

Minutes of the Regular Commission Meeting of Public Utility District No. 1 of Chelan County, Washington November 4, 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 November 4, 2024, at the hour of 10:00 am, pursuant to proper notice.

Commissioners present: Steve McKenna, President
Garry Arseneault
Randy Smith
Carnan Bergren (remote)
Kelly Allen

Staff present: Kirk Hudson, General Manager
Erik Wahlquist, General Counsel
Teresa Boushay, Acting Clerk of the Board
Various staff

Others: Steve Keene, Jeff Osborn, Jeff Yount

Call to Order

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

Pledge of Allegiance and Safety/H&OP Minute

- Laine Heinkel, Senior Project Manager, led the pledge and provided information on winter preparedness for home, travel, health and wellness

Agenda

- The agenda was approved as presented

Quarterly District Performance Plan Update

- Senior leaders reviewed the 2024 third quarter status update report
- 74.5% of the items are complete or on track

Quarterly Financial Review and Investment Report

- Mark Mullins, Director Enterprise Planning, Risk & Analytics, covered third quarter highlights
- Bottom-line results through Q3 better than budget
 - Higher long-term contract and other operating revenues and lower operating costs more than offset lower revenues due to low streamflow conditions and lower wholesale prices for strong year-to-date results
- Forecasted bottom-line results for the year better than budget
 - Revenues are expected to be slightly below budget for the year
 - Operating expense forecasted below budget, more than offsetting lower revenues, and includes significant project work for 2024

- Schedule delays and inflation are driving long-term project costs higher
- Financial metrics for the 5-year forecast meeting targets
 - District financial metrics are being met for the 5-year planning horizon
 - Low debt leverage and high debt service coverage provides financial flexibility

Quarterly Energy Resources Update

- Mike Bradshaw, Director Energy Structure Trading, led review of third quarter results
- Revenue forecast above budget, water forecast below average
 - Net wholesale revenue and other energy-related revenue is forecasted to be \$189M (~\$8M above budget)
 - Columbia River water supply forecast is 76% of normal for January – July
- Climate Commitment Act (CCA) - Washington allowance prices rebounded starting in mid-September
- Day-Ahead Market Initiatives
 - Southwest Power Pool Markets+
 - Planning to fund Phase 2 if Board approves
 - Expect tariff response from FERC in November
 - CAISO Extended Day Ahead Market (EDAM)
 - Pathways Initiative

Markets+ Phase 2 Funding

- Tuuli Hakala, Energy Policy Advisor, provided an update on regional Energy Markets
- Extended Day Ahead Market (EDAM)
 - California Independent System Operator is extending its market to other balancing authorities
 - Shared current intent of Western US entities planning to join EDAM
- Markets+ development
 - The District, along with over 30 Western entities, developed Markets+ with Southwest Power Pool (SPP)
 - Upon FERC approval, SPP is ready to move into Markets+ implementation (Phase 2)
- Markets+ Phase 2 funding
 - Critical mass of funding utilities needed for Phase 2
 - Request to approve Phase 2 anticipated at the November 18 Board meeting

Rock Island Relicensing Update

- Janel Ulrich, Manager Hydro Licensing, shared current status on relicensing of Rock Island Dam
- Reviewed the relicensing process; highlighted that it's a public process required by FERC
 - The process has transitioned from identifying the studies to conducting the studies
 - 16 studies were included in the study plan determination, 2 years to complete
 - Early action credit noted

Strategic Vision, Business, and Budget Planning: Rate Planning Follow Up

- Lindsey Mohns, Director Customer Service, reviewed the 2025-2026 General Rate Plan
- Continue current rate plan an additional 2 years in recognition of rising operating costs
 - Effective June 1, 2025 – June 1, 2026
 - Allows time for Strategic Visioning to progress and inform future plans
- Recommended discontinuing future deposits to electric rate support fund after 2024
 - Current balance of \$24 million
- Staff plans to bring Rate Plan adoption request at November 18 Board meeting

Strategic Vision, Business, and Budget Planning: Imagine 2075

- Justin Erickson, Chief Strategy and Stakeholder Officer, highlighted recent key activities

- Workshops held the week of October 28 - November 1 with District leaders developing framework, goals and focus area for the next 18 months
- Thanked the Commission for their work on Mission and Vision
- Values discussions led by Red Team, a subset of leadership

Recess @ 11:57am; Reconvene @ 1:01pm

Public Hearing: 2025 Preliminary Budget Presentation

- Hearing started @ 1:01pm
- Dave Nelson, Manager Strategic Financial Planning, provided information on the 2025 budget timeline, initial results & highlights, and next steps
- Strategic Focus based on 2020-2024 plan extended to 2025 to allow for completion of the 2025 Strategic Visioning
 - The foundation of our strategic initiatives and budget is at the top of our balanced scorecard: Customer-owner satisfaction
- Review included:
 - 5-year financial plan which meets District financial policies
 - Net surplus energy revenue and other operating revenue
 - Major O&M and Capital projects planned in 2025
 - Kirk Hudson, General Manager, covered a total of 10 new positions
- Public Comment:
 - Steve Keene inquired about the Peshastin system rate equalization charge, requesting consideration of effects on low-income customers in relation to the District’s overall budget as well as the proposed timing of implementation
- President McKenna concluded the Public Preliminary Budget Hearing @ 1:40pm

Consent Agenda

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

- Minutes of the October 18, 2024 Special Meeting and October 21, 2024 Regular Meeting
- Vouchers: Accounts Payable Summary Report dated October 29, 2024:
 - Vouchers totaling \$30,419,646.34;
 - Approval of Customer Deposit Returns and Conservation Incentive payments for the period October 15, 2024 through October 28, 2024 in the amount of \$56,720.09.
 - Approval of the net Payroll, Warrant Nos. 238609 through 238621 and Advice Nos. 787541 through 788395 for the pay period ending October 20, 2024 in the amount of \$2,802,036.20.
 - Approval of Warrant Nos. 32270 through 32333 totaling \$43,573.42 for claim payments from the workers’ compensation self-insurance fund for the period ending October 28, 2024.

MOTION

Moved by: Commissioner Arseneault
 Seconded by: Commissioner Smith
 To approve the consent agenda as presented
 Approved: Unanimously

Resolution 13

- Vicki Griffin, Real Estate and Permitting Manger, presented Resolution 13
- Resolution 13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A LONG-TERM LICENSE AGREEMENT WITH INTERMOUNTAIN INFRASTRUCTURE GROUP, LLC FOR INSTALLATION, OPERATION AND MAINTENANCE OF TWO FIBER OPTIC CABLES LOCATED ON DISTRICT PROPERTY OR WITHIN THE DISTRICT’S HYDRO PROJECT BOUNDARY IN CHELAN AND DOUGLAS COUNTIES, WASHINGTON

MOTION

Moved by: Commissioner Smith
Seconded by: Commissioner Allen
To approve Resolutions 13 as presented
Approved: Unanimously

Capital Budget Revision: Rock Island Parapet Wall

- Brett Bickford, Managing Director Generation & Transmission, and Sam Dilly, Principal Project Manager, requested funding for capital work on the Rock Island Dam downstream parapet wall replacement project
- The amount is based on 2024-2025 current scope and will be updated as detailed plans are developed

MOTION

Moved by: Commissioner Allen
Seconded by: Commissioner Smith
To establish a new 2024 capital project and associated budget for the Rock Island Downstream Parapet Wall Replacement in the amount of \$34,000,000
Approved: Unanimously

Manager Items

- Rachel Hansen, Senior Communications Strategist, informed the Commission about a meeting to be held on November 12 in Entiat @ 6:00pm at the Entiat Schools' District Office
 - Fire Safety Outage Management (FSOM) follow up information will be shared followed with public Q&A
 - Chelanpub.org/FSOM has an interactive map to check zones of inclusion in the program

Commissioner Travel

- Lisa Sanders, Legal Office Administrator, reviewed upcoming event and travel details with the Commissioners

Follow up on Delegation of Action Items from 10/21/24 Board meeting

- None

Delegation of Action Items

- None

Recess @ 2:12pm; Reconvene @ 2:25pm

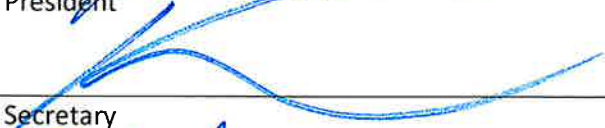
Executive Session

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), for approximately 60 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 2:59pm




President



Secretary

Vice President


Commissioner



Commissioner