

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 6, 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, 203 Olds Station Road, Wenatchee, Washington, on November 6, 2023, at the hour of 10:00 am, pursuant to proper notice.

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

Staff present: Kirk Hudson, General Manager
Charles Von Reis, Acting General Counsel
Teresa Boushay, Acting Clerk of the Board
Various staff

Guests present: Emily Thornton, Steve Robinson

Call to Order

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

Pledge of Allegiance and Safety/HPI Minute

- Don Wheeler, Environmental Coordinator, shared awareness about depression and its effects on the workforce

Agenda

- Resolutions 18, 19 and 22 were moved to the consent agenda; the agenda was approved as revised

Quarterly District Performance Plan Update

- Senior Management Team reviewed Q3 metrics completed or delayed
- 62% of metrics are completed or on track

Quarterly Financial Review and Investment Report

- Mark Mullins, Director Enterprise Plan Risk Analytics, gave a report on third quarter financials and investments which included these highlights:
 - Better than budget in Q3 and through end of year, boosted by long term contracts
 - O&M and Capital projects schedules reflect heavy spending this year
 - Investment yield dropped slightly in Q3 due to interest rate adjustments lagging, staying the long-term course
 - Financial metrics for 5-year forecast are meeting targets

Quarterly Energy Resources Update

- Mike Bradshaw, Director Energy Structure Trading, and Janet Jaspers, Director Energy Ops Planning and Trading, provided an update on wholesale and energy-related revenue, changes in the Western power markets and overall operations and planning
- Below average water year with record low flows in September and October at Rocky Reach
- Lower energy prices, yet net wholesale and energy-related revenues are better than budget
- Reviewed the District's energy commitments into 2028

Fees and Charges Update

- Cathy Melton, Customer Service Program Analyst, and Lyle Moore, Customer Service Engineering Manager, presented updates on updated fees & charges to electric service connection fees, wire and other services, water meters and associated fees, along with the proposed implementation plan
- Updates stemmed from the review of incremental cost recovery methodologies and policies
- Adjustments effective April 1, 2024 on new or altered services

Fiber Rates Review and Updates

- Justin Cornea, Senior Fiber Network Administrator, and Trina Heuchert, Fiber Customer Service Outreach Specialist, reviewed new service offerings to meet customer needs, a new network and shared a marketing update
- Upgrade will keep service providers competitive, with opportunities to offer faster speeds and more diversity of services
- Network upgrade is a lower cost solution with more capacity to maintain reliability now and for the future
- Fiber market research included feedback from retail service providers and targeted areas within buildout with a low take rate; reliable connection and price were the most important issues

Fiber Expansion

- Toby Tarzwell, Senior Project Manager, and Chad Bowman, Director Project Delivery, reported on progress of fiber buildout including challenges related to creating a safety zone for communication workers, additional make-ready work and costs to serve remote locations
- Anticipate completing the Public Power Benefit 2026 targeted Fiber expansion of 42,000 Premises passed, creating the fiber backbone
- Half of the District's distribution system reaches 85% of customers with extreme low density in the remaining 15%, approximately 6000-7000 customers
- Commissioner direction requested on level of effort to close the gap
- Commissioners requested a workshop to further discuss fiber expansion

Recess @ 12:10pm, Reconvene @ 1:01pm

Public Hearing - Surplus Property

- Hearing started @ 1:02pm
- Dan Frazier, Director of Shared Services, presented a proposal to surplus 3.3 acres of the 5th street campus
- Declaration of surplus only, does not include purchase and sale agreement
- No comments were made
- Hearing ended @ 1:04pm
- Resolution 21. A RESOLUTION DECLARING CERTAIN PORTIONS OF THE DISTRICT'S PROPERTY AT THE FIFTH STREET CAMPUS SURPLUS TO DISTRICT NEEDS

MOTION

Moved by: Commissioner McKenna

Seconded by: Commissioner Allen

To approve Resolution 21 as presented

Approved: Unanimously

Public Hearing - 2024 Preliminary Budget Presentation

- Dave Nelson, Manger Strategic Financial Planning, reviewed the 2024 preliminary budget based on District's strategic focus, 2024-2028 business plan initiatives and financial policies
- Hearing started @ 1:06pm
- 2024 projected combined financials include service revenue, net surplus energy revenue, operating expenditures, depreciation/tax expense and non-operation activity
- No comments were made
- Hearing ended @ 1:42pm

Consent Agenda

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

- Minutes of the October 16, 2023 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated October 31, 2023:
 - Vouchers totaling \$25,232,257.99;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 10, 2023 through October 30, 2023 in the amount of \$136,618.13.
 - Approval of the net Payroll, Warrant Nos. 238289 through 238297 and Advice Nos. 764985 through 765831 for the pay period ending October 08, 2023 in the amount of \$2,667,422.62.
 - Approval of the net Payroll, Warrant Nos. 238298 through 238309 and Advice Nos. 765832 through 766661 for the pay period ending October 22, 2023 in the amount of \$2,689,524.46
 - Approval of Warrant Nos. 30184 through 30248 totaling \$8,686.78 for claim payments from the workers' compensation self-insurance fund for the period ending October 30, 2023.
 - Approval of Parks Reservation System customer refunds for the period October 10, 2023 through October 30, 2023 in the amount of \$315.00.
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-29 WITH GE RENEWABLES US LLC OF LITTLETON, COLORADO AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 15. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 22-12459 WITH COBRA STRUCTURES USA LTD OF SAINT JOSEPH, MINESOTA AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 18. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO SERVICES AGREEMENT (SA NO. 22-12502) WITH RGEN INC. TO PROVIDE SHAREPOINT SITE CONSULTING SERVICES
- Resolution 19. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR THE ROCK ISLAND POWERHOUSE 2 HVAC UPGRADE (BID NO. 22-12558) AND AUTHORIZING THE ROCK ISLAND POWERHOUSE 2 HVAC UPGRADE BE OBTAINED BY NEGOTIATION
- Resolution 22. A RESOLUTION AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO EXECUTE A SERVICES AGREEMENT (SA NO. 23-13176) WITH ELECTRICAL CONSULTANTS, INC. OF MONTANA FOR COMMISSIONING OF JUMPOFF RIDGE SUBSTATION

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Arseneault

To approve the consent agenda as modified to include Resolutions 18, 19, and 22

Approved: Unanimously

Resolution 16

- John Sagerser, Manager Engineering and Project Management, presented Resolution 16
- Resolution 16. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 4, 6-GMP2, 1-GMP3, 3-GMP1, AND 4-GMP1, AND AUTHORIZING THE EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. 7-GMP2 TO CONTRACT NO. 18-10 WITH GE RENEWABLES US LLC OF GREENWOOD VILLAGE, CO FOR THE ROCK ISLAND DAM POWERHOUSE NO. 2 – GENERATING UNIT REHABILITATION PROJECT

Resolution 17

- Larry Cordes, Senior Civil Engineer, presented Resolution 17
- Resolution 17. A RESOLUTION APPROVING FIELD WORK ORDER NO. 9 FOR CONTRACT NO. 18-67 WITH WEG TRANSFORMERS, USA LLC OF WASHINGTON, MO FOR 28 MVA, 115/12.47 KV SUBSTATION POWER TRANSFORMERS AND FURTHER AUTHORIZING BUDGET FOR THE SUBSTATION TRANSFORMER ACQUISITION PROJECT

Resolution 20

- John Goodwill, Senior Project Manager, and Justin Erickson, Managing Director of District Services, presented Resolution 20
- Resolution 20. A RESOLUTION APPROVING BID ADVERTISEMENT, AWARD AND CONTRACT SIGNATURE FOR WENATCHEE RIVERFRONT PARK PHASE 1 IMPROVEMENTS (BID NO. 23-13033)

Resolution 23

- Andrew Grassell, Energy Development and Conservation Manager, presented Resolution 23
- Resolution 23. A RESOLUTION ESTABLISHING THE DISTRICT'S 10-YEAR CONSERVATION POTENTIAL PLAN AND TWO-YEAR CONSERVATION TARGET FOR 2024-2025 AS REQUIRED UNDER RCW CHAPTER 19.285

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner McKenna

To approve Resolutions 16, 17, 20 and 23 as presented

Approved: Unanimously

Rock Island System Budget Revision

- Brett Bickford, Managing Director of Generation & Transmission, and Chad Bowman, Director Project Delivery, discussed the need to increase the overall system budget based on progress of projects

MOTION

Moved by: Commissioner Allen

Seconded by: Commissioner Arseneault

To increase the overall 2023 Rock Island System capital budget in the amount of \$16,381,914 for revised total amount of \$80,000,000

Approved: Unanimously

Manager Items

- Brett Bickford, Managing Director of Generation & Transmission, proposed an Energy Expo in December
 - Energy companies representing technologies such as solar, gravity storage, pumped storage, fusion and hydrogen will share information to elected officials, key stakeholders, educational organizations, as well as a session for the public
 - Opportunity to learn about potential sources to support the long-term vision and stability of the region
 - Douglas and Grand PUD have agreed to participate as well

Commissioner Travel

- Lisa Sanders, Legal Office Administrator, reviewed travel details for the remainder of 2023 and first half of 2024

Commissioner Items

- Commissioner Arseneault noted the retirement of WPUA Executive Director George Caan following a long career in public power; reception will be held at next week’s meeting
- Tri-Commission Meeting
 - MOTION
 - Moved by: Commissioner McKenna
 - Seconded by: Commissioner Allen
 - To set a special meeting on Tuesday, December 12, 2023 @ 1:00pm at the Confluence Technology Center, 285 Technology Center Way, Wenatchee, for the purpose of holding a Tri-Commission meeting
 - Approved: Unanimously
- Commissioner Bergren mentioned the District’s sports fields and the continual efforts made to maintain them under such heavy usage, following a recent parks tour with Parks Manger, Ryan Baker
 - He shared a picture congratulating Benito Vivar on his retirement that day after working in the parks department since its inception in the 1990s

Delegation of Action Items

- Mike Bradshaw – Follow up with amount of no-cost allowances to be auctioned at next quarterly auction on 12/6/23, part of Climate Commitment Act
- Janet Jaspers – Provide summary of Lake Roosevelt annual drawdown parameters
- Consider a board workshop for Fiber expansion

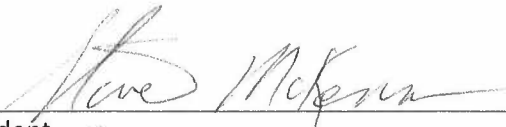
Executive Session

President Smith 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), 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) 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, as authorized by RCW 42.30.110(1)(b) for approximately 45 minutes.

Regular Session Reconvened at 3:36pm

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

There being no other business, the meeting adjourned at 3:36pm.



Vice President



Commissioner



President



Secretary



Commissioner