

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington February 20, 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 February 20, 2024, at the hour of 10:00 am, pursuant to proper notice.

Commissioners present: Steve McKenna, President
Garry Arseneault (by phone)
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: Ray Schmitten, Shawn Cox

Call to Order

- President McKenna called the meeting to order at 10:01am

Pledge of Allegiance and Safety/HPI Minute

- Antony Urbano, Field Safety Manager, led the pledge and provided information on his experience prior to joining the District and the safety culture and organizational performance priority that attracted him

Agenda

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

Audit Committee Annual Update

- Stacey Jagla, Internal Audit Manager/Auditor, presented a summary of audit committee activities in 2023
- Commissioners expressed their appreciation for the work of the audit team

Quarterly Financial Review and Investment Report

- Mark Mullins, Director Enterprise Planning and Risk Analytics, and Dave Nelson, Manager Strategic Financial Planning, reviewed 4th quarter results
- Bottom-line results better than budget
 - Higher long term contract revenues and lower operating costs more than offset lower wholesale revenues due to low streamflow conditions for strong 2023 results
- Accomplished significant level of investment in core assets
 - Capital spending at the highest level in recent years with good progress on key projects
- Financial targets on-track
 - Financial metrics were met for 2023 and on track for the 5-year forecast

Quarterly Energy Resources Update

- Mike Bradshaw, Director Energy Structure Trading, and Janet Jaspers, Director Energy Operations Planning and Trading, provided an update on wholesale and energy-related revenue, Western power markets and overall operations and planning
- Below average water year in 2023
 - Net Wholesale Revenue and other energy-related revenue was \$175M (\$18M better than budget)
 - Lower wholesale electricity prices, lower generation (below average water), and higher electric loads
 - Rocky Reach inflow averaged 75% of average
- Climate Commitment Act (CCA)
 - Q4 auction took place on December 6, 2023, with a settlement price of \$51.89/metric ton
 - Allowance prices trading near \$32/metric ton of CO₂e on secondary market as the California linkage bill and Washington initiative weigh on secondary prices
 - Auction 5 scheduled for March 6, 2024
- Day-Ahead Market Initiatives
 - Southwest Power Pool (SPP) Markets+
 - Chelan plans to fund Phase 2
 - California Independent System Operator (CAISO) Energy Day Ahead Market (EDAM)
 - Pathways Initiative meetings

Peshastin Water District Capital Funding Discussion

- Heather Irelan, Director Treasury, and Cathy Melton, Customer Service Program Analyst, provided information on funding options for Peshastin Water District capital projects
- Reviewed recent feedback and potential funding options
- Commissioners expressed a preference for aligning Public Power Benefit (PPB) funding with the Peshastin project schedule
- Shawn Cox, Peshastin Hi-Up, and Ray Schmitten, Bluebird, expressed their appreciation for additional work on funding options

Consent Agenda

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

- Minutes of the February 5, 2024 Regular Meeting and February 6, 2024 Board Workshop
- Vouchers: Accounts Payable Summary Report dated February 13, 2024:
 - Vouchers totaling \$9,523,827.11;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 30, 2024 through February 12, 2024 in the amount of \$75,035.24.
 - Approval of the net Payroll, Warrant Nos. 238369 through 238379 and Advice Nos. 771518 through 772313 for the pay period ending January 28, 2024 in the amount of \$2,500,869.47.
 - Approval of Warrant Nos. 30722 through 30816 totaling \$22,168.89 for claim payments from the workers' compensation self-insurance fund for the period ending February 12, 2024.
 - Approval of Parks Reservation System customer refunds for the period January 30, 2024 through February 12, 2024 in the amount of \$105.00.
- Resolution 10. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER CONTRACT NO. 21-12 WITH NORTHBANK CIVIL AND MARINE INC. OF WA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 12. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A TASK AUTHORIZATION SERVICES AGREEMENT (SA NO. 24-13461) WITH ABSG CONSULTING, INC. OF SPRING, TX FOR ASSET MANAGEMENT CONSULTING SERVICES

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Arseneault

To approve the consent agenda as revised to include Resolution 12

Approved: Unanimously

Resolution 11

- Katie Marshall, Manager Customer Utility Technology, and Andy Wendell, Director Customer Service and Stakeholder Outreach, presented Resolution 11
- Reviewed a project status update
 - Project nearing 95% deployed
 - Project is in scope and within budget
 - Network optimization fine tuning to begin in March with focused efforts on opt-out and meter access matters
- Andy noted several opportunities for customer-owners interested in opting out to learn more about the program and process
- Resolution 11. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 19-10469) WITH ANIXTER, INC. TO PROVIDE ADVANCED METERING INFRASTRUCTURE

Resolution 13

- Vicki Griffin, Real Estate and Permitting Manager, presented Resolution 13
- Resolution 13. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO LEASE AGREEMENT (22-12089) WITH PORT OF CHELAN COUNTY (NOW ADMINISTERED BY THE CHELAN DOUGLAS REGIONAL PORT AUTHORITY) FOR THE LEASE OF PORT INDUSTRIAL BUILDING NUMBER 5 (IB5 LOCATED IN WENATCHEE, WASHINGTON)

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Smith

To approve Resolutions 11 and 13 as presented

Approved: Unanimously

Manager Items

- Kirk Hudson, General Manager, noted that quarterly project reports were included in the packet
- Vicki Griffin and Daniel Appel, Staff Attorney, provided an update on the Ravenwing property
 - Reviewed additional public input, due diligence to date, and potential next steps and considerations

Commission Items

- Commissioner Arseneault reported on last week's Washington PUD Association (WPUDA) meetings; educational information for upcoming trip to Washington DC for the American Public Power Association (APPA) Legislative Rally
 - WPUDA will also hold meetings in DC on public power issues

Follow up on Delegation of Action Items from 2/5/24 Board meeting

- Tracy Yount will investigate who is representing the State of Washington in the Columbia River System Operation Settlement agreement negotiations
- Kelli Scott to report on:
 - How state funding is distributed to local governments for installing electric vehicle charging stations
 - Whether there is additional funding for electricity usage for vehicle charging stations
- Cathy Melton and Heather Irelan will provide PPB allocation options and potential impacts to rate adder, future PPB allocations, and water system financial metrics – included in today's update

Delegation of Action Items

- Staff will add information on WRAP planning reserve margin to the Quarterly Energy Resources reports
- Dave Nelson will provide information on largest capital expenditure year

Recess @ 11:59am, Reconvene @ 1:00pm

Executive Session

President McKenna convened an executive session at approximately 1:00pm 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) 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 60 minutes.

Executive session extended by 45 minutes at 1:50pm

Regular Session Reconvened at 2:51pm


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

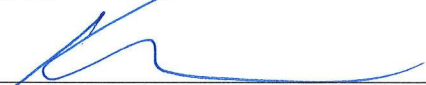
There being no other business, the meeting adjourned at 2:51pm.




Vice President


Commissioner



President


Secretary


Commissioner