

**Minutes of the Regular Commission Meeting of
Public Utility District No. 1 of Chelan County, Washington
August 21, 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 August 21, 2023, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Randy Smith, President
Garry Arseneault
Kelly Allen
Carnan Bergren
Steve McKenna

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

Guests present: Emily Thornton

Call to Order

- President Smith called the meeting to order at 10:01am

Pledge of Allegiance and Safety/HPI Minute

- Gage Graika, Senior Safety & Health Coordinator, led the pledge and provided information on school bus safety

Agenda

- Resolution 10 was moved to the consent agenda; the agenda was approved as revised

Quarterly Financial Review and Investment Report

- Mark Mullins, Director Enterprise Planning and Risk Analytics, and Dave Nelson, Manager Strategic Financial Planning, reviewed second quarter results
- Year-end 2023 forecasts are better than budget
 - Q2 YTD results are better than budget by \$20M
 - Year-end forecasts anticipate improved revenues and some catch-up in operating expenses which forecasts bottom line to be better than budget by \$16M
- 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 financial metrics
 - Supply chain and inflation impacts are manageable and continue to be monitored and evaluated for future forecasts
 - Strong financial results further anchor the District's resiliency against future uncertainty in project scope, schedule, and a rising cost environment

Quarterly Energy Resources Update

- Janet Jaspers, Director Energy Planning and Trading, and Mike Bradshaw, Director Energy Structuring and Trading, presented second quarter results
- Below average water year in 2023, higher energy prices
 - Net wholesale revenue and other energy-related revenue projected to be \$160M (\$4M better than budget)
 - Higher wholesale electricity prices, lower generation (below average water), and higher electric loads
 - Grand Coulee water supply (inflow for Rocky Reach/Rock Island) for January-July was 76% of average
- Climate Commitment Act (CCA)
 - Allowance Price Containment Reserve (APCR) auction held August 9, 2023
 - Third quarter auction scheduled for August 30, 2023
 - Allowance prices trading near \$65/metric ton of CO₂e on secondary market
- Day-Ahead Market Initiatives
 - Southwest Power Pool Markets+ meetings have begun for Phase 1 development (32 participants)
 - Draft California Independent System Operator (CAISO) Energy Day Ahead Market (EDAM) language released

Consent Agenda

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

- Minutes of the August 7, 2023 Regular Meeting and August 8, 2023 Special Meeting
- Vouchers: Accounts Payable Summary Report dated August 15, 2023:
 - Vouchers totaling \$10,149,081.21;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 01, 2023 through August 14, 2023 in the amount of \$62,675.90.
 - Approval of the net Payroll, Warrant Nos. 238231 through 238239 and Advice Nos. 760787 through 761626 for the pay period ending July 30, 2023 in the amount of \$2,614,653.53.
 - Approval of Warrant Nos. 29915 through 29985 totaling \$84,628.84 for claim payments from the workers' compensation self-insurance fund for the period ending August 14, 2023.
 - Approval of Parks Reservation System customer refunds for the period July 18, 2023 through August 14, 2023 in the amount of \$1,330.00.
- Resolution 8. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. B-14, B-15, B-16, B-17, B-18, B-19 AND A-04, AUTHORIZING FINAL ACCEPTANCE OF PERFORMANCE UNDER CONTRACT NO. 18-33 FOR THE ROCK ISLAND HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT WITH LYDIG CONSTRUCTION, INC. OF SPOKANE AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 10. A RESOLUTION AUTHORIZING AMENDMENT NO. 6 TO SERVICES AGREEMENT (SA NO. 20-11086) WITH ENGLOBE CORP TO PROVIDE THIRD PARTY INSPECTION SERVICES

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Arseneault

To approve the consent agenda as modified to include Resolution 10

Approved: Unanimously

Resolution 11

- Larry Cordes, Senior Civil Engineer II, presented Resolution 11
- Provides additional shut off location for the Lake Chelan power tunnel, reviewed budget revision
- Resolution 11. A RESOLUTION APPROVING BUDGET REVISION, BID ADVERTISEMENT, AWARD AND CONTRACT SIGNATURE FOR LAKE CHELAN POWER TUNNEL ISOLATION SYSTEM (BID NO. 22-12725)

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner McKenna

To approve Resolution 11 as presented

Approved: Unanimously

Manager Item

- Chad Bowman, Interim Director Engineering and Project Management, gave an update on progressive design/build application for power delivery projects
 - Application covers power delivery projects occurring in the next 5 years, totaling just under \$110M
 - If we receive approval from the State, we can apply to self-certify alternative contracting for future projects
 - Next step is presentation to the State Capital Project Advisory Board
- Erik Wahlquist, Acting General Manager, noted that the second quarter project report was included in the Board packet

Commissioner Items

- Commissioner Allen reported that she and Commissioner Bergren, along with Justin Erickson, Managing Director of District Services, attended the August 10 Entiat City Council meeting where the council approved an addendum for the District to provide additional funding for their park and museum
- Commissioner Allen met Senator Kaufmann from Montana at the PNWER conference
 - Commissioner Allen will be traveling to Libby, Montana at Senator Kaufmann's invitation to tour the Libby Dam

Follow up on Delegation of Action Items from 8/7/23 Board meeting

- None

Delegation of Action Items

- None

Recess @ 11:17am, Reconvene @ 1:01pm

Resolution 9

- Lindsey Mohns, Customer Utilities Business Manager, presented Resolution 9
- Reviewed highlights of the proposed changes
- Received one email expressing concern about impact to other customers; reminder that the purpose of the rate is to insure there was no impact to other customers, which was a key component of the evaluation
- Resolution 9. A RESOLUTION ESTABLISHING NEW TERMS OF SERVICE FOR RATE SCHEDULE 35 AND NEW RATES AND TERMS OF SERVICE FOR RATE SCHEDULE 36

MOTION


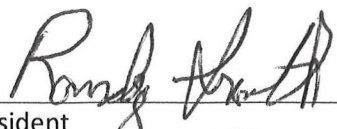


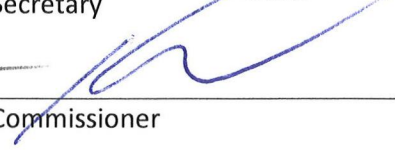
Moved by: Commissioner McKenna

Seconded by: Commissioner Arseneault

To approve Resolution 9 as presented

Approved: Unanimously

There being no other business, the meeting adjourned at 1:07pm.

 _____ Vice President	 _____ President
 _____ Commissioner	 _____ Secretary
	 _____ Commissioner