

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
327 N. WENATCHEE AVENUE
WENATCHEE, WA 98801**

REGULAR COMMISSION MEETING

May 1, 2017

AGENDA

STUDY SESSION

10:00 A.M.

1. Pledge of Allegiance and Safety Minute – Pam Wilson
2. Approval of the Agenda - Any item on the Regular Agenda shall be subject to transfer to the Consent Agenda upon request of any Commission member
3. Continuation of Alcoa Discussions
4. Legislative Update
5. Underground Transmission
6. Substation Update
7. AMI Update
8. 1st Quarter 2017 District Performance Plan Status Update
9. Strategy Partners Update

BUSINESS SESSION

1:00 P.M.

Consent Agenda

10. Minutes:

March 30, 2017 revised

April 17, 2017

11. Vouchers:

Accounts Payable Summary Report dated April 25, 2017:

- a) Vouchers totaling \$12,646,949.17;
- b) Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 12, 2017 through April 25, 2017 in the amount of \$8,197.96;
- c) Approval of the net Payrolls, Warrant Nos. 235160 through 235186 and Advice Nos. 632166 through 632925 for the pay period ending 4/16/2017 in the amount of \$1,824,206.98; and
- d) Approval of Warrant Nos. 23340 through 23389 totaling \$14,366.68 for claim payments from the workers' compensation self-insurance fund for the period ending April 24, 2017.

Regular Agenda

Resolutions

12. A RESOLUTION AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO EXECUTE AMENDMENT FOUR TO THE POWER SALES AGREEMENT; AND AMENDMENT THREE TO THE COLLATERAL DEPOSIT AGREEMENT WITH ALCOA CORPORATION AND ALCOA POWER GENERATING INC.
13. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO. 16-169) WITH SEARCH TECHNOLOGIES CORPORATION OF HERNDON, VA FOR ENTERPRISE SEARCH DEVELOPMENT SERVICE
14. A RESOLUTION REJECTING THE BID OF ANIXTER INC, AND WESCO DISTRIBUTION, INC. AND ACCEPTING THE BID OF ELECTRIC RESEARCH & MANUFACTURING COOPERATIVE OF DYERSBURG, TENNESSEE (BID 16-93) FOR THE SUPPLY OF OVERHEAD AND UNDERGROUND TRANSFORMERS
15. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER SOLE SOURCE CONTRACT NO. 16-61 WITH ADS, LLC OF BEDFORD, MA AND AUTHORIZING PAYMENT OF RETAINAGE
16. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1-01 THROUGH 1-04, 2-01, 3-01, 3-02, 4-01 AND 4-02, AND APPROVING FIELD WORK

ORDER/CHANGE ORDER NO. 3-03 TO CONTRACT NO. 15-23 WITH ALSTOM POWER INC. FOR ROCKY REACH UNITS C-8 THROUGH C-11 STATOR WINDING REPLACEMENT

17. Manager Items
18. Commission Items
19. Commission Travel
20. Follow-up on Delegation of Action Items from Previous Board Meeting
21. Delegation of Action Items
22. Additional Public Comment*
23. Matters of general business as may necessarily come before the Commission
24. Executive Session: 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 the selection of a site or the acquisition of real estate by lease of purchase when public knowledge regarding such consideration would cause a likelihood of increased price; and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price pursuant to RCW 42.30.110(1)(b) and (c).

* Members of the public are encouraged to ask specific questions after each item presented. This agenda item is for additional comments/questions related to matters not on the agenda.

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER OF THE DISTRICT TO EXECUTE AMENDMENT FOUR TO THE POWER SALES AGREEMENT; AND AMENDMENT THREE TO THE COLLATERAL DEPOSIT AGREEMENT WITH ALCOA CORPORATION AND ALCOA POWER GENERATING INC.

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County (“The District”) is the owner and operator of the Rock Island and Rocky Reach Hydroelectric Projects located in or adjacent to Chelan County, Washington. The District, Alcoa Power Generating Inc. (“APGI”) and Alcoa Corporation (“Alcoa”) (as assignee from its former parent company Alcoa Inc.) are parties to a Power Sales Agreement (“PSA”) dated July 14, 2008, with various amendments, pursuant to which the District has supplied energy for Alcoa’s aluminum plant in Chelan County known as Wenatchee Works. The parties also executed a Collateral Deposit Agreement (“CDA”) on June 14, 2013 which provided for Alcoa’s posting of Performance Assurance dependent upon Alcoa’s credit rating. The Performance Assurance is currently in the form of letters of credit issued by two banks. The amount of this Performance Assurance is discussed below.

Alcoa curtailed operations at Wenatchee Works on December 18, 2015. Pursuant to the PSA, Alcoa is required to pay a Shutdown Settlement Amount if Wenatchee Works remains shutdown for the eighteen-month period ending June 18, 2017. Were that to occur, pursuant to Appendix E of the PSA, as amended, the Shutdown Settlement Amount of \$66,949,573 would be due to the District on June 19, 2017. This charge was structured in the PSA to encourage Alcoa to operate the plant. Alcoa has advised that the economics do not currently support a restart of Wenatchee Works and Alcoa has requested a partial deferral of its obligation to pay the Shutdown Settlement Amount on June 19, 2017, to preserve the opportunity for restart at a later date.

The District and Alcoa agreed to the shared principle that any proposed contract amendments would have either a neutral or positive impact to the District and its customer-owners.

District staff is recommending that the District agree to restructure the payment of the Shutdown Settlement Amount to be paid in part and deferred in part in exchange for a payment from Alcoa and subject to the terms and conditions set forth below:

- Alcoa pays a deferral payment of \$7,325,000 in June 2017. The deferral payment represents the one-year increment of Shutdown Settlement Amount between 2017 and 2018 of \$4,538,552 (per Appendix E of the PSA, as amended) plus an additional \$2,787,404 as consideration for deferral of the remainder of the Shutdown Settlement Amount payment for one year. The deferral payment is non-refundable.

- In exchange for the payment, the District agrees to defer the remaining \$62,411,021 of the Shutdown Settlement Amount for one year from June 19, 2017, to June 19, 2018.
- If Wenatchee Works restarts before June 18, 2018, the deferred balance would not become due and would continue to reduce in accordance with provision of the PSA and all existing provisions of the PSA will apply.
- If Wenatchee Works remains curtailed through June 18, 2018, the deferred Shutdown Settlement Amount payment would be due in the full amount of \$62,411,021 on June 19, 2018, and all remaining provisions of the PSA will apply.
- Alcoa extends the Performance Assurance requirement at the current amount of \$83,025,254 through the deferral period to June 20, 2018 to further protect customer-owners. A new Collateral Requirement would be calculated on or before June 20, 2018.

Staff also recommends that the Board of Commissioners (“the Board”) authorize the General Manager to execute the documents described below to effectuate the agreement between the District, Alcoa and APGL.

Documents to be signed, drafts of which are attached hereto as Exhibits A and B and incorporated herein by this reference, are as follows:

- Amendment Four to the Power Sales Agreement. The amendment would revise the Shutdown Settlement Amount to be paid in part and deferred in part under the conditions described above. The Performance Assurance would also be modified as described above.
- Third Amendment to the Collateral Deposit Agreement. The changes to this agreement would reflect the Performance Assurance modifications consistent with the PSA as described above. There are no other changes to this Agreement.

Staff presented information to the Board on April 17, 2017. Staff provided further information and received feedback at community meetings on April 25 and May 1, 2017.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The Board having determined that the proposed agreement is financially neutral to the District and its customer owners hereby authorizes the General Manager to execute the following documents substantially in the form attached hereto as Exhibits A and B :

- Amendment Four to the Power Sales Agreement
- Third Amendment to the Collateral Deposit Agreement

Section Two. A copy of the agreements and documents executed hereunder shall be on file in the offices of the District.

DATED this 1st day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

DRAFT

EXHIBIT A
AMENDMENT FOUR TO POWER SALES AGREEMENT

This Amendment Four to Power Sales Agreement (“Amendment Four”), dated May ____, 2017 (the “Amendment Date”) by and among Public Utility District No. 1 of Chelan County, Washington (hereinafter referred to as the “District”), Alcoa Power Generating Inc. (“APGI”) and Alcoa Corporation. (“Alcoa”) (APGI and Alcoa being hereinafter jointly and severally referred to as the “Purchaser,” and collectively with the District, the “Parties” or individually, a “Party”).

RECITALS

The District, APGI and Alcoa (as assignee from its former parent company Alcoa Inc.) are parties to a Power Sales Agreement dated as of July 14, 2008 (Exhibit E of which was adjusted by Amendment Two to Restated and Amended Industrial Power Sales Contract dated 7/14/08), which was thereafter amended by that certain Amendment One to Power Sales Agreement dated as of August 23, 2011, by Amendment Two To Power Sales Agreement made effective as of March 31, 2014, and by Amendment Three to Power Sales Agreement dated November 2, 2016, each by and among the District, APGI and Alcoa (collectively the “PSA”). Pursuant to the PSA, the District has supplied energy for Alcoa’s aluminum plant in Chelan County known as Wenatchee Works.

Pursuant to the PSA, Alcoa is required to pay a Shutdown Settlement Amount if Wenatchee Works remains Shutdown for the eighteen month period ending June 18, 2017. Were that to occur, pursuant to Appendix E of the PSA, as amended, the Shutdown Settlement Amount of \$66,949,573 would be due to the District on June 19, 2017. Alcoa has advised that the economics do not currently support a restart of Wenatchee Works and Alcoa has requested a deferral of its obligation to pay the Shutdown Settlement Amount on June 19, 2017, to preserve the opportunity for restart at a later date. The District is agreeable to a partial deferral of that payment on the terms and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein provided, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the PSA as follows:

1. Acknowledgement with Respect to Section 7.01(A). The Parties hereby acknowledge and agree with respect to the payments due or to become due under Section 7.01(A) that:
 - a. an initial Shutdown has occurred and is continuing;
 - b. the Shutdown Date occurred on December 18, 2015 and Shutdown is expected to extend for more than eighteen (18) months; and
 - c. without amendment, pursuant to the PSA the Shutdown Settlement Amount of \$66,949,573 will become due and payable to the District on June 19, 2017 if Wenatchee Works remains Shutdown on such

date.

2. Amendment to Section 7.01(A)(iii). The Purchaser and the District have agreed to restructure the payment of the Shutdown Settlement Amount currently expected to be due under Section 7.01(A)(iii) of the PSA, as follows:

- a) The Shutdown Settlement Amount due on June 19, 2017 if Wenatchee Works remains Shutdown on such date will be paid in part and deferred in part on the following terms and conditions:
 - i. Purchaser will pay the District a total of \$7,325,000 on June 19, 2017 (the “*Deferral Payment*”). The Deferral Payment represents (A) the difference between the amount of the Shutdown Settlement Amount that would be due in 2017 and the amount of the Shutdown Settlement Amount that would be due in 2018, in each case as calculated per Appendix E (as adjusted by Amendment Two to Restated and Amended Industrial Sales Contract dated 7/14/08) of \$4,538,552 plus (B) an additional negotiated amount as consideration for the deferral.
 - ii. The Deferral Payment is non-refundable even if Purchaser should restart operations at Wenatchee Works at any time after its payment thereof and before the Deferral Period (defined below) expires on June 19, 2018.
 - iii. In return for the Deferral Payment, the District agrees to defer the payment of the \$62,411,021 remaining balance of the Shutdown Settlement Amount (the “*Deferred Balance*”) until the earliest to occur of (i) June 19, 2018 or (ii) the date Alcoa formally announces the permanent Shutdown of Wenatchee Works or (iii) the PSA is terminated in accordance with its terms (the “*Deferral Period*”).
 - iv. If Purchaser satisfies the Startup Conditions prior to June 19, 2018, the Deferred Balance will not become due pursuant to clause (iii) above, and the Shutdown Settlement Amount contemplated under the provisions of Section 7.01(a)(iii) and as set out at Appendix E, as amended, will not become due unless and until a subsequent Shutdown occurs, in which case, the provision of Section 7.01(a)(iii) again will apply. For the avoidance of doubt, if Purchaser meets the Startup Conditions prior to June 19, 2018, the Shutdown Settlement Amounts will continue to reduce in accordance with provisions of the PSA as set forth at Appendix E, as amended. If a subsequent Shutdown occurs after the Startup Conditions have been met, the applicable Shutdown Settlement Amount, as of the date of such subsequent Shutdown (as shown in Appendix E, as amended), shall become due on the day following the determination that a second Shutdown has occurred.
 - v. If Purchaser has not satisfied the Startup Conditions prior to June 19, 2018

and the Agreement has not therefore been terminated, the Deferred Balance would be due and payable on June 19, 2018, and all remaining provisions of the PSA shall apply.

3. Performance Assurance. Notwithstanding anything to the contrary in the PSA or the Collateral Deposit Agreement dated as of June 14, 2013, as amended, the Collateral Requirement required under the Collateral Deposit Agreement, and the Performance Assurance required under the PSA, currently in the amount of \$83,025,254, will remain the same, without recalculation, through June 20, 2018. A new Collateral Requirement calculation would be performed by June 20, 2018 in accordance with the PSA and Collateral Deposit Agreement.

4. Preservation of PSA; Reaffirmation. Except as modified and amended by the terms hereof, the terms and provisions of the PSA are hereby incorporated herein by reference as if expressly set forth herein, are hereby reaffirmed and shall continue in full force and effect. The parties acknowledge that no other amendment or modification to the PSA, whether oral or in writing, has been made from the date of its execution.

5. Authority to Sign. Each individual signing this Amendment Four on behalf of a Party warrants that he or she has all necessary power and authority to sign on behalf of and bind that Party.

6. Execution. This Amendment Four may be executed in any number of counterparts and by the Parties on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[Signature Pages to Follow]

IN WITNESS HEREOF, the Parties have executed this Amendment Four as of the date first written above.

“District”

“Purchaser”

**Public Utility District No. 1
of Chelan County, Washington**

Alcoa Power Generating Inc.

By: _____

By: _____

Print name: _____

Print name: _____

Title: General Manager

Title: _____

Date: _____

Date: _____

Alcoa Corporation

By: _____

Print name: _____

Title: _____

Date: _____

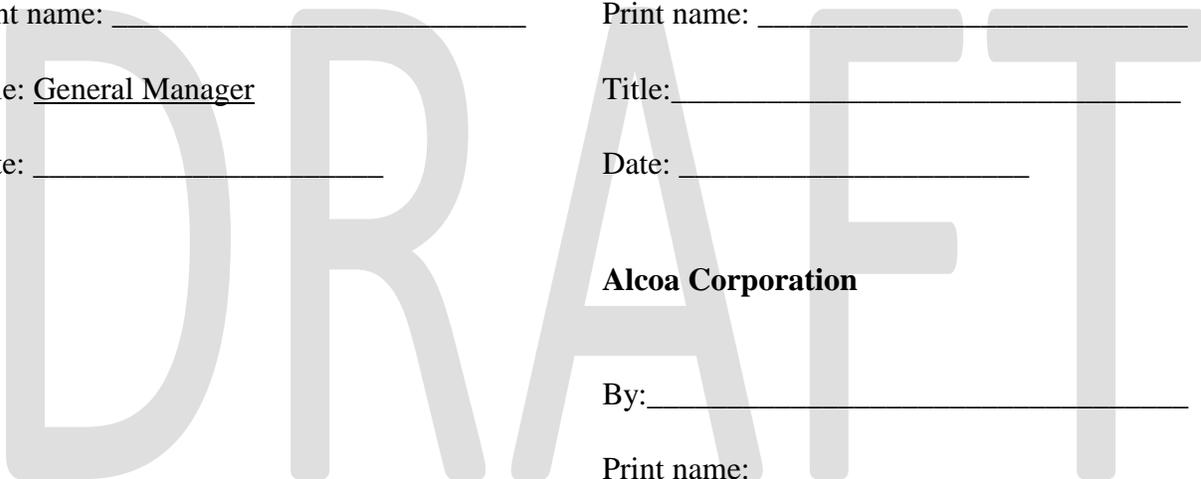


EXHIBIT B**THIRD AMENDMENT TO
COLLATERAL DEPOSIT AGREEMENT
to the****POWER SALES AGREEMENT BY AND AMONG
PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON,
ALCOA POWER GENERATING INC. AND ALCOA CORPORATION**

This Third Amendment to Collateral Deposit Agreement (the “Third Amendment”), dated as of May __, 2017 (the “Amendment Date”) by and among Public Utility District No. 1 of Chelan County, Washington (the “District”), Alcoa Power Generating, Inc. (“APGI”) and Alcoa Corporation (“Alcoa”) (collectively, APGI and Alcoa are referred to herein as the “Purchaser” and, collectively with the District, the “Parties” or individually, a “Party”).

The District, APGI and Alcoa (as assignee from its former parent company Alcoa Inc.) are parties to that certain Collateral Deposit Agreement made effective as of June 14, 2013, as amended by the First Amendment to the Collateral Deposit Agreement dated February 13, 2015 and by the Second Amendment to the Collateral Deposit Agreement dated November 2, 2016 (collectively, the “CDA”) to provide credit assurances to secure Alcoa’s and APGI’s Obligations under a Power Sales Agreement dated as of July 14, 2008, which was thereafter amended by that certain Amendment One to Power Sales Agreement dated as of August 23, 2011, by Amendment Two to Power Sales Agreement made effective as of March 31, 2014, and by Amendment Three to the Power Sales Agreement dated November 2, 2016, each by and among the District, APGI and Alcoa (collectively the “PSA”). Pursuant to the PSA, the District has supplied energy for Alcoa’s aluminum plant in Chelan County known as Wenatchee Works.

Pursuant to the PSA, Alcoa is required to pay a Shutdown Settlement Amount if Wenatchee Works remains Shutdown for the eighteen month period ending June 18, 2017. Were that to occur, pursuant to Appendix E of the PSA, as amended, the Shutdown Settlement Amount of \$66,949,573 would be due to the District on June 19, 2017. Alcoa has advised that the economics do not currently support a restart of Wenatchee Works and Alcoa has requested a deferral of its obligation to pay the Shutdown Settlement Amount on June 19, 2017, to preserve the opportunity for restart at a later date. The District is agreeable to a partial deferral of that payment under the terms and conditions set forth in Amendment Four to the Power Sales Agreement dated as of the date hereof (“Amendment Four,” and collectively with the PSA, the “Agreement”). The obligations of the Purchaser to the District under the Agreement are required to be secured in accordance with the provisions of the CDA which sets forth the collateral posting requirements for Performance Assurance as defined in the Agreement and the conditions under which the District will be required to release and return Performance Assurance. To the extent there are any inconsistencies between the terms and conditions of the Agreement and the CDA, as amended hereby, the CDA shall prevail.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein provided, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the CDA as follows:

1. Definitions. All terms used herein in capitalized form and not otherwise herein defined have the meanings ascribed to such terms in the CDA and the Agreement.

2. Amendments to Definitions. The following definitions in Section 1 of the CDA are hereby amended to read as follows:

“Agreement” means the Power Sales Agreement dated as of July 14, 2008, among the District, APGI, and Alcoa (as assignee from its former parent company Alcoa Inc), as amended by that certain Amendment One to Power Sales Agreement dated as of August 23, 2011, by Amendment Two to Power Sales Agreement made effective as of March 31, 2014, by Amendment Three to Power Sales Agreement dated as of November 2, 2016 and by Amendment Four to Power Sales Agreement dated as of May __, 2017, each among the District, APGI and Alcoa, as the same may be thereafter amended from time to time.

3. Addition of Section 4(f). A new Section 4(f) is hereby added to the CDA as follows:

(f) As a result of Amendment Four to the Power Sales Agreement and notwithstanding anything to the contrary contained herein, the Collateral Requirement required under the CDA, and the Performance Assurance required under the PSA, currently in the amount of \$83,025,254, will remain the same, without recalculation, through June 20, 2018. A new Collateral Requirement calculation would be performed by June 20, 2018 in accordance with the CDA and the Agreement.

4. Preservation of CDA; Reaffirmation. Except as modified and amended by the terms hereof, the terms and provisions of the CDA are incorporated herein by reference as if expressly set forth herein, are hereby reaffirmed and shall remain in full force and effect. The parties acknowledge that no other amendment or modification to the CDA, whether oral or in writing, has been made from the date of its execution.

5. Authority to Sign. Each individual signing this Third Amendment on behalf of a Party warrants that he or she has all necessary power and authority to sign on behalf of and bind that Party.

6. Execution. This Third Amendment may be executed in any number of counterparts and by the Parties on separate counterparts, each of which, when so executed and delivered, shall be an

original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS HEREOF, the Parties have executed this Third Amendment as of the date first written above.

“District”

“Purchaser”

**Public Utility District No. 1
of Chelan County, Washington**

Alcoa Power Generating Inc.

By: _____

By: _____

Print name: _____

Print name: _____

Title: General Manager

Title: _____

Date: _____

Date: _____

Alcoa Corporation

By: _____

Print name: _____

Title: _____

Date: _____

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL
MANAGER TO ENTER INTO A SERVICES
AGREEMENT (SA NO. 16-169) WITH SEARCH
TECHNOLOGIES CORPORATION OF HERNDON, VA
FOR ENTERPRISE SEARCH DEVELOPMENT
SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

District network drives contain over 10M files, FileNet over 500,000 files, and SharePoint contains about 860 sites with document libraries. The District currently does not have the capability to search the full text of all electronic files in each system simultaneously. District staff identified a need to develop an internal enterprise search software tool that will index and search the content of records stored on all network drives and records management systems simultaneously. The enterprise search tool (similar to Google search) will allow users to conduct instantaneous detailed searches from SharePoint for files stored on all network drives, FileNet, and SharePoint. Benefits of such software tool are: an increase in the amount of information available, a decrease in time spent looking for information, and improvements in the quality of information stored and discovered.

The District issued a Request for Proposals (RFP No. 16-54) for enterprise search development services, and received one proposal from Search Technologies Corporation of Herndon, VA (STC).

After conducting an evaluation process pursuant to RCW 39.04.270, District staff has negotiated a System Agreement with STC to perform enterprise search development services for an estimated cost of \$292,140 for implementation services. The System Agreement also includes a software license agreement at a cost not to exceed \$172,800 for three years. The implementation services will include software installation, configuration, and the first phase of indexing all data for the Generation business unit. A subsequent second phase to expand indexing outside of the Generation business unit is estimated at \$80,000. The total contract cost would not exceed \$544,940.

District staff has determined that STC is the best qualified firm to provide the required services and that the total not to exceed contract cost for said services is a fair and reasonable price.

Resolution No. 08-13325 requires that the Commission, by resolution, authorize System Agreement including software and implementation services that exceed \$200,000.

It is District staff's recommendation that it is in the best interest of the District to enter into a System Agreement with STC for the above-described software and implementation services.

The General Manager of the District has reviewed staff's recommendation and concurs in the same.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, as follows:

Section 1. The General Manager of the District is hereby authorized to enter into a System Agreement (SA No. 16-169) with Search Technologies Corporation for enterprise search development and software implementation services, along with three years of software licensing and support services in an amount not to exceed \$544,940 without prior Commission approval. A copy of the System Agreement is on file in the offices of the District.

DATED this 1st day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION REJECTING THE BIDS OF ANIXTER INC, AND WESCO DISTRIBUTION, INC. AND ACCEPTING THE BID OF ELECTRIC RESEARCH & MANUFACTURING COOPERATIVE OF DYERSBURG, TENNESSEE (BID 16-93) FOR THE SUPPLY OF OVERHEAD AND UNDERGROUND TRANSFORMERS

FACTUAL BACKGROUND AND REASONS FOR ACTION

On March 9, 2017, an invitation for sealed bids was published in accordance with RCW 54.04.070 and Resolution No. 08-13325 to Supply Overhead and Underground Transformers. Bid proposals were opened on March 30, 2017, at 2:30 p.m. in the offices of the District. Six bids were received (excluding sales tax) as tabulated on Attachment A.

The proposals were evaluated based on the evaluation criteria and formulas provided in the bid, and Table 1 shows the proposal amounts after evaluation.

Table 1 - Bid proposals post evaluation formulas

Vendor	Bid Price Schedule A	Bid Price Schedule B	Bid Price Schedule C
Anixter Inc. (Cooper)	\$535,054.83	\$276,243.39	\$965,894.50
Anixter Inc. (GE)	\$573,984.87	\$260,877.09	\$919,158.49
Electric Research & Manufacturing Cooperative	\$535,410.58	\$252,410.53	\$852,216.73
General Pacific Inc.	\$561,936.71	\$255,712.38	\$904,439.42
General Pacific Inc. (Amorphous)	-	-	\$867,205.71
Wesco Distribution Inc.	\$550,295.34	\$219,059.03	\$1,035,212.37

The bid by Anixter Inc. (Cooper brand transformers) did not meet the minimum requirements specified in the contract documents. The bidder provided terms and conditions that were materially different from those contained in the bid. This bid should be rejected as non-responsive.

The bid by Wesco Distribution, Inc. (ABB brand transformers) did not meet the minimum requirements specified in the contract documents. Several of the units bid exceeded the size constraints stated in the District's specifications. This bid should be rejected as non-responsive.

District staff has determined that the Bid Price Schedules A, B, and C for Electric Research & Manufacturing Cooperative of Dyersburg, Tennessee in the evaluated amount of \$535,410.58 for Bid Price Schedule A, \$252,410.53 for Bid Price Schedule B, and \$852,216.73 for Bid Price Schedule B is the lowest responsive and best bid in compliance with the plans and specifications for Bid No. 16-93. This bid meets all statutory requirements. Resolution No. 08-13325 requires that the rejection of the apparent low dollar bidder must come before the Commission for action.

District staff recommends awarding Bid No. 16-93 to Electric Research & Manufacturing Cooperative.

The General Manager of the District concurs with District staff's recommendation.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The bids submitted by Anixter Inc. and Wesco Distribution, Inc. did not meet the minimum requirements specified in the contract documents and are hereby rejected.

Section 2. The bid submitted by Electric Research & Manufacturing Cooperative of Dyersburg, Tennessee is the lowest responsible and best bid in compliance with the plans and specifications to Supply Overhead and Underground Transformers. The General Manager of the District is hereby authorized to enter into a contract with Electric Research & Manufacturing Cooperative in the amount of \$826,515 (\$241,057 for Bid Price Schedule A, \$155,806 for Bid Price Schedule B, and \$429,652 for Bid Price Schedule C), excluding sales tax. A copy of the contract will be on file in the offices of the District

Dated this 1st day of May 2017.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal

Bid Tabulation

Bid No. 16-93

Supply of Overhead and Underground Transformers

March 30, 2017 - 2:30 p.m.

Conf. Rm. Eng. Svc. Library HQ 1st Flr.

Engineer's Estimate:

Schedule A: \$319,580

Schedule B: \$203,000

Schedule C: \$487,400

Opened by: Mark Belton

Recorded by: Jackie Gerber

Bidder Name City, State	Bid Bond/ Cashier's Check	<u>Schedule A</u> Single Phase Overhead Transformers Total	<u>Schedule B</u> Single Phase Underground Transformers Total	<u>Schedule C</u> 3 Phase Underground Transformers Total
Anixter Inc. (Cooper brand) Portland, OR	Yes	\$255,687	\$180,460	\$522,691
Anixter Inc. (GE brand) Portland, OR	Yes	\$294,753	\$149,643	\$493,639
Electric Research & Manufacturing Cooperative Dyersburg, TN	Yes	\$241,057	\$155,806	\$429,652
General Pacific, Inc. (Armorphous) Fairview, OR	Yes	-	-	\$496,586
General Pacific, Inc. Fairview, OR	Yes	\$269,474	\$159,062	\$479,785
Wesco Distribution, Inc. Portland, OR	Yes	\$257,360	\$187,522	\$448,966

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 1, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER SOLE SOURCE CONTRACT NO. 16-61 WITH ADS, LLC OF BEDFORD, MA AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District Commission by Resolution No. 08-13325 delegated authority to the General Manager to advertise, award and execute contracts when the total contract price is \$3,000,000 or less. Authority was also granted to the General Manager and the staff to execute field work order/change orders under certain circumstances.

On October 14, 2016, the District entered into a sole source contract (No. 16-61) with ADS, LLC (Contractor) of Bedford, MA for Lake Chelan Powerhouse Penstock Flowmeters, in the amount of \$55,032. Resolution No. 16-14055 was approved by the Board on July 5, 2016, to award the sole source contract to ADS, LLC.

The work in Field Work Order/Change Order (FWO/CO) No. 1 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District's staff has executed FWO/CO No. 1, which is on file in the offices of the District and summarized as follows:

FWO/CO No. and Description	Amount
1. Increase time of completion by 28 calendar days	\$0.00
Total	\$0.00

The District's Engineers recommend that FWO/CO No. 1 be ratified. Resolution No. 08-13325 provides that this type of FWO/CO shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of all contract work occurred on March 31, 2017. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify FWO/CO No. 1 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. Field Work Order/Change Order No. 1 to Sole Source Contract No. 16-61 with ADS, LLC for the work specified is hereby ratified.

Section 2. All the contract work required under Sole Source Contract No. 16-61 was completed on March 31, 2017, and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department's Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries' Certificate of Release of the State's Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.

DATED this 1st day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1-01 THROUGH 1-04, 2-01, 3-01, 3-02, 4-01 AND 4-02, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 3-03 TO CONTRACT NO. 15-23 WITH ALSTOM POWER INC. FOR ROCKY REACH UNITS C-8 THROUGH C-11 STATOR WINDING REPLACEMENT

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 15-13983 on October 5, 2015 which authorized the District to enter into a contract (Bid No. 15-23) with Alstom Power Inc. (Contractor) of Sorel-Tracy, QC for Rocky Reach Units C-8 through C-11 Stator Winding Replacement, in the amount of \$17,862,455.00, which includes the original contract price of \$17,372,022 plus \$490,433.00 for an option to refurbish the rotor poles Unit C-9, which option will be employed by the District in the future.

The District Commission by Resolution No. 08-13325 delegated limited authority to the General Manager and the staff to execute Field Work Order/Change Orders under certain circumstances.

The work in Field Work Order/Change Order (FWO/CO) Nos. 1-01 through 1-04, 2-01, 3-01, 3-02, 4-01 and 4-02 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District's staff has executed FWO/CO Nos. 1-01 through 1-04, 2-01, 3-01, 3-02, 4-01 and 4-02, which are on file in the offices of the District and summarized below:

FWO/CO No.	Description	Amount
1-01	Stress Analysis and Finite Element Analysis, Unit C-8	\$89,700.00
1-02	Additional Work for As-found Conditions, Unit C-8	\$75,979.05
1-03	Additional Work for As-found Conditions, Unit C-10	\$76,221.71
1-04	Incentive Payments and Liquidated Damages	\$0.00
2-01	Definition of First and Second Units and Revised Start and Completion Dates	\$50,000.00
3-01	Revised Schedule Dates for Field Work	\$0.00
3-02	Additional Work for As-found Conditions, Unit C-9	\$76,221.71
4-01	Revised Milestone Dates for Units C-8 and C-11	\$0.00
4-02	Additional Work for As-found Conditions, Unit C-11	\$86,130.10
Total		\$454,252.57

FWO/CO Nos. 1-01 through 1-04, 2-01, 3-01, 3-02, 4-01 and 4-02 result in a net increase in the authorized amount for a new revised total amount of \$18,316,707.57 (excluding sales tax), which the District's Engineers recommend be ratified.

Additionally, District staff desires to execute FWO/CO No. 3-03 for Unit C-9 schedule incentives in the amount of \$210,000.00, which will result in a new revised total authorized amount of \$18,526,707.57.

The General Manager of the District concurs with staff's recommendations that FWO/CO Nos. 1-01 through 1-04, 2-01, 3-01, 3-02, 4-01 and 4-02 be ratified, and that FWO/CO No. 3-03 be approved.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The Commission finds that Field Work Order/Change Order Nos. 1-01 through 1-04, 2-01, 3-01, 3-02, 4-01 and 4-02 were properly executed pursuant to the authority delegated by Resolution No. 08-13325 and said Field Work Order/Change Orders are hereby formally acknowledged and ratified.

Section 2. The General Manager of the District is hereby authorized execute Field Work Order/Change Order No. 3-03. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

DATED this 1st day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal