

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington October 21, 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 October 21, 2019, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Guests present: Pat McGrath

Call To Order

- President Arseneault called the meeting to order at 10:03am

Pledge of Allegiance and Safety Minute

(see Chelan PUD website for presentation)

- Bob Bauer, Public Education Communications Specialist, led the pledge of allegiance and provided a safety minute on leading causes of unintentional injury-related deaths and how best to avoid them
- Last Saturday, 119 people participated in the Lake Chelan Info Cruise; speakers included Bob Mierendorf, Randy Lewis, and Bill Layman
- 80 people have registered to take a hard hat tour at the Chelan Powerhouse on October 26
- On November 1 from 5:30-8:30pm we'll host an event to say farewell to the Museum of the Columbia
 - The Discovery Center will be closed through 2020 and reopen in Spring of 2021

Cycle of Personal Ownership Winner Recognition

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized the September CPO Winner Caleb Durkee, Generation Journeyman Wireman

Staff Recognition

- Commissioner Arseneault recognized Steve Wright, General Manager, for five years of service
- Steve Wright, General Manager, recognized Lorna Klemanski, Managing Director of Human Resources, for five years of service

Agenda

- Resolutions 13, 14, and 15 were moved to the consent agenda; the agenda was approved as revised

Quarterly Board Balanced Scorecard Update

(see Chelan PUD website for presentation)

- Commissioners reviewed metrics and noted exceptions in attendance at the Tri-Commission and Mid-C Commissioners and General Managers meetings due to scheduling conflicts; all other metrics are on track
- The Commissioners recently discussed metrics, but determined no changes were needed; other activities are tracked along with meeting attendance

Quarterly Electrical Load Growth Update

(see Chelan PUD website for presentation)

- Andy Wendell, Director of Customer Service and Outreach, gave an update on load growth
- There are a lot of new residential connections largely related to multi-family projects; not necessarily seeing a material increase in the load
- The primary driver of the load forecast changes is the stabilization of cryptocurrency loads; our rates and policies have helped with that stabilization
- Reviewed new substation progress
- Stehekin community outreach was conducted in September
 - New metering equipment has been installed in Stehekin, which provides more detailed information

Stehekin Discussion

- Commissioner McKenna led a discussion on Stehekin usage and growth
- Opportunity to collaborate with the County and National Park Service on policies that impact Stehekin
- Staff is working hard to understand the entire spectrum of options

2020 Budget Targets and Major Assumptions

(see Chelan PUD website for presentation)

- Mark Mullins, Director of Enterprise Planning and Risk Analytics, reviewed budget targets and assumptions used in the budgeting process
- Reviewed timeline, strategic focus, strategic plan goals, early external indicators, 2020 District Financial policy targets, key budget assumptions, and next steps
- Public hearings on the 2020 Budget will be held on November 4 and November 18 at 1:00pm

Chelan-Manson Outreach Update

(see Chelan PUD website for presentation)

- Steve Wickel, Transmission Engineering Manager, and Jenna Rahm, Customer Outreach Specialist I, reviewed outreach efforts to date for the Chelan-Manson line fire hardening project
- Next steps include providing additional information to stakeholders
- Reviewed fire response and mitigation; our current strategy does not include public safety power shutoffs as we've seen in California
 - Discussed potential future changes, including disabling automatic reclosing, which could significantly increase outage durations

Executive Session

President Arseneault convened an executive session at approximately 11:26am 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 12:01pm

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

Recessed at 12:01pm and Reconvened at 1:02pm

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the October 7, 2019 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated October 16, 2019:
 - Vouchers totaling \$11,982,430.10;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 2, 2019 through October 15, 2019 in the amount of \$22,863.40;
 - Approval of the net Payroll, Warrant Nos. 236711 through 236731 and Advice Nos. 681656 through 682448 for the pay period ending 09/29/2019 in the amount of \$2,103,053.91; and
 - Approval of Warrant Nos. 26068 through 26123 totaling \$11,305.66 for claim payments from the workers' compensation self-insurance fund for the period ending October 14, 2019.
- Charge-offs to Uncollectible Accounts over \$1,000.00 for August 2019 - \$6,071.14
- Resolution 13. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 THROUGH 4, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 5 TO CONTRACT NO. 17-65 WITH PARAMOUNT COMMUNICATIONS, INC. FOR TELECOMMUNICATION FIBER OPTIC DOCK CREW
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1 AND APPROVAL OF FIELD WORK ORDER/CHANGE ORDER NO. 2 TO CONTRACT 18-26 WITH MCFARLAND CASCADE HOLDINGS FOR THE PURCHASE OF DISTRIBUTION AND TRANSMISSION POLES
- Resolution 15. A RESOLUTION ACCEPTING THE BID OF REEL COH INC. OF BOISBRIAND, QUEBEC, CANADA TO PROVIDE THE ROCK ISLAND POWERHOUSE 2 BRIDGE AND GANTRY CRANES REFURBISHMENT (BID NO. 18-81)

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To accept the consent agenda as revised

Approved: Unanimously

Resolution 16

(see Chelan PUD website for resolution)

- Kirk Hudson, Managing Director of Generation and Transmission, and Brett Bickford, Director of Engineering and Project Management, reviewed Resolution 16
- We've had a number of ongoing technical and project issues with the Powerhouse 1 modernization project
- Andritz has provided a root cause analysis on the unit B9 vibration issue; we are satisfied with their analysis and proposed technical solutions
- Reviewed resolution field work order and change order components; unit B10 repairs give us the ability to incrementally test the repair solution
- Resolution 16. A RESOLUTION APPROVING TURBINE REPAIRS AND SCHEDULE CHANGES UNDER CONTRACT NO. 04 01 PART B FOR THE ROCK ISLAND B5-B10 REHABILITATION PROJECT WITH ANDRITZ HYDRO CORP. AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDERS NO. 25 FOR B10, 04-08 FOR B7, 5-05 FOR B5 AND 4-09 FOR PURCHASE OF 3 ADDITIONAL SETS OF TRUNNION BUSHINGS

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve Resolution 16 as presented

Approved: Unanimously

Manager Items

- Kerri Wendell, Customer Relations Manager, and Mark O'Bryan, Technical Project Manager, gave an update on the Customer Information System (CIS) project
 - Focus has shifted to functional team testing
 - Currently in the second round of system integration testing; need to pass the third round of testing to proceed to the next steps
 - Mock go-live tests will be performed on December 2 and January 6
 - Very tight schedule over the next few months, which may impact customers assistance times
 - Leavenworth and Chelan offices may close periodically for training and testing
 - Customers will have online access similar to what is currently offered; we'll focus on portal features as we roll out advanced metering infrastructure
- Mike Coleman, Managing Director of Fiber and Telecom, gave an update on recent Fiber customer meetings
 - Meetings were well attended; staff provided information on where we are now, what we've accomplished to date, how we decide where to build, and the economic drivers of fiber
 - Staff is working to analyze and categorize the comments received
- Steve Wright, General Manager, gave updates on several topics
 - The American Public Power Association (APPA) Board has selected a new CEO, Joy Ditto
 - Sue Kelly has done an excellent job; APPA is in excellent financial health and is serving its members well
 - Ms. Ditto brings a lot of experience and previously worked at APPA in senior management roles
 - Public Generating Pool (PGP) held its annual strategic planning retreat
 - California Independent System Operator (CAISO) has been working with utilities that belong to the Energy Imbalance Market (EIM) on an advanced day-ahead market
 - There are a lot of good reasons to proceed, but governance remains a fundamental problem
 - We'll likely be filing comments by the end of November
 - Steve recently participated in meetings in Washington DC as co-chair of the Columbia River Treaty Power Group
 - We thought earlier this summer that the US negotiating team was close to issuing a 10-year notice of termination of the power provisions of the treaty; if anything, they are moving farther away from that position so we are rethinking our strategy

Commission Items

- Commissioner Smith attended the WPUDA budget meeting last week
 - WPUDA has focused for several years on making the budget more efficient each year; recommendation is for new dues structure to incorporate a 3.3% rate increase

● Tri-Commission Meeting

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Bolz

To set a special meeting on November 26, 2019 at 1:00 pm at the Confluence Technology Center, 285 Technology Center Way, Wenatchee for the purpose of holding a Tri-Commission meeting

Approved: Unanimously

Follow Up on Delegation of Action Items from the 10/7/19 Board Meeting

- Kelly Boyd will describe how storage and retrievability are reflected in the Technology Roadmaps
- Kimberlee Craig will send information about the October 19th Lady of the Lake Info Cruise to Commissioners – sent by email 10/8/19
- Mike Coleman will develop background on NoaNet for the Oct 31 Energy NW Board meeting – sent by email 10/10/19

Follow Up on Delegation of Action Items from Previous Meetings

- Rebekah Garfein will research why Commissioner Bolz isn't receiving a newsletter- completed 10/8/19

Delegation of Action Items

- Andy Wendell will provide additional information about the impacts of frequent stops and starts on the longevity of the Stehekin generators
- Gregg Carrington will develop a mini integrated resource plan reviewing options for Stehekin, including both supply and demand reduction options
- Gregg Carrington will develop an outreach strategy to work with Chelan County and the National Park Service regarding Stehekin
- Mike Coleman will provide additional information on feedback received at the Fiber meetings

Executive Session

President Arseneault convened an executive session at approximately 1:40pm 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 review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for approximately 45 minutes.

Regular Session Reconvened at 2:24pm

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

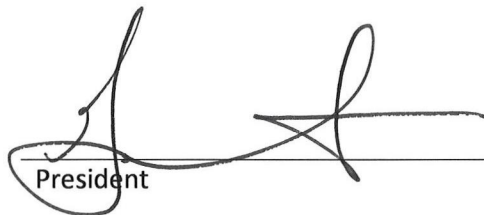
There being no other business, the meeting adjourned at 2:24pm.



Vice President



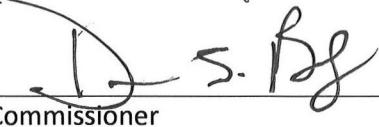
Commissioner



President



Secretary



Commissioner

