

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington February 4, 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 February 4, 2019, 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

Others in attendance: Pat McGrath
Malachi Salcido

Call To Order

- President Arseneault called the meeting to order at 10:04am

Pledge of Allegiance and Safety Minute

- Griselda Gonzalez, Energy Resources & Conservation Representative, led the pledge and provided a safety minute on physical activity recommendations from the American Heart Association

Agenda

- Resolutions 9 and 10 were moved to the consent agenda; the agenda was approved as revised

Quarterly District Performance Plan Status Update

(see Chelan PUD website for presentation)

- Managing Directors provided an update on 4th Quarter performance plan progress
- It was noted that staff did not complete as many items as originally planned; 6% of goals were delayed to address cryptocurrency

Legislative Update

(see Chelan PUD website for presentation)

- Tracy Yount, Director of External Affairs, and Shaun Seaman, Government/External Affairs Program Manager, reported on current legislative issues

- Steve Wright, General Manager, hosted a meeting last week with Hilary Franz, Department of Natural Resources Commissioner of Public Lands, to further discuss wildfire issues; 25-30 community members attended

Strategic Planning Key Topics

(see Chelan PUD website for presentation)

- Topic leaders presented highlights of the following Strategic Planning key topics, which will be reviewed in detail during the February 7 Strategic Planning Kickoff meeting
 - John Stoll, Managing Director of Customer Utilities, presented on Aesthetics
 - This question will focus on the results of a community survey; draft survey questions were reviewed
 - Justin Erickson, Managing Director of District Services, presented on Early Action
 - Justin highlighted why this is good for customer-owners; staff is working with FERC collaboratively on this process
 - Mike Coleman, Managing Director of Fiber and Telecommunications, presented on the Public Power Benefit (PPB) program
 - This group will consider whether or not to recommend a PPB program going forward and may consider funding criteria
 - Kelly Boyd, Chief Financial and Risk Officer, and John Stoll, Managing Director of Customer Utilities, presented on Rates
 - Goal is to develop a long-term rate plan in order to have measured, planned, small rate increases

Recessed at 11:58am and Reconvened at 1:02pm

Public Hearing - Rate Schedule 4

(see Chelan PUD website for presentation)

- Lindsey Mohns, Customer Utilities Business Manager, reviewed proposed changes to Rate Schedule 4
- No comments have been received to date and no members of the public spoke at the hearing
- Staff continues to work with the Diamond Foundry on their contract, which will be posted for public comment

Consent Agenda

(see Chelan PUD website for resolutions)

- President Arseneault presented the consent agenda which included the following items:
 - Minutes of the January 21, 2019 Special Meeting and the January 21, 2019 Regular Meeting
 - Vouchers: Accounts Payable Summary Report dated January 30, 2019:
 - Vouchers totaling \$9,406,041.07;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 16, 2019 through January 29, 2019 in the amount of \$23,455.28;
 - Approval of the net Payroll, Warrant Nos. 236355 through 236374 and Advice Nos. 667419 through 668149 for the pay period ending 01/20/2019 in the amount of \$1,923,828.74;
 - Approval of Warrant Nos. 25257 through 25324 totaling \$8,052.20 for claim payments from the workers' compensation self-insurance fund for the period ending January 28, 2019.
 - Charge-Offs to Uncollectible Accounts over \$1,000.00 for December 2018 - \$2,422.08.
 - Resolution 9. 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.

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Congdon

To accept the consent agenda as presented including Resolutions 9 and 10

Approved: Unanimously

Resolution 11

(see Chelan PUD website for resolution)

- Casey Hall, Project Manager II, presented Resolution 11
- This is for the next phase of the Rocky Reach support facilities
- Resolution 11. A RESOLUTION AUTHORIZING THE ISSUANCE OF A SECOND CONTRACT TO LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

Resolution 12

(see Chelan PUD website for resolution)

- Tom Kelly, Senior Substation Electrical Engineer, presented Resolution 12
- Resolution 12. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR 28 MVA, 115/12.47 KV SUBSTATION POWER TRANSFORMERS (BID NO. 18-67) AND AUTHORIZING THE 28 MVA, 115/12.47 KV SUBSTATION POWER TRANSFORMERS BE OBTAINED BY NEGOTIATION

Resolution 13

(see Chelan PUD website for resolution)

- Todd Walsh, Senior Systems Analyst, presented Resolution 13
- This is an expansion and subscription for the enterprise search system software
- Resolution 13. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO SYSTEM AGREEMENT (SA NO. 16-169) WITH ACCENTURE, LLP OF HERNDON, VA TO PROVIDE ENTERPRISE SEARCH DEVELOPMENT SERVICES

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To approve Resolutions 11, 12, and 13 as presented

Approved: Unanimously

Quarterly Energy Resources Update

(see Chelan PUD website for presentation)

- Janet Jaspers, Energy Planning and Trading Manager, and Andrew Grassell, Energy Development/Conservation Manager, reviewed the Energy Resources Quarterly update
- The February 1 snow survey indicates the snowpack is at 80% of normal
- Energy Efficiency exceeded their stretch conservation target, saving 1.85 average megawatts

Strategic Planning Key Topics

(see Chelan PUD website for presentation)

- Topic leaders presented highlights of the following Strategic Planning key topics, which will be reviewed in detail during the February 7 Strategic Planning Kickoff meeting

- Andrew Grassen, Energy Development/Conservation Manager, presented on Growth Pays for Growth
 - The goal of this group is to find the right balance between organic growth and economic development
- Janet Jaspers, Energy Planning and Trading Manager, presented on Wholesale vs Retail Sales
 - This group will consider the right portfolio mix, including pros and cons of moving farther one direction or the other and the impacts that different load types have on the District

Manager Items

- Justin Erickson, Managing Director of District Services, reviewed recent and upcoming Strategic Planning presentations
 - Recently presented to the City of Chelan, City of Wenatchee, and CAFÉ (The Community for the Advancement of Family Education)
 - Presenting to Sunrise Rotary tomorrow, followed by the Strategic Planning Kickoff Meeting on February 7
- Steve Wright, General Manager, gave an update on Chelan transmission options
 - The fourth option for transmission from the new South City substation to the South Shore substation will be considered in substation planning and recommendations

Commission Items

- Commissioner McKenna reported on his recent visit to PowerEx; the visit expanded his view of the PUD and was a great learning opportunity

Commission Travel

- Rebekah Garfein, Clerk of the Board, reviewed upcoming Commissioner travel

Follow Up on Delegation of Action Items from the 2/4/19 Board Meeting

- Andy Wendell will add an option for transmission construction from the South Shore substation to the vicinity of the city of Chelan's potential new substation – confirmed today
- John Stoll will provide an update on appropriate PUD signage on properties
- Staff will gather additional information on fire causes in California

Delegation of Action Items

- John Stoll will provide information on the City of San Diego's undergrounding plan
- Justin Erickson will provide additional information on Early Action Credit:
 - What constitutes a nexus with the Rock Island project
 - What a past list of projects included
- Mike Coleman will update the PPB Strategic Planning presentation to include the mission statement, specifically highlighting the commitment "to enhance the quality of life in Chelan County"
- Justin Erickson will provide a list of service clubs that have received the Strategic Planning presentation

Executive Session

President Arseneault convened an executive session at approximately 2:30pm 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 90 minutes.

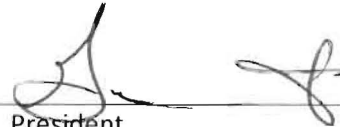
Regular Session Reconvened at 4:00pm

- Executive session extended for an additional 20 minutes, until 4:20pm

Regular Session Reconvened at 4:35pm

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

There being no other business, the meeting adjourned at 4:35pm.



President



Vice President

Secretary



Commissioner



Commissioner