

REGULAR MEETING
OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

August 28, 2018

The Commission of Public Utility District No. 2 of Grant County, Washington, convened at 9:00 a.m. at Grant PUD’s Main Headquarters Building, 30 C Street SW, Ephrata, Washington with the following Commissioners present: Terry Brewer, President, Bob Bernd, Vice-President, Dale Walker, Secretary; Tom Flint, Commissioner; and Larry Schaapman, Commissioner.

A round table discussion was held regarding the following topics: Grant County Fair recap and process question regarding proposed Resolution No. 8891.

Craig Bressan, Senior Manager of Industrial Training and Safety, provided a Safety report.

Bonnie Overfield, Senior Manager of Finance, reviewed the Financial Statement Suite report and Baxter Gillette, Project Specialist VIII, provided a Forecast Report.

The Commission recessed at 11:37 a.m.

The Commission resumed at 11:40 a.m.

An executive session was announced at 11:40 a.m. to last until 12:00 p.m. to discuss potential litigation with legal counsel present pursuant to RCW 42.30.110(1)(i) and performance of a public employee with legal counsel present pursuant to RCW 42.30.110(1)(g). The executive session concluded at 12:00 p.m. and the regular session resumed.

The Commission attended a lunch meeting with Grant County Commissioners.

The afternoon portion of the meeting was opened by reciting the Pledge of Allegiance.

Jonathan Toomin, Moses Lake, spoke in opposition to proposed Evolving Industry Rate Schedule No. 17 and requested a third party analysis of the proposed rate schedule calculation prior to adoption of Resolution No. 8891.

Rhyan Reid, Moses Lake, expressed concern with the process associated with development of proposed Evolving Industry Rate Schedule No. 17 and spoke in opposition to adoption of Resolution No. 8891.

Ed McDonald, Moses Lake, spoke in support of the cryptocurrency industry.

Consent agenda motion was made by Mr. Walker and seconded by Mr. Schaapman to approve the following consent agenda items:

Payment Numbers	84736	through	85128	\$11,579,911.07
Payroll Direct Deposit	127709	through	128406	\$ 1,610,829.46

Meeting minutes of August 14, 2018.

After consideration, the above consent agenda items were approved by unanimous vote of the Commission.

Resolution No. 8891 relative to establishing a rate schedule was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Walker to approve Resolution No. 8891. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 8891

A RESOLUTION ESTABLISHING RATE SCHEDULE NO. 17

Recitals

1. Pursuant to RCW 54.16.040, Grant PUD is authorized to regulate and control the use, distribution, rates, service, charges, and price of electric energy;
2. The Commission directed staff to create an Evolving Industry rate schedule with the adoption of Resolution No. 8885 on May 8, 2018; and

- 3. The General Manager and Grant PUD staff recommend establishing Grant PUD Rate Schedule No. 17 as set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington that effective August 28, 2018, Rate Schedule No. 17 is hereby established as set forth in Exhibit A hereto.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 28th day of August, 2018.

Resolution No. 8892 relative to amending a rate schedule was presented to the Commission. Motion was made by Mr. Schaapman and seconded by Mr. Bernd to approve Resolution No. 8892. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 8892

A RESOLUTION AMENDING GRANT PUD'S RATE SCHEDULE 100

R e c i t a l s

- 1. Grant PUD is authorized by RCW 54.16.330 to operate and maintain telecommunications for Grant PUD's own internal telecommunications needs and for the provision of wholesale telecommunications services within Grant PUD; and
- 2. Grant PUD's Manager and staff are of the opinion that the revised Rate Schedule 100 attached as Exhibit A is in the best interest of Grant PUD.

NOW THEREFORE BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington that the changes to the boilerplate language contained within the schedule, updates the title of the rate schedule to Product & Service Schedule 100, increases to the minimum monthly billing thresholds for providers, increases the up-front new service provider application charge, and introduces a new Carrier Ethernet E-LAN product as set forth in the attached Exhibit A are hereby approved and adopted, and the revised Rate Schedule 100 shall be effective October 1, 2018.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 28th day of August, 2018.

Resolution No. 8893 relative to providing for the filing of a proposed budget was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Schaapman to approve Resolution No. 8893. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 8893

A RESOLUTION PROVIDING FOR THE FILING OF A PROPOSED BUDGET FOR THE YEAR 2019, SETTING A DATE FOR PUBLIC HEARING THEREON AND AUTHORIZING NOTICE OF SUCH MEETING

WHEREAS, the preliminary proposed Budget of Revenue and Expenditures for Grant PUD for the year 2019 is attached hereto as Exhibit A and B; and

WHEREAS, public comment on the proposed budget will be officially open October 9th during the regular scheduled Commission Meeting and Grant PUD is planning to schedule public hearings regarding the proposed 2019 budget in the month of October at which any rate payer may appear and be heard for or against the whole or any part thereof.

NOW, THEREFORE BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the preliminary 2019 budget is hereby made a part of Grant PUD's official records and public comment regarding the proposed 2019 budget shall open October 9th, 2019 during the regular scheduled Commission Meeting and conclude upon adoption of the budget. Notice of scheduled public hearings shall be published at least two consecutive weeks prior to the public hearing in a newspaper printed and of general circulation in Grant County.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 28th day of August, 2018.

Resolution No. 8894 relative to approving a position statement was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Schaapman to approve Resolution No. 8894. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 8894

A RESOLUTION OF GRANT PUD APPROVING ENERGY NORTHWEST'S UNDERTAKING OF THE
HORN RAPIDS SOLAR, STORAGE, AND TRAINING PROJECT

WHEREAS, Public Utility District No. 2 of Grant County (Grant PUD) is a member of Energy Northwest, a joint operating agency of the State of Washington organized and existing pursuant to RCW 43.52. et seq.

WHEREAS, Energy Northwest's Board of Directors was briefed in 2016 on the feasibility and benefits of the Horn Rapids Solar, Storage, and Training Project (HRSST Project), contemplated to be a four MWDC photovoltaic solar project paired with a 1MW Vanadium Flow battery energy storage system to be sited in Richland and owned and operated by Energy Northwest.

WHEREAS, the ownership structure has changed since that time and Energy Northwest's Project (EN Project) now consists of the 1 MW Vanadium Flow battery energy storage system with a private entity separately owning the solar project.

WHEREAS, the City of Richland has agreed to be the off-taker of the power and will enter into a participant agreement with Energy Northwest for the use of the battery energy storage system, with the participant agreement providing that the City will have full financial responsibility for the EN Project.

WHEREAS, the value of energy storage systems has gained focus in the electric industry with the increased renewable energy requirements and, thus, Energy Northwest owning and operating the battery energy storage system portion of the HRSST Project is beneficial to the electric ratepayers of the Pacific Northwest as demand for battery energy storage systems grows.

WHEREAS, RCW 43.52.360 requires approval by a majority of Energy Northwest members' legislative bodies in order for Energy Northwest to undertake the EN Project.

WHEREAS, final authorization to proceed with the EN Project by the Board of Directors of Energy Northwest is contingent upon execution of the participant agreement with the City of Richland.

WHEREAS, it is in the best interests of Grant PUD that Energy Northwest be authorized to undertake the EN Project, contingent upon the execution of the participant agreement with the City of Richland.

NOW, THEREFORE, BE IT RESOLVED that Grant PUD, pursuant to RCW 43.52.360, hereby approves that Energy Northwest undertake the EN Project, contingent upon the execution of a participant agreement with the City of Richland.

ADOPTED at an open public meeting, of which notice was given as required by law, this 28th day of August, 2018.

Resolution No. 8895 relative to approving a contract was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Bernd to approve Resolution No. 8895. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 8895

A RESOLUTION ACCEPTING A BID AND AWARDING CONTRACT 130-08523H, FOR
MOUNTAIN VIEW SUBSTATION EXPANSION CONSTRUCTION

Recitals

1. Bids were publicly opened on July 25, 2018 for Contract 130-08523H, for Mountain View Substation Expansion Construction;
2. Bid proposals were received from the following suppliers/contractors and evaluated by Grant PUD's staff;

• Summit Line Construction	\$2,016,682.63
• Potelco, Inc.	\$2,100,000.23
• Wilson Construction Company	\$2,405,968.14
3. The low bid, submitted by Summit Line Construction is commercially noncompliant with Grant PUD's contract requirements;

4. The second low bid, submitted by Poteleco, Inc. is both commercially and technically compliant with Grant PUD's contract requirements;
5. The bid is less than the Engineer's Estimate of \$2,744,750.00; and
6. Grant PUD's Senior Manager of Power Delivery Engineering and Managing Director of Power Delivery concur with staff and recommend award to Potelco, Inc. as the lowest responsible and best bid based on Grant PUD's plan and specifications.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the General Manager is authorized to enter into a contract, Contract 130-08523H, for Mountain View Substation Expansion Construction with Potelco, Inc. of Sumner, Washington in the amount of \$2,100,000.23 plus applicable sales tax, upon receipt of the required payment and performance bond in a manner satisfactory to Grant PUD's Counsel.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 28th day of August, 2018.

Resolution No. 8896 relative to modifying the title of General Manager was presented to the Commission. Motion was made by Mr. Flint and seconded by Mr. Schaapman to approve Resolution No. 8896. After consideration, the motion passed by unanimous vote of the Commission.

RESOLUTION NO. 8896

A RESOLUTION DESIGNATING THE GENERAL MANAGER OF GRANT PUD
AS GENERAL MANAGER/CHIEF EXECUTIVE OFFICER OR GM/CEO

Recitals

1. Grant PUD, through the direction of the General Manager and with the consent of the Commission, reorganized the executive management titles by incorporating "C Suite" terminology such as CFO, COO and CCO;
2. The Commission finds that utility peers around the country are using Chief Executive Officer or CEO to identify their chief executive; and
3. The Commission desires to update the General Manager's title to reflect the "C Suite" terminology used in the executive ranks at Grant PUD.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 2 of Grant County, Washington, as follows:

Section 1. The General Manager of Grant PUD shall hereafter be designated the General Manager/Chief Executive Officer or GM/CEO on the effective date of this resolution.

PASSED AND APPROVED by the Board of Commissioners of Public Utility District No. 2 of Grant County, Washington, this 28th day of August, 2018.

Motion was made by Mr. Flint and seconded by Mr. Walker approving Liability Claim for Damages, Claim No. 17-038, for settlement in the total amount of \$8,960.25 to Frontier Communications. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Schaapman and seconded by Mr. Flint authorizing the General Manager, on behalf of Grant PUD, to execute Change Order No. 2 to Contract 130-3922 with Arcos LLC, increasing the not-to-exceed contract amount by \$240,000.00 for a new contract total of \$626,610.00, extending the contract completion date to December 13, 2021, and resetting the delegated authority levels to the authority granted to the General Manager per Resolution No. 8609 for charges incurred as a result of Change Order No. 2. After consideration, the motion passed by unanimous vote of the Commission.

The Commissioners reviewed future agenda items.

The Commission calendar was reviewed.

The Commission recessed at 1:47 p.m.

The Commission reconvened at 1:55 p.m.

Mitch Delabarre, General Counsel, reviewed general manager delegation as required by Resolution Nos. 8608 and 8609. At the direction of the Commission, general manager delegation levels will not change and will remain as outlined in Resolution Nos. 8608 and 8609.

An executive session was announced at 2:00 p.m. to last until 2:30 p.m. to discuss performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 2:30 p.m. and the regular session resumed.

An additional executive session was announced at 2:30 p.m. to last until 3:15 p.m. to discuss performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 3:15 p.m. and the regular session resumed.

The Commission attended a Learning Management System (LMS) Wellness webinar.

There being no further business to discuss, the Commission adjourned at 4:00 p.m. on August 28 and reconvened on Wednesday, August 29 at 1:00 p.m. at Grant PUD's Main Headquarters Building, 30 C Street SW, Ephrata, Washington, for the purpose of attending a Telecommunication Industry 101 workshop and any other business that may come before the Commission with the following Commissioners present: Terry Brewer, Bob Bernd, Dale Walker, Larry Schaapman, and Tom Flint. A copy of the notice of adjournment was posted near the door outside the Commission room.

There being no further business to discuss, the Commission adjourned at 4:30 p.m. on August 29 and reconvened on Tuesday, September 4 at 8:30 a.m. at Grant PUD's Main Headquarters Building, 30 C Street SW, Ephrata, Washington, for the purpose of attending a Commission Strategic workshop and any other business that may come before the Commission with the following Commissioners present: Terry Brewer, Bob Bernd, Dale Walker, Larry Schaapman and Tom Flint. A copy of the notice of adjournment was posted near the door outside the Commission room.

There being no further business to discuss, the August 28 meeting officially adjourned at 4:00 p.m. on September 4, 2018.



ATTEST:

Dale Walker
Dale Walker, Secretary

Terry Brewer, President

Bob Bernd
Bob Bernd, Vice President

Tom Flint
Tom Flint, Commissioner

Larry Schaapman
Larry Schaapman, Commissioner