

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington May 20, 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 20, 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 (by phone)

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

Call to Order

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

Pledge of Allegiance and Safety/HPI Minute

- Kate Taylor, License Compliance Specialist II, led the pledge and provided information on lifting safety

Agenda

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

Cycle of Personal Ownership (CPO) Winner Recognition

- Kirk Hudson, General Manager, recognized April CPO Winner Amanda Holaday, Engineering Assistant

Upper Valley Transmission Update

- Casey Hall, Principal Project Manager, and Steve Wickel, Manager Transmission and Distribution Engineering, gave an update on the upper valley transmission line project
- Reviewed project history and drivers, public outreach, and proposed alternative
- The proposed hybrid plan uses a mono-pole configuration from Chumstick Highway to Coles Corner and would narrow the equipment footprint within the corridor, reducing the risk of tree strikes
- The recommended project with proposed modifications is currently estimated at \$57M
- Commissioners expressed concurrence with the staff recommendation

Transmission Contracting and Policy Development Updates

- Daniel Appel, Staff Attorney, and Steve Wickel, presented updated information on tariff status and Federal Energy Regulatory Commission (FERC) and other transmission developments
- Staff plans to make recommendations for proposed changes to the open access transmission tariff (OATT) based on FERC updates

West Wenatchee Substation Update

- Chad Rissman, Director Distribution Asset Management, gave an update on the West Wenatchee substation
- Reviewed site criteria, site selection on the Washington State University (WSU) Tree Fruit Research Center property, summary of public outreach and timeline
 - The West Wenatchee substation will alleviate load on nearby substations
 - The preferred site is 1.1 acres, which allows for a doubling of station capacity if needed in the future
- Next steps include:
 - Inform community of progress
 - Begin constructing agreement with WSU
 - Contingent on Conditional Use Permit (anticipated end of 2024)
 - Incorporate community feedback as feasible
 - Acquire site via easement at appraised value based on use
 - Includes taking ownership of WSU-owned power line, to be upgraded during station construction

Strategic Vision, Business, and Budget Planning

- Delegated Authority - Dave Nelson, Manager Strategic Financial Planning, and Debra Vaughn, Strategic Financial Planning Analyst
 - Reviewed background, current resolution and reason for revisions
 - Proposed changes are to increase the Board's delegation to the General Manager to \$3M with authority for the General Manager to redelegate up to \$1M
 - Will streamline and improve processes and simplify the authority levels
 - A resolution implementing the proposed changes will be presented for consideration on June 3
- Public Power Benefit (PPB) Program 2024 and 2025 – Felicity Saberhagen, Business Manager Strategy & Stakeholder Office, and Dave Nelson
 - Reviewed 2024 allocations, projects that may need additional or new funding and options for extending the PPB program
 - Commissioners expressed support to continue the PPB funding for 2025 and in potentially allowing unspent dollars to be carried forward for future projects

Recess @ 12:04pm; Reconvene @ 1:01pm

Consent Agenda

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

- Minutes of the May 3, 2024 Special Meeting and May 6, 2024 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated May 14, 2024:
 - Vouchers totaling \$16,952,445.00;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 30, 2024 through May 13, 2024 in the amount of \$36,466.53.
 - Approval of the net Payroll, Warrant Nos. 238453 through 238463 and Advice Nos. 777310 through 778164 for the pay period ending May 05, 2024 in the amount of \$2,760,265.32.
 - Approval of Warrant Nos. 31283 through 31369 totaling \$48,504.20 for claim payments from the workers' compensation self-insurance fund for the period ending May 13, 2024.
 - Approval of Parks Reservation System customer refunds for the period April 30, 2024 through May 13, 2024 in the amount of \$1,435.00.
- Resolution 11. A RESOLUTION AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 22-12271 WITH MCKINSTRY, CO. OF SPOKANE, WA AND AUTHORIZING RELEASE OF THE BOND IN LIEU OF RETAINAGE
- Resolution 12. A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO SERVICES AGREEMENT (SA NO. 23-12876) WITH PYTHIAN SERVICES USA INC. TO PROVIDE IT CONSULTING AND MANAGED SERVICES

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Arseneault

To approve the consent agenda as revised to include Resolution 12

Approved: Unanimously

Resolution 13

- Chad Rissman, Director Distribution Asset Management, presented Resolution 13
- Resolution 13. A RESOLUTION AWARDED SPECIFIC LINES TO GENERAL PACIFIC, INC. OF FAIRVIEW OREGON, REJECTING BIDS, AND AUTHORIZING THE 2025 TRANSFORMER PURCHASE AND SUPPLY (BID NO. 23-13135) BE OBTAINED BY NEGOTIATION FOR THE REMAINING LINES

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Smith

To approve Resolution 13 as presented

Approved: Unanimously

Capital Budget Revision – North Shore Getaway

- Chad Rissman presented a capital budget revision for the North Shore Getaways
- Project about 7% overspent at this time; reviewed process changes in place to prevent this error in the future
- Kirk Hudson reiterated his commitment to continuous improvement in this area

MOTION

Moved by: Commissioner Smith

Seconded by: Commissioner Allen

To increase the Total Project Budget for capital project DS220013, North Shore Substation Getaways, in the amount of \$750,000 for a revised total project budget of \$4,082,934 with no change to the overall 2024 Distribution capital budget

Approved: Unanimously

Manager Items

- Brett Bickford, Managing Director Generation and Transmission, provided updates on the following:
 - Rock Island Powerhouse 2 exciter ring inspection
 - Inspected five units, found a few loose bolts, but did not find any loose armature
 - Expect U1 repairs to be completed by the end of June; will continue inspections on remaining units
 - Kirk noted this is a great outcome of the further inspection
 - Powerhouse 1 spillway parapet wall cracks –
 - On the downstream parapet wall are several large cracks, which have been reported to FERC
 - Cracking is substantial and warrants rapid response; mapping with ultrasonic technology
 - Worked with operations to limit crane operations unless engineering staff is monitoring
 - Working on a contracting plan to complete repairs by April 2025

Commission Items

- Special Meeting

MOTION

Moved by: Commissioner Arseneault

Seconded by: Commissioner Smith

To reschedule the Board Workshop from Friday, May 24, 2024 to Tuesday, July 2, 2024 @ 9:00am at the Confluence Technology Center, 285 Technology Center Way, Wenatchee

Approved: Unanimously

- Commissioner Arseneault attended the NWPPA annual conference last week and noted several good programs and networking opportunities including an interesting presentation on procurement processes
 - Also presented at the Wenatchee Row & Paddle Club at the unveiling of the new mural on the building at the bottom of 9th Street; public was very complimentary of the building and new mural
- Commissioners McKenna & Smith complimented last week's celebration of the operations buildings opening
- Commissioner Bergren recognized staff for their outstanding job in maintaining the parks and facilities

Follow up on Delegation of Action Items from Previous Meetings

- Andy Wendell will provide information on whether the vegetation at the North Shore substation is irrigated – information provided on 5/3/24
- Ron Slabaugh will provide the risk value of the Peshastin Water District acquisition – completed with acquisition
- Kirk Hudson will provide information on how utilization of appointments with staff in Chelan and Leavenworth offices – completed on 5/3/24

Follow up on Delegation of Action Items from 5/3/24 Board workshop

- Rebekah Neumann will set up a system to track Commissioner's recommendations on training events for future consideration
- Kirk Hudson will arrange a security orientation of Service Center with Board
- Kirk Hudson will develop a strategic directive to outline acceptable risk tolerance for procuring substation land well in advance of need
- John Stoll and Justin Erickson will investigate upgrades to the Chelan office to support community's use of Auditorium as well as staff needs
- John Stoll and Justin Erickson will develop a way to collect data to help us assess whether service center is doing what was intended
- Erik Wahlquist will engage Eric Douglas from Leadership Resources, Inc. (LRI) for Board governance training following site visit to Nebraska Public Power District - completed

Follow up on Delegation of Action Items from 5/6/24 Board meeting

- Justin Erickson will provide staff recommendations for the 2024 Public Power Benefit unallocated dollars – provided in today's presentation


Delegation of Action Items

- None

Executive Session

- President McKenna convened an executive session at approximately 1:50pm 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 45 minutes.

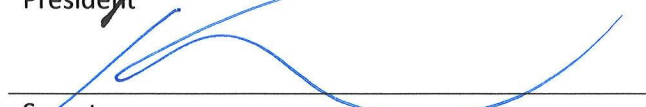
President McKenna confirmed no votes were taken and no decisions were made during Executive Session
 There being no other business, the meeting was adjourned at 2:36pm



 Vice President



 President



 Secretary

 Commissioner



 Commissioner