

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 21, 2022

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 21, 2022, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Guests present: Tony Edwards, Josh Valle, Julian Jensen, Dave Gellatly, Linda Haglund, Jeri Barkley, Kelly Allen, Stacie de Mestre, Ted Schroth, Kalie Worthen, Carnan Bergren, Dorry Foster, Steve Robinson, Frank Kuntz, Laura Gloria

Call to Order

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

Pledge of Allegiance and Safety/HPI Minute

- Hardy Thayer, Electrical Engineer III, led the pledge and provided information on traveling internationally

Agenda

- Resolution 12 was moved to consent; the agenda was approved as revised

Cycle of Personal Ownership (CPO) Winner Recognition

(see Chelan PUD website for presentation)

- Kirk Hudson, General Manager, recognized October winner Kerwin Loukusa, Power Business Technical Analyst II

Fifth Street Redevelopment Options

(see Chelan PUD website for presentation)

- Dan Frazier, Director Shared Services, provided an update on options related to redevelopment of the Fifth Street campus
- Reviewed process to date and evaluation of developer proposal
- Options include moving forward with GTS Development or direct staff to provide additional information on alternative options

- Public comment included general support from the Chelan Douglas Regional Port Authority, support of moving forward with GTS, concern about what's next if the GTS proposal isn't accepted and a statement from the owner of GTS
- The Commissioners acknowledge they are not yet ready to move forward and want to make sure the outcome is the best, for the most, for the longest

MOTION

Moved by: Commissioner Congdon

Seconded by: Commissioner Smith

To direct staff to close out the Fifth Street Redevelopment Request for Proposal process without selecting a proposer and further direct staff to work with project stakeholders to develop alternatives which are consistent with the identified community vision and present options for Board consideration not later than the Commission meeting scheduled for February 21, 2023

Approved: Unanimously

Quarterly Electrical Load Growth Update

(see Chelan PUD website for presentation)

- Andy Wendell, Director Customer Service and Stakeholder Outreach, and Chad Rissman, Director Distribution Asset Management, provided a third quarter update
- New multi-family residential construction remains steady; forecasting 600 - 800 new residential services per year for the next 3 years consistent with historical numbers
- West Wenatchee Substation priority acquisition is ramping up
- Staying on course with the substation build plan ensures reliability for existing customers while introducing electrical system capacity for new development
- Our Utility Services are positioned well to meet demands of growth in water, electric, wastewater and fiber
- County wide planning efforts combined with advanced metering (AMI) data are improving our forecasting accuracy
- The recalibration of retail load forecasts resulted in a reduction of approximately 10 aMW and a corresponding increase in estimated wholesale sales quantities

Public Comment

- Tony Edwards, Special Representative, Southwest Regional Council of Carpenters, addressed Commissioners with continued concerns related to contractor staffing on the Rock Island Modernization project

Quarterly Energy Resources Update

(see Chelan PUD website for presentation)

- Mike Bradshaw, Director Energy Structure Trading, and Janet Jaspers, Director Energy Operations Planning and Trading, presented third quarter results
- Higher wholesale electricity prices and retained surplus proceeds from long-term power contracts are the primary contributors to the strong energy-related revenues
 - Net wholesale revenue is forecasted to top \$72 million which is \$8 million above budget due to higher electricity prices and production
 - Other energy-related revenue is forecasted to total \$68 million, \$57 million better than budget, primarily due to \$52.5 million of retained surplus proceeds from cost-based contract
- Climate Commitment Act (CCA) becomes effective January 1, 2023
 - Trading at Mid-C hub impacted; two products trading, carbon price unknown
 - Potential carbon cost uncertainty is influencing higher 2023 Mid-C forward wholesale electricity prices

Recess at 12:02pm, Reconvene at 1:01pm

Public Hearing: 2023 Budget Hearing #2

(see Chelan PUD website for presentation)

- Public hearing started at 1:02pm
- Dave Nelson, Manager Strategic Financial Planning, highlighted changes to the budget since the November 7 presentation
- Next step will be presentation of the budget resolution on December 5
- Public hearing ended at 1:12pm

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the November 7, 2022 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated November 16, 2022:
 - Vouchers totaling \$13,570,357.17;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 2, 2022 through November 15, 2022 in the amount of \$71,743.88.
 - Approval of the net Payroll, Warrant Nos. 237986 through 237996 and Advice Nos. 745517 through 746324 for the pay period ending November 6, 2022 in the amount of \$ 2,490,181.48.
 - Approval of Warrant Nos. 28943 through 28982 totaling \$26,010.89 for claim payments from the workers' compensation self-insurance fund for the period ending November 14, 2022.
- Resolution 12. A RESOLUTION DECLARING NOKIA OF AMERICA CORPORATION, AS THE CONTINUING SOLE SOURCE OF CERTAIN FIBER TO THE PREMISES EQUIPMENT; WAIVING THE BIDDING REQUIREMENTS; APPROVING ADDITIONAL EXPENDITURES; AND AUTHORIZING THE DISTRICT TO EXTEND THE DISTRICT'S EXISTING CONTRACT FOR THE PURCHASE OF SAID EQUIPMENT AND SUPPORT SERVICES

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Bolz

To accept the consent agenda as revised to include Resolution 12

Approved: Unanimously

Resolution 13

(see Chelan PUD website for resolutions)

- Erik Wahlquist, General Counsel, presented Resolution 13
- Resolution 13. A RESOLUTION RESTATING AND REVISING POLICIES AND DELEGATING AUTHORITY REGARDING REAL ESTATE TRANSACTIONS AND EXECUTION OF REAL ESTATE DOCUMENTS, LICENSES AND PERMITS

Resolution 14

(see Chelan PUD website for resolutions)

- Dan Frazier, Director Shared Services, presented Resolution 14
- Resolution 14. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 22-12254) WITH WILLAMETTE CULTURAL RESOURCES ASSOCIATES TO PROVIDE CULTURAL RESOURCES SUPPORT FOR CONSTRUCTION OF THE NEW SERVICE CENTER

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner Arseneault

To approve Resolutions 13 and 14 as presented

Approved: Unanimously

Transmission Contracting and Policy Development Update

(see Chelan PUD website for presentation)

- Robb Davis, Staff Attorney, presented a semi-annual transmission update
- Reviewed tariff implementation, Federal Energy Regulatory Commissioner (FERC) transmission developments, and other transmission developments
- Staff and Commissioners recognized Robb’s contributions and thanked him for his service to the District

Manager Item

- Shawn Smith, Managing Director Energy Resources, updated Commissioners on the Western Resource Adequacy Program (WRAP)
 - Reviewed the WRAP program and explained its purpose
 - Summarized the pros and cons of the District joining the program and reviewed timeline for participation
 - Next step is for the Board to consider a resolution to participate in WRAP on December 5

Commission Items

- Commissioner Arseneault encouraged attendance at the Washington PUD Association annual conference

Follow up on Delegation of Action Items from 11/21/22 Board meeting

- Katie Yount will determine whether there are local hiring requirements and requirements for apprentices on the Rock Island Dam modernization project. Katie will follow up with Tony Edwards, Special Representative, Southwest Regional Council of Carpenters. Completed via email on 11/16/22

Delegation of Action Items

- Shawn Smith will provide additional information on how WRAP will impact wholesale prices and markets


Executive Session

President McKenna convened an executive session at approximately 2:25pm 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 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), 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 review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for approximately 60 minutes.

Regular Session Reconvened at 3:28pm


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

There being no other business, the meeting adjourned at 3:28pm




 Vice President

Commissioner



 President



 Secretary

Commissioner

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Dennis Bolz - Board Member
Approved on 12/6/2022 10:36AM PST