS FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY WITH NON-TRADITIONAL MARKET PARTICIPANTS

MOTION

Moved by: Commissioner Arseneault
 Seconded by: Commissioner Congdon
 To approve Resolutions 14 as stated
 Approved: Unanimously

Peshastin Wastewater Treatment Facility Improvements

- David Lodge, Project Manager, and Ron Slabaugh, Water/Wastewater Manager, reviewed the need to increase the budget for the Peshastin Wastewater Treatment Facility project
- Increased cost is due to underestimated project complexity and impacts on labor costs
- Staff is exploring the potential for additional grant funding from the Department of Ecology

MOTION

Moved by: Commissioner McKenna
 Seconded by: Commissioner Arseneault
 To increase the capital project budget for the Peshastin Wastewater Treatment Facility Improvements from \$4,100,000 to \$4,860,000
 Approved: Unanimously

Manager Items

- Chad Bowman, Director Transmission & Compliance, and Steve Wickel, Transmission Engineering Manager, reviewed updates to the Chelan-Manson Transmission Line Hardening presentation
 - (see www.chelanpud.org for presentation)
 - While these two transmission lines are not ranked the highest priority in the county on the fire assessment, they are ranked 2nd and 4th in the priority list
 - Chad reviewed three options for hardening the transmission lines near Chelan and outlined the number of customers directly and indirectly benefitted by each option
 - We are also seeing a lot of growth on the south shore and will seek public input once we know the overall infrastructure changes we may be facing
- Gregg Carrington, Managing Director of Energy Resources, provided Commissioners with an overview of the value of Mid-C Coordination
 - The new agreement will include information sharing, full use of operating ranges, installing dispatch systems, and modernizing the control system
 - These provisions will increase the value of power we've sold over time
- John Stoll, Managing Director of Customer Utilities, and Kerri Wendell, Customer Relations Manager, recognized the Customer Account Reps for their effort to enroll customers in paperless billing
 - The team has surpassed their goal, reaching 15,000 customers enrolled
 - We are close to 40% of customers using paperless billing; that is a top quartile result when compared to industry standards
- John Stoll also gave an update on Leavenworth office hours
 - Office visits are declining, but the office is staffed full time
 - Taking an opportunity to repurpose that staff position to focus on higher priority work
 - Over the next month will reduce the office hours to Monday and Wednesday from 1-5pm; will continue to monitor

Follow Up on Delegation of Action Items from the 8/20/18 Board Meeting

- Kirk Hudson will send the fire risk analysis previously performed; completed on 8/20/18

Delegation of Action Items

- Commissioner McKenna and Commissioner Arseneault will be provided with additional information on cryptocurrency rate options for small miners
- Commissioner McKenna will be provided additional information on how Board decisions impact the CIS project
- Staff will present an outreach plan for the fire risk assessment once we know the overall infrastructure investment needed in the Chelan area

Commissioner Travel

- Lisa Sanders, Finance Admin Assistant, gave an update on Commissioner travel for the remainder of 2018

Commissioner Items

- President Bolz noted that the Wenatchee City Council will join the September 17 Board meeting to give an update on parking
- Commissioner Arseneault is serving as the Chair of WAPUDA's Telecom Committee this year
 - The committee will be seeking agreement on telecom issues raised by Governor Inslee
 - All Commissioners are invited to the WPUA Telecom Committee meeting for this discussion

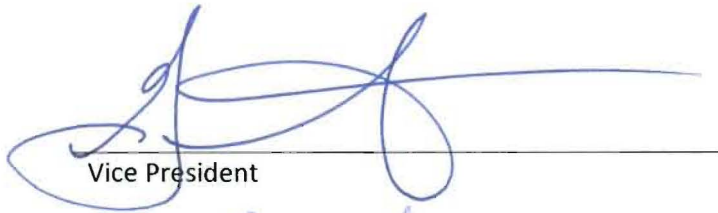
Executive Session

President Bolz convened an executive session at approximately 2:00pm 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) for approximately 45 minutes.

Regular Session Reconvened at 2:37pm

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

There being no other business, the meeting adjourned at 2:37pm.



Vice President



Commissioner



President



Secretary

Commissioner