

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington October 7, 2019

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 October 7, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Garry Arseneault, President
Dennis Bolz
Ann Congdon
Steve McKenna
Randy Smith

Staff present: Steve Wright, General Manager
Katie Yount, Acting General Counsel
Teresa Boushay, Acting Clerk of the Board
Various staff

Guest present: Steve Hair, NCW Life
Maria Lackey

Call To Order

- President Arseneault called the meeting to order at 10:00am

Pledge of Allegiance and Safety Presentation

(see Chelan PUD website for presentation)

- Tim Pettit, Director Safety and HPI, led the pledge of allegiance and shared how exhibiting an outward mindset can support the District's Human Performance Initiative

Agenda

- Resolution 14 was moved to consent agenda; the agenda was approved as revised

Remembrance for former General Manager Gerald "Jerry" Copp

(see Chelan PUD website for presentation)

- Commissioner Arseneault led a moment of silence in remembrance of Jerry Copp, remembering him as a gentleman, leader, intellectual
- Jerry was the GM from 1982-1992 with 30 years of service and held an Electrical Engineering degree from WSU

Fiber Rates

(see Chelan PUD website for presentation)

- Mike Coleman, Managing Director Fiber & Telecom, shared an update on the Fiber program and the long-term rate strategy, developed as a result of the current strategic planning process

- Strategic planning feedback supports moving towards financial sustainability, diminishing subsidies in the future
- Public Power Benefit program reflected in this potential rate increase of 3% annually over the next 5 years as well as long-term forecasts
- Next steps: follow Commission's direction regarding rates and follow up with service providers to share
- Rates for low-income customers discussed, as well as potential effect on retail rates

Final District Strategic Plan

(see Chelan PUD website for presentation)

- Justin Erickson, Managing Director of District Services, reviewed final public feedback and updates to the plan, which included acceleration of fiber expansion, conservation efforts, continued lowering of District's debt ratio, and rate planning
- Priorities:
 - Investing in assets and people to support improving in the areas of hydro system capability, retail reliability, safety, customer service technology, resiliency and innovation
 - Sustain excellent financial resiliency, mitigating risks of large rate increases
 - Enhance the quality of life in the county through programs that distribute the public power benefits
 - Engage in countywide growth planning and job creation, ensuring rates and policies remain stable
- Next Steps: Adoption of the plan, moving forward in support of the District's priorities

Resolution 6

(see Chelan PUD website for resolution)

- Commissioner Arseneault reviewed Resolution 6 in support of adopting the 2020-2024 Strategic Plan
- Resolution 6. A RESOLUTION ADOPTING AND AUTHORIZING IMPLEMENTATION OF THE CHELAN COUNTY PUD STRATEGIC PLAN 2020-2024

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To approve Resolution 6 as presented

Approved: Unanimously

Service Center and Fifth Street Redevelopment Update

(see Chelan PUD website for presentation)

- Dan Frazier, Shared Services Director, gave an update on Service Center project planning, currently in schematic design phase; importance placed on the design making a good first impression when entering Wenatchee
- Using Public Power week events to obtain feedback from the community on public space areas
- Fifth Street redevelopment planning: 3 scenarios proposed with residential aspects in all proposed plans

Supported Employment Program Update

(see Chelan PUD website for video presentation)

- Ruth Erwert, Recruiting Program Manager and Sharon Turcotte, Office Services Manager, shared details about the program which offers job experience for people with cognitive disabilities
- The 18-month pilot is a Public Power Benefit, which will offer two 9-month stints
- Video was shown featuring Sydney Lackey who has been the first participant, followed by many emotional reactions from Board members and staff

Rock Island Powerhouse 2 Cranes Update

(see Chelan PUD website for presentation)

- John Sagerser, Engineering and Project Management Manager, gave an update on cranes in the second powerhouse of Rock Island Dam
- Preview of upcoming resolution to accept bid for new/rehabilitated cranes and associated budget revision
- Refurbishment and rehabilitation of the gantry and bridge cranes were planned as a part of PH2 rehab project; current condition of the cranes would not support this work

Draft 5-Year Business Plans presented to Board

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, lead presentation supported by Mark Mullins, Director of Enterprise, Planning & Risk, who lead the team working to District's Business Planning efforts
- Balanced Scorecard proposed updates in the areas of resiliency and innovation
- Highlighted changes and updates since last year including Microsoft deal, Human Performance Improvement division, and technology roadmaps
- Managing Directors highlighted key efforts, many that will be supported by technology and innovation

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

Consent Agenda

(see Chelan PUD website for resolutions)

President Arseneault presented the consent agenda, which included the following items:

- Minutes of the September 16, 2019 Regular Meeting and September 30, 2019 Special Meeting
- Vouchers: Accounts Payable Summary Report dated October 2, 2019:
 - Vouchers totaling \$16,795,875.31.
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period September 11, 2019 through October 01, 2019 in the amount of \$47,791.80.
 - Approval of the net Payroll, Warrant Nos. 236691 through 236710 and Advice Nos. 680860 through 681655 for the pay period ending 09/15/2019 in the amount of \$2,099,906.79.
 - Approval of Warrant Nos. 25986 through 26067 totaling \$25,467.24 for claim payments from the workers' compensation self-insurance fund for the period ending September 30, 2019.
- Resolution 13. RATIFYING FIELD WORK ORDERS NOS. 14 THROUGH 21, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 15-65 WITH K&N ELECTRIC MOTORS INC. OF SPOKANE VALLEY, WA. AND AUTHORIZING PAYMENT OF RETAINAG
- Resolution 14. A RESOLUTION AUTHORIZING BUDGET AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERLOCAL AGREEMENT (SA 19-045) WITH THE CITY OF WENATCHEE FOR THE TACOMA AVENUE ROADWAY AND UTILITY IMPROVEMENTS

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Congdon

To accept the consent agenda as amended

Approved: Unanimously

Resolution 15

(see Chelan PUD website for resolution)

- David Lodge, Project Manager, reviewed Resolution 15
- Contract with TCF Architecture, for amendment to service agreement for Service Center design services

- Resolution 15. A RESOLUTION AUTHORIZING AMENDMENT NO. 8 TO SERVICE AGREEMENT (SA-TA NO. 15-151) WITH TCF ARCHITECTURE PLLC. TO PROVIDE LONG TERM STRATEGIC FACILITIES PLAN (MINUTE NOTE: Resolution 15 contained a scrivener's error referencing amendment 8 instead of 11. This has been corrected and a replacement Resolution 15 correcting the error has been circulated for signature.)

Resolution 16

(see Chelan PUD website for resolution)

- Sam Dilly, Project Manager III, reviewed Resolution 16
- Current work at Rock Island includes setting concrete slabs, construction of a new water reservoir, and building C-21 and C-19 foundations
- Changing delegated authority to normal process, eliminating Board approval for every FWO/CO
- Resolution 16. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE A FIELD WORK ORDER/CHANGE ORDER WITH LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA FOR ADDING C-19 BUILDING SITEWORK TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

Resolution 17

(see Chelan PUD website for resolution)

- Casey Hall, Project Manager II, reviewed Resolution 17
- Current work for Rocky Reach Phase 1 plan includes a new fuel island, installing distribution lines, and demolition of planned structures
- Changing delegated authority to normal process, eliminating Board approval for every FWO/CO
- Resolution 17. A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT TO LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE THE ROCKY REACH CENTRAL MAINTENANCE FACILITY IMPROVEMENTS TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND AND ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve Resolutions 15, 16, and 17 as presented

Approved: Unanimously

Draft 5-Year Business Plans presented to Board – continued

(see Chelan PUD website for presentation)

- Senior Management Team continued their discussion of planned projects
- Operational unit themes: resiliency, reliability, asset management, large work load, capability
- District support themes: stewardship, developing employees and retaining institutional knowledge
- HPI/Safety – Compliance is the minimum standard, we strive for higher bar
- Energy Resources focus on resource adequacy – changing dynamics of energy options available
 - Chelan is on the team, representing public power utilities leading studies to find solution for upcoming volatile market

Recessed at 2:08pm for short break, Reconvened at 2:15pm

Draft 5-Year Business Plans presented to Board – continued

- Finalized delivery of highlights included in draft 5-year business plans for Human Resources and Legal groups

Manager Items

- Michelle Smith, Director Hydro Licensing and Compliance, informed the Board that a National Pollutant Discharge Elimination System (NPDES) permit was filed in September with Department of Ecology; will work closely with DOE when the permits are requested
- Michelle Smith highlighted the Horan Visioning Process associated with Confluence Parkway proposal
 - Open Houses set up on Nov 6, afternoon and evening sessions at CTC
- John Stoll, Managing Director Customer Utilities, shared the following:
 - Closing of the front office on October 14 for Customer Information System (CIS) testing and training
 - Wenatchee Heights Reservoir – Issued a boil water advisory due to small rodent found inside; new reservoir goes online Wednesday Oct 9
- Melissa Lyons, Environmental Commodities Trader, shared positive findings of two audits, one internal and one third-party, on Environmental Attributes accounting practices and their hour-by-hour methodology
- Mike Coleman, Managing Director Fiber & Telecom, noted that public outreach meetings for fiber expansion will be held this week, October 8, 9, and 10 in Entiat, Leavenworth and Manson
- Kim Craig, Public Information Officer, announced this is Public Power Week
 - Events include: fiber meetings, open house at Leavenworth and Chelan on Wednesday from 1-5, and Friday at HQ lobby
 - Teaming up with conservation at Rocky Reach Discovery Center at the Fall harvest round-up, focusing on getting customers signed up for home energy audits

Commission Items

- Commissioner Bolz – looking for Commissioner to help with coverage at Energy Northwest business meeting Oct 31 and Nov 1 tour; emphasized importance of NoaNet discussion at this meeting
- RE-wired Event in Seattle – Commissioner Smith recommends others to attend if interested

Commissioner Travel

- Lisa Sanders, Legal Administrative Assistant, gave an update on Commissioner Travel for the remainder of 2019
- Next report will include 2020 events where dates are available

Follow Up on Delegation of Action Items from the 9/16/19 Board Meeting

- Andrew Grassell will provide information on grant for battery storage in Stehekin – emailed by Steve Wright on 9/19/19
- Andy Wendell will share data on diesel generation use in Stehekin – emailed by Rebekah Garfein 9/23/19
- Mike Coleman will share dates for the upcoming Fiber customer meetings – emailed by Rebekah Garfein 9/19/19
- Kyle Endelman will reach out to Chelan Rotary regarding tree removal in Riverwalk Park – completed 9/18/19
 - Justin Erickson, Managing Director District Services provided additional information on the project
 - The City of Chelan requested the work to stop due to a conflict with city's policy; crews stopped work and are working to restore removed trees with native species

Follow up on Delegation of Action Items from 9/30/19 Board Workshop

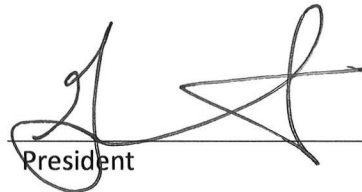
- Rebekah Garfein will research why Commissioner Bolz isn't receiving a newsletter
- Steve Wright will work with staff to make suggested changes to the Quarterly Contracts Update and Energy Resources Report – completed
- Rebekah Garfein will implement the following BoardEffect changes:

- Add resolution titles to BoardEffect resolutions
- Upload an additional year of resolutions
- Arrange for training on how to find archived meeting books
- Move forward with resolution e-signatures
- Rebekah Garfein will provide Commissioner Arseneault the commissioner's current budget performance on Travel and Training – sent via email 10/1/19
- Staff will identify available governance training opportunities (NWPPA, WPUA, APPA, internal training) and Commissioners will note those that are recommended for new commissioners
- Steve Wright will follow up on whether we can separate financing for the 4-story service center building versus the work facilities located behind the building – Updated at today's board meeting during facilities presentation

Delegation of Action Items

- Kelly Boyd will describe how storage and retrievability are reflected in the Technology Roadmaps
- Kimberlee Craig will send information about the October 19th Lady of the Lake Info Cruise to Commissioners
- Mike Coleman will develop background on NoaNet for the Oct 31 Energy NW Board meeting

There being no other business, the meeting adjourned at 3:08pm.



President



Secretary



Vice President



Commissioner



Commissioner