

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington December 3, 2018

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 3, 2018, at the hour of 9:30 am, pursuant to proper notice thereof. Meeting was noticed via email by Commission President on November 27, 2018.

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

**Staff present:** Steve Wright, General Manager  
Gregg Carrington, Managing Director of Energy Resources  
Erik Wahlquist, General Counsel  
Lisa Sanders, Acting Clerk of the Board  
Various staff

**Others in attendance:** Patrick Jones                      Kyle Lamb                      Grant Olson  
Nevonne McDaniels                      John Mattick                      Scott Bennett

## **Call To Order**

- President Bolz called the meeting to order at 9:30am

## **Pledge of Allegiance and Safety Minute**

- Glen Copeland, Network Plan Design Engineer, led the pledge and provided a safety minute on safe winter footwear

## **Agenda**

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

## **Public Hearing – Cryptocurrency Moratorium**

(see Chelan PUD website for presentation)

- Lindsey Mohns, Business Manager, reviewed recommended changes to fees and charges including up-front charges related to proposed Schedule 36.
- Existing applicants can expect:
  - Staff to implement business processes mid-December
  - A letter will be sent to all existing applicants requesting confirmation of application data and desire to proceed
  - Applicants will have option to withdraw from process and request refund of application fees
  - Those continuing, application fees previously submitted will be carried forward
  - Timelines will be discussed with each applicant and individual project plans are developed

- Applicants may need to coordinate with their municipality regarding permitting requirements
- New upfront capital changes will apply to all new cryptocurrency loads
- Schedule 35 will apply until Schedule 36 is effective April 1, 2019

**MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To lift the moratorium adopted March 19, 2018 as it applies to 1) processing existing applications for service and 2) as it applies to accepting and processing applications solely for changes to account names and related information on existing cryptocurrency services and at existing cryptocurrency service locations at existing service levels effective immediately;

To continue the moratorium in all other respects until April 1, 2019, at which time the moratorium will lift in all respects without further action of the Board.

Approved: Unanimously

**Resolution 4**

(see Chelan PUD Website for resolution)

- Resolution 4. A RESOLUTION ESTABLISHING A NEW RATE SCHEDULE AND NEW RATE FOR ELECTRICITY SERVICE TO CRYPTOCURRENCY PROCESSING AND BLOCKCHAIN PROCESSING AND SIMILAR LOADS

**MOTION**

Moved by: Commissioner McKenna

Seconded by: Commissioner Smith

To approve Resolution4 as presented

Approved: Unanimously

**Public Hearing – CTC Condominium Unit Surplus**

(see Chelan PUD website for presentation)

- Dan Frazier, Director-Shared Services, discussed next steps involved in the surplus of CTC property and purchase of Horan property.
  - Port agreements, Signing of property agreements, Interlocal Agreement PUD/Port/City, Continue Public Outreach
- Patrick Jones, Port of Chelan County Executive Director, expressed to the Board he feels this is a good deal for both parties.

**Resolution 6**

(see Chelan PUD website for resolution)

- Resolution 6. A RESOLUTION DECLARING CONFLUENCE TECHNOLOGY CENTER (CTC) UNITS LL1, 201 AND RELATED LIMITED COMMON ELEMENTS, ALONG WITH TWO GENERATORS, TWO COOLING TOWERS AND APPURTENANCES, SURPLUS TO DISTRICT NEEDS AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE TWO PURCHASE AND SALE AGREEMENTS WITH PORT OF CHELAN COUNTY FOR THE SURPLUSED PUD CTC PROPERTY, PORT’S HORAN PROPERTY, AND OTHER RELATED AGREEMENTS

**MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve Resolution 6 as presented

Approved: Unanimously

## **Resolution 7**

(see Chelan PUD website for resolution)

- Resolution 7. A RESOLUTION APPROVING THE ISSUANCE OF A REQUEST FOR PROPOSAL FOR ADVANCED METERING INFRASTRUCTURE (“AMI”) SYSTEM AND AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO PUBLISH NOTICE INVITING SEALED PROPOSALS FOR THE AMI SYSTEM PROJECT

### **MOTION**

Moved by: Commissioner McKenna

Seconded by: Commissioner Smith

To approve Resolution 7 presented

Approved: Unanimously

## **Resolution 8**

(see Chelan PUD website for resolution)

- Resolution 8. A RESOLUTION APPROVING THE 2019 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 LINES

### **MOTION**

Moved by: Commissioner Smith

Seconded by: Commissioner Arseneault

To approve Resolution 8 presented

Approved: Unanimously

## **Election Update and Pre-Legislative Update**

(see Chelan PUD website for presentation)

- Tracy Yount, Director – External Affairs, and Shaun Seaman, Government/External Affairs Program Manager, discussed the mid-term election summary and the 2019 legislative session.
- Mid-term elections:
  - Massive voter engagement close to 75%, State legislative changes in line with prior midterms this century
- Voters still don't like taxes
  - 1631 (carbon fee) loses 56%-44%, 1634 (ban on new local soda taxes) passes 55%-45%
- 2019 Session Overview
  - Long session – 105 days, Begins on January 14, It's a budget year, Still waiting on committee structures and assignments
  - It is Speaker Chopp's last year in his leadership role as Washington state House Speaker. He will continue to serve in the chamber.
- Statewide Legislative Focus
  - Mental health, Education, Culvert Replacement, Capital and operating budgets, Forest health/Wildfires
  - Other issues – “waiting” for the shift of the Senate and majority gains
- Chelan PUD Legislative Focus
  - Broadband office and funding
    - Safe Harbor
  - Forest health/Wildfires, Bid limits, PERs Early Retirement exemption, Electric vehicles, Net metering, Carbon

## Strategic Planning Outreach Process

(see Chelan PUD website for presentation)

- Justin Erickson, Managing Director – District Services, reviewed the strategic plan outreach Plan and schedule.
- The Outreach Planning Principles include:
  - Transparency and openness, Inclusiveness, Accessibility and consistency, Responsiveness
- The Outreach Approach Key Components are:
  - Strategy Partners
    - Key community partners
  - Topic Teams:
    - Interested PUD Commissioners, PUD staff, stakeholders, members of the public,
    - Focus will be on answering some key strategic questions
    - Multiple teams will be formed, with the opportunity to utilize a customized engagement approach based on strategic questions
  - General Outreach Efforts to Customer-Owners and Stakeholders:
    - Strategic Plan website, context document, digital/social media, digital video content, customer-owner surveys, other (print, radio, open houses, presentations to organizations etc.)
  - Employees:
    - General Manager Forums, Senior Management Team meetings, internal team meetings, surveys, topic teams, and Stakeholder Engagement Council.
  - The general schedule begins in December and will continue through the summer of 2019.

## Manager Items

- Bob Shane, Director – Network Operations, discussed a recap of 2018 and the 2019 work plan.
  - 2018 Recap:
    - The 2018 target was 1059 and the end of year achievement forecast is 901
    - Major exceptions to the 2018 work plan included:
      - 102 premises delayed in Upper Chumstick, 213 premises delayed in Middle Chumstick, 44 premises delayed in Lake Wenatchee, 44 premises delayed in Merry Canyon.
    - Partial mitigation to these delays was achieved by substituting infill areas countywide that were not in the 2018 work plan.
  - 2019 Work Plan:
    - The premises passed goal of 2019 is 1033. Distribution and Fiber Operations will utilize a joint contractor in 2019 to facilitate assessment and completion of NESC make ready work in a timely manner. This will provide a higher confidence level in more accurate planning with an achievable schedule.
    - Areas to be constructed in 2019 as part of the Public Power Benefit are:
      - Chelan
        - El Dorado/Crystal View, Rocky Point, Crystal View/Northside, and Spader Bay
      - Entiat
        - Entiat Way, Entiat/Substation, Howe St.-1premise, Pine Meadows, and Lower Valley
      - Cashmere
        - Stines Hill
      - Wenatchee
        - Kittitas/Methow, Birch Mtn/Mt. Vista, and Birch Run
      - Leavenworth
        - Upper Chumstick, Middle Chumstick, Eagle Creek, Merry Canyon, and Freund Canyon
      - Lake Wenatchee/Plain
        - Lake Wenatchee, and Snowberry/Fawn

- Malaga
  - Riviera

### Consent Agenda

- President Bolz presented the consent agenda which included the following items:
  - Minutes of the November 19, 2018 Regular Meeting and November 20, 2018 Tri-Commission Meeting
  - Vouchers: Accounts Payable Summary Report dated November 28, 2018:
    - Vouchers totaling \$15,372,968.50;
    - Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 14, 2018 through November 27, 2018 in the amount of \$1,684.63.
    - Approval of the net Payrolls, Warrant Nos. 236253 through 236272 and Advice Nos. 663625 through 664394 for the pay period ending 11/11/2018 in the amount of \$2,060,968.00; and
    - Approval of Warrant Nos. 25008 through 25093 totaling \$26,815.11 for claim payments from the workers' compensation self-insurance fund for the period ending November 26, 2018.
  - Charge-Offs to Uncollectible Accounts over \$1,000.00 for October 2018 in the amount of \$2,100.00.
  - Resolution 14. A RESOLUTION AUTHORIZING AMENDMENT NO. 10 TO SERVICES AGREEMENT (SA-TA NO. 15-133) WITH ASPECT CONSULTING LLC TO PROVIDE TECHNICAL ASSISTANCE REGARDING THE DISTRICT'S WATER RIGHTS AND WATER RESOURCES PROGRAM
  - Resolution 15. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A RELIABILITY COORDINATION SERVICES AGREEMENT WITH THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO RECEIVE RELIABILITY COORDINATION SERVICES

#### MOTION

Moved by: Commissioner McKenna

Seconded by: Commissioner Arseneault

To accept the consent agenda as amended

Approved: Unanimously

### Resolution 16

(see Chelan PUD website for resolution)

- Alex Smith, IT Development & Process Manager, presented Resolution 16
- Resolution 16. A RESOLUTION DECLARING OSISOFT, INC OF SAN LEANDRO, CA AS THE SOLE SOURCE SUPPLIER OF PI VISUALIZATION SUITE

#### MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner McKenna

To approve Resolutions 16 presented

Approved: Unanimously

### Follow Up on Delegation of Action Items from the 11/19/18 Board Meeting

- Mark OBryan will provide security requirements for AMI
- Bob Shane will report on whether members of NOANET receive differentiated pricing for network operations center services and what obligations are connected with NOANET membership (financial or otherwise)

### Delegation of Action Items

- Shaun Seaman will provide information about the Re-Wire Conference

**Recessed at 11:45am and Reconvened at 1:00pm into Executive Session**

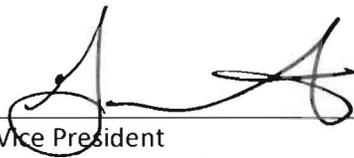
**Executive Session**

President Bolz convened an executive session at approximately 1:00pm 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 60 minutes.

**Regular Session Reconvened at 1:54pm**

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

There being no other business, the meeting adjourned at 1:54pm.



Vice President



Commissioner



President



Secretary



Commissioner