Minutes of the Regular Commission Meeting of
Public Utility District No. 1 of Chelan County, Washington
March 30, 2020

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 30, 2020, at the hour of 10:00 am, pursuant to proper notice thereof.

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

Staff present: Steve Wright, General Manager
Erik Wahlquist, General Counsel
Rebekah Garfein, Clerk of the Board
Various staff

Others present: Guy Moore, Colville Confederated Tribes (by phone)

Call To Order
• President Arseneault called the meeting to order at 10:00am

Pledge of Allegiance
• President Arseneault led the pledge

Agenda
• The agenda was approved as presented

Peshastin Pinnacles Outreach
(see Chelan PUD website for presentation)
• Steve Wickel, Transmission Engineering Manager, updated Commissioners on the transmission line near the Peshastin Pinnacles
• Steve reviewed reasons for rerouting the line and the planned path
• Peshastin Pinnacles park will be closed from May 1 until construction is complete
• Guy Moore of the Colville Confederated Tribes expressed his appreciation of the PUD in working with the tribes on this project and others

Low-Income Program Assessment
(see Chelan PUD website for presentation)
• Josh Mitchell, Residential Energy Advisor, presented survey results and recommendations for the low-income program
• Survey data was compiled by Empower Dataworks and was initiated in response to requirements of the Clean Energy Transformation Act legislation
• Energy burden is the amount of money spent on energy as a percentage of annual income
• Chelan PUD customers have one of the lowest energy burdens in the country, however there is a small segment of customer-owners that have an energy burden over 6%
• This information will help staff develop targeted energy conservation programs to reduce energy burden

Coronavirus Update
(see Chelan PUD website for graphics)
• John Stoll, Managing Director of Customer Utilities
  o Crews are on a non-standard shift, ready to be called out; some routine work can still be completed
  o Engineering is doing what they can; some projects are on hold, which may create a bow wave
  o Challenges include balancing critical key system work with customer connections
  o Customer Relations staff is all working remotely; staff has seen an increase in Helping Hands donations
  o Have formally stopped charging late payment fees, which is covered under the Fees and Charges policy and has been delegated to the General Manager; formal memo to the General Manager outlines stopping those fees March 16 and through April 27
• Kirk Hudson, Managing Director of Generation & Transmission
  o Outlined 10 essential functions, which must be maintained 24/7
  o Staff who can work remotely are doing so; have curtailed work in the power house and switchyards to better isolate emergency employees
  o Challenges include determining what work in the power house and switchyards must be completed after the initial 2-week shutdown, working through contract issues, staying connected to employees in various locations, and staying connected with peer utilities
  o Powerhouse 2 negotiations are continuing on schedule using video conferencing technology
• Mike Coleman, Managing Director of Fiber & Telecommunications
  o Crews are working a non-standard shift, with 1 of 3 crews working on any given day
  o Reviewed system congestion; Saddlerock is the busiest node operating, at times, over 90%
    ▪ Actions are underway to offload bandwidth consistent with an upgrade planned for later in the year
  o Normal and routine activities continue although tickets are growing faster than they can be resolved
  o We are losing a senior telecom engineer, which will shift workload from two engineers to one
• Justin Erickson, Managing Director of District Services
  o Fish and Wildlife staff will begin daily fish sampling at Rocky Reach this week with social distancing
  o Non-emergency workers are working remotely or onsite within guidance
  o Challenges include public bid openings using an online streaming process
    ▪ Seeing diminished interest from bidders and requests for additional time; an unstable bidding climate introduces financial, quality and time risks
  o Parks continue to be a challenging management issue
  o The District is able to effectively continue all work related to Service Center project
• Gregg Carrington, Managing Director of Energy Resources
  o 100% of staff is working remotely, only coming into the office when needed
  o Challenges are related to connectivity with Citrix and the phone system; IT and Tech Shop have been incredible and are doing a great job
  o In the next 3 weeks we may see decreases in wholesale energy prices; we’ve hedged the majority of our 2020/2021 wholesale energy portfolio in advance, which shelters us from changes, but market prices will impact unhedged energy sales
• Kelly Boyd, Chief Operations and Risk Officer
  o 85% of Finance, Risk and IT are working remotely
  o Challenges include the rapid increase of demand for remote users, which has overwhelmed our remote environment; went from about 60 average concurrent users to a high of 334 last week
• IT has purchased additional system licenses and bandwidth; the system has stabilized and staff is now focused on individual issues
  - Kelly recognized staff efforts to keep the system available
  - Financial markets have been disrupted and are challenging our bond financing activities
  - Anticipate negative impacts on 2020 financial results; with the District’s strong financial health and prudent financial policies we are well-positioned to weather this storm
  - Recognize Greg Larsen who is retiring tomorrow; thanks for 23 years of dedicated service

• Tim Pettit, Director of Safety & HPI
  - Staggering work schedules to maintain social distancing; maintaining strong relationships and support
  - This event will create a backlog of training, but we remain in full compliance with required training
  - Drift will be a primary focus as the workforce gets back to a sense of normalcy

• Lorna Klemanski, Managing Director of Human Resources and Labor
  - About 30% of HR staff is emergency workers; most are working remotely
  - Completing minimum onboarding of new employees so as to not lose the great candidates we’ve hired; with this climate of uncertainty, future candidate pools are likely to be smaller and not as robust
  - Three staff are on rotating shifts, coming in 1 day out of 3 to address any issues in the office
  - Payroll has been impacted due to many legislative changes at the state and federal level
  - Delayed hiring a Learning and Development Program Manager

• Erik Wahlquist, General Counsel
  - Legal, Audit, and Compliance teams are working almost entirely remotely at this time
  - Recognized Karen Wiggum, who is retiring tomorrow; we intend to celebrate with her at a later date

• Steve Wright, General Manager
  - The District is operating with an Incident Command Structure in place; our plan never anticipated something of this magnitude
  - Senior Management Team has been meeting daily to resolve policy issues as they arise
  - The District Performance Plan is taking blows; difficult to determine what those impacts may be
  - Plans are in place to clarify how to manage employees when work cannot be done remotely

Mobile Application Introduction
(see Chelan PUD website for presentation)
• Michelle Van Bogart, Senior Technical Project Manager, introduced the new District mobile app - Current
  - The iOS version is available now and the Android version will be released in a few weeks
  - Currently shows Lake Chelan and Columbia River elevation; can view past lake elevations or future, forecasted elevations
  - Additional options and features will be added in the future

Recessed at 12:15pm and Reconvened at 1:03pm

Consent Agenda
(see Chelan PUD website for resolutions)
President Arseneault presented the consent agenda, which included the following items:
• Minutes of the March 16, 2020 Regular Meeting
• Vouchers: Accounts Payable Summary Report dated March 25, 2020:
  - Vouchers totaling $12,682,112.98;
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period March 11, 2020 through March 24, 2020 in the amount of $22,768.72;
  - Approval of the net Payroll, Warrant Nos. 236967 through 236984 and Advice Nos. 690874 through 691653 for the pay period ending 03/15/2020 in the amount of $2,052,872.08;
  - Approval of Warrant Nos. 26539 through 26595 totaling $14,622.26 for claim payments from the workers’ compensation self-insurance fund for the period ending March 23, 2020.

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MOTION
Moved by: Commissioner Smith
Seconded by: Commissioner Bolz
To accept the consent agenda as presented
Approved: Unanimously

Resolution 10
(see Chelan PUD website for resolution)
• Heather Irelan, Treasury Analyst Lead, reviewed Resolution 10
• Heather provided a market update
• Staff still recommends moving forward with adoption of the authorizing resolution to allow issuance of new money and refinancing bonds; recognize modifications to the plan are prudent
• The timeline for actual issuance is tentative and subject to further adjustment

Resolution 11
(see Chelan PUD website for resolution)
• Heather Irelan, Treasury Analyst Lead, reviewed Resolution 11
• Adds additional funds for PriceWaterhouseCooper’s review of bond documents
• Resolution 11. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO AMEND THE SERVICE AGREEMENT (SA NO. 13-162) WITH PRICEWATERHOUSECOOPERS LLP TO INCLUDE QUALITY CONTROL REVIEW SERVICES SUPPORTING THE 2020 CONSOLIDATED SYSTEM BONDS

MOTION
Moved by: Commissioner Bolz
Seconded by: Commissioner McKenna
To accept Resolutions 10 and 11 as presented
Approved: Unanimously

Update on Public Power Benefit Criteria
(see Chelan PUD website for presentation)
• Steve Wright, General Manager, and Kelly Boyd, Chief Financial and Risk Officer, presented proposed changes to the Public Power Benefit (PPB) program funding criteria
  o This was an action item from the Strategic Plan - to look at modifying the PPB financial criteria to insure the program can continue if the District should enter in the capital borrowing market

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• Reviewed existing process, proposed changes, and recommended criteria guidelines
• Commissioners gave a nod of approval to the recommended $6M per year for the financial forecast

• Steve reviewed an emerging issue around liquidity challenges in Chelan county due to Coronavirus impacts
  o PPB was designed to support things within our statutory nexus, but without a strong business case and may be able to assist us in this area
  o Commissioners indicated agreement with the plan to delay the June 1 rate increase to December 1, 2020
  o No disconnects and no late payment fees have been implemented under the General Manager’s delegated authority effective March 16 through April 27 and may be extended
  o Commissioners asked staff to consider how to help small business owners

Commission Items
• Commissioner Bolz offered congratulations to Commissioner Smith for his WPUDA term extension

Follow Up on Delegation of Action Items from the 3/16/20 Board Meeting
• Kelly Boyd will follow up with Commissioner Arseneault on zero coupon bonds and how those might work for us in the future – sent by Heather Irelan via email on 3/19/20
• Justin Erickson will report back to Commissioners on a potential future swim location in Chelan
• Justin Erickson will notify Commissioners of the Chelan trail expansion grand opening

Delegation of Action Items
• Josh Mitchell will report on mobile homes identified in the low-income study and how many are owner-occupied versus renter-occupied
• Andrew Grassell will share the outreach plan for changes to the low-income program
• John Stoll will share information on suspended disconnects, noting any geographical trends
• Erik Wahlquist will determine if the PUD can make a contribution to the Helping Hands fund

Executive Session
President Arseneault convened an executive session at approximately 2:08pm 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 60 minutes.

Regular Session Reconvened at 2:40pm
President Arseneault stated no votes were taken and no decisions were made during Executive Session

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

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