

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington December 4, 2017

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 December 4, 2017, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Others in attendance: Steve Hair, NCW Life Channel
Dan Kuntz, NCW Life Channel
Madison Meyer, iFiber
Lindee Hoshikawa
Asia Yorga
Laura Folson
Kay Janet
Suzan Keller
Robyn Castle
Beverli Joy
Judie Gembar
George Maki
Chandra Villano

Call To Order

- President, Randy Smith, called the meeting to order at 10:00am

Pledge of Allegiance and Safety Minute

- Larry Peterson, Journeyman Water Technician, led the pledge and provided a safety minute on safe toys and gifts

Agenda

- Items 13, 14, 15, and 17 were moved to the consent agenda
- The agenda was approved as revised

Rocky Reach Bridge Crane Update

(see www.chelanpud.org for presentation)

- Brett Bickford, Director of Engineering and Project Management, reviewed current work on the Rocky Reach bridge crane
- Through the asset management process, we previously found these two cranes needed urgent rehabilitation
- During the rehabilitation, additional structural repair needs have been identified, which are now underway
- This work will impact the C-9 turbine repair project; working with contractors to minimize the impact
- Additional work will cost about \$550,000, which will be handled under the O & M budget

Alcatel / Nokia 03-33 Contract (see www.chelanpud.org for presentation)

- Bob Shane, Fiber and Telecom Director, and Mike Coleman, Managing Director of Fiber and Telecom, presented the Alcatel contract extension for an additional 5 years
- Extending our current contract preserves the current, favorable terms
- Reviewed funding request of an additional \$9.12 million through 2022 to support for public power benefit expansion, core system upgrades, bandwidth management projects, and miscellaneous capital projects

Fiber Update and Customer Survey (see www.chelanpud.org for presentation)

- Mike Coleman, Managing Director of Fiber and Telecom, and Bob Shane, Fiber and Telecom Director, reviewed 2017 accomplishments and goals for 2018
 - Goal is to have the take rate above 50% by the end of 2019; each 1% increase in the take rate adds \$130,000 in annual revenue
 - Mike reviewed progress on metrics over the last five years as well as public power benefit expansion
- A customer survey was completed in July 2017
 - A marketing campaign is planned for 2018 to raise awareness of fiber availability
- Commissioners will receive an update on the Long Range Technology Plan in early 2018

2018 Proposed Budget Update (see www.chelanpud.org for presentation)

- Craig Kunz, Senior Strategic Financial Planning Analyst, presented the final 2018 budget review
- The 2018 budget supports strategic priorities of investing in key assets including major work at Rock Island and Rocky Reach dams, continuing to pay down debt, and funding existing Public Power Benefit projects
- This is the largest capital budget the District has undertaken in recent history

Debt Planning: The Next Level of Detail (see www.chelanpud.org for presentation)

- Debbie Litchfield, Treasurer, and Kelly Boyd, Chief Financial and Risk Officer, reviewed the debt philosophy and the 2018 Operational Plan of Finance; 2018 detailed actions are included in the 2018 budget

Manager Items

- Lorna Klemanski, Managing Director of Human Resources, Labor, and Safety announced the 3rd Annual Discover Us program will be held next week
- John Stoll, Managing Director of Customer Utilities, discussed load growth
 - Very dynamic period for large load requests; many requests are driven by crypto-currency operations
 - Planning a load growth quarterly update for Commissioners

Resolution 12

12. A RESOLUTION APPROVING THE 2018 DISTRICT BUDGETS FOR THE FIBER NETWORK, WATER, WASTEWATER AND INTEGRATED ELECTRIC (DISTRIBUTION, TRANSMISSION, COLUMBIA RIVER-ROCK ISLAND HYDRO-ELECTRIC, LAKE CHELAN HYDRO-ELECTRIC, ROCKY REACH HYDRO-ELECTRIC SYSTEMS, INTERNAL SERVICE SYSTEM AND FINANCING FACILITIES) BUSINESS LINES

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To approve Resolution 12

Approved: Unanimously

Consent Agenda

- President Smith presented the consent agenda which included the following items:
 - Minutes of the November 20, 2017 Regular Meeting
 - Vouchers: Accounts Payable Summary Report dated November 29, 2017:
 - Vouchers totaling \$10,227,596.96
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 15, 2017 through November 28, 2017 in the amount of \$34,616.96.
 - Approval of the net Payrolls, Warrant Nos. 235641 through 235663 and Advice Nos. 643633 through 644376 for the pay period ending 11/12/2017 in the amount of \$1,826,849.29; and
 - Approval of Warrant Nos. 23900 through 23941 totaling \$20,898.95 for claim payments from the workers' compensation self-insurance fund for the period ending November 27, 2017.
 - 13. A RESOLUTION RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-03 WITH HURST CONSTRUCTION, LLC OF WENATCHEE, WA AND AUTHORIZING PAYMENT OF RETAINAGE
 - 14. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 16-59 WITH OSMOSE UTILITIES SERVICES, INC. OF PEACHTREE CITY, GEORGIA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
 - 15. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-45 WITH WHITEFISH ENERGY HOLDINGS, LLC OF WHITEFISH, MONTANA AND AUTHORIZING PAYMENT OF RETAINAGE
 - 17. A RESOLUTION AUTHORIZING CONTINUATION OF SERVICES UNDER THE ENABLING AGREEMENT (06-073) WITH PEER TECHNICAL, INC. OF FOND DU LAC, WISCONSIN

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Congdon

To approve the consent agenda as modified

Approved: Unanimously

Commissioners Considered Resolutions: 18 and 16

- Resolution 18 presented by Dan Frazier, Director of Shared Services
 - Will continue to look for further cost reduction while achieving all project goals
 - 18. A RESOLUTION ACCEPTING THE BID OF HALME BUILDERS, INC. OF DAVENPORT, WASHINGTON (BID 17-53) TO PROVIDE CONSTRUCTION OF THE ROCK ISLAND STORAGE BUILDING
- Resolution 16 presented by Alene Underwood, Fish and Wildlife Manager, and Ian Adams, Hatchery Maintenance and Operations Coordinator
 - Ian reviewed the changes in rates for 2018
 - 16. 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

Commissioner Item

January Board Meetings

- Meetings are currently set for January 2 and 15; the meeting on the 2nd is particularly difficult to prepare during the holidays
- Proposal is to move January meetings to January 8 and 22; several commissioners will be out of town on January 22, but could join by phone

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

Move that we reschedule our January 2018 regular Board meetings as follows:

- Move to reschedule the Tuesday, January 2, 2018 regular Board meeting to Monday, January 8, 2018, to begin at 10:00am in the headquarters Board Room
- Move to reschedule the Monday, January 15, 2018 regular Board meeting to Monday, January 22, 2018, to begin at 10:00am in the headquarters Board Room

Approved: Unanimously

Public Meetings for LED Streetlight Rate Setting

- This sets three informational meetings and a public hearing for the LED Streetlight Rate development

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Congdon

Move to set public informational meetings regarding the development of an LED Streetlight Rate:

- The Chelan PUD Auditorium, 222 Chumstick Highway, Leavenworth at 5:30pm on December 11, 2017;
- The Chelan PUD Conference Room, 1034 E Woodin Avenue, Chelan at 5:30pm on December 12, 2017;
- The Confluence Technology Center Skykomish Room, 285 Technology Center Way, Wenatchee at 5:30pm on December 20, 2017.

A hearing in the Chelan PUD Board of Commissioners Conference Room, 327 N Wenatchee Avenue, Wenatchee on January 8, 2018 as part of the regular commission meeting at the Chelan PUD Headquarters Building

Approved: Unanimously

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Bolz

To approve Resolutions 16 and 18

Approved: Unanimously

Follow Up on Delegation of Action Items

- From 11/20/17 - Ryan Baker will research the average usage rate at Beebe Park over the course of the season
– Jeff Smith sent information out via email on 11/29/17

Manager Item

- Steve Wright, General Manager, discussed pending tax legislation
 - Tax exempt financing for entities like Chelan PUD has not changed in either bill
 - Tax change implications could have significant impacts on development of resources in the Western US

- Corporate tax credit changes would impact solar and wind development
- Municipalities would be impacted if advanced refunding was not allowed

Commission Item

- Commissioners attended the WPUA conference last week and noted excellent presentations

Recessed at 11:55am and Reconvened at 1:00pm

Public Hearing – I-937 Targets (see www.chelanpud.org for presentation)

- Jim White, Senior Energy Conservation Engineer, presented two-year conservation targets for 2018-2019 and a correction to the 2016-2017 targets
 - 2016-2017 targets are requested to be amended to 1.7 8aMW due to a mathematical error
 - 2018-2019 targets are proposed to be set at 2.42 total aMW
 - 8. A RESOLUTION ESTABLISHING THE DISTRICT'S 10-YEAR CONSERVATION POTENTIAL PLAN AND TWO-YEAR CONSERVATION TARGET AND AMENDING THE 2016-17 PLAN AND TARGET DUE TO A MATHEMATICAL ERROR, AS REQUIRED UNDER RCW CHAPTER 19.285

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To approve Resolution 8 as presented

Approved: Unanimously

Advanced Metering Infrastructure (AMI) (see www.chelanpud.org for presentation)

- John Stoll, Managing Director of Customer Utilities, reviewed the AMI project history, benefits to customers, outreach, issues raised, and next steps if approved
- Seven customer-owners spoke against advanced meters, citing health and privacy concerns; several asked for an opt-in rather than opt-out
- Commissioners discussed the impacts of advanced meters and the importance of offering an opt-out option for customer-owners

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Arseneault

To approve Resolution 9 as presented

MOTION AMENDMENT

Moved by: Commissioner Arseneault

Seconded by: Commissioner Bolz

To amend Resolution 9 to remove the word "feasible" in the last sentence of page 2

Approved: 4 in favor, Commissioner Congdon abstained

MOTION

To approve Resolution 9 as amended

Approved: 4 in favor, Commissioner Congdon opposed

Commissioners Considered Resolution 19

- Resolution 19 presented by Todd Walsh, Senior Systems Analyst, and Karen Wiggum, Staff Attorney

- System to support governance, risk, and compliance; system provides a single repository for compliance items
- Database repository will provide an audit trail and dashboard style reporting
- Initial implementation costs are about \$320,000; annual software licensing is \$180,000
 - 19. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO. 16-106) WITH ENABLON NORTH AMERICA CORP OF CHICAGO, IL AND OPTIMIT NA, LLC DBA STANDARD MODEL PARTNERS OF CHICAGO, IL FOR GOVERNANCE, RISK, AND COMPLIANCE ("GRC") SOFTWARE AS SERVICES SYSTEM, IMPLEMENTATION SERVICES, MAINTENANCE AND SUPPORT

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To approve Resolution 19 as presented

Approved: Unanimously

Delegation of Action Items

- Mike Coleman will prepare a historical comparison of the maximum monthly bandwidth usage
- Staff will research options and costs for an opt-in program versus an opt-out option for advanced meters

Executive Session

President Smith convened an executive session at approximately 3:05pm 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 60 minutes.

Regular Session Reconvened at 3:55pm

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

MOTION

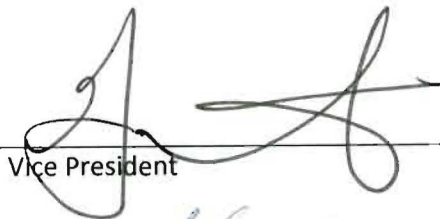
Moved by: Commissioner Congdon

Seconded by: Commissioner Arseneault

Motion to set a special meeting for the Board for Monday, December 11, 2017 at 3:00pm located at the offices of the Chelan County Commissioners at 400 Douglas Street in Wenatchee for the purpose of discussing the shoreline master program with the Chelan County Commissioners

Approved: Unanimously

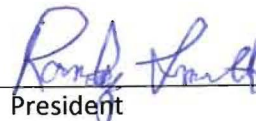
There being no other business, the meeting adjourned at 4:00pm.



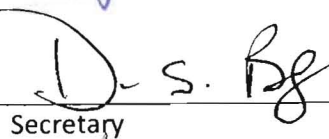
Vice President



Commissioner



President



Secretary



Commissioner