

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington August 15, 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 August 15, 2022, at the hour of 10:00 am, pursuant to proper notice thereof.

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

**Staff present:** Kirk Hudson, General Manager  
Erik Wahlquist, General Counsel  
Rebekah Neumann, Clerk of the Board  
Various staff

**Guests present:** Kelly Allen, Phillip Long

## **Call to Order**

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

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

- Teka Sellers, Customer Outreach Specialist II, led the pledge and provided information on road safety as kids go back to school

## **Agenda**

- Resolution 13 was moved to consent; the agenda was approved as revised

## **Cycle of Personal Ownership (CPO) Winner Recognition**

(see Chelan PUD website for presentation)

- Kirk Hudson, General Manager, recognized July winner Bob Bauer, Outreach Education Specialist

## **Quarterly Financial Review and Investment Report**

(see Chelan PUD website for presentation)

- Mark Mullins, Director Enterprise Planning and Risk Analytics, Dave Nelson, Strategic Financial Planning Manager, and Heather Irelan, Treasurer reported on second quarter results
- Year-end 2022 forecasts are better than budget
  - Q2 YTD results are better than budget by \$32M
  - Year-end forecasts anticipate higher revenues and some catch-up in operating expenses which will maintain bottom line, better than budget by \$33M
- Long-term financial metrics remain strong

- Includes planned borrowing in the next five-year planning horizon to fund a portion of our capital spending program while maintaining our financial metrics
- Inflation impacts are manageable and continue to be monitored and evaluated for future forecasts
- Heather reported that Moody's Investor Services recently upgraded the District's credit rating to Aa2 with a continuing stable outlook

### **Quarterly Energy Resources Update**

(see Chelan PUD website for presentation)

- Shawn Smith, Managing Director Energy Resources, and Janet Jaspers, Director Energy Planning and Trading, reviewed second quarter results
- The 2022 net wholesale revenue forecast is \$72 million and is \$8 million better than budget; after adding in other energy related revenue, the revenue forecast is \$135 million and is \$27 million better than budget
- Western Resource Adequacy Program (WRAP) continues to advance
  - Could impact our long-term contracting without mitigation
- Western Market momentum continues
  - California Independent System Operator (CAISO) Extended Day Ahead Market (EDAM) and Southwest Power Pool (SPP) Markets+ day ahead markets in process
  - May decide to join a market based on illiquidity at mid-Columbia (Mid-C) or based on economics

### **Quarterly District Performance Plan Update**

(see Chelan PUD website for presentation)

- Managing directors reviewed Q2 metrics completed or delayed
- 70% of metrics were completed or are on track

### **Public Power Benefit (PPB) Project Selection**

(see Chelan PUD website for presentation)

- Felicity Saberhagen, District Services Business Manager, reviewed 2022 projects recommended for funding and next steps
- Phillip Long, Lake Chelan Research Institute, provide an overview of their submitted project
- Commissioners gave a head nod of agreement to fund the proposed projects

### **Confluence Parkway Due Diligence**

(see Chelan PUD website for presentation)

- Michelle Smith, Director Hydro Licensing and Compliance, gave an update on Confluence Parkway activities
- A draft of the Category A justification paper has been completed and will be provide to Commissioners at a future meeting
- Staff is meeting with the City and State Department of Transportation later today for a project update; the City is on track with their planned timeline to complete this process
- Von Pope, Senior Wildlife Biologist, agrees that the noise study accurately reflects the impacts of the roadway on nearby wildlife, but did not have concerns about wildlife adapting to the roadway

### **Public Power Benefit (PPB) Fiber Update**

(see Chelan PUD website for presentation)

- Bob Shane, Managing Director Fiber and Telecom, reviewed the PPB fiber program accomplishments to date and outlined program adjustments and challenges

**Recess at 12:00pm, Reconvene at 1:00pm**

### **Public Power Benefit (PPB) Fiber Update, continued**

(see Chelan PUD website for presentation)

- Bob Shane continued presenting on the Public Power Benefit Fiber program
- Presented four options for consideration to further adjust the program
- Commissioners stressed the importance of the fiber program
- Staff will include updated fiber expansion plans in the business planning cycle

### **Consent Agenda**

(see Chelan PUD website for resolutions)

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

- Minutes of the August 1, 2022 Regular Meeting and August 4, 2022 Special Meeting
- Vouchers: Accounts Payable Summary Report dated August 10, 2022:
  - Vouchers totaling \$9,826,649.71;
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 27, 2022 through August 9, 2022 in the amount of \$28,270.57.
  - Approval of the net Payroll, Warrant Nos. 237903 through 237915 and Advice Nos. 739776 through 740600 for the pay period ending July 31, 2022 in the amount of \$ 2,448,785.04.
  - Approval of Warrant Nos. 28702 through 28737 totaling \$10,202.01 for claim payments from the workers' compensation self-insurance fund for the period ending August 8, 2022.
  - Approval of Parks Reservation System customer refunds for the period July 27, 2022 through August 9, 2022 in the amount of \$3,780.00.
- Resolution 13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO AMEND THE SERVICE AGREEMENT (SA NO. 13-162) WITH PRICEWATERHOUSECOOPERS LLP TO EXTEND AUDIT SERVICES FOR AN ADDITIONAL THREE YEARS

#### **MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To approve the consent agenda as revised to include Resolution 13

Approved: Unanimously

### **Resolution 14**

(see Chelan PUD website for resolutions)

- Lance Beyer, Project Manager, and Andy Wendell, Director Customer Service and Stakeholder Outreach, presented Resolution 14
- Resolution 14. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INTERLOCAL AGREEMENT (SA 22-12343) WITH CITY OF WENATCHEE FOR THE MCKITTRICK STREET INTERCHANGE AND EXTENSION

### **Resolution 15**

(see Chelan PUD website for resolutions)

- Gary Rice, Project Manager Principal, presented Resolution 15
- Resolution 15. A RESOLUTION APPROVING BID ADVERTISEMENT, AWARD AND CONTRACT EXECUTION FOR NORTH SHORE LAKE CHELAN SUBSTATION CONSTRUCTION PROJECT (BID NO. 22-12367) AND APPROVING A CAPITAL BUDGET REVISION FOR THE PROJECT

## **Resolution 16**

(see Chelan PUD website for resolutions)

- Janet Jaspers, Director Energy Planning and Trading, presented Resolution 16
- Resolution 16. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER IN THE FIRST AMENDMENT TO THE FEBRUARY 1, 2006 POWER SALES AGREEMENT WITH PUGET SOUND ENERGY, INC

### **MOTION**

Moved by: Commissioner Bolz

Seconded by: Commissioner Arseneault

To accept Resolutions 14, 15, and 16 as presented

Approved: Unanimously

## **Manager Items**

- Kirk Hudson, General Manager, noted that the quarterly projects summary was included in the Board packet
- Ryan Baker, Parks Manager, and Travis Tucker, Construction Manager III, reviewed sport court modifications at Walla Walla Park beginning today
  - Two tennis courts will be converted to six pickleball courts; two basketball hoops will be removed, but are planned to be reinstalled and improved as part of a future project
  - Timing was based on contractor availability; courts will be closed through September
  - Pickleball courts will be first come, first serve unless reserved as part of a special event
  - Remaining sport court work is planned for 2023
- Brett Bickford, Managing Director Generation and Transmission, sought feedback from Commissioners on the name of the new substation to serve Microsoft
  - Reviewed criteria considered when choosing a substation name
  - Recommendation is Jump-off Ridge Substation

## **Commissioner Items**

- Commissioner Smith noted his appreciation for meeting in person

## **Follow up on Delegation of Action Items from 8/1/22 Board meeting**

- Rebekah Neumann will add environmental attributes, carbon credits, and resource adequacies to the next board workshop agenda – completed 8/1/22
- Rebekah Neumann will coordinate tours for Commissioners Congdon and Arseneault

## **Delegation of Action Items**

- None

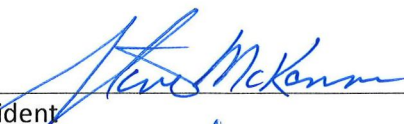
## **Executive Session**

President McKenna convened an executive session at approximately 2:20pm 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 consider information regarding the infrastructure and security of computer and telecommunications networks, security and service recovery plans, security risk assessments and security test results to the extent that they identify specific system vulnerabilities pursuant to RCW 42.30.110(1)(a)(ii), and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c) for approximately 2 hours.

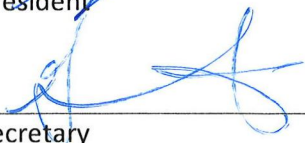
**Regular Session Reconvened at 4:23pm**

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

There being no other business, the meeting adjourned at 4:23pm

  
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President

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Vice President

  
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Secretary

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Commissioner

  
\_\_\_\_\_  
Commissioner

D-S-Bolz

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Dennis Bolz - Board Member  
Approved on 9/20/2022 2:23PM PDT