

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 4, 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 November 4, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

**Commissioners present:** Steve McKenna, Vice-President  
Garry Arseneault (by phone)  
Dennis Bolz  
Ann Congdon  
Randy Smith

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

**Others in attendance:** Steve Maher, Our Valley Our Future      Ron Criedlebaugh  
Stacy Luckensmeyer      Steve King  
Malachi Salcido      Pat McGrath

## Call To Order

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

## Pledge of Allegiance and Safety Minute

(see Chelan PUD website for presentation)

- Dave Parkhill, Senior Safety and Health Coordinator, led the pledge and provided information on the District's HPI journey
- HPI isn't a safety program, but a way of life; Dave shared employee stories of how they've applied HPI principles at home

## Agenda

- Resolution 15 was moved to the consent agenda; the agenda was approved as revised

## Our Valley Our Future Emerging Tech Study

(see Chelan PUD website for presentation)

- Steve Maher, Our Valley Our Future, presented information on the tech study performed by Washington State University
- Developing a tech hub here is one of the seven game-changers for Our Valley Our Future
- Identified gaps that will need to be addressed if our region wants to become a tech hub
  - The college is limited by a mandate to respond to local need, so has to demonstrate there is a need prior to gaining approval for new degrees and programs

- Planning on a larger community conversation to develop a strategy and identify priorities
- The study conclusions support the District's strategic plan metric regarding economic development and we're proposing to add a new position at the Port's recommendation to be the point of contact for new large load customers

#### **Quarterly District Performance Plan Update**

(see Chelan PUD website for presentation)

- Managing Directors reviewed progress on 2019 metrics
- 83% of tracked items completed or on track; 3 items were completed after the deadline

#### **Quarterly Energy Resources Update**

(see Chelan PUD website for presentation)

- Janet Jaspers, Energy Planning and Trading Manager, reviewed the third quarter Energy Resources report
- The District's 2019 net wholesale revenue and other energy-related revenues forecast for 2019 is \$121.3 million, which is \$8.3 million above budget
- Forecasted specified source energy sales contribute \$5.4 million to the net wholesale revenue forecast, which is \$1.2 million lower than budget; this reduction is due to lower than normal supply because of the below average water year
- We anticipate being a stakeholder representative on the Clean Energy Transformation Act (CETA) committee
- Resource adequacy is increasingly perceived as a significant problem

#### **Quarterly Financial Review and Investment Report**

(see Chelan PUD website for presentation)

- Mark Mullins, Director of Enterprise Planning and Risk Analytics, and Heather Ireland, Treasury Analyst Lead, reviewed third quarter financial results and investment report
- Bottom-line results better than budget
  - Consistent with Q2, higher power contract revenues and lower costs more than offset impacts from low stream flows and unit outages
- Upcoming report changes
  - Financial highlights for power production, hydro production, water, wastewater, and fiber costs are recommended to be removed from the report in 2020
  - Individual business line bottom line results are also recommended for removal next year
- The investment policy has been reviewed and no changes are recommended
- Staffing changes in the next quarter will necessitate updated signatures in Q1 2020
- Looking at opportunity to optimize the District's debt portfolio, based on low interest rates

#### **Rock Island Facilities Update**

(see Chelan PUD website for presentation)

- Kirk Hudson, Managing Director of Generation and Transmission, and Sam Dilly, Project Manager III, gave an update on Rock Island facilities in advance of a resolution at the November 18, 2019 meeting
- In August, reported that Design Alternative 3 had been chosen for the C-19 building; design work has been completed including final costs
- Next steps are to put final costs into a contract change order, which will increase the total budget by \$4.3M and extend the project schedule to February 2021

#### **Unit C1-C7 Update**

(see Chelan PUD website for presentation)

- Kirk Hudson, Managing Director of Generation and Transmission, and Dan Garrison, Director of Hydro Operations, provided an update on units C1-C7

- Units C1-C3 are all currently down due to oil release concerns as staff work on a mitigation plan and a program to fix the issue
- Units C1-C3 were refurbished in the late 1990s and early 2000s; all of them are about 20 years old
- Determined that trunnion bushings are wearing faster than anticipated in these units; staff continues to test new seal designs
- Have started an effort to develop a hydraulic blade blocking alternative, which would fix the blades in a static position and allow the hub to be drained of oil
- Each unit will require a 6-month outage for trunnion bushings to be replaced; those will happen in succession as soon as unit C1 is back online
  - Want to have minimal outages during the 2021 Habitat Conservation Plan (HCP) check in; C1 and C2 are most critical to have back online for the check in
  - Planning to have C1 back in service in mid-February

### **2020 Board Meeting Schedule**

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, reviewed the 2020 Board meeting schedule
- Meetings have been adjusted to avoid conflicts with the NWPPA Annual Meeting in May and the APPA National Conference in June
- Proposed motion: To approve the modified regular Board meeting schedule for calendar year 2020 as proposed to accommodate industry meetings moving the following meetings:
  - April 6, 2020, to March 30, 2020
  - April 20, 2020 to April 13, 2020
  - May 4, 2020 to April 27, 2020; and
  - May 18, 2020 to May 11, 2020

All meetings to be held in the headquarters board room, 327 North Wenatchee Ave., Wenatchee, WA and all to commence at 10:00 am unless further modified by future Board action

#### **MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To approve the board meeting schedule as presented

Approved: Unanimously

### **Recessed at 12:00pm and Reconvened at 1:02pm**

#### **Public Hearing – 2020 Preliminary Budget Presentation**

(see Chelan PUD website for presentation)

- Public hearing began at 1:02pm
- Craig Kunz, Manager of Strategic Financial Planning, and Debra Vaughn, Strategic Financial Planning Analyst, reviewed the preliminary 2020 budget
- There are no major changes from what was presented on October 21; reviewed timeline, initial results, highlights, and next steps
- The 2020 operating and capital budget will also include revisions greater than \$1M to current project budgets
- Reviewed 25 proposed new positions; four are limited term assignments and two are student interns
- Public hearing ended at 1:35pm

## Consent Agenda

(see Chelan PUD website for resolutions)

Vice-President McKenna presented the consent agenda, which included the following items:

- Minutes of the October 21, 2019 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated October 30, 2019:
  - Vouchers totaling \$6,575,791.17;
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 16, 2019 through October 29, 2019 in the amount of \$24,129.69;
  - Approval of the net Payroll, Warrant Nos. 236732 through 236752 and Advice Nos. 682449 through 683245 for the pay period ending 10/13/2019 in the amount of \$2,145,395.76;
  - Approval of Warrant Nos. 26124 through 26161 totaling \$30,248.83 for claim payments from the workers' compensation self-insurance fund for the period ending October 28, 2019.
- To close the \$300 Petty Cash fund utilized by Dispatch at the Service building due to inactivity and the efficient use of procurement cards
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-3 AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-01 WITH HILDEBRAND CONSTRUCTION INC. OF WENATCHEE, WASHINGTON FOR THE IB5 TENANT IMPROVEMENT PROJECT AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 15. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1 AND APPROVAL OF FIELD WORK ORDER/CHANGE ORDER NO. 2 TO CONTRACT 17-78 WITH KEMP WEST, INC FOR 2018 – 2020 DISTRICT TREE TRIMMING

### MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To accept the consent agenda including Resolution 15

Approved: Unanimously

## Resolution 16

(see Chelan PUD website for resolution)

- George Velazquez, Manager of Engineering and Project Management, reviewed resolution 16
- These motor-operated disconnects are original equipment from the 1960s and are obsolete
- All bidders did not bid the specified requirements or took exception with the bid proposal; all five bidders were within 15% of the engineer's estimate
- Resolution 16. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR ROCKY REACH POLE TOP MOTOR OPERATED DISCONNECTS REPLACEMENT (BID NO. 19-23) AND AUTHORIZING THE ROCKY REACH POLE TOP MOTOR OPERATED DISCONNECTS REPLACEMENT BE OBTAINED BY NEGOTIATION

### MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To approve Resolution 16 as presented

Approved: Unanimously

## 2019 Budget Revision

- John Stoll, Managing Director of Customer Utilities, reviewed proposed changes to the 2019 capital budget to transfer funds between projects
- This will fund work to improve system reliability, provide fire mitigation and address small wire risks

**MOTION**

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To increase and ratify the Total Project Budget for Distribution Line Improvement Project (DSXX0007) by \$960,000 for a revised Total Project Budget of \$1.26 million and to decrease other Distribution project budgets for 2019 for the same amount. This will enable a shift in spending between capital projects, but will not change the overall 2019 Distribution capital budget.

Approved:

**I-937 Timeline Information**

- The District is required to set biannual I-937 targets

**MOTION**

Moved by: Commissioner Bolz

Seconded by: Commissioner Smith

To set a public hearing for Monday, December 2, 2019 at 1:00pm to discuss setting 10- and two-year conservation targets as required by the state Energy Independence Act

Approved: Unanimously

**Manager Items**

- Chad Bowman, Director of Transmission and Compliance, and Josh Peterson, Senior Transmission Systems Engineer, reviewed the District's upcoming transition from RC West to the California Independent System Operator (CAISO)
  - Transition will occur Thursday night at midnight and has been coordinated by Josh Peterson
  - Steve Wright, General Manager, recognized the work that Chad Bowman's team is doing to improve our WECC audit performance, which has allowed us to make a case to reduce our WECC audit frequency
- Jane Rohman, Hydro Admin Supervisor, updated Commissioners on changes to the District's Emergency Action Plan notifications
  - The District is transitioning to an automated notification system, which will include Commissioners
  - When a notification is received, the recipient will be able to indicate that they have received the message, which will be transmitted back to staff
  - The software does not currently support texting, but we understand that may be available in the future
- Justin Erickson, Managing Director of District Services, reminded Commissioners of the upcoming Horan Natural Area meetings to be held on November 6
  - Information is also available on the website and will include an online survey
- Justin Erickson also provided an update on the Wi-Fi pilot program at Beebe Park
  - The District was approached by LocalTel on a Wi-Fi pilot project; determined that Beebe Bridge Park would be an ideal test case location
  - Equipment will be discreet and non-intrusive; the service is optional and would be fee-based for campers
  - Commissioners suggested that some areas be kept Wi-Fi free to provide a more natural experience
- Steve Wright, General Manager, reported that the District has approved contracts with Andritz to move work forward on units B10, B7, and B5

**Commission Items**

- Commissioner Smith recently attended the Legislative Energy Horizon Institute and found it very informative
- Commissioner McKenna had the opportunity to attend the ribbon-tying ceremony at the Museum of the Columbia; total attendance was 553
  - It was a wonderful evening; congratulations to Debbie Gallaher and Bob Bauer for a well-planned event

- Commissioner Arseneault recently toured Hoover Dam whose nameplate capacity is 2,080 mW; proud of what we have here in Chelan County
- Mid-C Commissioners and General Managers Meeting

**MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To set a special meeting on November 18, 2019 at 5:30 pm at Tijuana’s Restaurant, 709 1st Ave SE, Quincy for the purpose of holding a Mid-C Commissioners and General Managers meeting

Approved: Unanimously

**Commissioner Travel**

- Lisa Sanders, Legal Administrative Assistant, reviewed upcoming Commissioner travel

**Follow Up on Delegation of Action Items from the 10/21/19 Board Meeting**

- Andy Wendell will provide additional information about the impacts of frequent stops and starts on the longevity of the Stehekin generators
- Gregg Carrington will develop a mini integrated resource plan reviewing options for Stehekin, including both supply and demand reduction options
- Andy Wendell will develop an outreach strategy to work with Chelan County and the National Park Service regarding Stehekin
- Mike Coleman will provide additional information on feedback received at the Fiber meetings

**Follow Up on Delegation of Action Items from Previous Meetings**

- Michelle Smith will provide additional information on the Horan Natural Area visioning effort including any upcoming meetings that are scheduled – Manager item on 10/7/19
- Ron Slabaugh – Once a new wastewater system is installed in Peshastin, will we be able to definitively measure the phosphorus? If we make the investment, but there is no change, how does that impact our standing with Ecology? – Addressed at meeting with Commissioners Congdon and Smith on 9/26/19
- Kelly Boyd will describe how storage and retrievability are reflected in the Technology Roadmaps – emailed by Steve Wright on 10/27/19

**Delegation of Action Items**

- Craig Kunz will determine the depreciation timeline for Nine Canyons wind turbines and the impact to our budget
- Justin Erickson will share feedback and next steps from the Horan Natural Area meetings held on Nov. 6
- Justin Erickson will bring back Beebe Bridge park Wi-Fi pilot program information prior to Wi-Fi contract renewal in 2020

**Executive Session**

Vice-President McKenna 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 review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for approximately 30 minutes.

**Regular Session Reconvened at 3:13pm**


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


There being no other business, the meeting adjourned at 3:13pm.

  
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Vice President

  
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Commissioner

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President

  
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Secretary

  
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Commissioner