

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington December 6, 2021

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 December 6, 2021, at the hour of 10:00 am, pursuant to proper notice thereof.

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

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

Guests present: Randy Brooks, Plug-In NCW
Laura Merrill, City of Wenatchee
Jason King, Greenworks

Call to Order

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

Pledge of Allegiance and Safety/HPI Minute

- Dave Parkhill, Senior Safety and Health Coordinator, led the pledge and provided information on how HPI principles are used in flagger training

Recognition of Steve Wright

- Commissioner Smith recognized the Lifetime Achievement Award presented to Steve Wright last week by the Washington PUD Association (WPUDA) and showed the award video
- Commissioners recognized and thanked Steve for his commitment and service

Agenda

- Resolutions 20, 21, and 22 were moved to the consent agenda; the agenda was approved as revised

Riverfront Park Master Plan Final Draft

(see Chelan PUD website for presentation)

- Justin Erickson, Managing Director of District Services, and Jason King, from Greenworkds, reviewed the proposed master plan for Riverfront Park including:
 - The purpose and use of the master plan
 - Seek Board support to proceed with the project plan subject to City of Wenatchee concurrence

- Seek Board support to allocate an additional \$800K from 2022 Public Power Benefit (PPB) funding to provide a 100% match to City of Wenatchee's contribution
- Justin recognized the Chelan Douglas Regional Port Authority for submitting the old landfill area for an environmental investigation study; phase 1 of that project was approved by the Environmental Protection Agency
- Commissioners provided feedback on the preliminary designs and gave a head nod of approval in support of the master plan and allocation of \$800k from 2022 PPB funds

Long Term Marketing Strategy: Cost Plus

(see Chelan PUD website for presentation)

- Shawn Smith, Managing Director of Energy Resources, updated Commissioners on the long-term marketing strategy cost of production plus (COP+) negotiations
- Reviewed previous information, contract and portfolio guiding principles, and next steps

2022-2023 Conservation Potential Assessment

(see Chelan PUD website for presentation)

- Andrew Grassell, Energy Development and Conservation Manager, reviewed 2022-2023 conservation potential assessment; the two-year target is 1.7 aMW
- The conservation potential assessment was developed consistent with RCW 19.285
- Lower near-term potential is due to low avoided costs, continued program achievement and new standards
- Forecasted increases in out-years based on new commercial measures with long, slow ramp rates due to equipment replacement cycles
- The cost per MWh is increasing, but is still cost effective

Funding for Growth Update

(see Chelan PUD website for presentation)

- Lindsey Mohns, Business Services and Customer Utilities Manager, reviewed proposed system impact fees and development charges to support growth
- Randy Brooks, Chair of Plug-In NCW, shared concerns that system impact charges would inhibit development of electric vehicle charging infrastructure
- Fees and charges are delegated to the General Manager; Commissioners expressed no objection to implementing the proposed system impact charges and system development charges in April 1, 2022

Identity Theft Prevention Program Update

- Erik Wahlquist, General Counsel, provided an annual update on the District's identity theft prevention program
- The District has had no breach of our identity theft prevent program
- No new program efforts were initiated in 2021, but incremental advancement in processes were made

Recess at 12:00pm, Reconvene at 1:00pm

Public Hearing – Electric Vehicle DC Fast Charging Rate

(see Chelan PUD website for presentation)

- Public hearing started at 1:01pm
- Steve Wright, General Manager, noted that this discussion began during the strategic planning meetings and was intended to reserve the subsidized Chelan PUD rate for Chelan county customer owners
- Andrew Grassell, Energy Development and Conservation Manager, reviewed background information, staff recommendation, summary of public outreach, and customer comments received
- Randy Brooks and Wendy Isenhardt both spoke on behalf of Plug-In NCW; they expressed concern that this rate is not supportive of electric vehicle charging infrastructure

- The proposed rate will come back to Commissioners at a future meeting to allow time to consider public feedback
- Public hearing ended at 1:25pm

Draft Integrated Resource Plan

(see Chelan PUD website for presentation)

- Janet Jaspers, Director of Energy Operation, Planning and Trading, presented the draft 2021 Integrated Resource Plan including updated load forecast and conservation forecast, summary of recommendations, the Clean Energy Action Plan (CEAP), and remaining Board and public process schedule
- Summary of recommendations:
 - Retain District’s current mix of generating resources to meet load and renewables requirements of Washington Renewable Portfolio Standard (RPS) for 2021-2030
 - Continue to evaluate and implement conservation programs based on 2021 Conservation Potential Assessment (CPA)
 - Keep evaluating and implementing strategies for additional power sales contracts consistent with financial policies & hedging strategy

Draft Clean Energy Implementation Plan (CEIP)

(see Chelan PUD website for presentation)

- Janet Jaspers, Director of Energy Operation, Planning and Trading, and Andrew Grassell, Energy Development and Conservation Manager, presented the Clean Energy Implementation plan including background information, draft content, and next steps
- This is the District’s first CEIP and is due by January 1, 2022

Consent Agenda

(see Chelan PUD website for resolutions)

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

- Minutes of the November 15, 2021 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated December 1, 2021:
 - Vouchers totaling \$28,904,215.18;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 10, 2021 through November 30, 2021 in the amount of \$61,479.48.
 - Approval of the net Payroll, Warrant Nos. 237656 through 237668 and Advice Nos. 724701 through 725491 for the pay period ending November 7, 2021 in the amount of \$2,269,258.78.
 - Approval of the net Payroll, Warrant Nos. 237669 through 237683 and Advice Nos. 725492 through 726254 for the pay period ending November 21, 2021 in the amount of \$2,253,948.28.
 - Approval of Warrant Nos. 28085 through 28120 totaling \$8.165.74 for claim payments from the workers’ compensation self-insurance fund for the period ending November 29, 2021.
 - Approval of debt service paid with reserve account interest earnings of \$1,232.16 for the period December 1, 2021 through December 31, 2021.
- Resolution 14. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1-3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 17-48 WITH NOKIA OF AMERICA CORPORATION OF PLANO TEXAS AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 15. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 THROUGH 4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-08 WITH MOE ASPHALT PATCHING & SEALCOATING, INC. OF WENATCHEE, WASHINGTON FOR DISTRICT WIDE UNIT PRICE ASPHALT/CONCRETE MAINTENANCE AND AUTHORIZING PAYMENT OF RETAINAGE
- Resolution 16. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 20-16 AND RATIFYING CHANGE ORDER NOS. 1, 2 AND 3 WITH STEELHEAD MECHANICAL LLC OF SPOKANE, WASHINGTON, AND AUTHORIZING PAYMENT OF RETAINAGE

- Resolution 20. A RESOLUTION AUTHORIZING AMENDMENT NO. 9 TO SERVICES AGREEMENT (SA NO. 17-002) WITH SAPERE CONSULTING, INC. OF WALLA WALLA, WA FOR MANAGEMENT CONSULTING SERVICES
- Resolution 21. A RESOLUTION AUTHORIZING AN AMENDMENT TO SERVICES AGREEMENT (SA NO. 16-034) WITH AON CONSULTING, INC TO PROVIDE EMPLOYEE BENEFIT CONSULTING SERVICES
- Resolution 22. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2, AND APPROVING FIELD WORK ORDER NO. 3 TO CONTRACT NO. 18-67 WITH WEG TRANSFORMERS, USA LLC FOR 28 MVA, 115/12.47 KV SUBSTATION POWER TRANSFORMERS

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Bolz

To accept the consent agenda as modified

Approved: Unanimously

Resolution 17

(see Chelan PUD website for resolutions)

- Mark Mullins, Director of Enterprise Planning and Risk Analytics, presented Resolution 17
- Mark noted only one change since the November 15 presentation of a recategorization of a capital project; the overall budget numbers remain the same
- Resolution 17. A RESOLUTION APPROVING THE 2022 DISTRICT BUDGETS FOR THE FIBER NETWORK, WATER, WASTEWATER AND INTEGRATED ELECTRIC (DISTRIBUTION, TRANSMISSION, COLUMBIA RIVER-ROCK ISLAND HYDRO-ELECTRIC, LAKE CHELAN HYDRO-ELECTRIC, ROCKY REACH HYDRO-ELECTRIC SYSTEMS, TREASURY SERVICES, INTERNAL SERVICE SYSTEM AND FINANCING FACILITIES) BUSINESS LINE

MOTION

Moved by: Commissioner Bolz

Seconded by: Commissioner McKenna

To approve the 2022 budget resolution as presented

Approved: Unanimously

Resolution 18

- Resolution 18 pulled to allow for further consideration of public feedback

Resolution 19

(see Chelan PUD website for resolutions)

- Heather Irelan, Lead Treasury Analyst, presented Resolution 19
- Approves an extension of the existing standby bond purchase agreement
- Resolution 19. A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN EXTENSION TO THE EXISTING CREDIT FACILITY RELATING TO THE DISTRICT'S OUTSTANDING CONSOLIDATED SYSTEM REVENUE BONDS, REFUNDING SERIES 2008B (NON-AMT); APPROVING FORMS OF CERTAIN DOCUMENTS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

Resolution 23

(see Chelan PUD website for resolutions)

- Devin Myers, Senior Project Manager, presented Resolution 23
- Resolution 23. A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT NO. 1 TO OLSSON INDUSTRIAL ELECTRIC, INC. OF SPRINGFIELD, OREGON FOR THE ROCK ISLAND POWERHOUSE #2 - GENERATOR LEAD REPLACEMENT PROJECT UNIT U-2 (CONTRACT NO. 20-18)

Resolution 24

(see Chelan PUD website for resolutions)

- Robb Davis, Staff Attorney, presented Resolution 24
- This is the culmination of several years of work by staff and outside consultants
- Resolution 24. A RESOLUTION APPROVING AN OPEN ACCESS TRANSMISSION TARIFF AND AUTHORIZING THE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO TRANSMISSION SERVICE AGREEMENTS

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Congdon

To approve Resolutions 19, 23, and 24 as presented

Approved: Unanimously

Manager Items

- Justin Erickson, Managing Director of District Services, provided an update on Public Power Benefit (PPB) evaluation criteria
 - The District is currently soliciting new PPB projects
 - Process steps: determine eligibility, evaluate and map to vision, rank order and present to the Board

Commissioner Travel

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

Commission Items

- Special Board Meeting
 - Redistricting maps should be available for review on December 20; the County has been a great partner in this effort

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Bolz

To set a special meeting on Thursday, December 30, 2021 @ 9:00am to be held virtually for the purpose of considering a resolution for redistricting boundaries. Virtual meeting information will be posted on the PUD website.

Approved: Unanimously

- Commissioner Bolz noted he would prepare a 2022 slate of officers for consideration at the next meeting
- Commissioner McKenna commended Commissioner Arseneault and the leadership at WPUDA for an exceptional conference last week

Follow up on Delegation of Action Items from 11/15/21 Board meeting

- None

Delegation of Action Items

- Andrew Grassell will categorize comments received on the electric vehicle DC fast charging rate for Commissioners to consider prior to the next meeting

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) and to evaluate the qualifications of an

applicant for public employment or to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for approximately 35 minutes.

Executive session extended at 3:20pm for 10 minutes

Executive session extended at 3:30pm for 30 minutes

Regular Session Reconvened at 4:00pm

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

There being no other business, the meeting adjourned at 4:00pm.

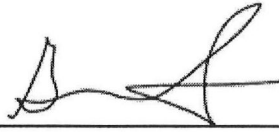
President

Vice President

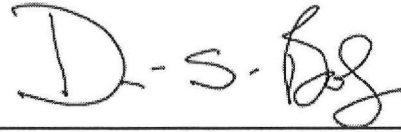
Secretary

Commissioner


Commissioner



Garry Arseneault - Board Member
Approved on 12/27/2021 4:54PM
PST



Dennis Bolz - Board Member
Approved on 12/21/2021 3:57PM
PST



Ann Congdon - Board Member
Approved on 12/22/2021 6:28AM
PST



Steve McKenna - Board Member
Approved on 12/27/2021 9:18AM
PST



Randy Smith - Board Member
Approved on 12/21/2021 6:49AM
PST