

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington February 20, 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 February 20, 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 (by phone)

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

Others in attendance: Russ Jones, Lake Chelan Rotary
Michael Chambers
Madison Meyer, iFiber
Grant Olson, NCWLife Channel

Call To Order

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

Pledge of Allegiance and Safety Minute

- Dan Ferguson, Control Systems Engineer II, led the pledge and provided a safety minute on situational awareness and safety

Agenda

- Resolutions 14 and 15 was moved to the consent agenda; the agenda was approved as revised

Cycle of Personal Ownership (CPO) Winner Recognition

(see www.chelanpud.org for presentation)

- Steve Wright, General Manager, reviewed Cycle of Personal Ownership winners for January, 2018
- Winners are: Jim Kill, Gina Petersen, and Patty Wachtel

Audit Committee Annual Update

(see www.chelanpud.org for presentation)

- Stacey Jagla, Internal Audit Manager, presented highlights of the Audit Committee Annual Update
- 2018 Representatives to the Audit Committee are Commissioner Bolz and Commissioner Arseneault
- The District received clean audits from PriceWaterhouseCooper and the State Auditors Office

Update on Rotary Permit for Planet Walk

(see www.chelanpud.org for presentation)

- Ryan Baker, Parks Manager, Wai Petersen, Parks Superintendent, and Russ Jones, Chelan Rotary, reviewed an update on the Planet Walk in Chelan's Riverwalk Park
- Staff has worked with Chelan Rotary to mitigate initial concerns over sign placement and size
- Community survey results were shared; the majority of respondents supported the display

Update on Large Load Inquiries

(see www.chelanpud.org for presentation)

- Steve Wright, General Manager, reviewed a roadmap of how we are beginning to address loads over 5 MWs; retail loads over 5 MW are new for us, so all contract terms and conditions must be negotiated
- Removing power from wholesale sales to support retail load is unsustainable long-term without potentially substantial rate increases
- This is a huge and substantial workload that was not anticipated; will be managed with a mix of District staff and contracted support
- Will review these options with requesters to determine if they want to proceed with their request and stated location; the timeline for existing requests remain undefined

Carbon Update

(see www.chelanpud.org for presentation)

- Tracy Yount, Director of External Affairs, and Gregg Carrington, Managing Director of Energy Resources, gave background information from the E3 study and reviewed impacts of potential carbon legislation
- The E3 study indicates a carbon tax is the lowest-cost approach to achieve greenhouse gas reduction goals
- Draft legislation is active for a couple more weeks as we near the end of the legislature's regular session

Lessons Learned on Consent Agenda Resolution

- Bob Seabeck, Superintendent of Drafting / Construction Manager, reviewed lessons learned on last year's roofing project
- A tool fell off the roof and landed next to an employee; Bob met with the Safety Manager and Safety Group to develop and communicate a close call report, work with the contractor to establish increased safety protocols, and create a safe zone on the ground

Recessed at 12:08pm and Reconvened at 1:00pm

Consent Agenda

- President Bolz presented the consent agenda which included the following items:
 - Minutes of the February 5, 2018 Regular Meeting
 - Vouchers: Accounts Payable Summary Report dated February 14, 2018:
 - Vouchers totaling \$9,801,861.32;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 31, 2018 through February 13, 2018 in the amount of \$22,321.29;
 - Approval of the net Payrolls, Warrant Nos. 235787 through 235810 and Advice Nos. 648053 through 648779 for the pay period ending 02/04/2018 in the amount of \$1,853,530.63; and
 - Approval of Warrant Nos. 24171 through 24176 totaling \$16,896.17 for claim payments from the workers' compensation self-insurance fund for the period ending February 12, 2018.
 - 11. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-02 WITH JS VAIL DBA M. VAIL COMPANY OF WENATCHEE, WASHINGTON AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE

- o 14. A RESOLUTION DECLARING BIOMARK, INC. OF BOISE, ID AS THE SOLE SOURCE SUPPLIER OF PASSIVE INTEGRATED TRANSPONDER TAGS 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.
- o 15. A RESOLUTION AUTHORIZING AMENDMENT NO. 1 FOR ADDITIONAL FUNDS TO SERVICES AGREEMENT (SA NO. 16-148) WITH VOITH HYDRO, INC. OF YORK, PA TO PROVIDE ENGINEERING STUDIES FOR ROCKY REACH UNITS C1 THROUGH C7

MOTION

Moved by: Commissioner McKenna
Seconded by: Commissioner Arseneault
To approve the consent agenda as modified
Approved: Unanimously

Quarterly Financial Review and Investment Report

(see www.chelanpud.org for presentation)

- Craig Kunz, Strategic Financial Planning Manager, and Kelly Boyd, Chief Financial and Risk Officer, reviewed the quarterly financial and investment report
- Bottom-line results were better than budgeted due to a combination of higher revenues and lower operating costs
- Kelly reviewed cost per unit highlights for each service line and the investment report

Major Projects, Contracts, and Project Revisions Update

(see www.chelanpud.org for presentation)

- Dave Nelson, Business Advisor, reviewed changes in the last quarter to major project timelines, contracts negotiated, and project budget revisions

Manager Items

- Jeff Smith, Managing Director of District Services, and David Lodge, Project Manager, announced a public meeting scheduled for February 21, 2018 in Leavenworth to hear neighbors' concerns about wetland flooding along Alpensee Strasse; we anticipate working with the city and county to address this issue
- John Stoll, Managing Director of Customer Utilities, announced the biennial Customer Survey which will begin tomorrow
- Erik Wahlquist, General Counsel, discussed potential LUD Foreclosures; Erik recognized staff for their work to reduce foreclosures

MOTION

Moved by: Commissioner Arseneault
Seconded by: Commissioner Smith
Motion authorizing General Counsel to file foreclosure actions on or before February 28, 2018 as appropriate to enforce and collect delinquent LUD assessments
Approved: Unanimously

- Steve Wright, General Manager, recently heard a great speaker from ESource who focuses on creating great customer satisfaction; Grant PUD is interested in cohosting the speaker with us for a joint Board Meeting on Friday, April 13

Commission Items

- Commissioner Bolz noted that WPUDA assignments have been updated and shared with WPUDA

Commission Travel

- Lisa Sanders, Finance Administrative Assistant, reviewed upcoming Commission travel

Follow Up on Delegation of Action Items

- From 12/18/17 – follow up on the Planet Walk in Riverwalk Park completed with today’s presentation
- From 2/5/18 - Contractor safety program information will be brought back to the Board
- From 2/5/18 - Erik has not received any feedback on the Voting Rights Act information he sent; completed

Delegation of Action Items

- Kelly – How we match up our sales to our current portfolio; if our load changes, are we stressing the system to be able to meet our retail load with current generation. As we look at system power usage will consider expected case and stressed case and what options we have when our system is at capacity.
- Steve – Develop advantages and disadvantages to a moratorium approach
- Mike – Look at fiber system capacity related to large loads; is that creating any exposure?
- Erik – Obligation to serve
- Kelly – How much lost generation do we have at the hydro projects with current outages?
- Steve / Kelly - Options for increase to the Board-designated reserve fund
- Kelly – Anticipated timeframe for new debt

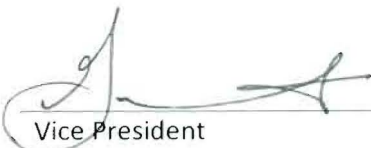
Executive Session

President Bolz convened an executive session at approximately 2:45pm 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 consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by rcw 42.30.110(1)(b) for approximately 30 minutes.

Regular Session Reconvened at 3:15pm

- President Bolz stated no votes were taken and no decisions were made

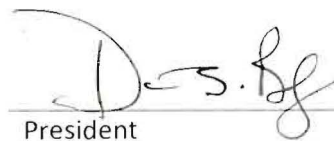
There being no other business, the meeting adjourned at 3:15pm.



Vice President



Commissioner



President



Secretary

Commissioner