

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington May 16, 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 May 16, 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)

**Staff present:** Kirk Hudson, General Manager  
Erik Wahlquist, General Counsel  
Lisa Sanders, Acting Clerk of the Board  
Various staff

**Guest present:** Malachi Salcido

## **Call to Order**

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

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

- Heather Poltz, Administrative Assistant II, led the pledge and provided information on driving safety

## **Agenda**

- Resolutions 15 and 16 were 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 April CPO winner Michelle Van Bogart, Manager – Business Technology Alignment

## **Peshastin Water District Acquisition**

(see Chelan PUD website for presentation)

- Ron Slabaugh, Water/Wastewater Manager, provided the Peshastin Water District Acquisition Update
- Considerations and Priorities include
  - Perform all necessary due diligence and identify risks
  - Established District rates, fees and charges will apply to Peshastin customers
  - A rate adder will be included to ensure financial sustainability
  - Anticipated to be completed by the end of 2022
- Next steps include
  - Finalizing financial analysis and rate adder methodology and quantify potential rate adder impact for Peshastin Water District customers

- Finalize due diligence review to identify issues to be addressed by internal working teams
- Prepare purchase and sale agreement and closing documentation
- Next Board progress update anticipated in September 2022
- Coordinated outreach with Peshastin Water District to confirm community support

### **Quarterly Energy Resources Update**

(see Chelan PUD website for presentation)

- Shawn Smith, Managing Director of Energy Resources, and Janet Jaspers, Director of Energy Operations Planning and Trading, provided the Energy Resources Update
- The 2022 Net wholesale revenue forecast is \$69 million and is \$5 million above budget. After adding in other energy related revenue, the revenue forecast is \$124.2 million and is \$16 million higher than budget
- Western Resource Adequacy Program (WRAP) continues to advance on schedule
- Western Market momentum continues in the West
  - California Independent System Operator (CAISO) Extended Day Ahead Market (EDAM)
  - Southwestern Power Pool (SPP) Markets+

### **Confluence Parkway Due Diligence**

(see Chelan PUD website for presentation)

- Michelle Smith, Director Hydro Licensing and Compliance, provided the Confluence Parkway Due Diligence Update
- Reviewed a draft scope of work for an environmental noise assessment review and timeline for next steps
- The following items are being discussed and mitigated:
  - Wildlife Review
  - Visual Impacts, and
  - Air Quality Impacts
- The Estimated Noise Evaluation schedule is below
  - Finalize scope of work by May 20
  - Site visit with consultant, PUD staff and Commissioners May – June
  - Contractor to complete work elements and develop report(s) May – June
  - Present report(s) to Board of Commissioner in July

### **Rate Schedule 36 Transition Agreement**

(see Chelan PUD website for presentation)

- Erik Wahlquist, General Counsel, reviewed available options
- Staff recommends moving to Option 2b
- Malachi Salcido requested Commissioners consider Option 2A verses 2B if the Board decides on the two-year transition
- Commissioners decided to postpone voting on this item until the full Board is available

### **Manager Items**

- John Stoll, Managing Director Customer Utilities, provided reports on AMI Milestones and Rate Increases
  - AMI Milestones
    - Beta phase will continue for the next 6-8 weeks and includes 500 meters that will be deployed in the Monitor, Cashmere, and Old Station areas
    - Mass deployment of 50,000 meters will begin in the Fall
  - Upcoming Rate Increases
    - Beginning June 1 implementation of third year of Board-approved rate increases from 2020 include
      - 3% electric
      - 4% water/wastewater
      - 3% wholesale fiber optic system

- Alene Underwood, Manager Fish & Wildlife, discussed the upcoming public Tumwater Dam Open House
  - May 19 at 4:00pm – 7:00pm at the Chelan County Fire District 3, 228 Chumstick Highway, Leavenworth
- Kirk Hudson, General Manager, discussed the return to in-person board meetings beginning Monday, June 20

#### **Follow up on Delegation of Action Items from 5/2/22 Board meeting**

- Michelle Smith will share the City's environmental study on exhaust fumes for Confluence Parkway- completed via email on 5/10/22
- Erik Wahlquist will provide the staff report for Rate 36 as well as transition impacts- completed via email on 5/4/22
- Rebekah Neumann will check Rock Island and the CTC as potential locations for the July WPUDA meeting- completed via email 5/5/22 noting the CTC is available

#### **Delegation of Action Items**

- Justin Erickson will work with Communications to inform customers about Lake Chelan water levels
- Justin Erickson will gather information on how chemicals used in deicer might impact vegetation and wetlands on proposed Confluence Parkway project
- Kirk Hudson will evaluate Rate Schedule 36 calculation and adjustment methodology prior to next scheduled energy charge adjustment by April 2023

#### **Recess at 11:57am, Reconvene at 1:00pm**

#### **Consent Agenda**

(see Chelan PUD website for resolutions)

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

- Minutes of the May 2, 2022 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated May 11, 2022:
  - Vouchers totaling \$15,397,937.73;
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 27, 2022 through May 10, 2022 in the amount of \$22,952.73.
  - Approval of the net Payroll, Warrant Nos. 237823 through 237838 and Advice Nos. 734005 through 734817 for the pay period ending April 24, 2022 in the amount of \$2,464,730.32.
  - Approval of Warrant Nos. 28497 through 28516 totaling \$19,383.25 for claim payments from the workers' compensation self-insurance fund for the period ending May 9, 2022.
  - Approval of Parks Reservation System customer refunds for the period April 27, 2022 through May 10, 2022 in the amount of \$2,415.00.
- **Resolution 11.** A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER BID NO. 19-83 WITH IMCO GENERAL CONSTRUCTION, INC. OF FERNDAL, WA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- **Resolution 12.** A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 5 AND 6, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 17-64 WITH TK ELEVATOR CORPORATION OF SEATTLE WASHINGTON AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- **Resolution 13.** A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1, 2, 3, 4, 5, 6, 7 AND 8, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-65 WITH TALISMAN CONSTRUCTION SERVICES, INC. OF SPOKANE, WA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- **Resolution 15.** A RESOLUTION AUTHORIZING AMENDMENT TO SERVICES AGREEMENT (SA NO. 16-111) WITH RITZ SAFETY, LLC TO PROVIDE A FLAME RESISTANT/ARC FLASH CLOTHING PROGRAM FOR DISTRICT EMPLOYEES

- **Resolution 16.** A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 21-11406) WITH BURNS & MCDONNELL ENGINEERING COMPANY, INC. TO PROVIDE ENGINEERING SERVICES RELATED TO FIBER EXPANSION

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Bolz

To approve the consent agenda as revised to include Resolutions 15 and 16

Approved: Unanimously

**Resolution 14**

(see Chelan PUD website for resolutions)

- Jim White, Senior Energy Conservation Engineer, presented Resolution 14
- Resolution 14. A RESOLUTION AMENDING RATE SCHEDULE 15 DIRECT CURRENT FAST CHARGING ELECTRIC VEHICLE CHARGING INFRASTRUCTURE RATE AS ADOPTED VIA RESOLUTION NO. 22-14624

**Resolution 17**

(see Chelan PUD website for resolutions)

- Justin Erickson, Managing Director District Services, presented Resolution 17
- Resolution 17. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA-TA NO. 21-11370) WITH GREENWORKS, P.C. AND FURTHER AUTHORIZE AMENDMENT NO. 1 TO INTERLOCAL AGREEMENT NO. 21-11625 WITH THE CITY OF WENATCHEE FOR RIVERFRONT PARK ENHANCEMENTS

**Resolution 18**

(see Chelan PUD website for resolutions)

- David Lodge, Project Management Manager, presented Resolution 18
- Resolution 18. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR THE EASTBANK HATCHERY PUMP STATION REHABILITATION (BID NO. 21-06) AND AUTHORIZING THE EASTBANK HATCHERY PUMP STATION REHABILITATION BE OBTAINED BY NEGOTIATION

**Proposed motion:** To increase the total project budget for capital project IS200003, System Operations Backup Control Center, in the amount of \$992,848. The current total project budget is \$2,002,152. The revised total project budget would be \$2,995,000

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Bolz

To accept Resolutions 14, 17, 18 and motion 20 as presented

Approved: Unanimously

**Proposed motion:** Move to defer the annual adjustment of the Rate Schedule 36 market energy charge to July 1, 2022, in order to allow time for resolution of customer requests regarding Rate 36 without compounding the interim impact to customers.

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Congdon

To accept Motion as presented

Approved: Unanimously

**Executive Session**

President McKenna convened an executive session at approximately 1:21pm 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) for approximately 90 minutes.

**Regular Session Reconvened at 2:38pm**

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

There being no other business, the meeting adjourned at 2:38pm

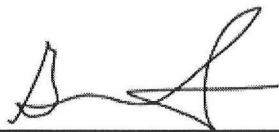
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President

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Vice President

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Secretary

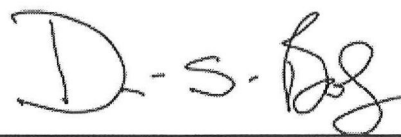
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Commissioner

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Commissioner



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Garry Arseneault - Board Member  
Approved on 6/7/2022 12:22PM PDT



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Dennis Bolz - Board Member  
Approved on 6/10/2022 12:57PM PDT



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Ann Congdon - Board Member  
Approved on 6/10/2022 2:11PM PDT



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Steve McKenna - Board Member  
Approved on 6/14/2022 2:23PM PDT



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Randy Smith - Board Member  
Approved on 6/7/2022 2:16PM PDT