

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington August 6, 2018

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 6, 2018, at the hour of 10:00 am, pursuant to proper notice thereof.

Commissioners present: Garry Arseneault, Vice President
Ann Congdon
Steve McKenna
Randy Smith

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

Others in attendance: Bryce Greenfield
Russ Speidel
Approximately 32 members of the public attended the Public Hearing

Call To Order

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

Pledge of Allegiance and Safety Minute

- Steve Black, Construction Manager, led the pledge and provided a safety minute on the importance of immunizations

Agenda

- The agenda was approved as presented

Quarterly District Performance Plan Status Update

(see www.chelanpud.org for presentation)

- Managing Directors reviewed second quarter changes to the District Performance Plan
- Steve Wright, General Manager, noted we are further behind than we would normally like; this was anticipated due to the work related to new large loads, which had no related performance plan goals

Quarterly Financial Review and Investment Report

(see www.chelanpud.org for presentations)

- Mark Mullins, Director Enterprise Risk Management, and Craig Kunz, Senior Strategic Financial Planning Analyst, presented the second quarter financial report
- Bottom-line results are better than budget
- Financial metrics are meeting targets

- Recommend staying the course with our strategic goals: reinvest in people and assets, reduce debt, and continue the Public Power Benefit program

Major Projects, Contracts, and Project Revision Update

(see www.chelanpud.org for presentations)

- Dave Nelson, Business Advisor, reviewed second quarter changes to major project timelines, contracts negotiated, and project budget revisions

Rock Island Facilities Design and Contractor Update

(see www.chelanpud.org for presentations)

- Dan Frazier, Director Shared Services, Sam Dilly, Project Manager, and Randy Cook, TCF Architecture, reviewed progress on the Rock Island facilities and contractor selection under the General Contractor/Construction Manager process
- Reviewed progress to date and presented facility renderings
- This project aims to establish our facility identity for the next era considering the location of work, the work itself, and the people doing the work
- A resolution will be presented at the next meeting for a portion of the hydro support facilities and sets us on the path to complete the full hydro support facilities project at both Rock Island and Rocky Reach

Consent Agenda

- Vice President Arseneault presented the consent agenda which included the following items:
 - Minutes of the July 23, 2018 Regular Meeting and July 30, 2018 Special Meeting
 - Vouchers: Accounts Payable Summary Report dated August 1, 2018:
 - Vouchers totaling \$13,642,556.03;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 18, 2018 through July 31, 2018 in the amount of \$48,973.20;
 - Approval of the net Payrolls, Warrant Nos. 236081 through 236101 and Advice Nos. 657343 through 658129 for the pay period ending 07/22/2018 in the amount of \$1,998,778.77; and
 - Approval of Warrant Nos. 24663 through 24695 totaling \$37,583.51 for claim payments from the workers' compensation self-insurance fund for the period ending July 30, 2018.

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Congdon

To approve the consent agenda as presented

Approved: Unanimously

Resolution 11

(see www.chelanpud.org for resolution)

- Ron Slabaugh, Water/Wastewater Manager, presented Resolution 11
- A negotiation process will allow us to determine the reasons driving higher bids and make adjustments if needed
- A compliance deadline of March 2020 prevents us from changing course to an alternative procurement process
- Resolution 11. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR PESHASTIN WASTEWATER TREATMENT FACILITY IMPROVEMENTS (BID NO. 18-05) AND AUTHORIZING THE PROCUREMENT OF THE PESHASTIN WASTEWATER TREATMENT FACILITY IMPROVEMENTS TO BE OBTAINED BY NEGOTIATION

Resolution 12

(see www.chelanpud.org for resolution)

- Cathy Melton, Customer Service Program Analyst, presented Resolution 12
- Commissioners would approve an individualized outreach process unique to each rate action going forward
- Resolution 12. A RESOLUTION AMENDING RESOLUTION NO. 80-6286 TO RESCIND AND REPLACE SECTION IX THEREOF RELATING TO NOTICE AND INFORMATION TO CUSTOMERS OF PROPOSED RATE ACTIONS

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve Resolutions 11 and 12 as presented

Approved: Unanimously

Manager Item

(see www.chelanpud.org for presentation)

- Dan Frazier, Director Shared Services, presented a timeline for the Horan property acquisition
 - The lease for Industrial Building 5 will come back to Commissioners ahead of the rest of the documents
 - Intent is to finalize the remaining documents by the end of the year

Public Comment

(see www.chelanpud.org for written comments)

- Russ Speidel summarized written comments opposing the relocation of the PUD's headquarters facility and administrative staff to Olds Station

Manager Item

- Steve Wright, General Manager, noted that we are closely monitoring the Cougar Creek fire; so far it is not a significant risk to our structures
 - A lot of work has gone into preparing those structures

Commissioner Travel

- Lisa Sanders, Finance Administrative Assistant, reviewed upcoming Commissioner travel

Commissioner Items

- Commissioner Arseneault reported that he recently attended the APPA Policy-makers conference and had the opportunity to introduce hydropower to congressional staff outside our district

Follow Up on Delegation of Action Items from the July 23, 2018 Board Meeting

- Both items remain outstanding:
 - Lindsey Mohns - How will cryptocurrency applications be processed once the moratorium is lifted? In what order and for how much service?
 - Felicity Saberhagen – what would it take to prepare a map of PUD-owned properties?

Delegation of Action Items

- Dan Frazier will share analysis on HQ Facilities, if we cleared the 5th Street complex and built new buildings
- Erik Wahlquist will follow up on the number of cryptocurrency applications are pending and how many currently mining operations are under 50 KW

Other Items

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Smith

To change the location of the special meeting on August 20, 2018 at 8:30 am to the Commissioner Boardroom in the Headquarters Building, 327 N Wenatchee Ave, Wenatchee

Approved: Unanimously

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner McKenna

To set a special meeting on October 4, 2018 at 9:00 am at the Confluence Technology Center, 285 Technology Center Way, Wenatchee for the purpose of a Board Workshop

Approved: Unanimously

Recessed at 12:00pm and Reconvened at 1:03pm at the Confluence Technology Center

Public Hearing – Cryptocurrency Moratorium

(see www.chelanpud.org for presentation)

- Lindsey Mohns, Customer Utilities Business Analyst, reviewed progress on development of a new class, infrastructure availability, rate considerations, and outcomes necessary to begin connecting new service
- Rates are proposed to be variable, based on daily or monthly market rates
- While we are not willing to pass risk along, we can work with cryptocurrency miners:
 - May be able to build substations faster if the customer brings land or something to help that process
 - To mitigate rate risk
- Public comment:
 - Small miners questioned the impact of variable rates on small operations
 - A large miner expressed support for the policy, but asked Commissioners for consideration for those already in business who have adhered to the rules so far
 - A few people questioned using the PUD's renewable hydropower for such an energy-intensive industry

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To continue the moratorium adopted on March 19, 2018 and today's hearing and hold further Commission discussion on August 20, 2018 at 1:00pm

Approved: Unanimously

Recessed at 2:24pm and Reconvened at 2:45pm

Executive Session

Vice President Arseneault convened an executive session at approximately 2:45pm 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 3:03pm

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

There being no other business, the meeting adjourned at 3:03pm.



President

Vice President

Secretary



Commissioner



Commissioner

