

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

REGULAR COMMISSION MEETING

May 15, 2017

AGENDA

STUDY SESSION

10:00 A.M.

1. Pledge of Allegiance and Safety Minute – Justin Fletcher
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. Advanced Two-way Metering
4. Pole Attachments
5. 1st Quarter 2017 Energy Resources Update
6. 1st Quarter 2017 Financial Review and Investment Report
7. 1st Quarter 2017 Major Projects, Contracts and Projects Revisions Update

BUSINESS SESSION

1:00 P.M.

8. Chelan and Leavenworth Substation Update
9. Public Power Benefit

Consent Agenda

10. Minutes:

May 1, 2017

May 2, 2017 Strategy Partners

11. Vouchers:

Accounts Payable Summary Report dated April 26, 2017:

- a) Vouchers totaling 5,602,809.03
- b) Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 26, 2017 through May 9, 2017 in the amount of \$28,132.03;
- c) Approval of the net Payrolls, Warrant Nos. 235187 through 235214 and Advice Nos. 632926 through 633678 for the pay period ending 4/30/2017 in the amount of \$1,818,567.82; and
- d) Approval of Warrant Nos. 23390 through 23437 totaling \$15,790.94 for claim payments from the workers' compensation self-insurance fund for the period ending May 8, 2017.

12. Charge-Offs to Uncollectible Accounts over \$1,000.00 for March 2017 - \$1,099.41

Regular Agenda

Resolutions

- 13. A RESOLUTION RESCINDING RESOLUTION NOS. 99-11331 AND 01-11854 RELATING TO POLE ATTACHMENT RATES AND CONDITIONS
- 14. A RESOLUTION AUTHORIZING THE GENERAL MANAGER OR DESIGNEE TO PURCHASE OR SELL NON-POWER ATTRIBUTES THAT ARE TRACKED IN AN INDEPENDENT ENERGY TRACKING SYSTEM AND EXECUTE ALL NECESSARY DOCUMENTS
- 15. A RESOLUTION AUTHORIZING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. 1 TO CONTRACT NO. 16-60 WITH ANDRITZ HYDRO CORP. OF CHARLOTTE, NC TO SUPPLY ONE ADDITIONAL SET OF HEAD GATES
- 16. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1-01 THROUGH 1-18 AND 2-01 THROUGH 2-03, AND APPROVING FIELD WORK

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ORDER/CHANGE ORDER NO. 2-04 TO CONTRACT NO. 14-22 WITH VOITH HYDRO, INC. FOR ROCK REACH UNITS C-8 THROUGH C-11 TURBINE REPAIRS

17. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 16-099) WITH ANCHOR QEA, LLC TO PROVIDE PERMITTING ASSISTANCE
18. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT-TASK AUTHORIZATION (SA-TA NO. 15-151) WITH TCF ARCHITECTURE, PLLC, TO PROVIDE PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES RELATED TO STRATEGIC FACILITY PLANNING
19. A RESOLUTION AUTHORIZING AMENDMENT NO. 4 TO SERVICES AGREEMENT (SA NO. 13-082) WITH PYTHIAN GROUP, INC TO PROVIDE SQL SERVER SUPPORT
20. A RESOLUTION APPROVING A NEW INTERLOCAL COOPERATIVE PURCHASING AGREEMENT (SA NO. 17-082) BETWEEN THE DISTRICT AND NATIONAL COOPERATIVE PURCHASING ALLIANCE (NCPA) FOR THE PURCHASE OF GOODS AND/OR SERVICES
21. Manager Items
22. Commission Items
23. Follow-up on Delegation of Action Items from Previous Board Meeting
24. Delegation of Action Items
25. Additional Public Comment*
26. Matters of general business as may necessarily come before the Commission
27. 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 or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b).

* 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 RESCINDING RESOLUTION NOS.
99-11331 AND 01-11854 RELATING TO POLE
ATTACHMENT RATES AND CONDITIONS

FACTUAL BACKGROUND AND REASONS FOR ACTION

In accordance with the laws of the State of Washington, RCW 54.04.045 and sound utility principles, the District previously adopted resolutions and established license agreements for other entities to affix their independently owned infrastructure to District-owned utility poles. Since adopting these resolutions and entering the license agreements, standard utility practices and state law pertaining to pole attachments have evolved. Pole attachment rates were also added to the District's Fees and Charges Schedule since this time, negating the need for rates to be established by resolution.

It is prudent and in the best interest of the District and attaching entities for the District to update its pole attachment program and develop new agreements that contain updated rates and conditions that address evolved technologies, industry practices, state laws and associated standards that were not originally contemplated. In order to update the District's pole attachment program, it is necessary to rescind any prior resolutions that are incongruous with this effort.

Staff recommends, and the General Manager concurs, that the Commission rescind prior pole attachment Resolution Nos. 99-11331 and 01-11854 as no longer necessary or appropriate.

ACTION

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

Section 1. Resolution No. 99-11331 and Resolution No. 01-11854 are hereby rescinded.

DATED this 15th day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

S E A L

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL
MANAGER OR DESIGNEE TO PURCHASE OR SELL
NON-POWER ATTRIBUTES THAT ARE TRACKED
IN AN INDEPENDENT ENERGY TRACKING
SYSTEM AND EXECUTE ALL NECESSARY
DOCUMENTS

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District's share of the Nine Canyon Wind Project and a portion of the District's generation from its hydroelectric facilities is considered renewable under one or more compliance or voluntary renewable energy programs and the associated non-power attributes are tracked in an independent renewable energy tracking system. The District is currently monetizing the value of a portion of the non-power attributes and continues to look for additional opportunities.

The Commission previously adopted Resolution No. 09-13465 and Resolution No. 09-13464 authorizing the General Manager to sell the non-power attributes associated with the District's share of the Nine Canyon Wind Project and all of the District's hydroelectric facilities. As the District has become more active in the non-power attribute markets the authority to both purchase and sell non-power attributes is needed to manage the portfolio.

It is District staff's recommendation that it is in the best interest of the District to authorize the General Manager or designee to purchase non-power attributes and sell, as appropriate, the non-power attributes associated with the District's share of the Nine Canyon Wind Project and the District's hydroelectric facilities and any other non-power attributes obtained by the District, as well as execute all documents necessary and to pay for all costs associated with such transactions. Staff recommends that the delegated authority to purchase and sell non-power attributes be limited as follows: District staff will not sell non-power attributes that create a net short position on an annual basis; the total cost of non-power attributes shall not exceed \$600,000 annually; all transactions shall conform to the guidelines established in the Power Risk Management Policy and/or as approved by the Power Risk Management Committee; all purchases and sales must comply with terms of the applicable agreements as reviewed and approved by the District's General Counsel (or designee); and all purchases and sales shall comply with advice from tax and bond counsel.

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 or designee is authorized to purchase non-power attributes and sell the non-power attributes associated with the District’s share of the Nine Canyon Wind Project and the District’s hydroelectric facilities and any other non-power attributes obtained by the District. This delegated authority to purchase and sell non-power attributes is limited as follows: all transactions shall conform to the guidelines established in the Power Risk Management Policy and/or as approved by the Power Risk Management Committee; all purchases and sales must comply with terms of the applicable agreements as reviewed and approved by the District’s General Counsel or designee; and all purchases and sales shall comply with advice from tax and bond counsel; District staff shall not sell non-power attributes that create a net short position on an annual basis; the total cost of non-power attributes shall not exceed \$600,000 annually.

Section 2. The General Manager is authorized to execute all necessary documents and to pay all costs as appropriate in relation to the purchase and sale of the non-power attributes.

Section 3. Resolution No. 09-13464 and Resolution No. 09-13465 are superseded.

DATED this 15th day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NO. 1 TO CONTRACT NO. 16-60 WITH ANDRITZ HYDRO CORP. OF CHARLOTTE, NC TO SUPPLY ONE ADDITIONAL SET OF HEADGATES.

FACTUAL BACKGROUND AND REASONS FOR ACTION

On December 30, 2016 by Resolution No. 16-14108, the Commission of the District authorized the General Manager to enter into contract 16-60 with Andritz Hydro Corp. (Andritz) for its alternate proposal for modernization of the Rock Island B1-B4 generating units. Andritz alternate proposal included having three units unwatered at one time.

Resolution No. 16-14108 also approved a revised budget for the B1 to B4 modernization so that District staff could perform the work necessary to support the three unit at a time work schedule which included purchase of two sets of additional head gates. Andritz proposal included supply of an initial set of head gates.

District staff prepared an estimate and budget for procurement of a second set of head gates. Andritz has provided a proposal to supply a second set of head gates. District staff has evaluated and determined supply of a second set of head gates from Andritz is in the best interest of the District. District staff requests authorization to execute a Field Work Order/Change Order for procurement of a second set of head gates from Andritz for a price not to exceed \$950,000.

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 execute FWO/CO No. 1 to Contract No. 16-60 for Andritz to supply a second set of head gates for Rock Island B1-B4 modernization for a price not to exceed \$950,000.

DATED this 15th day of May 2017.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1-01 THROUGH 1-18 AND 2-01 THROUGH 2-03, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 2-04 TO CONTRACT NO. 14-22 WITH VOITH HYDRO, INC. FOR ROCKY REACH UNITS C-8 THROUGH C-11 TURBINE REPAIRS

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 14-13899 on September 2, 2014, which authorized the District to enter into a contract (No. 14-22) with Voith Hydro, Inc. (Voith) of York, PA for Rocky Reach Units C-8 through C-11 Turbine Repairs, in the amount of \$29,600,000, which includes the original contract price of \$21,777,239 plus \$7,822,761 for an option to utilize Voith to conduct turbine disassembly and reassembly and other work, which option the District has not utilized.

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 1-18 and 2-01 through 2-03 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 1-18 and 2-01 through 2-03, which are on file in the offices of the District and summarized below:

FWO/CO No.	Description	Amount
1-01	Engineering Milestone 3, Holistic Design Review, completion date revision	\$0.00
1-02	Contract price change due to District supplying a forklift	-\$85,475.00
1-03	Clarify timing to provide notice to Contractor to begin runner disassembly	\$0.00
1-04	Engineering Milestone 3, Holistic Design Review, completion date revision	\$0.00
1-05	Sensitivity analysis for lateral loads on servo rod	\$97,300.00
1-06	Sensitivity analysis for turbine shaft and wicket gates	\$83,400.00
1-07	Revise First Unit Milestone B completion date for manufacture of piston rod and blade servomotor cylinder	\$0.00
1-08	New Eye bolts	\$125,646.00
1-09	Link pins, cylinder fasteners, re-use parts, facilities deduct and miscellaneous hardware	-\$87,613.00

FWO/CO No.	Description	Amount
1-10	Blade trunnion seal change	\$234,424.00
1-11	Operating ring shims	\$30,580.00
1-12	Outer headcover to intermediate headcover fasteners	\$30,607.00
1-13	Blade dowel modification design and machining	\$17,145.00
1-14	Unit C-8 runner hub repair	\$25,431.00
1-15	Unit C-8 outer head cover repairs	\$20,243.00
1-16	Adjust estimated quantities and costs to actual quantities and costs for FWO/CO Nos. 1-05, 1-06, and 1-10.	-\$191,291.00
1-17	Adjust estimated costs to actual costs; blade repairs	-\$33,008.10
1-18	Reimbursement for Unit C-8 bottom ring bore misalignment repairs.	-\$160,000.00
2-01	Second Unit outage start and liquidated damages	\$0.00
2-02	Existing outer head cover and schedule revision	-\$1,933,163.00
2-03	Oversized bushings for First Unit outer head cover and bottom ring	\$35,000.00
Total		-\$1,790,774.10

FWO/CO Nos. 1-01 through 1-18 and 2-01 through 2-03 result in a net decrease in the Contract Price for a new revised total Contract Price of \$19,986,464.90 (excluding sales tax), which the District's Engineers recommend be ratified.

Additionally, District staff desires to execute FWO/CO No. 2-04 for eye bolts, blade trunnion seals and miscellaneous components in the amount of \$622,667.00, for the Second, Third and Fourth Units which will result in a new revised total Contract Price of \$20,609,131.90.

The General Manager of the District concurs with staff's recommendations that FWO/CO Nos. 1-01 through 1-18 and 2-01 through 2-03 be ratified, and that FWO/CO No. 2-04 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 1-18 and 2-01 through 2-03 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 to execute Field Work Order/Change Order No. 2-04. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

DATED this 15th day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 16-099) WITH ANCHOR QEA, LLC TO PROVIDE PERMITTING ASSISTANCE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 16-099) on July 26, 2016, with Anchor QEA, LLC to provide permitting assistance, in an amount not to exceed \$75,000.

On November 7, 2016, Resolution No. 16-14081 increased the contract price by \$150,000 for a revised contract price not to exceed \$225,000.

District staff has identified the need for additional services for permitting assistance regarding acquiring appropriate permits, tracking permit conditions and reporting requirements, and reviewing mitigation monitoring reports. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 16-099 with Anchor QEA, LLC to provide permitting assistance in the amount of \$295,000, for a total revised contract price not to exceed \$520,000.

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

ACTION

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

Section 1. The General Manager is hereby authorized to execute Amendment No. 2 to Services Agreement (SA No. 16-099) with Anchor QEA, LLC to provide the additional services identified above. The revised contract price will not exceed \$520,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this **15th** day of **May 2017**.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 2 TO SERVICES AGREEMENT-TASK
AUTHORIZATION (SA-TA NO. 15-151) WITH TCF
ARCHITECTURE, PLLC, TO PROVIDE
PROFESSIONAL ARCHITECTURAL AND
ENGINEERING SERVICES RELATED TO
STRATEGIC FACILITY PLANNING

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 15-151) on January 12, 2016, with TCF Architecture, PLLC, to provide a Long Term Strategic Facilities Plan, in an amount not to exceed \$980,000.

District staff has identified the need for additional services for Implementation Planning. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the total contract price is over \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 15-151 with TCF Architecture, PLLC, to provide additional services for Implementation Planning in the amount of \$208,000, for a total revised contract price not to exceed \$1,188,000.

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

ACTION

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

Section 1. The General Manager is hereby authorized to execute an Amendment to Services Agreement (SA No. 15-151) with TCF Architecture, PLLC, to provide the additional services identified above. The revised contract price will not exceed \$1,188,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 15th day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO. 4 TO SERVICES AGREEMENT (SA NO. 13-082) WITH PYTHIAN GROUP, INC TO PROVIDE SQL SERVER SUPPORT

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 13-082) on April 2, 2013 with Pythian Group, Inc to provide SQL Server Consulting, in an amount not to exceed \$96,600. Resolution 15-13954 authorized an amendment to the Agreement that extended services through May 2017 and increased the not to exceed amount to \$330,015.

District staff has identified the need for additional services for SQL server database support. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 13-082 with Pythian Group, Inc for a term of two years in the amount of \$163,800, for a total revised contract price not to exceed \$493,815.

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

ACTION

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

Section 1. The General Manager is hereby authorized to execute an Amendment to Services Agreement (SA No. 13-082) with Pythian Group, Inc to provide the additional services identified above. The revised contract price will not exceed \$493,815 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 15th day of May 2017.

ATTEST:	_____ President
_____ Vice President	_____ Secretary
_____ Commissioner	_____ Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION APPROVING A NEW INTERLOCAL
COOPERATIVE PURCHASING AGREEMENT (SA NO.
17-082) BETWEEN THE DISTRICT AND NATIONAL
COOPERATIVE PURCHASING ALLIANCE (NCPA)
FOR THE PURCHASE OF GOODS AND/OR SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Interlocal Cooperation Act, Chapter 39.34, allows for cooperative purchasing between the District and other public agencies of this state and those of another state. Such agreements can work to the mutual benefit of the cooperating entities and result in savings to the District and its customers.

National Cooperative Purchasing Alliance (NCPA) serves as the administrative agent for Region 14 Education Service Center (ESC) for the State of Texas operating under the State of Texas laws. NCPA works with Region 14 ESC, who as the lead public agency competitively solicits national master contracts for use by public agencies. Once awarded by Region 14 ESC, NCPA administers the national master contract. There is no fee charged to the Participating Public Agencies, including the District, for membership in NCPA. The contractors and suppliers with national master contracts pay an administrative fee to NCPA.

District staff recommends that it is in the best interest of the District to enter into an Intergovernmental Cooperative Purchasing Agreement with NCPA for the benefit of utilization of contracts for the purchase of goods and/or services as appropriate.

District staff recommends that the General Manager be authorized to approve the NCPA Intergovernmental Cooperative Purchasing Agreement.

The General Manager has reviewed the recommendations of District staff 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 is hereby authorized and directed to execute the Intergovernmental Cooperative Purchasing agreement with NCPA. A copy of the new Agreement is on file in the office of the District.

DATED this 15th day of May 2017.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal