

# 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
  - Crews are on a non-standard shift, ready to be called out; some routine work can still be completed
  - Engineering is doing what they can; some projects are on hold, which may create a bow wave
  - Challenges include balancing critical key system work with customer connections
  - Customer Relations staff is all working remotely; staff has seen an increase in Helping Hands donations
  - 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
  - Outlined 10 essential functions, which must be maintained 24/7
  - Staff who can work remotely are doing so; have curtailed work in the power house and switchyards to better isolate emergency employees
  - 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
  - Powerhouse 2 negotiations are continuing on schedule using video conferencing technology
- Mike Coleman, Managing Director of Fiber & Telecommunications
  - Crews are working a non-standard shift, with 1 of 3 crews working on any given day
  - 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
  - Normal and routine activities continue although tickets are growing faster than they can be resolved
  - We are losing a senior telecom engineer, which will shift workload from two engineers to one
- Justin Erickson, Managing Director of District Services
  - Fish and Wildlife staff will begin daily fish sampling at Rocky Reach this week with social distancing
  - Non-emergency workers are working remotely or onsite within guidance
  - 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
  - Parks continue to be a challenging management issue
  - The District is able to effectively continue all work related to Service Center project
- Gregg Carrington, Managing Director of Energy Resources
  - 100% of staff is working remotely, only coming into the office when needed
  - Challenges are related to connectivity with Citrix and the phone system; IT and Tech Shop have been incredible and are doing a great job
  - 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
  - 85% of Finance, Risk and IT are working remotely
  - 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.

**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 10. A RESOLUTION CREATING A PLAN OF FINANCING AND REFINANCING THE ACQUISITION AND CONSTRUCTION OF AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO AND RENEWALS, REPLACEMENTS AND EXTENSIONS OF THE DISTRICT'S CONSOLIDATED SYSTEM; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$170,000,000 COMBINED AGGREGATE PRINCIPAL AMOUNT OF CONSOLIDATED SYSTEM REVENUE BONDS, REVENUE AND REFUNDING SERIES 2020A (NON-AMT) (CONSISTING OF A NEW MONEY COMPONENT AND A REFUNDING COMPONENT), CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020B (NON-AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2020C (AMT) FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF CARRYING OUT THAT PLAN; PROVIDING FOR THE OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2008B (NON-AMT) FROM BOND PROCEEDS AND FROM AVAILABLE FUNDS OF THE DISTRICT; PROVIDING FOR THE DEFEASANCE AND OPTIONAL REDEMPTION OF THE CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011A (AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2011B (AMT) FROM AVAILABLE FUNDS OF THE DISTRICT; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; PROVIDING THE TERMS OF THE 2020A BONDS, THE 2020B BONDS AND THE 2020C BONDS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

**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
  - 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

- 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
  - 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
  - Commissioners indicated agreement with the plan to delay the June 1 rate increase to December 1, 2020
  - 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
  - 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

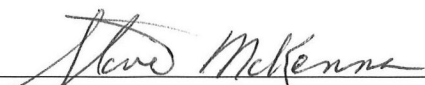
**Executive Session**

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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 Vice President

  
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 Commissioner

  
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 President

  
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 Secretary

  
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 Commissioner