

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington February 16, 2021

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 16, 2021, at the hour of 10:00 am, pursuant to proper notice thereof.

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

Staff present: Steve Wright, General Manager
Erik Wahlquist, General Counsel
Teresa Boushay, Acting Clerk of the Board
Various staff

Guests present: Thom Nees, Wenatchee Valley Housing Trust
Kaylin Bettinger, Upper Valley Mend, Share Community Land Trust
Mike Cooney, Chelan Valley Housing Trust

Call to Order

- President Smith called the meeting to order at 10:09am

Pledge of Allegiance and Safety/HPI Minute

- Jenna Rahm, Customer Outreach Specialist, led the pledge and raised awareness about February Heart Health month as heart disease is the top cause of mortality in the United States. She shared some tips on incorporating exercise into your daily routine to support strengthening heart health.

Agenda

- Resolutions 14, 15, 16 and 17 were moved to the consent agenda; the agenda was approved as revised.

CPO Winner Recognition

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized staff as winners of January's Cycle of Personal Ownership award
 - Eric Steele, Central Maintenance Superintendent, for his work developing a system to support adherence to Covid-19 policies on Personal Protective Equipment and Social Distancing.
 - Luke Gilbert, Rock Island Hydro Chief Operator, and Angie Deahl, Rock Island Hydro Senior Operator, for their work recognizing Lock/out Tag/out (LOTO) inconsistencies performed by a contractor, then taking quick action to correct it before allowing the work to continue.

Chelan County Housing Trust Update

(see Chelan PUD website for presentation)

- Thom Nees, Wenatchee Valley Housing Trust; Kaylin Bettinger, Upper Valley Mend, Share CLT; and Mike Cooney, Chelan Valley Housing Trust; shared their work on affordable housing efforts as the regions real estate values continue to rise which excludes home ownership to many.
- Focused on procurement of land to develop affordable housing alternatives offered as long-term leases to qualified buyers.
- They are partnering with landowners, communities, agencies, and developers to reduce the initial costs and financial requirements which can help enable access to moderately priced homes.

Audit Committee Annual Update

(see Chelan PUD website for presentation)

- Stacey Jagla, Internal Audit Manager, provided a summary of the District's audit committee work in 2020.
- Acknowledged the support of the Commission in maintaining a culture of compliance.

Quarterly Energy Resources Update

(see Chelan PUD website for presentation)

- Robb Davis, Interim Energy Resources Managing Director, and Janet Jaspers, Director of Energy Resources Planning and Trading, reported on 2020 wholesale energy market results.
- The District's 2020 Net wholesale revenue and other energy-related revenues was \$86.4 million, \$1.8 million above budget.
- Changes to carbon regulations, low-carbon goals and capacity shortages are affecting pricing while emphasizing the need to be agile in the marketplace.

Quarterly Financial Review and Investment Report

(see Chelan PUD website for presentation)

- Mark Mullins, Director of Enterprise Planning, Risk and Analytics, provided the 2020 year-end financial report.
- The District finished with a \$77 million bottom line, about \$20.5 million ahead of budget. Revenues from power contracts and local services were down, which was more than offset by lower-than-expected operational costs and some project delays.
- A capital project investment of \$115 million includes modernization of Rock Island PH 1, new facilities at Rock Island and Rocky Reach Central Maintenance, Discovery Center, Service Center, new substations, and Fiber network expansion.

Treasury Annual Update

(see Chelan PUD website for presentation)

- Heather Irelan, Lead Treasury Analyst, shared an update on the District's debt reduction strategies and current cash on hand.
- Identified a proposal to issue internal loans from one system to another to minimize loan fees.

Public Power Benefits 2021 Allocation for District Projects

(see Chelan PUD website for presentation)

- Felicity Saberhagen, District Services Business Manager, described the current allocation of Public Power Benefit programs and proposed projects for the remaining 2021 funds.
 - Discovery Center egress and accessibility improvements
 - Substation update in enable industrial focus in Malaga area
 - Substation esthetics efforts for current projects in Leavenworth and Chelan, focused on Bavarian sub in Leavenworth.
 - Additional Covid-19 Community Support

- All items approved except for the Discovery Center; additional budgeting and project details requested prior to final determination.

Recess at 11:56am, Reconvene at 1:03pm

Quarterly District Performance Plan Status Update

(see Chelan PUD website for presentation)

- The Managing Directors reviewed their fourth quarter results of the 2020 performance plan metrics, focused on items that had completed during that time or had changed since the last quarter of reporting.
- Attention given to the effects Covid-19 had on reaching some of the targets and the additional efforts required to adjust work practices.

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the February 1, 2021 Regular Meeting and February 2, 2021 Special Meeting
- Vouchers: Accounts Payable Summary Report dated February 10, 2021:
 - Vouchers totaling \$11,689,661.35;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 27, 2021 through February 9, 2021 in the amount of \$16,857.84;
 - Approval of the net Payroll, Warrant Nos. 237381 through 237394 and Advice Nos. 708809 through 709549 for the pay period ending January 31, 2021 in the amount of \$\$1,984,173.18;
 - Approval of Warrant Nos. 27253 through 27279 totaling \$29,813.53 for claim payments from the workers' compensation self-insurance fund for the period ending February 8, 2021.
 - Payment to Central Washington Title Services in the amount of \$300,000 for a lease termination between the District, Manson Parks and Recreation District and the Lake Chelan Reclamation District.
- Resolution 13. A RESOLUTION RATIFYING FIELD WORK ORDERS NOS. 1, 2 AND 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-14 WITH PACIFIC POLE INSPECTION INC. OF WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 14. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR THE PURCHASE OF THE ROCKY REACH SMALL UNIT WICKET GATES (BID NO. 19-29) AND AUTHORIZING THE ROCKY REACH SMALL UNIT WICKET GATES BE OBTAINED BY NEGOTIATION
- Resolution 15. A RESOLUTION ACCEPTING THE PROPOSAL OF NORTHBANK CIVIL AND MARINE, INC. OF VANCOUVER, WA TO PROVIDE DESIGN-BUILD SERVICES FOR THE ROCK ISLAND POWERHOUSE #2 DRAFT TUBE GATE CYLINDER AND HYDRAULIC POWER UNIT UPGRADE PROJECT AND TO AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A CONTRACT FOR SAID SERVICES
- Resolution 16. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A TASK AUTHORIZATION SERVICES AGREEMENT (SA NO. 20-11328) WITH Kleinschmidt Associates OF Pittsfield, ME FOR ROCK ISLAND RELICENSING PRIMARY CONSULTING services
- Resolution 17. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A TASK AUTHORIZATION SERVICES AGREEMENT (SA NO. 21-11388) WITH ARCHAEOLOGICAL INVESTIGATIONS NORTHWEST, INC. OF PORTLAND, OR FOR ARCHAEOLOGICAL MONITORING, SITE SURVEY, AND HISTORIC PROPERTIES REVIEW

Moved by: Commissioner McKenna

Seconded by: Commissioner Arseneault

To accept the consent agenda as revised

Approved: Unanimously

Resolution 18

(see Chelan PUD website for resolution)

- Sam Dilly, Principal Project Manager, presented resolution 18 to accept a series of field work orders related to the facilities construction at Rock Island Dam.
- The projects are 92% complete, targeting completion in May/June of 2021.
- Resolution 18. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. A-01, A-02, A-03, B-04, B-05, B-06, B-07, B-08, B-09, B-10, B-11, AND B-12 TO CONTRACT 18-33 WITH LYDIG CONSTRUCTION, INC. OF SPOKANE VALLEY, WA TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

Moved by: Commissioner Bolz

Seconded by: Commissioner McKenna

To approve Resolution 18 as presented

Approved: Unanimously

Manager Items

- Tracy Yount, Director of External Affairs, reported on the District's support of COVID vaccine distribution at Town Toyota Center
 - Staff responded quickly this past week to supply and maintain a generator, requested during the cold weather for extra support of services.
 - Town Toyota is the only site in the state that qualifies to distribute the first and second round of doses.
 - Recognized for their community-supported and well-run operations.
- Felicity Saberhagen can provide clarifications on the Quarterly Capital project reports.
- Steve Wright highlighted the current cold-weather related outages in Texas, Oklahoma, and Arizona
 - Power availability limited as various generators struggle to function in cold conditions.
 - Impacts are spreading to the rest of the country, resulting in higher prices in the West.
 - NERC will initiate a Root Cause Analysis in the future, after critical needs are met.

Commission Items

- President Smith raised awareness that the Board needs to review their committee assignments for 2021.

Follow up on Delegation of Action Items from 2/1/21 Board meeting

- Janel Ulrich will share information on the depth limitation for river contour data collected by boat.
 - Completed by email 2/3/21
- Tracy Yount will provide information on how vaccine distribution centers are being supported in other areas.
 - Today's Manager item update covered this request

Follow up on Delegation of Action Items from 2/2/21 Special Board meeting

- Erik Wahlquist will set a meeting later this summer with Commissioners Smith and McKenna to review the governance policies to determine if any changes should be proposed for board consideration at the fall board workshop.

Delegation of Action Items

- Chelan County Housing Trust Presentation –
 - Robb Davis will find ways to connect our conservation programs to these organizations
 - Erik Wahlquist will investigate what types of supportive actions are allowed within our statutory authority, such as discounted hook-up fees
- Steve Wright will develop a study session item on Energy Resources including cost of hydrogen and its connection to converting coal-fired plants to natural gas

- Justin Erickson will provide budgetary details for the \$400K of additional PPB funds for Discovery Center egress/access improvements
- Steve Wright will provide a comparison of 2019 to 2020 EOY performance plan results
- Steve Wright will share information on cold temperatures and their effects on wind turbine functionality

Executive Session

President Smith convened an executive session at approximately 2:00pm 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); 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); and to consider information regarding the infrastructure and security of computer and telecommunications networks, security and service recovery plans, security risk assessments and security test results to the extent that they identify specific system vulnerabilities pursuant to RCW 42.30.110(1)(a)(ii) for approximately 120 minutes.

Regular Session Reconvened at 3:55pm

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

There being no other business, the meeting adjourned at 3:55pm.

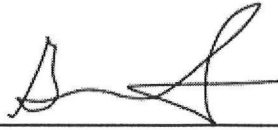
President

Vice President

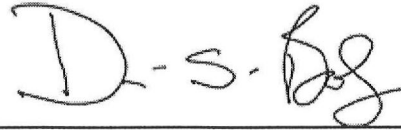
Secretary

Commissioner

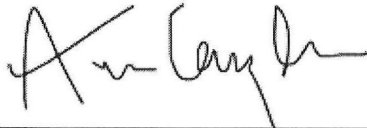
Commissioner



Garry Arseneault - Board Member
Approved on 3/1/2021 6:28PM PST



Dennis Bolz - Board Member
Approved on 3/1/2021 5:05PM PST



Ann Congdon - Board Member
Approved on 3/8/2021 1:49PM PST



Steve McKenna - Board Member
Approved on 3/15/2021 7:35AM PDT