

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 18, 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 18, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Steve McKenna, Vice-President
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: Larry & Rebecca McFadden
John Adams
Gary Roy
Ceceilia McFadden
Stewart "Andy" Anderson

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)

- Curtis Cole, Manager of Business Intelligence and Data Analytics, led the pledge and provided a safety minute on food preparation safety

Agenda

- The agenda was approved as presented

Cycle of Personal Ownership Winner Recognition

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized the October CPO Winner, Edrie Risdon, Environmental Permit Coordinator

Staff Recognition

- Commissioners joined Steve Wright, General Manager, and Randall Phillips, Materials Superintendent, in recognizing Terry McFadden, Materials Specialist Foreman, as the longest-tenured employee in Chelan PUD history
- Terry has surpassed 43.26 years of service

- Terry recounted the different positions he's held at the District and the progress of the warehouse function and work processes over those years

2020 Plan of Finance

(see Chelan PUD website for presentation)

- Debbie Litchfield, Director of Treasury, and Heather Irelan, Treasury Analyst Lead, presented the 2020 Plan of Finance
- Opportunities over the next few months to optimize our debt portfolio; actions will not change debt outstanding, but will produce savings over time through lower interest costs
- Actions contemplated include refinancing old debt, payoff some current debt and issue new debt; combined potential savings is \$10-15M over the life of the bonds
- These actions will maintain the District's financial flexibility over time, even if revenue is less than expected
- The proposed actions are not included in today's budget presentation
- Next steps include a reimbursement resolution in December and a decision on bond issuance in late March or early April

2020-2021 Conservation Targets

(see Chelan PUD website for presentation)

- Andrew Grassell, Energy Development and Conservation Manager, reviewed progress to date on I-937 required targets and proposed targets for 2020-2021
- Reviewed updated saving on various measures, major drivers of the potential assessment and program changes for next year
- Two-year targets are identified as 2.82 average megawatts over the two-year period; the District stretch goal will be 2 average megawatts per year over the two-year period
- How much more conservation opportunity is really out there?
 - The department continues to look at efficient management of systems and working with customers
 - Will be further developing a low-income energy efficiency plan next year as part of the outcomes from Strategic Planning
- Next step is a public hearing on December 2 at 1:00pm

Annual Fees and Charges Update

(see Chelan PUD website for presentation)

- Cathy Melton, Customer Service Program Analyst, and Katie Marshall, Pole Attachment Program Manager, reviewed updates to fees and charges
- Adjustments to electric service connection fees average 10% toward cost recovery
- Changes go into effect on January 1, 2020
- Customers who have an outstanding quote will be given time to connect to service for the quoted amount
- A pole contact charge of \$29.89 per pole, per year was proposed in 2018; components included in appeals under the Pacific PUD case were put on hold
- The Pacific PUD case has been resolved with just one component that the court clarified the PUDs needed to recalculate; the new charge is \$27 per pole, per year
- Pole attachments are billed twice per year; this change will take effect on the second billing of 2020 due to a 6-month notice requirement

Commission Items

- Commissioner Congdon reported on her recent attendance at the NWPPA Women in Public Power conference and encouraged others to consider attending next year

Manager Items

- Michelle Smith, Director of Hydro Licensing and Compliance, reviewed feedback received at the Horan Natural Area meetings along with next steps
 - Over 55 people attended the open house on November 6, along with over 200 online survey responses and more than 20 letters have been received
 - The online survey will be left open indefinitely and can be found at www.chelanpud.org/horan along with a summary of feedback received to date
 - Next steps include: 1) update our operating and management policies and actions, 2) collect all ideas and recommendations to engage on the city's upcoming projects, 3) create a draft management plan as an early action for Rock Island relicensing, and 4) ongoing process to collect public feedback and engage in an open, transparent way on our website and through meetings
- Bill Towey, Fisheries Scientist, gave an update on Northern Pike public education efforts
 - Northern Pike have invaded Lake Roosevelt and are less than 100 miles from our project waters
 - Northern Pike grow fairly large and are aggressive predators
 - Bill shared a map of current locations where Northern Pike are found along with a video from the Washington Invasive Species Council
 - Outreach includes media coverage, brochures, stickers, and informational signage

Recessed at 11:50am and Reconvened at 1:00pm

Public Hearing – 2020 Budget Update

(see Chelan PUD website for presentation)

- Public hearing began at 1:00pm
- Craig Kunz, Manager of Strategic Financial Planning, reviewed changes since the last budget presentation
- The budget resolution also will include approval of new capital projects and changes to current capital projects over \$1M
- Expect the bottom line to be reduced by \$122,000
- While a \$170M capital project budget seems unlikely to be achieved, most of this work is at the hydros and under our current schedules this is what it would take to complete that work
- Public hearing ended at 1:07pm

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the November 4, 2019 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated November 13, 2019:
 - Vouchers totaling \$6,731,943.36;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 30, 2019 through November 12, 2019 in the amount of \$36,690.65;
 - Approval of the net Payroll, Warrant Nos. 236753 through 236773 and Advice Nos. 683246 through 684030 for the pay period ending 10/27/2019 in the amount of \$2,123,931.07;
 - Approval of Warrant Nos. 26162 through 26181 totaling \$9,589.26 for claim payments from the workers' compensation self-insurance fund for the period ending November 12, 2019.
- Resolution 11. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. B-02 AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. B-03 WITH LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA FOR ADDING C-19 BUILDING AND REVISED SITE UTILITIES TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To accept the consent agenda as presented

Approved: Unanimously

Resolution 12

(see Chelan PUD website for resolution)

- John Yale, Hydro Plant Engineering Manager, and Salim Qazi, Project Manager II, reviewed Resolution 12
- ABB originally installed these breakers in the 2000s and are the only company that can offer factory parts and trained technicians to complete the work
- Resolution 12. A RESOLUTION DECLARING ABB, INC OF PRINCETON, NEW JERSEY AS THE SOLE SOURCE SUPPLIER FOR THE MATERIALS AND EQUIPMENT NECESSARY FOR THE GENERATOR BREAKER REBUILD AND REPAIR FOR ROCK ISLAND AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH ABB, INC FOR 1) THE PURCHASE OF THE MATERIALS AND EQUIPMENT NECESSARY TO THE GENERATOR BREAKER REBUILD AND REPAIR AND 2) FOR THE REBUILD AND REPAIR WORK

Resolution 13

(see Chelan PUD website for resolution)

- Ian Adams, Hatchery Maintenance and Operations Coordinator, and Alene Underwood, Fish and Wildlife Manager, reviewed Resolution 13
- Total cost increase for 2020 is 12.04% largely due to staffing pay rate increases and a cost of living increase
- Staff commits to looking at alternatives over the next year for hatchery operations
- Resolution 13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE INDIVIDUAL TASK AUTHORIZATIONS UNDER INTERAGENCY AGREEMENT SA NO. 15-123 WITH WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TO OPERATE THE FISH HATCHERY PROGRAMS REQUIRED IN THE LICENSES FOR THE ROCKY REACH, ROCK ISLAND, AND LAKE CHELAN HYDROELECTRIC PROJECTS

Resolution 14

(see Chelan PUD website for resolution)

- Catherine Willard, Senior Fisheries Biologist, and Alene Underwood, Fish and Wildlife Manager, reviewed Resolution 14
- The 2020 cost increase is 5.21% and staff commits to looking at alternatives over the next year
- Resolution 14. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERAGENCY AGREEMENT (SA NO. 19-10432) WITH WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TO PERFORM HATCHERY MONITORING AND EVALUATION ACTIVITIES REQUIRED IN THE LICENSES FOR ROCKY REACH AND ROCK ISLAND HYDROELECTRIC PROJECTS FOR CALENDAR YEAR 2020

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To approve Resolutions 12, 13, and 14 as presented

Approved: Unanimously

Manager Items

- Justin Erickson, Managing Director of District Services, reported on the extension of the supported employment position
 - Based on evaluation of the program, the District will retain Sydney Lackey through 2020 allowing us to fully realize the goals of the program and allow Sydney to grow in her role

- Steve Wright, General Manager, praised Chad Bowman’s team for their recent recognition from the Western Electricity Coordinating Council (WECC)
 - Received our annual letter from WECC on how we’re doing compared to others in the west; highlighted their quote “Chelan is leading the interconnection in its approach to operations and pursuit of continuous improvement”
 - This is directly related to the incredible work that Chad Bowman and his team are accomplishing
 - The District scored higher than average on all five metrics

Follow Up on Delegation of Action Items from the 11/4/19 Board Meeting

- 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 – reported today by Michelle Smith
- Justin Erickson will bring back Beebe Bridge park wi-fi pilot program information prior to wi-fi contract renewal in 2020

Follow Up on Delegation of Action Items from Previous Meetings

- Erik will provide an inventory of risk areas and how they are being addressed; Erik and Steve will provide a proposed policy change to Board Governance Policy 11 on how Commissioners accomplish risk oversight through relationships with staff – emailed 11/6/19

Delegation of Action Items

- Lorna Klemanski will determine how we will get the word out about the 2020 Women In Public Power conference

Executive Session

Vice-President McKenna convened an executive session at approximately 1:36pm 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 1:53pm

- 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 1:53pm.



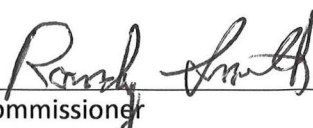
 Vice President



 President



 Secretary



 Commissioner

 Commissioner