

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington October 15, 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 October 15, 2018, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Others in attendance: Norm Gutzwiler, Mike and Karen Wade, members of Shoreline Advisory Group
Ron Cridlebaugh – Port of Douglas County, Economic & Development Manager
Kyle Lamb

Call To Order

- President Bolz called the meeting to order at 10:01 am

Pledge of Allegiance and Safety Minute

- Kimberlee Craig, Public Information Officer, led the pledge of allegiance and provided a safety minute on National Fire Safety month

Agenda

- The agenda was approved as presented

Cycle of Personal Ownership (CPO) Winner Recognition

(see www.chelanpud.org for presentation)

- Steve Wright, General Manager, recognized the September CPO Winners
 - Randy Pauli, Network Systems and Security Supervisor
 - Angella Kirschner, Computer and EBS Security Administrator

Shoreline Advisory Group Report Presentation

(see www.chelanpud.org for presentation)

- Andy Wendell, Director of Customer Service, and Jenna Rahm, Customer Outreach Specialist, reported to the Board on the recommendations from the group to improve customer engagement on PUD projects covered by the county's shoreline management plan

- President Bolz welcomed those present who participated in the Community Advisory Group, including Mike Wade who spoke in support of the previous outreach efforts and continuing the process
- Some of the recommendations may be considered by the Board as key topics for 2020-2024 Strategic Planning, such as aesthetics issues surrounding Transmission and Distribution

Quarterly Electrical Load Growth Update

(see www.chelanpud.org for presentation)

- Andy Wendell, Director of Customer Service, and Chad Rissman, Director of District Asset Management, reported an estimated 15 percent increase in load coming on line by 2020 including fruit storage, schools, hotels, apartments, the new Diamond Foundry and already-approved cryptocurrency operations
- Estimates are 4.5 percent load growth in 2019
- Long range infrastructure planning requires a joint effort between municipalities, the County along with the District, which involves zoning and substation siting decisions to build capacity into the system and support continued strong reliability. The PUD has purchased property for four new substations, and currently focused on the growing needs of downtown Wenatchee and on the south shore of Lake Chelan.

2019 Budget Targets and Major Assumptions

(see www.chelanpud.org for presentation)

- Craig Kunz, Manager of Strategic Financial Planning, presented an overview of the 2019 Budget anchored on the current strategic priorities, without an increase in rates:
 - Continuing repairs on the large units at Rocky Reach Dam
 - Continuing to rebuild units in the first powerhouse at Rock Island Dam
 - Installing the new customer information system and initiating procurement of advanced meters
 - Improving electric system reliability with new equipment and building substations
- Plans also call for paying down another \$41 million in debt and keeping the debt ratio below 35 percent
- Public Power Benefit program will support continued expansion of the fiber network and day use passes for PUD parks operated by the state

Rock Island Bridge & Gantry Crane Project

(see www.chelanpud.org for presentation)

- Brett Bickford, Director of Engineering and Project Management, presented a recommendation on modernizing Rock Island Powerhouse 2 Bridge and Gantry cranes
- Project goals are based on lessons learned from recent crane refurbishments at Rocky Reach:
 - Added safety and access features
 - Maximizing warranty and design life
 - Build in capacity to accommodate unknowns that can arise during construction to lessen the impact on other projects and down time

Orondo River Park

(see www.chelanpud.org for presentation)

- Michelle Smith, Director of Hydro Licensing and Compliance, provided current status on Orondo River Park
- Reviewed survey results from Orondo Park users
- Gave an update on plans by Douglas County Port to continue day use-only operations in 2019 and to work with the PUD on concepts for a “natural” recreation area
- Chelan PUD will contribute 50 percent, up to \$25,000, toward the park’s 2019 operating expenses

Quarterly Board Balanced Scorecard Status Update

- The Board of Commissioners and General Manager Steve Wright briefly discussed targets and noted attendance at Energy NW meeting was missed, but will be made up by Commissioner Bolz in Q4

- Commissioner Congdon suggested looking more broadly at sustaining our public partnership, as well as reviewing the organization of the Board's goals.
 - Topic will be added to the next Board workshop and GM will provide some guidance for the Board to consider

Manager Items

- **Energy and Environment Field Hearing** Oct 29th in Wenatchee. Engaging different interest groups for local issues, sponsored by Senate Environment and Energy Committee
- **Cryptocurrency Rate:** Nov 5th Board meeting staff will present work and discuss thoroughly before sharing at public meeting later that week
- **Ant Creek aka Aspen:** Located at the old Blodgett property. Insisting they are repair facility only, not mining. Discussions continue on pricing, moving towards agreement.
- **California Legislature Decision:** General Manager Steve Wright gave an overview of recent legislative actions in California that have an effect on NW hydropower

Recessed at 11:55am and Reconvened at 1:02pm

Consent Agenda

- President Bolz presented the consent agenda which included the following items:
 - Minutes of the October 1, 2018 Regular Meeting and October 1, 2018 Board Workshop
 - Vouchers: Accounts Payable Summary Report dated October 10, 2018:
 - Vouchers totaling \$8,674,541.20;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period September 26, 2018 through October 9, 2018 in the amount of \$15,404.64;
 - Approval of the net Payrolls, Warrant Nos. 236187 through 236208 and Advice Nos. 661281 through 662062 for the pay period ending 09/30/2018 in the amount of \$2,100,367.75; and
 - Approval of Warrant Nos. 24868 through 24886 totaling \$19,563.87 for claim payments from the workers' compensation self-insurance fund for the period ending October 8, 2018.

MOTION

Moved by: Commissioner McKenna

Seconded by: Commissioner Smith

To approve the consent agenda as presented

Approved: Unanimously

Resolution 12

(see www.chelanpud.org for resolution)

- John Sagerser, Manager of Engineering and Project Management, and Lance Keller, Senior Fisheries Biologist
- Discussed the need to update proprietary equipment and antenna array locations to support accurate fish passage data collection for the District's Habitat Conservation Plans
- Resolution 12. A RESOLUTION DECLARING BIOMARK, INC. OF BOISE, ID AS THE SOLE SOURCE SUPPLIER OF PASSIVE INTEGRATED TRANSPONDER TAGS AND ASSOCIATED EQUIPMENT, INCLUDING ANTENNA ARRAYS, FOR EVALUATION OF THE DISTRICT'S HATCHERY PROGRAMS OPERATED AS PART OF THE HABITAT CONSERVATION PLANS, AUTHORIZING THE WAIVER OF BIDDING REQUIREMENTS AND AUTHORIZING THE DISTRICT'S GENERAL MANAGER TO ENTER INTO A CONTRACT WITH BIOMARK, INC.

Resolution 13

(see www.chelanpud.org for resolution)

- Marc Ripley, Contracting and Supply Chain Manager

- The District will consider when use of this contract is beneficial to the District
- Resolution 13. A RESOLUTION APPROVING A NEW INTERLOCAL COOPERATIVE PURCHASING AGREEMENT (SA NO. 18-126) BETWEEN THE DISTRICT AND ENERGY NORTHWEST FOR THE PURCHASE OF MATERIALS, EQUIPMENT AND SUPPLIES

Resolution 14

(see www.chelanpud.org for resolution and presentation)

- Mike Coleman, Managing Director Fiber and Telecom, and Lisa Graves, Real Estate Specialist
- Recommend purchase of a 40-acre parcel on Badger Mountain for \$460,000 where vital PUD communications equipment is now located under lease. Staff expects a return on investment within 15 years through the leases to other telecom companies on that site.
- Resolution 14. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO PURCHASE A 40 ACRE PARCEL OF LAND IN DOUGLAS COUNTY FROM JAMES F. KERN, SUCCESSOR TRUSTEE OF THE KERN REVOCABLE TRUST ON WHICH THE DISTRICT DEVELOPED AND OPERATES THE SKI BADGER COMMUNICATION SITE; AND APPROVING A CAPITAL BUDGET REVISION FOR ACQUISITION OF THIS PROPERTY

MOTION

Moved by: Commissioner Congdon
 Seconded by: Commissioner Smith
 To approve Resolution 14 as presented
 Approved: Unanimously

MOTION

Moved by: Commissioner Smith
 Seconded by: Commissioner Congdon
 To approve Resolutions 12 and 13 as presented
 Approved: Unanimously

Manager Items, continued from morning session

(see www.chelanpud.org for presentation)

- Kirk Hudson, Managing Director Generation & Transmission and Dan Garrison, Director of Hydro Operations
 - Rocky Reach – Information on Unit 1: oil leak January 2018. Procured special seals but didn't solve issue; unit again removed from service. Disassembly now required, trunnion bushings will be replaced. Currently investigating quantity of oil lost, minimum of 2 gallons. This work will affect other scheduled outages. Problem may exist in other units, C2-C7. Holistic design review to determine if other issues should be considered while bushings are being replaced.
 - Chelan – Back on line after completing surge tank painting project. Complex, highly coordinated effort with various stakeholder's interests to consider: community, internal business units, Douglas PUD
 - Hydropower Research Institute – Board is fully formed and functioning. Big Announcement to come, following the addition of one more member.

Commission Items

- Commissioner Bolz suggested the need for a special meeting before the next Board meeting.

MOTION

Moved by: Commissioner Arseneault
 Seconded by: Commissioner Congdon
 Move to set a special meeting November 5, 2018, at 9:30 am in the Commissioner's Boardroom, 327 N. Wenatchee Ave, Wenatchee, for the purpose of viewing a software demo
 Approved: Unanimously

- Commissioner Congdon thanked staff members Debbie Galliner and Casey Hall for tours of Grant FOD cultural exhibits and workshops to support the future plans of the Discovery Center, formerly called Visitor Center, at Rocky Reach Dam
- Commissioner Smith will attend the WPUDA Budget Committee meeting this week, working on formula for membership dues
- Commissioner McKenna attended the recent Port Breakfast multi-agency meeting. He noted a sense of pride from those present who discussed economic development and shared information on regional issues.

Follow Up on Delegation of Action Items from the 10/1/18 Board Meeting

- General Counsel Erik Wahlquist is currently working with staff to determine what options are available to Martini to address his construction concerns that the District can address without violating the current moratorium

Delegation of Action Items

- Commissioner Congdon requested to review the Board’s Balanced Scorecard at the next Board Workshop in the following areas:
 - Broaden the scope of public partnerships beyond County borders: Steve Wright will make recommendations for the Board to consider
 - Proposal to combine measures S1- Sustain our public partnership and G3 – Responsible Board Representation
- Justin Erickson - Update the Board on the antenna array project for tracking fish

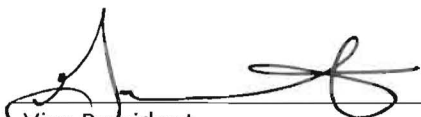
Executive Session

President Bolz convened an executive session at approximately 1:50pm 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 30 minutes.

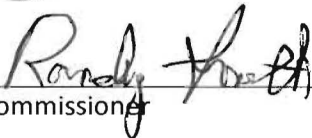
Regular Session Reconvened at 2:22pm

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

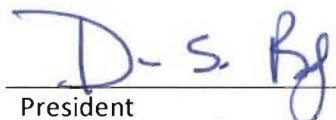
There being no other business, the meeting adjourned at 2:22pm.




 Vice President



 Commissioner



 President



 Secretary



 Commissioner