

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington March 21, 2022

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 21, 2022, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Steve McKenna, President (by phone)
Garry Arseneault (by phone)
Dennis Bolz (by phone)
Ann Congdon (by phone)
Randy Smith (by phone)

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

Call to Order

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

Pledge of Allegiance and Safety/HPI Minute

- Ginny Fuerst-Johnson, Generation Asset Management Manager, led the pledge and provided information on sleep health

Agenda

- Resolution 14 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 Debbie Litchfield, Treasury Advisor, and Kevin Toney, Rock Island Maintenance Superintendent
- Kelly Boyd, Chief Financial and Risk Officer, and Commissioners thanked Debbie for her years of service as she retires at the end of the month

Legislative Session Wrap Up

(see Chelan PUD website for presentation)

- Tracy Yount, Director External Affairs, provided an end of session summary
- Reviewed final outcome of various issues along with a look ahead to the 2023 session
- Kirk Hudson thanked Tracy for covering this after Shaun's retirement

District Investment and Banking Policy Update

(see Chelan PUD website for presentation)

- Sarah Hale, Senior Treasury Analyst, reviewed proposed changes to the investment and banking policy

- The proposed improvement opportunity provides efficiency with no additional risks
- Commissioners expressed agreement with the proposed changes

Rate 35 to Rate 36 Transition Options

(see Chelan PUD website for presentation)

- Lindsey Mohns, Business Services/Customer Utilities Manager, reviewed options for consideration in response to customers' request for a transition plan from Rate 35 (high density load) to Rate 36 (cryptocurrency)
- Commissioners noted they are open to the option of transition contracts of no more than 2 years

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To defer the annual adjustment of the Rate Schedule 36 market energy charge to June 1, 2022, in order to allow time for resolution of customer requests regarding Rate 36 without compounding the interim impact to customers

Approved: Unanimously

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the March 7, 2022 Regular Meeting and the March 11, 2022 Special Meeting
- Vouchers: Accounts Payable Summary Report dated March 16, 2022:
 - Vouchers totaling \$20,308,615.62;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period March 2, 2022 through March 15, 2022 in the amount of \$20,869.89.
 - Approval of the net Payroll, Warrant Nos. 237770 through 237784 and Advice Nos. 730817 through 731591 for the pay period ending February 27, 2022 in the amount of \$2,216,509.35.
 - Approval of Warrant Nos. 28381 through 28423 totaling \$4,224.34 for claim payments from the workers' compensation self-insurance fund for the period ending March 14, 2022.
 - Approval of Parks Reservation System customer refunds for the period March 1, 2022 through March 15, 2022 in the amount of \$1,645.00.
- Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 21-02 WITH MAGNUM POWER LLC OF WA AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 12 THROUGH 31 AND REQUESTING APPROVAL OF FIELD WORK ORDER/CHANGE ORDERS 32 AND FIELD WORK ORDER/CHANGE ORDER33 TO CONTRACT 11-06 WITH GE RENEWABLES US LLC OF CINCINNATI OHIO FOR PROGRAMMABLE LOGIC CONTROLS AND SYSTEMS PROGRAMMING SERVICES

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Arseneault

To accept the consent agenda as revised to include Resolution 14

Approved: Unanimously

Resolution 11

(see Chelan PUD website for resolutions)

- Casey Hall, Senior Project Manager, presented Resolution 11

- Resolution 11. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. D-19 THROUGH D-23 TO CONTRACT 18-33 FOR THE ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT WITH LYDIG CONSTRUCTION, INC. OF SPOKANE VALLEY, WA

Resolution 12

(see Chelan PUD website for resolutions)

- Michelle Smith, Directly Hydro Licensing and Compliance, presented Resolution 12
- Provides a 10-year agreement for management of Orondo River Park
- Resolution 12. A RESOLUTION APPROVING AN INTERLOCAL AGREEMENT (NO. 22-12204) RELATING TO MANAGEMENT OF ORONDO RIVER PARK WITH THE CHELAN DOUGLAS REGIONAL PORT AUTHORITY

Resolution 13

(see Chelan PUD website for resolutions)

- George Velazquez, Engineering and Project Management Manager, presented Resolution 13
- Resolution 13. A RESOLUTION REJECTING THE BID OF APOLLO SHEET METAL, INC. DBA APOLLO MECHANICAL CONTRACTORS AND AUTHORIZING LAKE CHELAN HVAC UPGRADE BE OBTAINED BY NEGOTIATION (BID 21-SW09)

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Smith

To accept Resolutions 11, 12, and 13 as presented

Approved: Unanimously

Manager Items

- Kelly Boyd, Chief Financial and Risk Officer welcomed Heather Irelan in her new role as Treasurer
- Heather Irelan, Director Treasury/Treasurer, reported on the recent update of the District's Fitch rating
 - District staff met with Fitch Ratings in February and provided updates on 2021 financial results, overall financial conditions and key operations
 - Fitch has confirmed the District's bond rating at AA+, among the highest-rated utilities in the nation
- Tracy Yount, Director External Affairs, and Bob Shane, Managing Director Fiber and Telecom, reported on the broadband community project fund
 - Tracy noted a steep increase in grant funding at state and federal levels
 - The District is focused on: broadband, dam safety, second source water, and wildfire mitigation
 - Suzanne Grassell, Senior Policy Advisor, has developed a process to engage on and consistently evaluate grant opportunities
 - Bob expressed appreciation to Congresswoman Schrier who has appropriated funds for broadband to the Upper Entiat Valley Road
 - The District is considering the ramifications of accepting the grant
 - Awarded ~\$1.2 million for construction of fiber to 220 premises; does not include any make-ready work

Commission Items

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Smith

To set two public outreach meetings regarding Confluence Parkway on Wednesday, March 30, 2022 @ 11:00am and 4:30pm to be held at the Confluence Technology Center, 285 Technology Center Way, Wenatchee

Approved: Unanimously

- Confluence Parkway
 - Commissioner McKenna reported on a productive meeting with Mayor Kuntz regarding Confluence Parkway; PUD will complete due diligence process including gathering customer-owner feedback
- Commissioner Arseneault noted that the current price of fuel may cause a rapid increase in vehicle electrification

Recess at 12:01pm, Reconvene at 1:00pm

Follow up on Delegation of Action Items from 3/7/22 Board meeting

- Shawn Smith will determine the resources required to add Lake Chelan and Canadian snow level information to the Current app; will add request to list of potential improvements – this item will be added to the list of proposed improvements, to be prioritized through the regular process
- Bob Shane will provide information on how VLAN rate changes will impact schools – provided via email 3/7/22

Follow up on Delegation of Action Items from 3/11/22 Board workshop

- Kirk Hudson and Erik Wahlquist will pursue preliminary discussions with a potential Innovation Management consultant
- Commissioners will send any Confluence Parkway questions to Rebekah Neumann and Commissioner McKenna – completed; list will be maintained to capture any further questions that arise
- Erik Wahlquist will meet with the Commission President and Vice-President to review the Board Governance Policies to develop proposed edits for consideration at the Fall Board workshop

Delegation of Action Items

- Rebekah Neumann will schedule Rocky Reach facilities tours for interested Commissioners

Executive Session

President McKenna convened an executive session at approximately 1:10pm 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), to plan the strategy or position to be taken during the course of collective bargaining, as authorized by RCW 42.30.140(4)(b), and to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for approximately 90 minutes.

Regular Session Reconvened at 2:40pm

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

There being no other business, the meeting adjourned at 2:40pm.

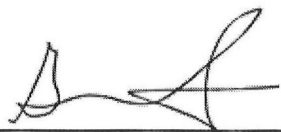
President

Vice President

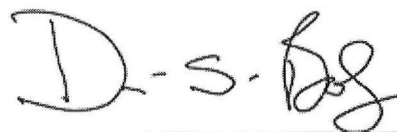
Secretary

Commissioner


Commissioner



Garry Arseneault - Board Member
Approved on 4/5/2022 10:68AM PDT



Dennis Bolz - Board Member
Approved on 4/4/2022 2:50PM PDT



Ann Congdon - Board Member
Approved on 4/4/2022 3:02PM PDT



Randy Smith - Board Member
Approved on 4/5/2022 7:43AM PDT