

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington June 17, 2019

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 June 17, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present:

Garry Arseneault, President
Ann Congdon
Steve McKenna (by phone)
Randy Smith

Staff present:

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

Others in attendance: Richard DeRock, Link Transit

Call To Order

- President Arseneault called the meeting to order at 10:10am

Pledge of Allegiance and Safety Presentation

(see Chelan PUD website for presentation)

- Greg Smith, Safety and HPI Manager, led the pledge and provided information on Human Performance Improvement
- This month's training will focus on defining critical steps and what defenses can be put in place
- Critical steps are those things that could cause harm, including relationship or emotional harm

Agenda

- Resolutions 11, 12, and 13 were moved to the consent agenda; the agenda was approved as revised

Cycle of Personal Ownership (CPO) Recognition

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized May CPO Winners Maria Kieninger and Sarah Hale, Senior Treasury Analysts

Link Transit Tax Initiative

(see Chelan PUD website for presentation)

- Richard DeRock, Link Transit General Manager, provided an update on Link's budget, potential service expansion, and fall tax initiative
- Link currently has the largest percentage of alternative fueled fleet in the Northwest and the first high-powered vehicle charger in the world; every investment in green technology has reduced operating costs
- The system does a good job of serving those that work Monday through Friday, 8-5, but does not currently serve second shifts, agriculture, or tourist's needs
- Through a community survey, an additional \$5.5M in services were requested

- Link will have a 0.2% tax initiative on the fall ballot to begin to address the community requests
- Steve Wright, General Manager, suggested that some future Link projects may be candidates for PPB funding consideration

2019-2020 Insurance Program Renewal Update

(see Chelan PUD website for presentation)

- Ron Gibbs, Insurance and Claims Manager, provided updated information
- Quotes came back a little higher than anticipated, but not significantly
- An area of significant focus is fire risk mitigation; recommend exploring an additional \$25M of insurance if we find it to be cost-effective

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To authorize expenditures by the District not to exceed \$2,435,000 plus surplus lines taxes and fees, for the purchase of District insurance at current limits and deductibles for July 1, 2019-2020 policies and up to an additional \$115,000 for the purchase of up to \$25 million in additional liability insurance coverage for July 1, 2019-2020 upon terms and conditions approved by the General Manager

Approved: Unanimously

Distribution Priorities

(see Chelan PUD website for presentation)

- John Stoll, Managing Director of Customer Utilities, gave an update on Distribution priorities for the coming year
 - Three of the priorities are significant since the last budget: end of life asset replacements, fire ignition prevention, and reliability program enhancements; these raise issues of resource allocation for us
- Katie Marshall, Pole Attachment Program Manager, highlighted the National Electric Safety Code (NESC) survey being done
 - An IKE tool uses a wide-angle camera lens, laser, and GPS to collect information using a few pictures
 - Pictures can be used for various purposes and reduce the number of re-visits to a pole
 - Survey is covering over 17,000 District poles, focused on those that have communications attachments
 - The survey also includes structural monitoring of about 1,000 poles in areas that are scheduled for fiber expansion
- Considering how best to balance increasing risks and workload

Manager Items

- John Stoll, Managing Director of Customer Utilities, and Dan Moser, Distribution Operations Manager, gave a report on a fire over the weekend near Manson
 - Fire was caused by a failure at an overhead transformer where a piece of copper wire broke loose from the transformer and caused a spark
 - The fire was controlled quickly; this is a rare occurrence
- Debbie Litchfield, Director of Treasury, and Heather Irelan, Lead Treasury Analyst, reported on S&P's rating affirmation; S&P has affirmed our AA+ bond rating with a stable outlook
 - High bond ratings keep rates low for customer-owners and support favorable contract negotiations
- Michelle Smith, Director of Hydro Licensing and Compliance, reported on the District Federal Energy Regulatory Commission (FERC) filing on Rock Island early action related to \$710M in investments at Rock Island

- Includes modernization, habitat conservation plan (HCP) work, and ongoing efforts related to safety improvements
- FERC has 60 days to determine if those projects will be considered as early action investments; Chelan PUD is the first in the country to submit projects prior to relicensing under legislation enacted last year
- We can make subsequent filings for any environmental and recreational investments
- Kirk Hudson, Managing Director of Generation and Transmission
 - Reviewed information and letter that will be sent to adjacent landowners for the Chelan transmission fire hardening project
 - Reported on a recent Emergency Action Plan test at Rock Island with 100 participants including internal staff and those from regional and State agencies
 - This broader test occurs every 5 years; early feedback indicates everything went well
- Justin Erickson, Managing Director of District Services, gave an update on Strategic Planning
 - Customer-owner surveys are due this Friday; we've received about 2,100 responses
 - Concerted effort this week to encourage responses

Consent Agenda

(see Chelan PUD website for resolutions)

- President Arseneault presented the consent agenda, which included the following items:
 - Minutes of the May 29, 2019 Tri-Commission Meeting and the June 3, 2019 Regular Meeting
 - Vouchers: Accounts Payable Summary Report dated June 12, 2019:
 - Vouchers totaling \$8,119,733.47;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period May 29, 2019 through June 11, 2019 in the amount of \$11,917.59;
 - Approval of the net Payroll, Warrant Nos. 236530 through 236548 and Advice Nos. 674378 through 675168 for the pay period ending 05/26/2019 in the amount of \$2,073,279.66;
 - Approval of Warrant Nos. 25705 through 25775 totaling \$10,223.87 for claim payments from the workers' compensation self-insurance fund for the period ending June 10, 2019.
 - Resolution 9. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 17-04 WITH GOODFELLOW BROTHERS, INC. OF WENATCEE, WASHINGTON AND AUTHORIZING PAYMENT OF RETAINAGE
 - Resolution 11. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A LAND EXCHANGE AGREEMENT WITH THE CITY OF ENTIAT IN WHICH THE DISTRICT OBTAINS GOOD ACCESS TO IT'S ADJOINING WATERFRONT PARCEL AND THE CITY OBTAINS ADDITIONAL PROPERTY NEAR IT'S WASTEWATER TREATMENT PLANT
 - Resolution 12. A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT TO LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE THE ROCK ISLAND IMPROVEMENTS TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT
 - Resolution 13. A RESOLUTION AUTHORIZING CONTINUATION OF SERVICES UNDER SERVICE AGREEMENT (SA NO. 13-028) WITH NORTHWEST OPEN ACCESS NETWORK (NOANET) TO PROVIDE NETWORK OPERATIONS CENTER SERVICES

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To accept the consent agenda as presented including resolutions 11, 12, and 13

Approved: Unanimously

Resolution 10

(see Chelan PUD website for resolution)

- Brett Bickford, Director of Engineering and Project Management, reviewed Resolution 10
- The District currently has Climax equipment, which is very specialized
- Work over the next 5 years makes it more cost-effective to purchase this tool rather than rent it
- Resolution 10. A RESOLUTION DECLARING CLIMAX PORTABLE MACHINE TOOLS, INC OF NEWBERG, OR AS THE SOLE SOURCE SUPPLIER OF A BB6100 LINE BORING MACHINE

MOTION

Moved by: Commissioner Congdon
 Seconded by: Commissioner Smith
 To approve Resolution 10 as presented
 Approved: Unanimously

Commission Items

MOTION

Moved by: Commissioner Smith
 Seconded by: Commissioner McKenna
 To set a special meeting on July 15, 2019 at 5:30 pm at Mai Lee Thai, 595 Grant Road, East Wenatchee for the purpose of holding a Mid-C General Managers and Commissioners Meeting
 Approved: Unanimously

- Commissioner Smith reported on his recent attendance at the American Public Power Association (APPA) national conference and encouraged others to attend

Follow Up on Delegation of Action Items from the 6/3/19 Board Meeting

- Felicity Saberhagen will provide the loop trail extension project route once it is determined

Delegation of Action Items

- Rebekah Garfein will share the BBC video featuring Link Transit with the Board
- Justin Erickson will report on the number of electronic responses versus digital responses received for the 2014 Strategic Planning Survey


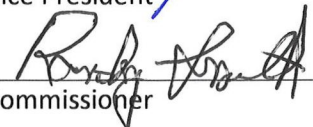
Executive Session

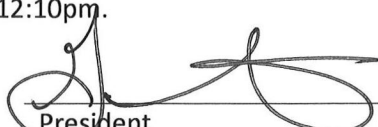
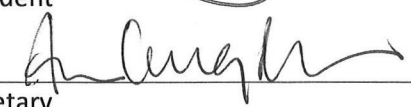
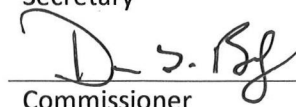
President Arseneault convened an executive session at approximately 11:53am to discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i) for approximately 30 minutes.

Regular Session Reconvened at 12:10pm

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

There being no other business, the meeting adjourned at 12:10pm.


 Vice President

 Commissioner


 President

 Secretary

 Commissioner