

MINUTES OF REGULAR MEETING OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

February 21, 2017

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 North Wenatchee Avenue, Wenatchee, Washington, on February 21, 2017, at the hour of 9:05 a.m., pursuant to proper notice thereof.

Commissioners present were Randy Smith, Garry Arseneault, Ann Congdon and Steve McKenna. Commissioner Dennis Bolz was excused. In attendance were General Manager Steve Wright, General Counsel Erik Wahlquist and Clerk of the Board Sheila Salmon.

President Randy Smith presented the Agenda for approval. The agenda was approved as written.

President Smith convened an executive session at 9:05 to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for approximately 3 hours.

Reconvening the meeting into regular session at 12:15 p.m., President Smith stated no actions or votes were taken.

The meeting recessed at 12:15 p.m. to the reconvene at 1:00 p.m.

Dave Parkhill, Safety Training Program Administrator led the Pledge of Allegiance and provided a safety minute.

Resolutions Nos. 8 - 11 were moved to the consent agenda.

Audit Committee 2016 Annual Update – Stacey Jagla, Internal Audit Manager, presented the 2016 Annual Report. (See www.chelanpud.org for the report)

LED Streetlight Update - Andrew Grassell, Energy Development and Conservation manager, told commissioners there is a unique opportunity to combine grant funding with PUD incentives to re-light the county. (See www.chelanpud.org for the presentation) Staff has talked with the cities and Chelan County and found they were interested in the benefits of LED streetlights. A collaborative approach offers the advantage of the District managing the project and the cities and Chelan County taking the lead on engaging residents, who are also PUD customers. Far better visibility is the biggest safety benefit of LED streetlights. Focusing light where it is needed is much easier with LED lighting. That also reduces light pollution. The energy efficient LEDs last longer and cost less to maintain and there are state grants available to help with the cost of replacing the old streetlights, Grassell said. A survey found about 4,250 streetlights in the county. Estimates are that switching to LEDs could save about 0.4 average megawatts of electricity a year – enough to light about 150 homes. The cost to achieve those savings would be about \$1.9 million. Grassell said state grant funding of up to \$920,000 is available. The project is not financially feasible without grant funding, he noted. Grassell outlined next steps for the project that include seeking PUD commission approval of new streetlight agreements with local governments and approval to call for bids. Installation is tentatively set for 2018.

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President Smith presented the consent agenda which consisted of the minutes of the February 6, 2017 for approval.

The Auditor's memorandum dated February 14, 2017 supporting documentation and District's Computer Report, which certify, pursuant to RCW 42.24.080, that the District received certain goods, services and other considerations specified therein and describes as follows were presented for approval:

Accounts Payable Summary Report dated February 14, 2017:

1. Vouchers totaling \$5,446,574.14;
2. Approval of Customer Deposit Returns and Conservation Incentive payments dated February 14, 2017 in the amount of \$18,626.75;
3. Approval of the net Payrolls, Warrant Nos. 235037 through 235060 and Advice Nos. 628525 through 629233 for the pay period ending 2/05/2017 in the amount of \$1,706,647.49; and
4. Approval of Warrant Nos. 23152 through 23180 totaling \$16,600.70 for claim payments from the workers' compensation self-insurance fund for the period ending February 13, 2017.

Charge-Offs:

Uncollectible Accounts in excess of \$1,000.00 for December 2016 - \$4,633.34

RESOLUTION NO. 17-14118 AUTHORIZING AMENDMENT NO. 5 TO SERVICES AGREEMENT (SA NO. 13-058) WITH THYSSENKRUPP ELEVATOR CORPORATION TO PROVIDE MAINTENANCE OF THE DISTRICT'S ELEVATOR EQUIPMENT

RESOLUTION NO. 17-14119 RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-05 WITH MOE ASPHALT PATCHING & SEALCOATING OF WENATCHEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE

RESOLUTION NO. 17-14120 RATIFYING FIELD WORK ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 13-70 WITH DAVEY TREE SURGERY COMPANY OF LIVERMORE, CALIFORNIA AND AUTHORIZING PAYMENT OF RETAINAGE

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RESOLUTION NO. 17-14121 AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 15-64 WITH DAVEY TREE SURGERY COMPANY OF LIVERMORE, CALIFORNIA AND AUTHORIZING PAYMENT OF RETAINAGE

A motion was made by Commissioner Congdon, seconded by Commissioner Arseneault and passed adopting the Consent Agenda, consisting of the minutes of February 6, 2017, the above listed vouchers and Resolution Nos. 17-14118 through 17-14121, which are on file in the offices of the District.

Commissioners considered the following resolution:

RESOLUTION NO. 17-14122 AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 15-019) WITH UTILIWORKS CONSULTING, LLC TO PROVIDE AMI CONSULTING SERVICES

A motion was made by Commissioner McKenna, seconded by Commissioner Arseneault and passed to approve Resolution No. 17-14122.

Ron Slabaugh, Water/Wastewater Manager, requested Commissioners adopt the following motion:

A motion was made by Commissioner Aresenault, seconded by Commissioner Congdon and passed to adopt the Public Utility District No. 1 of Chelan County Water System Plan presented to the Board of Commissioners October 17th and November 7th, 2016.

Dave Nelson, Business Advisor, requested to add \$3.6M to the B6 project budget to accommodate moving previously budgeted and purchased turbine and wicket gate components into the B6 Modernization project. These parts had been moved to a deferred asset account while the B5-B10 Modernization project was on hold. With the resumption of this modernization project, these parts are now scheduled to be used in B6 during 2017. These costs were treated as sunk costs in the analysis and planned for use in B6, which is why B6 had a lower total project budget. However, since the parts will be used on this project, they will be reclassified from a deferred asset and charged to this project. The project revision is needed to properly reflect the total cost of the project.

A motion was made by Commissioner Congdon, seconded by Commissioner Arseneault and passed to add \$3.6 million to the Rock Island Powerhouse 1 B6 Modernization project budget for a total revised project budget of \$30.7 million.

General Counsel Erik Wahlquist requested Commissioners consent to file foreclosure actions as follows:

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A motion was made by Commissioner McKenna, seconded by Commissioner Congdon and passed authorizing General Counsel to file foreclosure actions on or before February 28, 2017 as appropriate to enforce and collect delinquent LUD assessments.

Manager Items Included:

Jeff Osborne, License Compliance Supervisor, reported overwhelming support was expressed at two community meetings last week for a new natural area along the Loop Trail in Douglas County. He said about 20 community members attended Thursday, February 16, 2017 session in East Wenatchee. The turnout Wednesday, February 15, 2017 in Wenatchee was smaller. Voting on a name for the area continues through the end of February.

Staff reported on the February 13, 2017 substation meeting in Leavenworth from John Stoll, Customer Utilities managing director. Response to the three identified sites for the new substation was generally positive. Stoll also invited Chelan Valley customers to the Wednesday, February 22, 2017 update on locations for a new substation there. Public comment on the proposed sites for both substations is invited through March 3, 2017. He said staff plans to bring recommended locations for both substations to commissioners next month.

Mike Coleman, Fiber and Telecom Managing Director, reported changes in wholesale telecommunications fees and charges for three new service will be effective April 1, 2017.

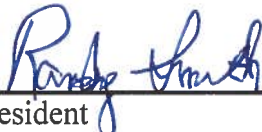
General Manager Steve Wright followed-up on Delegation of Action Items from Previous Board Meeting and Delegation of Action items from this meeting.

President Smith convened an executive session at 2:40 p.m. following a 5-minute break 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 1 hour.

Reconvening the meeting into regular session at 3:58 p.m., President Smith stated no actions and no votes were taken.

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There being no other business, the meeting adjourned at 3:58 p.m.

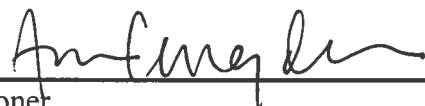


President




Vice President

Secretary



Commissioner



Commissioner