

# Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington May 6, 2024

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 May 6, 2024, at the hour of 10:00 am, pursuant to proper notice.

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

**Staff present:** Kirk Hudson, General Manager  
Erik Wahlquist, General Counsel  
Lisa Sanders, Acting Clerk of the Board  
Various staff

**Others present:** Dorry Foster, Steve Robinson, Joanne Vega, Neil Neroutsos

## **Call to Order**

- President McKenna called the meeting to order at 10:00am

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

- Mitch Reister, Manager – Procurement & Contracting Services, led the pledge and described improvements to the District’s solicitation process

## **Customer Satisfaction Survey Kick-Off**

- John Stoll, Managing Director Customer Utilities, and Joanne Vega, Strategic Research Associates, discussed the survey goals and objectives, approach and methodology, and benchmarks for success

## **Quarterly District Performance Plan Status Update**

- Managing Directors reviewed the 2024 first quarter metric exceptions report
- 93.62% of the items are complete or on track

## **5th Street Redevelopment Update**

- David Lodge, Project Management Manager, and Laine Heikel, Senior Project Manager, reviewed the site plan for a new road that bisects the 7.5 acre Fifth Street property
- Electric Avenue will provide centralized, underground utilities that connect six parcels, including the site of the new YMCA
- Chelan PUD expects to break ground on the new road and utilities corridor in mid-summer

### **Quarterly Financial Review and Investment Report**

- Mark Mullins, Interim Chief Financial/Risk Officer, and Dave Nelson, Manager Strategic Financial Planning, reviewed 1<sup>st</sup> quarter results
- Bottom-line results better than budget
  - Higher long term contract revenues and lower operating costs more than offset lower revenues due to low streamflow conditions for strong year-to-date results
- Long-term financial metrics remain strong
- Stay the long-term course

### **Quarterly Energy Resources Update**

- Mike Bradshaw, Director Energy Structure Trading, and Janet Jaspers, Director Energy Operations Planning and Trading, provided an update on wholesale and energy-related revenue, Western power markets and overall operations and planning
- Below average water to start in 2024
  - Net wholesale revenue and other energy-related revenue was \$179M (\$1.4M less than budget)
  - Columbia River water supply forecast is 83% of normal for January-July
  - Rocky Reach inflow averaged 60% of average
- Climate Commitment Act (CCA)
  - Allowance prices trading near \$36/metric ton of CO<sub>2</sub>e on secondary market
  - Electric utilities will submit updated cost burden estimates July 2024
- Day-Ahead Market Initiatives
  - Southwest Power Pool (SPP) Markets+ tariff filed on March 29<sup>th</sup>
    - Chelan plans to fund Phase 2 pending Board approval
    - Consultant will provide educational presentation to the Board
  - California Independent System Operator (CAISO) Energy Day Ahead Market (EDAM)
    - Stakeholder meetings have begun to address remaining items
  - Westwide Governance Pathways Initiative (WWGPI or Pathways) effort releases initial proposal

### **Strategic Vision, Business, and Budget Planning**

- Justin Erickson, Chief Strategy and Stakeholder Officer, and Mark Mullins, Interim Chief Financial/Risk Officer provided an updated on strategic vision, business, and budget planning topics
- Kickoff of strategic visioning work started last week. This included a public kickoff event with 40+ key community partners at Pybus Market, the Big Sort to analyze key trends that may influence the District most over the next 50 years, strategy partner update from Kirk, collecting data from a formal survey from about 300+ employees and stakeholders invited to the previous event.
  - Imagine 2075 information will be on the website
    - The public will be invited to participate in a second survey after Labor Day, and information will be shared via our website, social media, District newsletter, special events, routine events, and more public involvement later in the year
- Business Planning and Budget Topics Timeline
  - Board Delegated Authority May 20<sup>th</sup>
  - Public Power Benefit Funding June 3<sup>rd</sup>
  - Business Line Financial Policies July 1<sup>st</sup>
  - Rate Planning July 15<sup>th</sup>

### **Manager Items**

- Vicki Griffin, Real Estate and Permitting Manager, and Brett Bickford, Managing Director Generation and Transmission
  - The Ravenwing property purchase closed on May 3 for \$5,325,000
  - The property continues to be closed to public access as the PUD develops a property management plan

**Brett Bickford, Managing Director Generation and Transmission**

- Tuesday, April 23 Unit U1 at Rock Island Powerhouse 2 tripped offline
  - Initial investigation revealed a shorted exciter lead
  - 28 bolts had become loose, and the armature turned, which allowed the lead to fail, arcing and melting some fasteners
  - Crews are obtaining the materials and parts for the repair
  - Unit 4 is currently out of service for a planned overhaul and was inspected
  - The other five units will be inspected this week while flows are low
  - Four units will be out of service during the inspections
  - We are working to return U1 to service by the end of June

**Recess @ 12:00pm; Reconvene @ 1:00pm**

Resolutions 12, 13, 14, and 15 were moved to the consent agenda; the agenda was approved as revised

**Consent Agenda**

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

- Minutes of the April 14, 2024, Regular Meeting and April 23, 2024 Special Meeting
- Vouchers: Accounts Payable Summary Report dated April 20, 2024:
- Vouchers totaling \$28,595,866.12.
  - Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 09, 2024 through April 29, 2024 in the amount of \$77,223.14.
  - Approval of the net Payroll, Warrant Nos. 238427 through 238438 and Advice Nos. 775618 through 776466 for the pay period ending April 07, 2024 in the amount of \$2,692,070.02.
  - Approval of the net Payroll, Warrant Nos. 238439 through 238452 and Advice Nos. 776467 through 777309 for the pay period ending April 21, 2024 in the amount of \$2,736,814.94.
  - Approval of Warrant Nos. 31155 through 31282 totaling \$25,091.90 for claim payments from the workers' compensation self-insurance fund for the period ending April 29, 2024.
  - Approval of Parks Reservation System customer refunds for the period April 09, 2024 through April 29, 2024 in the amount of \$1,890.00.
- Resolution 12. A RESOLUTION AUTHORIZING AMENDMENT NO. 4 TO ENABLING AGREEMENT (PSA NO. 20-10977) WITH EXPRESS SERVICES, INC. DBA EXPRESS EMPLOYMENT PROFESSIONALS TO PROVIDE TEMPORARY EMPLOYMENT SERVICES
- Resolution 13. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO ENABLING AGREEMENT (PSA NO. 20-10980) WITH STAFFMARK INVESTMENT LLC DBA STAFFMARK TO PROVIDE TEMPORARY EMPLOYMENT SERVICES
- Resolution 14. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 22-12309) WITH HDR ENGINEERING, INC. TO PROVIDE ASSET MANAGEMENT SUPPORT SERVICES
- Resolution 15. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR ROCKY REACH UNWATERING PUMP (BID NO. 23-12769) AND AUTHORIZING THE MATERIAL BE OBTAINED BY NEGOTIATION

**MOTION**

Moved by: Commissioner Allen

Seconded by: Commissioner Arseneault

To approve the consent agenda as revised to include Resolutions 12, 13, 14, and 15

Approved: Unanimously

## Resolution 16

- Tim McMaster, Engineering and Project Management Manager, and Ryan Mitchell, CM Mechanical Superintendent, presented Resolution 16
- Resolution 16. A RESOLUTION DECLARING CLIMAX PORTABLE MACHINE TOOLS, INC OF NEWBERG, OREGON AS THE SOLE SOURCE SUPPLIER OF SPECIALTY PORTABLE MACHINE TOOLS AND SUPPORTING EQUIPMENT (CONTRACT NO. 24-13573)

### MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Allen

To approve Resolution 16 as presented

Approved: Unanimously

## Capital Budget Revision- Riverfront Park Project

- Justin Erickson, Chief Strategy and Stakeholder Officer presented a budget revision for Riverfront Park
- \$4.7 million capital budget amendment for improvements to Riverfront Park, safety improvements to Apple Capital Loop Trail, a new sport court at Walla Walla Point Park and parking lot repaving. The total project budget is estimated at \$11.7 million.

### MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Arseneault

To increase the total project budget for DS220008 - Riverfront Park Improvements (Phase 1) by \$4,700,000 for a revised total project budget of approximately \$11.7M.

Approved: Unanimously

## Manager Items

- Von Pope, Wildlife Biologist Senior
  - Conservation Easement Requirements for Lake Chelan include:
    - Conservation easements ≤ acres to protect wildlife and wildlife habitat
    - Admin fees related to easement acquisition
    - Habitat improvements on easement
  - Easement Acquired – 2024, Partners/Collaborators Include:
    - Chelan Douglas Land Trust
      - Holds easement in perpetuity
    - WDFW
      - Approved alternate property
      - Providing additional funding for habitat improvements on easement
      - Landowner
      - Chelan PUD
  - Next Steps
    - Habitat Improvement Plan
      - Chelan PUD, WDFW, CDLT
      - Obligation is complete when habitat improvement funds are spent
        - Weed control, native plantings, fence removal

## Commission Items

- Commissioner Smith was very appreciative of staff time spent with the Kyrgyzstan delegation
- Commissioner Arseneault reported offers from Senator Cantwell's office to tour the White House and Capitol Hill during his upcoming trip to Washington, D.C.

**Follow up on Delegation of Action Items from 4/14/24 Board meeting**

- Chris Blayne will provide an estimate of the number of full-time versus seasonal homes in the South Shore Lake Chelan fiber expansion area

**Delegation of Action Items**

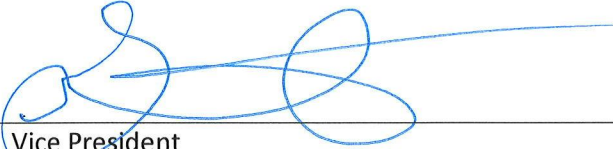
- Justin Erickson will provide staff recommendations for the 2024 Public Power Benefit unallocated dollars

**Executive Session**

President McKenna convened an executive session at approximately 1:45pm 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 consider information regarding the infrastructure and security of computer and telecommunications networks, security and service recovery plans, security risk assessments and security test results to the extent that they identify specific system vulnerabilities pursuant to RCW 42.30.110(1)(a)(ii) for approximately 90 minutes.

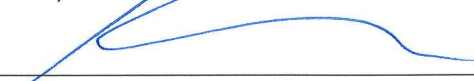
President McKenna confirmed no votes were taken and no decisions were made during Executive Session.


There being no other business, the meeting adjourned at 3:10pm.

  
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Vice President

  
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Commissioner

  
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President

  
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Secretary

  
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Commissioner