

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington January 20, 2020

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 January 20, 2020, 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  
Erik Wahlquist, General Counsel  
Rebekah Garfein, Clerk of the Board  
Various staff

**Guests present:** Randall Dinwiddie  
Michael Miles  
Teresa Kuhk  
Malachi Salcido

## **Call To Order**

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

## **Pledge of Allegiance and Safety Minute**

(see Chelan PUD website for presentation)

- Greg Larsen, Director of Information Technology, led the pledge and provided a safety minute on using Personal Protective Equipment (PPE); he encouraged everyone to utilize the PPE provided to you

## **Agenda**

- The agenda was approved as presented

## **CPO Winner Recognition**

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized the December 2019 CPO award winner, Ryan Roy, Manager of Short Term Trading and Operations

## **Safety Concerns and Close Calls Survey Results**

(see Chelan PUD website for presentation)

- Joe Estey Jr., Lucas Engineering, and Tim Pettit, Director of Safety and Human Performance Improvement, presented results of the staff survey on safety concerns and close calls

- 62% of staff participated in the survey through written responses and interviews
- Benchmarks were performed for seven similar agencies
- Several areas for improvement were noted including a learning opportunity on how the submission system works and training employees on how to use it
- One of the purposes of the survey was to find latent or historical issues and confirm they had been addressed; 21 issues were identified for follow up

### **Stehekin Integrated Resource Plan**

(see Chelan PUD website for presentation)

- Andrew Grassell, Energy Development and Conservation Manager, and Jim White, Senior Energy Conservation Engineer, presented information on load growth and potential solutions in Stehekin
- Reviewed the operating / regulatory environment, generating resources and how additional load will impact those resources
- Reviewed solution options; all solutions will add costs to the system
- Need to address load growth and reliability; technical solutions are finite
- Two members of the community provided comments; one community member provided written comments
- Some issues are beyond the District's authority; the Port has offered to facilitate further discussion with the District and County

### **Quarterly Load Growth**

(see Chelan PUD website for presentation)

- Andy Wendell, Director of Customer Service and Stakeholder Outreach, reviewed quarterly load growth information including an update on water and wastewater connections
- New construction continues to grow
- Load projections reflect stability in High Density Load (HDL)
- Regional planning efforts continue
- Substation construction and property acquisition continue
- New technology enhances load forecasting

### **Alternative Contracting Mechanisms**

(see Chelan PUD website for presentation)

- Dan Frazier, Director of Shared Services, and Brett Bickford, Director of Engineering and Project Management, presented information on State-approved alternative project delivery methods
- Reviewed projects using General Contractor Construction Manager (GCCM) and Design Build (DB) contracts
- Local agencies are able to bid on subcontractor work
- Reviewed case studies of the processes used; preliminary analysis work done under the DB contract is owned by the District
- This legislation is currently set to sunset in 2022; appreciate Commissioner advocacy efforts to extend the sunset date or make this legislation permanent

### **Recessed at 12:08pm and Reconvened at 1:02pm**

### **Rates Planning**

(see Chelan PUD website for presentation)

- Lindsey Mohns, Customer Utilities Business Manager, presented information on rate planning
- Reviewed long-term rate planning information
- Proposed residential electric increase is \$1.75 per month over the 5-year rate plan
  - Proposed changes to the low-income discount program keeps the discount percentage about the same

- Proposed delaying the residential cryptocurrency demand rate for another year due to Customer Information System implementation
- Proposed 4% increase to each water rate element; reviewed related assumptions
- Proposed 4% increase to each wastewater rate element; reviewed related assumptions
- Proposed 3% increase to the fiber aggregated bandwidth charge; projections include 2020 forecasted growth
- Malachi Salcido expressed his thanks to Commissioners for planning ahead to avoid large, un-forecasted rate increases

**Consent Agenda**

(see Chelan PUD website for resolutions)

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

- Minutes of the January 6, 2020 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated January 15, 2020:
  - Vouchers totaling \$10,625,790.52;
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period December 31, 2019 through January 14, 2020 in the amount of \$12,564.70;
  - Approval of the net Payroll, Warrant Nos. 236859 through 236881 and Advice Nos. 687087 through 687842 for the pay period ending 01/05/2020 in the amount of \$2,025,905.62;
  - Approval of Warrant Nos. 26334 through 26376 totaling \$23,121.82 for claim payments from the workers' compensation self-insurance fund for the period ending January 13, 2020.
- Resolution 13. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 19-44 WITH IMCO GENERAL CONSTRUCTION, INC. OF FERNDALE, WASHINGTON FOR THE ROCKY REACH TAILRACE BUOY PLACEMENT AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-51 WITH KNIGHT CONST. & SUPPLY, INC. OF DEER PARK, WASHINGTON FOR THE ROCKY REACH OIL ROOMS FIRE SUPPRESSION AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To accept the consent agenda as presented

Approved: Unanimously

**Rock Island License Early Action Project Solicitation**

(see Chelan PUD website for presentation)

- Justin Erickson, Managing Director of District Services, and Michelle Smith, Director of Hydro Licensing and Compliance, reviewed the purpose and process to solicit and select early action projects in advance of Rock Island project relicensing
- Customer-owners indicated broad support for early action projects in the strategic planning survey
- Michelle reviewed how the early action timeline differs from the regular relicensing timeline
- FERC has set the standard license term at 40 years; we would ask for support for a 50-year license

**Quarterly Board Balanced Scorecard Status Update**

(see Chelan PUD website for presentation)

- Commissioners reviewed performance on metrics through fourth quarter, 2019
- There were a lot of scheduling conflicts year for a variety of reasons; General Counsel's annual review will be completed as soon as scheduling allows

### **Manager Items**

- John Wasniewski, Energy Analyst I, reviewed updated water supply information for 2020
  - Lake Chelan was previously forecasted in the 70s and has increased to 100%
  - Grand Coulee was in the 80s and has increased to over 100%
  - We are still early in the year and forecasts can change quickly, but this is a significant improvement
- John Stoll, Managing Director of Customer Utilities, updated Commissioners on the Customer Information System (CIS) project go-live date
  - The CIS did not go live today, as previously planned
  - The system is continuously being updated with patches to fix various issues and testing uncovered a new billing issue
  - Anticipate go-live beginning Friday, February 7 and concluding on Monday, February 10; lobbies will be closed on February 10
- Erik Wahlquist, General Counsel, reviewed a proposal to revise the Board's Delegation of Authority regarding charge-offs and write-offs
  - In 2003, the threshold for Commissioner approval of charge-offs was set at \$1,000
  - Proposal is to set new thresholds at:
    - No limit for accounts being referred to collection, as an administrative process
    - \$15,000 cumulative monthly limit for accounts charged-off as uncollectible
- Kirk Hudson, Managing Director of Generation and Transmission, reviewed the need for an additional set of head gates
  - As we experience aging failures at the hydros, additional head gates will build in resilience capability to complete small projects as needed
  - Anticipate it will take 6 months to 1 year to receive the head gates

### **Commission Items**

- Commissioner Smith noted that Washington PUD Association (WPUDA) talking points for the upcoming Legislative Rally include support of the Lower Snake River dams

### **Follow Up on Delegation of Action Items from the 1/6/20 Board Meeting**

- Kirk Hudson will share previously-completed seismic studies
- Kirk Hudson will provide a presentation including a graphic with the current turbine status – emailed by Steve Wright 1/12/20

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

- Alene Underwood will provide additional information on why we stock fish in Jameson Lake – email from Justin Erickson 1/19/20
- Erik Wahlquist will provide additional information on the contractor safety program – emailed 1/14/20

### **Delegation of Action Items**

- Tim Pettit will determine how to improve staff understanding of safety concern / close call submission process
- Safety Team will continue reporting annual safety concerns
- Justin Erickson will add the Stehekin Integrated Resource Plan presentation to the next Tri-Commission agenda
- Andrew Grassell will provide information on the load characteristics of the approved 2,000 amps of growth in Stehekin
- Andrew Grassell will bring back the outreach plan for Stehekin, once we determine how all the pieces fit together
- Andrew Grassell will provide information on current tiered rates in Stehekin

- Andy Wendell will provide acreage information on the Triad development
- Dan Frazier will provide information current construction work awarded to local companies
- Lindsey Mohns will provide information on how the proposed electrical rate increase impacts Residential Cost Recovery
- Rebekah Garfein will add an agenda item for the next Board workshop to review the definition of the General Counsel annual evaluation on the Board Balanced Scorecard
- Erik Wahlquist will send the proposed delegation of authority memo regarding charge offs and write offs prior to the next Board meeting along with a summary of activity for review

There being no other business, the meeting adjourned at 2:10pm.



President



Secretary



Vice President



Commissioner



Commissioner