

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 2, 2020

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 November 2, 2020, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Call To Order

- President Arseneault called the meeting to order at 10:04am

Pledge of Allegiance and Safety/HPI Minute

- Dan Pace, Meter Relay Technician, led the pledge and provided an HPI moment on how the HPI principles apply to switching work and lessons learned

Agenda

- The agenda was approved as presented

Cycle of Personal Ownership (CPO) Winner Recognition

(see Chelan PUD website for presentation)

- Steve Wright, General Manager, recognized additional September CPO winners, Senior System Operators Peter Chizmar, Dave Fisk, Ryan Mathena, and Shane Renslow

Quarterly District Performance Plan Update

(see Chelan PUD website for presentation)

- Managing Directors reviewed Q3 updates
- COVID continues to impact and shift metric timelines; things are beginning to stabilize in Q3

Quarterly District Financial Review and Investment Report

(see Chelan PUD website for presentation)

- Mark Mullins, Director of Enterprise Planning and Risk Analytics, reviewed the third quarter financial information and investment report
- Year-end 2020 forecasts are better than budget; Q3 year to date results are better than budget by \$12M

- Year-end forecasts anticipate continued lower revenues and some catch-up in operating expenses which will bring bottom line results closer to budget expectations but still better than budget by \$8.5M
- Long-term financial metrics remain strong; includes assumed borrowing in the next five-year planning horizon to fund a portion of the capital spending program while maintaining financial metrics
- Stay the course with 2020-2024 strategic goals; stay the long-term course while continuing to adapt to near-term changes needed for COVID-19 uncertainty

Quarterly Fish and Wildlife Update

(see Chelan PUD website for presentation)

- Alene Underwood, Fish and Wildlife Manager, and Thad Mosey, Senior Fisheries Biologist, reviewed the fish program update
- Staff reviewed alternative hatchery operations contract options; recommendation is to move forward with the Washington Department of Fish and Wildlife (WDFW) for 2021 hatchery operations
- Staff also recommends moving forward with WDFW for 2021 hatchery monitoring and evaluation
- Thad reviewed adult fish returns for 2020
 - Decreases in fish can be attributed to the “blob” heatwave in the ocean; another heatwave identified beginning in September 2019
 - Coho and sockeye have great hatchery programs administered by the Yakama Nation and Okanagan Nation Alliance respectively

Follow Up on Stakeholder and Customer Survey Responses

(see Chelan PUD website for presentation)

- John Stoll, Managing Director of Customer Utilities, and Justin Erickson, Managing Director of District Services, reviewed feedback and responses to the customer and stakeholder surveys
- John noted that the key themes from customer survey comments were rates, fiber expansion and technology improvements; reviewed District response to the three themes
- Justin provided summary information on outreach in response to stakeholder feedback; the District is receptive to requests for additional engagement

McKenzie-Beverly Special Use Permit

(see Chelan PUD website for presentation)

- Steve Wickel, Transmission Engineering Manager, provided information on the reissuance of the McKenzie-Beverly special use permit
- Staff are working with the Forest Service to reissue this permit; reviewed allowed activities under the permit
- The permit requires compensatory mitigation; mitigations scheduled and completed were reviewed

Recessed at 12:03pm and Reconvened at 1:03pm

Public Hearing: 2021 Preliminary Budget Presentation

(see Chelan PUD website for presentation)

- Public hearing started at 1:04pm
- Mark Mullins, Director of Enterprise Planning and Risk Analytics, provided a preliminary budget overview
 - Mark reviewed the 2021 preliminary budget including timeline, initial results and highlights, and next steps
 - Reviewed the 5-year financial plan and confirmed the plan meets District financial policies
- Kirk Hudson, Managing Director of Generation and Transmission, reviewed lessons learned on the Rocky Reach Governor project, included in the proposed budget
 - This project was started in 2014, with an initial completion date in 2017; large unit repairs came up unexpectedly and changed the outage schedule

- Three drivers of cost increases: 1) project is taking much longer than planned leading to escalation costs, 2) the District provided additional hardware and software, and 3) provided additional labor in engineering and crafts
- No public comment was received
- Public hearing ended at 2:06pm

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the October 19, 2020 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated October 28, 2020:
 - Vouchers totaling \$17,069,087.81;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 14 30, 2020 through October 27, 2020 in the amount of \$43,366.63;
 - Approval of the net Payroll, Warrant Nos. 237226 through 237269 and Advice Nos. 702686 through 703495 for the pay period ending 10/11/2020 in the amount of \$2,246,292.70;
 - Approval of Warrant Nos. 26975 through 27007 totaling \$2,463.44 for claim payments from the workers' compensation self-insurance fund for the period ending October 26, 2020.

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve the consent agenda as presented

Approved: Unanimously

Manager Items

- Justin Erickson, Managing Director of District Services, gave an update on Tumwater Dam
 - Maintenance work by Knight Construction on the fishway foundation will begin in the next week or so
 - The eastbound lane of Highway 2 will be closed for approximately 8 hours while equipment is unloaded
 - The public viewing platform will be closed for the duration of the project
- John Stoll, Managing Director of Customer Utilities, reviewed COVID19 customer impacts
 - The Energy Assistance Program is funded by federal dollars and is administered locally by the Community Action Council (CAC)
 - CAC has made changes including increasing the income level guideline to 150% of the federal poverty level
 - Households can receive assistance two times per year; the first allocation is determined by household size and the energy bill and the second allocation is a flat \$500
- Steve Wright, General Manager, reviewed disconnect policy information and the planned December 1 rate increases
 - At a recent Washington Association of PUDs (WPUDA) meeting, it was reported that investor-owned utilities have committed to extend their no disconnect and no late fee policies through the end of April
 - The current Governor's proclamation on this issue expires at the end of the year; may want to consider whether we will extend those policies as well
 - Rate increases for electric, water, wastewater, and fiber customers were delayed from June 1 to December 1; rate increases are on track to go into effect December 1
 - Customer Energy Solutions continues to look at energy-burdened customers, especially for weatherization conservation programs

Commissioner Travel

- Rebekah Garfein, Executive Assistant/Clerk of the Board, reviewed upcoming Commissioner travel

Follow up on Delegation of Action Items from 10/19/20 Board meeting

- None

Follow up on Delegation of Action Items from previous meetings

- Rebekah Garfein will follow up on a tour for Commissioners of the infrastructure supplying the Diamond Foundry service once construction is underway – tours completed in October

Delegation of Action Items

- John Stoll will provide information on how trees are removed from lines
- Mark Mullins will add a metric to the District Performance Plan reflecting all percentage of items completed, including those completed late
- Alene Underwood will confirm the dollar amount of the 4.3% increase to the WDFW Hatchery Monitoring and Evaluation contract
- Mark Mullins will provide more information on the long-term financials of the Nine Canyons project
- Steve Wright will provide information on the budget impact of the 8 new, permanent positions included in the budget

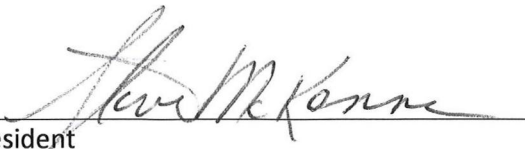
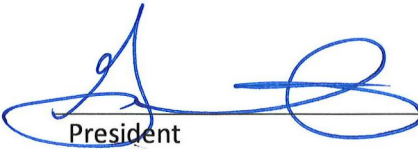


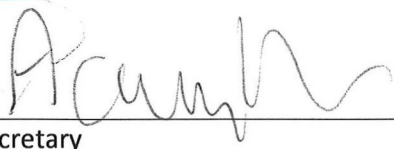
Executive Session

President Arseneault convened an executive session at approximately 2:30pm 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 the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price pursuant to RCW 42.30.110(1)(b) for approximately 60 minutes.

Regular Session Reconvened at 3:30pm

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

There being no other business, the meeting adjourned at 3:30pm.

 _____ Vice President	 _____ President
 _____ Commissioner	 _____ Commissioner
	 _____ Secretary