

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington March 20, 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 20, 2023, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Guests present: Anna Shepard, Kalie Worthen, Frank Kuntz, Laura Gloria

Call to Order

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

Pledge of Allegiance and Safety/HPI Minute

- Ian Hunter, Principal Civil Engineer, led the pledge and provided information on dam safety

Agenda

- Resolution 13 was moved to the consent agenda; the agenda was approved as revised

Cycle of Personal Ownership (CPO) Winner Recognition

(see Chelan PUD website for presentation)

- Kirk Hudson, General Manager, recognized February winners Denae Dorasi, Learning and Development Program Manager, and Jim White, Senior Energy Conservation Engineer

Legislative Session Update

(see Chelan PUD website for presentation)

- Kelli Scott, Government/External Affairs Program Manager, gave an update on the 2023 session, bills of interest, and the state budget

Oroville-Tonasket Irrigation District Water Supply Agreement

(see Chelan PUD website for presentation)

- Alene Underwood, Director Natural Resources, and Marcie Clement, Water Resources Program Manager, provided information on the water supply agreement with Oroville-Tonasket Irrigation District (OTID)
- Reviewed project objectives, customer-owner benefits, and highlights of the agreement

- Alene recognized Marcie’s great work on water issues as Marcie prepares to depart the District
- Commissioners thanked Marcie for her work at the District

Manager Items

- Rachel Hansen, Senior Communications Strategist, and Casey Hall, Principal Project Manager, provided information on the upcoming Microsoft Open House March 29, 6:00-8:00pm at Mission View Elementary
 - Microsoft will provide information on the Malaga datacenter and answer community questions
 - District staff will be onsite to answer questions as well
 - Casey provided an update on the status of the Microsoft project
 - Kirk Hudson, General Manager, noted that Casey and Lance Beyer are paving the way for us by utilizing consultants for much of the project work; we will likely utilize this model in the future to allow us to respond more quickly to customer requests and needs
- Kelly Boyd, Chief Financial and Risk Officer, Sue Wiersma, Credit Risk Program Manager, and Heather Ireland, Treasurer, gave an update on the recent bank failures reported in the news
 - The District doesn’t have any current exposure related to the two banks recently in the news
 - We haven’t experienced any negative impacts in the safety or liquidity of deposits
 - Another layer of defense is Washington State statute requires public funds only be deposited in qualified public depositories, which requires higher levels of collateral
 - On the credit side, we have counterparties and entities that provide letters of credit
 - The two banks in the news do not provide any current letters of credit
 - If a credit letter issuer no longer meets our requirements, we have the option to request a replacement letter of credit from an agency that does meet requirements

Executive Session

President Smith convened an executive session at approximately 11:10am 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 45 minutes.

Regular Session Reconvened at 11:55am

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

Recess at 11:55am, Reconvene at 1:01pm

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the March 6, 2023 Regular Meeting and March 13, 2023 Special Meeting
- Vouchers: Accounts Payable Summary Report dated March 15, 2023:
 - Vouchers totaling \$11,096,373.91;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period March 1, 2023 through March 14, 2023 in the amount of \$71,594.56.
 - Approval of the net Payroll, Warrant Nos. 238089 through 238099 and Advice Nos. 751773 through 752564 for the pay period ending February 26, 2023 in the amount of \$2,305,080.70.
 - Approval of Warrant Nos. 29338 through 29377 totaling \$8,357.61 for claim payments from the workers’ compensation self-insurance fund for the period ending March 13, 2023.

- Approval of Parks Reservation System customer refunds for the period March 1, 2023 through March 9, 2023 in the amount of \$980.00.
- Resolution 9. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4, 5, 6, 7, 8, 9 AND 10, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 20-07 WITH APOLLO SHEET METAL, INC. OF KENNEWICK, WA AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4, 5, 6 AND 7, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 20-27 FOR OHME SUBSTATION CONSTRUCTION WITH PALOUSE POWER, LLC OF QUINCY, WA AND AUTHORIZING RELEASE OF THE BOND LIEU OF RETAINAGE
- Resolution 13. AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 22-12502) WITH RGEN INC. TO PROVIDE SHAREPOINT SITE CONSULTING SERVICES

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Bergren

To approve the consent agenda as revised to include Resolution 13

Approved: Unanimously

Resolution 11

(see Chelan PUD website for resolutions)

- John Sagerser, Engineering and Project Management Manager, presented Resolution 11
- Reviewed capital budget revision and plan to include future work in the annual budget process
- Resolution 11. A RESOLUTION AUTHORIZING THE ISSUANCE OF GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 3 WITH GE RENEWABLES US LLC OF GREENWOOD VILLAGE, CO TO PROVIDE THE PROCUREMENT AND MANUFACTURING OF LONG LEAD-TIME COMPONENTS FOR THE SECOND AND THIRD UNITS FOR CONTRACT NO. 18-10 FOR THE ROCK ISLAND DAM POWERHOUSE NO. 2 – GENERATING UNIT REHABILITATION PROJECT

Resolution 12

(see Chelan PUD website for resolutions)

- David Lodge, Project Management Manager, presented Resolution 12
- Resolution 12. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 23 AND FURTHER APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 24 FOR THE SERVICE CENTER PROJECT WITH ABSHER CONSTRUCTION COMPANY OF PUYALLUP, WA FOR CONSTRUCTION OF THE SERVICE CENTER PROJECT PURSUANT TO GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GC/CM) CONTRACT NO. 18-91

Resolution 14

(see Chelan PUD website for resolutions)

- Heather Irelan, Treasurer, presented Resolution 14
- Resolution 14. A RESOLUTION AUTHORIZING LOANS FROM THE DISTRIBUTION SYSTEM TO THE FINANCING FACILITIES SYSTEM IN AN AMOUNT NOT TO EXCEED \$70,000,000 AND FROM THE FINANCING FACILITIES SYSTEM TO THE ROCK ISLAND SYSTEM IN AN AMOUNT NOT TO EXCEED \$75,000,000 AND TO THE ROCKY REACH SYSTEM IN AN AMOUNT NOT TO EXCEED \$20,000,000, TO FINANCE CERTAIN ROCK ISLAND AND ROCKY REACH CAPITAL IMPROVEMENTS FOR 2023 AND 2024

Resolution 15

(see Chelan PUD website for resolutions)

- Ron Slabaugh, Water/Wastewater Manager, presented Resolution 15

- Resolution 15. A RESOLUTION APPROVING A FOURTH ADDENDUM TO TEMPORARY WATER RIGHT MITIGATION AGREEMENT BETWEEN THE REGIONAL WATER SYSTEM MEMBERS AND CROWN COLUMBIA WATER RESOURCES, LLC

Resolution 16

(see Chelan PUD website for resolutions)

- Alene Underwood, Director Natural Resources, and Marcie Clement, Water Resources Program Manager, presented Resolution 16
- Resolution 16. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE A MITIGATION WATER SUPPLY AGREEMENT WITH THE OROVILLE-TONASKET IRRIGATION DISTRICT

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Allen

To approve Resolutions 11, 12, 14, 15, and 16 as presented

Approved: Unanimously

Commissioner McKenna joined at this time

Resolution 17

(see Chelan PUD website for resolutions)

- Justin Erickson, Managing Director District Services, presented Resolution 17
- No public comment has been received on the Land Exchange Agreement since it was presented
- May Kuntz confirmed that the City staff is prepared to present the agreement to the City Council this week
- Commissioners expressed appreciation for staff for their work on this lengthy process and to customer-owners for expressing their opinions on the project
- The agreement reflects the District's desire to partner with the City to alleviate traffic congestion
- Resolution 17. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE A LAND EXCHANGE AGREEMENT WITH THE CITY OF WENATCHEE FOR THE CONFLUENCE PARKWAY PROJECT

MOTION

Moved by: Commissioner Bergren

Seconded by: Commissioner Allen

To approve Resolution 17 as presented

Approved: Unanimously

Commission Items

- Rate 36 Implementation
 - Erik Wahlquist, General Counsel, reported that staff have been reviewing issues related to the Rate 35 and Rate 36 approach to cryptocurrency and other mining activities
 - The team anticipates bringing proposed revisions to Rate 36 to the Board in May

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Allen

To further defer the annual adjustment of the Rate Schedule 36 market energy charge to August 1, 2023, in order to allow time to complete the consideration and potential modification of Rate Schedule 36

Approved: Unanimously

- Commissioner Allen
 - Recently visited the Entiat Museum; they are asking for pictures of local fires for the interpretive center
 - Noted that rocks are frequently falling into the roadway on Highway 97A north of Rocky Reach dam and encouraged use of Highway 97 in Douglas County
 - Thanked Kirk and the team for the invitation to visit the Yakama Nation; it was a very meaningful experience
- Commissioner Bergren reported seeing huge solar projects during a recent vacation to Arizona


Follow up on Delegation of Action Items from 3/6/23 Board meeting

- None

Delegation of Action Items

- None

There being no other business, the meeting adjourned at 2:02pm

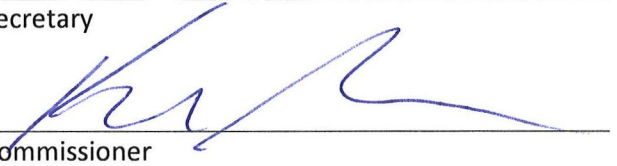


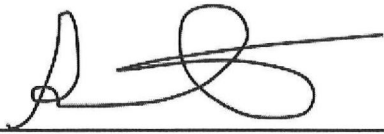
President

Vice President


Commissioner

Secretary


Commissioner

A handwritten signature in black ink, consisting of a stylized 'G' followed by a large loop and a horizontal line extending to the right.

Garry Arseneault - Board Member
Approved on 4/5/2023 10:36AM PDT