

**Minutes of the Regular Commission Meeting of
Public Utility District No. 1 of Chelan County, Washington
May 22, 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 May 22, 2023, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Steve McKenna, Vice President
Kelly Allen
Carnan Bergren

Staff present: Kelly Boyd, Acting General Manager
Erik Wahlquist, General Counsel
Rebekah Neumann, Clerk of the Board
Various staff

Guests present: Kalie Worthen

Call to Order

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

Pledge of Allegiance and Safety/HPI Minute

- Brent Thrapp, Foreman Mechanic, led the pledge and provided information on Human Performance Improvement process of making it easy to complete jobs correctly

Agenda

- Resolutions 12, 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)

- Kelly Boyd, Acting General Manager, recognized March and April winners Angelica Fernandez, Customer Service Rep, and Kyle Schuttie, Lead Service Desk Analyst

Quarterly Financial Review and Investment Report Update

(see Chelan PUD website for presentation)

- Mark Mullins, Director Enterprise Planning and Risk Analytics, and Dave Nelson, Manager Strategic Financial Planning, presented first quarter results
- Year-end 2023 forecasts are better than budget
 - Q1 year to date results are better than budget by \$12M
 - Year-end forecasts anticipate improved revenues and some catch-up in operating expenses which forecasts bottom line to be better than budget by \$9M
- Long-term financial metrics remain strong
 - No planned external borrowing in the next five-year planning horizon to fund our capital spending program while maintaining our financial metrics

- Inflation impacts are manageable and are continuing to be monitored and evaluated for future forecasts
- Strong financial results further anchor the District's resiliency to weather future uncertainty in project scope, schedule, and a rising cost environment

Quarterly Energy Resources Update

(see Chelan PUD website for presentation)

- Janet Jaspers, Director Energy Planning and Trading, and Mike Bradshaw, Director Energy Structuring and Trading, presented first quarter results
- Below average water year in 2023
 - Net wholesale and other energy-related revenues projected to be \$161M (\$4M better than budget)
 - Higher wholesale electricity prices, lower generation (below average water), and higher electric loads
- Climate Commitment Act (CCA)
 - First auction held
 - Allowance prices \$48.50/metric ton at auction; currently trading at \$60-70/metric ton
 - Chelan received "no cost" allowances
- Day-Ahead market Initiatives
 - Southwest Power Pool Markets+ meetings have begun for Phase 1 development
 - Draft California Independent System Operators (CAISO) Extended Day Ahead Market (EDAM) language released

Surplus Property Presentation

(see Chelan PUD website for presentation)

- Vicki Griffin, Real Estate and Permitting Manager, requested to surplus two properties determined to be surplus to the District's needs
 - 0.18 acres in Chelan Falls
 - 0.15 acres near Chumstick Highway
- Reviewed process used to determine whether there is current or future needs for District property

MOTION

Moved by: Commissioner Bergren

Seconded by: Commissioner Allen

To set a public hearing to take comment on June 5, 2023 at 10:15am for the purpose of the proposed sale of District property 1) Chelan Falls, .18± acres and 2) Chumstick, .15± acres determined to be surplus to the District needs, and directing staff to publish public notice as required by RCW 39.33.020

Approved: Unanimously

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the April 28, 2023 Special Meeting and May 1, 2023 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated May 16, 2023:
 - Vouchers totaling \$31,004,521.28;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 25, 2023 through May 15, 2023 in the amount of \$151,456.08.
 - Approval of the net Payroll, Warrant Nos. 238141 through 238156 and Advice Nos. 754999 through 755813 for the pay period ending April 23, 2023 in the amount of \$2,531,728.73.
 - Approval of the net Payroll, Warrant Nos. 238157 through 238169 and Advice Nos. 755814 through 756642 for the pay period ending May 07, 2023 in the amount of \$2,584,883.48.
 - Approval of Warrant Nos. 29556 through 29642 totaling \$38,738.50 for claim payments from the workers' compensation self-insurance fund for the period ending May 15, 2023.

- Approval of Parks Reservation System customer refunds for the period April 25, 2023 through May 11, 2023 in the amount of \$4,725.00.
- Resolution 10. A RESOLUTION RATIFYING FIELD WORK ORDERS NOS. 5, 6, AND 7, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-76 WITH MAGNUM POWER LLC OF CASTLEROCK, WASHINGTON, AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 11. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 4 AND 5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-47 WITH MAGNUM POWER LLC OF CASTLE ROCK, WASHINGTON FOR UNIT PRICE ELECTRICAL DOCK CREW AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 12. A RESOLUTION AUTHORIZING AMENDMENT NO. 8 TO SERVICES AGREEMENT (SA NO. 13-082) WITH PYTHIAN GROUP, INC. TO PROVIDE SEQUEL (“SQL”) SERVER CONSULTING SERVICES
- Resolution 15. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR JUMPOFF RIDGE SWITCHYARD CONTROL BUILDING (BID NO. 22-12424) AND AUTHORIZING THE JUMPOFF RIDGE SWITCHYARD CONTROL BUILDING BE OBTAINED BY NEGOTIATION
- Resolution 16. A RESOLUTION APPROVING BID ADVERTISEMENT, AWARD AND CONTRACT EXECUTION FOR THE JUMPOFF RIDGE SWITCHYARD AND TRANSMISSION LINE CONSTRUCTION (BID NO. 23-12828)

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Bergren

To approve the consent agenda as amended to include Resolutions 12, 15, and 16

Approved: Unanimously

Resolution 13

(see Chelan PUD website for resolutions)

- Mitchell Clark, Senior Project Manager, presented Resolution 13
- Resolution 13. A RESOLUTION APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. 3-13, FOR THE THIRD AND FOURTH UNITS UNDER CONTRACT NO. 14-22 WITH VOITH HYDRO, INC. OF YORK, PA FOR ROCKY REACH UNITS C-8 THROUGH C-11 TURBINE REPAIRS

Resolution 14

(see Chelan PUD website for resolutions)

- Devin Myers, Senior Project Manager, presented Resolution 14
- Devin reviewed the resolution request and provided an overview of the project, budget and next steps
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 8-GMP1, 3-GMP2, 4-GMP2, 5-GMP2, 1-GMP3, 1-GMP4 AND 2-GMP4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER PRECONSTRUCTION SERVICES PHASE, GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 1 AND GMP AMENDMENT NO. 2, AND AUTHORIZING THE ISSUANCE OF A GMP AMENDMENT NO. 5 TO NORTHBANK CIVIL AND MARINE, INC. OF VANCOUVER, WA TO PROVIDE A GMP AND SCHEDULE FOR THE UPGRADE OF THE THIRD UNIT (U8) UNDER CONTRACT NO. 20-14 FOR THE ROCK ISLAND POWERHOUSE NO. 2 DRAFT TUBE GATE CYLINDER AND HYDRAULIC POWER UNIT UPGRADE

Resolution 17

(see Chelan PUD website for resolutions)

- Vicki Griffin, Real Estate and Permitting Manager, presented Resolution 17
- Resolution 17. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A LONG-TERM ORCHARD LEASE AGREEMENT WITH PIEPEL PREMIUM FRUIT COMPANY, LLC FOR A PARCEL OF UNDEVELOPED LAND LOCATED IN DOUGLAS COUNTY, WASHINGTON

Resolution 18

(see Chelan PUD website for resolutions)

- Justin Cornea, Senior Fiber Network Admin, presented Resolution 18
- Resolution 18. A RESOLUTION RESCINDING AND REPLACING RESOLUTION NO. 22-14640 AND ADOPTING NEW TELECOMMUNICATION RATES FOR WHOLESALE TELECOMMUNICATIONS SERVICES BY SERVICE PROVIDERS ON THE DISTRICT'S BROADBAND SYSTEM

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Bergren

To approve Resolutions 13, 14, 17, and 18 as presented

Approved: Unanimously

Capital Budget Revision

- Travis Tucker, Construction Manager III, presented information on the Eastbank Hatchery pump station rehabilitation project Capital budget revision requested

MOTION

Moved by: Commissioner Bergren

Seconded by: Commissioner Allen

To increase total budget for capital project RI210006, Eastbank Hatchery Pump Station Rehabilitation, in the amount of \$561,477. The current total project budget amount is \$1,778,523. The revised total project budget would be \$2,340,000.

Approved: Unanimously

Manager Items

- Rachel Hansen, Senior Communications Strategist, provided an update on the Daroga State Park playground grand opening to be held Friday, May 26 at 3:00-6:00pm
 - Reviewed project background and outreach
- Kelly Boyd, Acting General Manager, noted that the Quarterly Project status update was included in the board packet

Commissioner Items

- Special Meeting

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Bergren

To set a special meeting on Tuesday, June 13, 2023 @ 6:00pm at Jacks at the Market, 1004 F St SW, Quincy, for the purpose of holding a Mid-C General Managers and Commissioners Meeting

Approved: Unanimously

Follow up on Delegation of Action Items from 5/1/23 Board meeting

- Kelli Scott will provide Commissioners with the breakdown of the State Budget and how much of that will be spent in Chelan County

Follow up on Delegation of Action Items from 4/28/23 Board governance workshop

- Erik Wahlquist will provide Commissioners with a list of board-delegated authorities
- Rebekah Neumann will send Commissioners a list of standing board reports
- Commissioner Arseneault will work with Kirk Hudson and Rebekah Neumann to draft a new group agreement

Follow up on Delegation of Action Items from previous Board meetings

- Rebekah Neumann will meet with Commissioners McKenna and Allen to review Board balanced scorecard metrics, after the Board governance workshop – meeting scheduled for June 5, 2023
- Erik Wahlquist will meet with Commissioners Smith and Allen to review the Board governance policies, after the Board governance workshop – meeting scheduled for June 22, 2023

Delegation of Action Items

- None

Executive Session

Vice President McKenna convened an executive session at approximately 12:05pm 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 30 minutes.

Regular Session Reconvened at 12:37pm

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

There being no other business, the meeting adjourned at 12:37pm

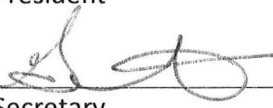


Vice President

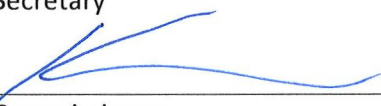


Commissioner

President



Secretary



Commissioner