

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington February 18, 2020

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 18, 2020, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Garry Arseneault, President
Ann Congdon
Randy Smith
Dennis Bolz
Steve McKenna

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

Others in attendance: Reilly Kneedler

Call To Order

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

Pledge of Allegiance and Human Performance Improvement (HPI) Minute

- Lyle Moore, Customer Service Engineering Supervisor, led the pledge and provided an HPI minute on Heart Health, as February is American Heart Month.

Agenda

- Resolutions 9 and 11 were moved to the consent agenda; the agenda was approved as revised.

Resolution 3

(see Chelan PUD website for resolution)

- Lindsey Mohns, Customer Utilities Business Manager, presented Resolution 3
- Resolution 3. A RESOLUTION ESTABLISHING NEW RATES FOR THE DISTRICT'S SALE OF ELECTRIC ENERGY, WATER, WASTEWATER SERVICES AND WHOLESALE TELECOMMUNICATION SERVICES
- The rate implementation schedule was outlined in the 2020-2024 Strategic Plan, and the increased electric rate revenue will go into reserves to help reduce the risk of large rate increases in the future.
- The rate plan goes into effect on June 1 for the PUD's residential electric, water, wastewater and wholesale Fiber customers. Rate changes for commercial and industrial electric customers are set for Dec. 1. After that, annual changes will be effective on June 1, 2021-2024.

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To approve Resolution 3 as presented

Approved: Unanimously

Audit Committee Annual Update

(see Chelan PUD website for presentation)

- Stacey Jagla, Internal Audit Manager, briefly reviewed the Audit Committee's Annual Report that covers the 2019 internal audits and the items scheduled for 2020 review.
- Other highlights include clean audit opinions on external audits from Price Waterhouse Cooper on 2018 Financial Statements, and from the State Auditor's office on the 2018 Energy Independence Act (I-937) as well as the 2018 Accountability Audit.

Quarterly Energy Resources Update

(see Chelan PUD website for presentation)

- Janet Jaspers, Director of Energy Operations Planning & Trading, shared their 2019 4th quarter results.
- 2019's net wholesale and other energy-related revenue was \$7.7 million more than budget, noting that retained surplus proceeds on a long-term hydro contract and real-time agreement revenues more than offset impacts from low stream flows and unit outages.
- Cheap natural gas is the main driver of US power price declines over the last decade. This combined with increases in solar generation and the upcoming closure of coal-fired generation plants add complexity to forecasting of future prices.

Executive Session

President Arseneault convened an executive session at approximately 10:40am 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 1 hour and 20 minutes.

Regular Session Reconvened at 12:12pm

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

Recessed at 12:13pm and Reconvened at 1:00pm

Agenda

- Resolution 10 was moved to the consent agenda; the agenda was approved as revised.

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the February 3, 2020 Regular Meeting and February 6, 2020 Special Meeting
- Vouchers: Accounts Payable Summary Report dated February 11, 2020:
 - Vouchers totaling \$9,078,361.11;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 29, 2020 through February 11, 2020 in the amount of \$95,700.88;
 - Approval of the net Payroll, Warrant Nos. 236904 through 236923 and Advice Nos. 688594 through 689340 for the pay period ending 02/02/2020 in the amount of \$1,961,584.29
 - Approval of Warrant Nos. 26402 through 26453 totaling \$38,881.12 for claim payments from the workers' compensation self-insurance fund for the period ending February 10, 2020;
 - Payment to the Department of Revenue in the amount of \$2,701,716.83 on February 25, 2020 for Annual Privilege Tax Returns.

- Resolution 9. A RESOLUTION AUTHORIZING AN AMENDMENT TO SERVICES AGREEMENT (SA NO. 15-208) WITH STANTEC CONSULTING SERVICES, INC. OF BELLEVUE, WA FOR PROFESSIONAL SERVICES RELATED TO THE DISTRICT'S HYDRO PROJECTS
- Resolution 10. A RESOLUTION AUTHORIZING AMENDMENT NO. 8 TO SERVICES AGREEMENT (SA NO. 16-060) WITH CLEARRESULT CONSULTING INC., TO PROVIDE ENERGY EFFICIENCY SERVICES
- Resolution 11. A RESOLUTION ESTABLISHING A "LOAN FUND" FOR THE PESHASTIN WASTEWATER PROJECT WITHIN THE WASTEWATER SYSTEM AS REQUIRED BY WATER QUALITY COMBINED FINANCIAL ASSISTANCE AGREEMENT BETWEEN DISTRICT AND WASHINGTON STATE DEPT. OF ECOLOGY AND AUTHORIZING THE DEPOSIT OF FUNDS FROM THE WASTEWATER SYSTEM'S REVENUE FUND TO THE LOAN FUND AS NEEDED

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To accept the consent agenda as revised to include Resolutions 9, 10 and 11

Approved: Unanimously

Resolution 12

(see Chelan PUD website for resolution)

- Dan Frazier, Director Shared Services, reviewed Resolution 12
- Resolution 12. A RESOLUTION APPROVING THE PURCHASE AND SALE AGREEMENT WITH SCOTT H. MCDUGALL FOR THE PURCHASE OF REAL PROPERTY AND AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO COMPLETE THE TRANSACTION
- The land is next to the PUD's new Service Center site in Olds Station and could provide a first step toward a possible loop trail extension and added shoreline access to the Wenatchee River.

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Smith

To approve Resolutions 12 as presented

Approved: Unanimously

Manager Items

- Ron Slabaugh, Manager Water/Wastewater updated the Board on 2 items:
 - Request from the East Wenatchee Water District to add 1000 acres to the Regional Water Rights boundary
 - Low density area off Grant Road towards the airport
 - Board approval required, once all parties agree to terms
 - Potential pumped storage generation project in Douglas County: Gridflex Energy is requesting the Regional Water Rights Board to consider providing the initial fill of the reservoir.
 - Helps enable the continuation of the feasibility study
- Michelle Smith, Director Hydro Licensing/Compliance, informed the Board about 2 developments in the Confluence Parkway area
 - Memo of Understanding (MOU) with City of Wenatchee to work together on the environmental assessment process.
 - FERC licensing requirements include communication plans, public outreach as well as other strict guidelines.
 - District will have 60 days to review/comment.
 - Public meeting sponsored by the City of Wenatchee to be held on March 5 at CTC from 5-7pm
- Justin Erickson, Managing Director District Services, and Justin Fletcher, Senior Civil Engineer, shared an update on an inspection of Tumwater Dam in the Fall of 2019.

- Determined the fishway base is being compromised by a strong jet produced from a corner of the dam.
- Bids are out for the project, estimated at \$450,000. Work may be delayed until the fall due to earlier than normal high spring flows
- Kirk Hudson, Managing Director Generation and Transmission, gave an update on Rocky Reach Unit C9 return to service.
 - This is the first of 8 units expected to return to service in 2020 including both Rock Island and Rocky Reach dams.
 - There is a chance that an additional unit, C3, will also be placed into service if it's determined a temporary blade-blocking technique can be implemented.
- John Stoll, Managing Director Customer Utilities, reported that the new Customer Information System (CIS) was implemented on February 11 and things are going smoothly at this point, with minor issues as expected.
 - Exception reports are reviewed regularly; on-going monitoring is part of the process.
 - Accuracy of customer bills is the highest priority

Commission Items

- Board Workshop – Motion:
To reschedule the March 17, 2020 Board Workshop to Friday, May 1, 2020, at 9:00am at the Confluence Technology Center, 285 Technology Center Way, Wenatchee

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To approve Motion to set Board Workshop date

Approved: Unanimously

- Commissioner Congdon shared a complimentary email from a Leavenworth resident. The customer-owner shared her appreciation of the good driving habits by District crews in the area. Additionally, she commended the helpfulness exhibited by Stacey Lloyd, New Services Coordinator, and Kelly Cordell, Wildlife Biologist, regarding hawks in the vicinity of a power pole on her property.

Follow Up on Delegation of Action Items from the 2/3/20 Board Meeting

- Tracy Yount will clarify the \$5 per policy proposed legislation and to what insurance policies it would be applicable – sent by email 2/4/20
- Lindsey Mohns will provide the kWh point at which customers will experience a less than or greater than 3% rate increase - sent by email 2/18/20
- Lindsey Mohns will check on the 1% rate increase concern raised by a customer-owner today - sent by email 2/18/20
- Kirk Hudson will share previously-completed seismic studies – sent by email 2/5/20

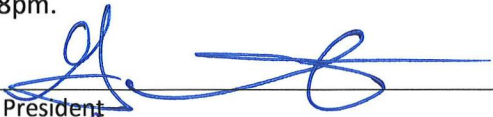
There being no other business, the meeting adjourned at 1:48pm.



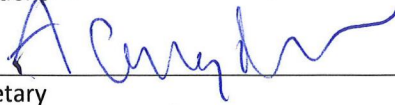
Vice President



Commissioner



President



Secretary



Commissioner