

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington March 6, 2023

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 March 6, 2023, at the hour of 10:00 am, pursuant to proper notice thereof.

**Commissioners present:** Randy Smith, President  
Kelly Allen  
Garry Arseneault (by phone)  
Steve McKenna (by phone)

**Staff present:** Kirk Hudson, General Manager  
Erik Wahlquist, General Counsel  
Rebekah Neumann, Clerk of the Board  
Various staff

**Guests present:** Brian Brett, Richard DeRock, Frank Kuntz, Laura Gloria, Mike Battis, Shawn Ballard, Travis Hornby, West Mathison

## **Call to Order**

- President Smith called the meeting to order at 10:00am

## **Pledge of Allegiance and Safety/HPI Minute**

- Fandhi Irawan, Senior Project Manager, led the pledge and provided information on stop work authority

## **Agenda**

- Resolution 11 was moved to the consent agenda; the agenda was approved as revised

## **Confluence Parkway**

(see Chelan PUD website for presentation)

- Justin Erickson, Managing Director District Services, and Erik Wahlquist, General Counsel, provided information on the proposed land exchange agreement for Confluence Parkway
- Thanked District and City staff that have worked on this project
- Reviewed background, District Section 4(f) responsibilities, affected lands, the District's role in the process and key terms of the proposed land exchange agreement including staff recommendations and next steps
- Frank Kuntz, Wenatchee Mayor, West Mathison, Stemilt Growers, Richard DeRock, Link Transit, Shawn Ballard and Mike Battis, Ballard Ambulance, Brian Brett, Wenatchee Valley Fire Department all spoke in favor of the project
- Bart Clennon provided written comments
  - Comments focused on reduced traffic accidents and congestion, improved response time for first responders, better options for bus and bike commuters, and improvements to the Loop Trail
- A resolution to execute the Land Exchange Agreement will be presented on March 20 for the Board's consideration

### **Quarterly Energy Resources Update**

(see Chelan PUD website for presentation)

- Mike Bradshaw, Director Energy Structure Trading, and Janet Jaspers, Director Energy Planning and Trading, presented fourth quarter results
- Strong 2022 energy-related revenues
  - \$222M (\$114M better than budget)
  - Higher wholesale electricity prices
  - Retained surplus proceeds from long-term power contracts
- Western Resource Adequacy Program (WRAP)
  - FERC acceptance of tariff
- Southwest Power Pool (SPP) Markets+
  - Funding agreement signed by multiple utilities

### **2023 Internal Loans Overview**

(see Chelan PUD website for presentation)

- Heather Irelan, Director of Treasury, reviewed internal funding needs, internal funding sources, loan mechanics and recommendations and timeline
- Recommending 2 years of capital funding for Hydro projects
  - Loans from Financing to Rocky Reach and Rock Island
  - Terms are governed by power sales contracts
  - "Bridge" loan from Distribution to Financing
  - Leverages available funds with more flexible terms
- Long-term power purchaser impacts (cost-plus contracts)
  - Share of annual principal and interest
  - Some contract adders increase with internal loan increases
  - Advance notice will be provided to power purchasers

### **Manager Items**

- Kirk Hudson, General Manager, introduced Jared Watts, Director of Safety and HPI

### **Commissioner Travel**

- Lisa Sanders, Legal Office Administrator, reviewed upcoming Commissioner travel

### **Recess at 11:55am, Reconvene at 1:00pm**

### **Consent Agenda**

(see Chelan PUD website for resolutions)

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

- Minutes of the February 21, 2023 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated March 1, 2023:
  - Vouchers totaling \$22,690,452.72;
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period February 15, 2023 through February 28, 2023 in the amount of \$74,617.27.
  - Approval of the net Payroll, Warrant Nos. 238073 through 238088 and Advice Nos. 750995 through 751772 for the pay period ending February 12, 2023 in the amount of \$ 2,300,181.78.
  - Approval of Warrant Nos. 29301 through 29337 totaling \$6,897.22 for claim payments from the workers' compensation self-insurance fund for the period ending February 27, 2023.

- Resolution 11. A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO SERVICES AGREEMENT (SA NO. 22-12059) WITH KEARNS AND WEST, INC. TO PROVIDE ROCK ISLAND RELICENSING FACILITATION AND MEDIATION SERVICES

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Allen

To approve the consent agenda as revised to include Resolution 11

Approved: Unanimously

### **Resolution 9**

(see Chelan PUD website for resolutions)

- John Sagerser, Engineering and Project Management Manager, presented Resolution 9
- Further guaranteed maximum price amendments will be forthcoming for long-lead components and site work for additional units
- Resolution 9. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 2-GMP1, 2-GMP2, 3-GMP2, AND 4-GMP2 AND AUTHORIZING THE EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. 5-GMP2 TO CONTRACT NO. 18-10 WITH GE RENEWABLES US LLC OF GREENWOOD VILLAGE, CO FOR THE ROCK ISLAND DAM POWERHOUSE NO. 2 – GENERATING UNIT REHABILITATION PROJECT

### **Resolution 10**

(see Chelan PUD website for resolutions)

- Devin Myers, Senior Project Manager, presented Resolution 10
- Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER (FWO/CO) NOS. 1, 1-PRECONSTRUCTION, 2-PRECONSTRUCTION AND AUTHORIZING THE ISSUANCE OF GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 1 TO PROCURE MOTOR CONTROL CENTER EQUIPMENT FOR UNIT U5 UNDER CONTRACT NO. 20-44 WITH OLSSON INDUSTRIAL ELECTRIC, INC. OF SPRINGFIELD, OR, FOR THE ROCK ISLAND POWERHOUSE NO. 2 UNIT MOTOR CONTROL CENTERS REPLACEMENT PROJECT

MOTION

Moved by: Commissioner McKenna

Seconded by: Commissioner Allen

To approve Resolutions 9 and 10 as presented

Approved: Unanimously

### **Commission Items**

- Commissioners Allen, Arseneault, and Smith reported on last week's American Public Power Association (APPA) Legislative Rally
  - Appreciated speaking with legislators, who are concerned with the issues we highlighted
  - Columbia River Treaty negotiations seem to have some traction; asked to be included in those meetings
- Special Meeting

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Arseneault

To set a special meeting on Friday, March 24, 2023 @ 9:00am at the Confluence Technology Center, 285 Technology Center Way, Wenatchee, for the purpose of holding an Executive Session to review the performance of a public employee

Approved: Unanimously

### **Follow up on Delegation of Action Items from 2/21/23 Board meeting**

- None

**Delegation of Action Items**

- None

**Executive Session**

President Smith convened an executive session at approximately 1:20pm 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 the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c) for approximately 60 minutes.

**Regular Session Reconvened at 2:25pm**

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


There being no other business, the meeting adjourned at 2:25pm

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Vice President

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Commissioner

  
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President

  
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Secretary

  
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Commissioner