

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington January 22, 2024

The regular meeting of the Commission, of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 203 Olds Station Road, Wenatchee, Washington, on January 22, 2024, at the hour of 10:00 am, pursuant to proper notice.

**Commissioners present:** Steve McKenna, President  
Garry Arseneault  
Randy Smith  
Carnan Bergren  
Kelly Allen

**Staff present:** Kirk Hudson, General Manager  
Erik Wahlquist, General Counsel  
Rebekah Neumann, Clerk of the Board  
Various staff

**Others present:** Rich Cole, Ted Alway, Steve Keene, Shawn Cox, Ray Schmitt, Dan Ford

## **Call to Order**

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

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

- Lance Keller, Senior Fisheries Biologist, led the pledge and provided information on fish ladder safety improvements

## **Agenda**

- Resolution 12 was moved to the consent agenda; the agenda was approved as revised

## **Cycle of Personal Ownership Winner Recognition**

- Kirk Hudson, General Manager, recognized November and December winners Ingrid Miller, Debt & Grants Compliance Program Manager, Larry Peterson, Treatment Plant Operator, and Brian Lowe, Distribution Stations Superintendent

## **Quarterly Board Balanced Scorecard Status Update**

- Rebekah Neumann, Clerk of the Board, reviewed Q4 report metric exceptions

## **Consent Agenda**

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

- Minutes of the January 8, 2024 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated January 16, 2024:
  - Vouchers totaling \$14,404,998.96;

- Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 02, 2024 through January 15, 2024 in the amount of \$8,278.38.
- Approval of the net Payroll, Warrant Nos. 238344 through 238355 and Advice Nos. 769924 through 770720 for the pay period ending December 31, 2023 in the amount of \$2,448,054.77.
- Approval of Warrant Nos. 30541 through 30613 totaling \$17,956.29 for claim payments from the workers' compensation self-insurance fund for the period ending January 15, 2024.
- Resolution 8. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 21-29 WITH SE, INC., DBA SMITH EXCAVATION OF CASHMERE, WASHINGTON FOR CONSTRUCTION OF TECHNOLOGY CENTER WAY EXTENSION AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 12. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR THE ROCKY REACH LARGE UNIT GENERATOR COOLERS (BID NO. 23-12920) AND AUTHORIZING THE SUPPLY OF THE ROCKY REACH LARGE UNIT GENERATOR COOLERS BE OBTAINED BY NEGOTIATION

**MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner Allen

To approve the consent agenda as revised to include Resolution 12

Approved: Unanimously

**Resolution 9**

- David Lodge, Project Management Manager, presented Resolution 9
- Resolution 9. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 33-39 AND FURTHER APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 40 FOR THE SERVICE CENTER PROJECT WITH ABSHER CONSTRUCTION COMPANY OF PUYALLUP, WA FOR CONSTRUCTION OF THE SERVICE CENTER PROJECT PURSUANT TO GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GC/CM) CONTRACT NO. 18-91

**Resolution 10**

- John Goodwill, Senior Project Manager, presented Resolution 10
- Resolution 10. A RESOLUTION AUTHORIZING AMENDMENT NO. 5 TO SERVICES AGREEMENT (SA-TA NO. 21-11370) WITH GREENWORKS, P.C. FOR RIVERFRONT PARK ENHANCEMENTS

**Resolution 11**

- Alex Smith, Director Business Technology Solutions, presented Resolution 11
- Resolution 11. A RESOLUTION AUTHORIZING AN AMENDMENT NO. 5 TO SERVICES AGREEMENT (SA NO. 21-11980) WITH APFS, LLC TO PROVIDE TECHNICAL PROJECT MANAGEMENT RESOURCES

**Resolution 13**

- Scott Hopkins, Fisheries Biologist III, presented Resolution 13
- Resolution 13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO. 23-13225) WITH COLUMBIA RESEARCH SPECIALISTS, LLC. OF CHELAN, WASHINGTON FOR ROCKY REACH AND ROCK ISLAND PIKEMINNOW PREDATOR CONTROL

**MOTION**

Moved by: Commissioner Allen

Seconded by: Commissioner Smith

To approve Resolutions 9, 10, 11, and 13 as presented

Approved: Unanimously

#### **Resolution 14**

- Vicki Griffin, Real Estate and Permitting Manager, and Daniel Appel, Staff Attorney, presented Resolution 14
- Noted public feedback received on the proposed property purchase
- Resolution 14. A RESOLUTION APPROVING A PURCHASE AND SALE AGREEMENT WITH RAVENWING RANCH, LLC FOR REAL PROPERTY LOCATED IN CHELAN COUNTY AND AUTHORIZING THE 2024 CAPITAL BUDGET ITEM
- Rich Cole noted concerns about cost per acre and limits on hydropower availability
- Commissioners discussed benefits of this purchase to secure local control and give the PUD options for future power production

#### **MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner Arseneault

To approve Resolution 14 as presented

Approved: Unanimously

#### **Manager Items**

- Brett Bickford, Managing Director Generation & Transmission, provided a couple of updates
  - Rock Island System capital budget revision
    - Several projects have moved forward under last November's budget increase
    - Invoices are estimated at the end of the year and then are reconciled as actual invoices are received
    - A couple invoices came in last week that likely will put us slightly over budget; if needed, will be back on February 5 to increase that budget accordingly
  - Energy Expo Survey results - reviewed attendees, survey responses, and participant comments
- Chad Rissman, Director Distribution Asset Management, and Dan Moser, Director Distribution and Fiber Operations, updated Commissioners on recent winter storm efforts
  - Put the system to the test with sub-zero temperatures
    - -9° was the official temperature; recorded -13° at Lake Wenatchee substation, and -10° at Chelan
    - Had some restoration issues due to cold load pickup
  - System performed pretty well, but always room for improvement; staff is analyzing data from this event
  - Dan reviewed cold load pickup issue - staff mitigates this by disconnecting some loads and adding them back in a little at a time
  - Commissioners expressed their thanks for the work done by the crews and appreciated the communication provided

#### **Commission Items**

- 2024 Association Representation
  - Commissioners have reviewed and updated association representation for 2024
- Board Governance Policy Revisions

#### **MOTION**

Moved by: Commissioner Allen

Seconded by: Commissioner Smith

To approve the proposed revisions to the Governance Policies and adopt the Policies as revised

Approved: Unanimously

- Commissioner Allen noted a recent article from the Public Power Council regarding lack of wind power availability during the recent cold snap

#### **Follow up on Delegation of Action Items from 1/8/24 Board meeting**

- None

**Recess @ 12:01pm, Reconvene @ 1:01pm**

**Public Hearing: Peshastin Water District Acquisition**

- Hearing started @ 1:02pm
- Ron Slabaugh, Water/Wastewater Manager, and Heather Irelan, Director Treasury, provided an update on the Peshastin Water District (PWD) acquisition
- Reviewed public comments received to date and financial and rate considerations
- At last week’s community meeting there was general support for the PUD becoming the operator and concerns about the assessment of the rate adder with requests that the amount and timing of the adder be considered
- Public comment
  - Steve Keene, PWD representative, presented financial considerations for the Peshastin rate adder including consolidation study and the study observations
    - Noted that assets will eliminate about \$222k of outstanding debt
    - PWD customers are already PUD customers for power and sewer
    - Requested any necessary rate adder be added incrementally, when capital improvements are made
  - Ray Schmitt, Bluebird, echoed concerns over cost
  - Shawn Cox, Peshastin Hi-Up, requested the rate adder be delayed until other funding can be considered
  - Dan Ford, community member, expressed concern about a rate adder being assessed to PWD customers and asked for an independent valuation of water rights
- Hearing ended @ 1:48pm
- Commissioners Smith and McKenna reported on the Jan. 17 community meeting
  - Thanked residents for an open, honest, respectful, and robust discussion about the PUD’s approach
  - Heard opposition to the rate adder

**Delegation of Action Items**

- Lindsey Mohns will provide information on previous system acquisitions and whether rate adders were included
- Ron Slabaugh will provide the risk value of the Peshastin Water District acquisition

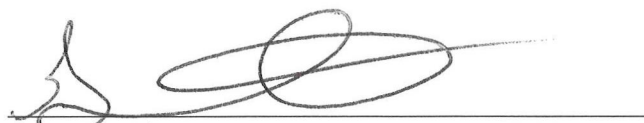
**Executive Session**

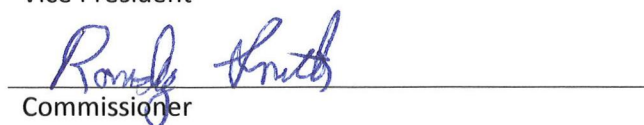
President McKenna convened an executive session at approximately 2:35pm to discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i) for approximately 45 minutes.


**Regular Session Reconvened at 3:17pm**

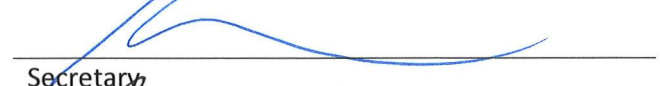
President McKenna stated no votes were taken and no decisions were made during Executive Session


There being no other business, the meeting adjourned at 3:17pm.

  
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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