

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

**REGULAR COMMISSION MEETING**

**August 7, 2017**

**AGENDA**

**STUDY SESSION**

**10:00 A.M.**

1. Pledge of Allegiance and Safety Minute – Debbie Gallaher
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. Quarterly District Strategic Plan Status Update – Q2
4. 2<sup>nd</sup> Quarter 2017 Energy Resources Update
5. 2<sup>nd</sup> Quarter 2017 Finance Review and Investment Report
6. 2<sup>nd</sup> Quarter Major Projects, Contracts and Project Revisions Update
7. Lake Chelan Water Reserve
8. B1-B4 Rehab – Assessment of Reused Components

**BUSINESS SESSION**

**1:00 P.M.**

**Consent Agenda**

9. Minutes:

July 24, 2017

REGULAR COMMISSION MEETING AGENDA

August 7, 2017

Page 2

10. Vouchers:

Accounts Payable Summary Report dated August 2, 2017:

- a) Vouchers totaling \$7,636,591.48
- b) Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 19, 2017 through August 1, 2017 in the amount of \$31,839.23.
- c) Approval of the net Payrolls, Warrant Nos. 235418 through 235447 and Advice Nos. 637509 through 638269 for the pay period ending 7/23/2017 in the amount of \$1,818,231.85; and
- d) Approval of Warrant Nos. 23620 through 23650 totaling \$3,941.62 for claim payments from the workers' compensation self-insurance fund for the period ending July 31, 2017.

**Regular Agenda**

11. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-8, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-50 WITH STRIDER CONSTRUCTION CO., INC. OF BELLINGHAM, WA AND AUTHORIZING PAYMENT OF RETAINAGE
12. RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 16-060) WITH CLEARRESULT CONSULTING INC. TO PROVIDE ENERGY EFFICIENCY SERVICES
13. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO SERVICES AGREEMENT (SA NO. 14-115) WITH PEAK RELIABILITY OF UTAH TO PROVIDE HOSTED ADVANCED APPLICATION SERVICES
14. A RESOLUTION DECLARING ALSTOM GRID LLC AN OHIO LIMITED LIABILITY COMPANY (FORMERLY ALSTOM GRID, INC.) OF REDMOND, WA AS THE CONTINUING SOLE SOURCE SUPPLIER OF SOFTWARE LICENSES AND SUPPORT SERVICES FOR HOSTED ADVANCED APPLICATIONS AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AMENDMENT TO SA NO. 14-114 TO CONTINUE TO PROVIDE DISTRICT ACCESS TO HOSTED ADVANCED APPLICATIONS AND SUPPORT SERVICES THROUGH DECEMBER 31, 2020
15. A RESOLUTION AMENDING SCHEDULE NO. 4 OF THE DISTRICT'S INVESTMENT AND BANKING POLICY ADOPTED BY RESOLUTION NO. 16-14094 TO UPDATE THE LIST OF EMPLOYEES AUTHORIZED TO DISBURSE DISTRICT FUNDS

REGULAR COMMISSION MEETING AGENDA

August 7, 2017

Page 3

16. A RESOLUTION REVISING THE CAPITAL PROJECT BUDGET FOR ROCK ISLAND POWERHOUSE ONE UNITS B1 TO B4 MODERNIZATION AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE FIELD WORK ORDER/CHANGE ORDER(S) TO CONTRACT 16-60 WITH ANDRITZ HYDRO FOR NEW WICKET GATES, GENERATOR SHAFTS AND ROTOR POLE BODIES
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. August 21 Board meeting schedule
25. 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 RATIFYING FIELD WORK ORDER NOS. 1-8, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 16-50 WITH STRIDER CONSTRUCTION CO., INC. OF BELLINGHAM, WA 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 orders under certain circumstances.

On August 11, 2016, the District entered into a contract (Bid No. 16-50) with Strider Construction Co., Inc. (Contractor) of Bellingham, WA for Lake Wenatchee Wastewater Treatment Facility Improvements, in the amount of \$721,500.00. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order Nos. 1-8 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 Field Work Order Nos. 1-8, which are on file in the offices of the District and summarized as follows:

<b>Field Work Order No.</b>	<b>Amount</b>
1. Increase time due to long lead time material delivery.	\$0.00
2. Additional Biosolids Removal and corresponding time increase.	\$21,721.91
3. Additional Baffle Anchors, Utility Boxes, Valving, and Sand Bedding. Delete Holding Tank System. Increase time due in District-provided control panel programming, testing, and commissioning.	\$11,199.67
4. Increase time to allow for safer installation of recycle tank floats during springtime scheduled maintenance.	\$0.00
5. Increase time to accommodate District-directed electrical and system control changes.	\$0.00
6. Increase time to accommodate field investigation of lagoon aerator wiring.	\$0.00
7. Increase time to accommodate District-directed electrical and system control changes.	\$0.00
8. Compensate for District-directed electrical and control system changes and increase time for final testing and calibration.	\$8,805.64
<b>Total</b>	<b>\$41,727.22</b>

Field Work Order Nos. 1-8 result in a net increase in the contract price of \$41,727.22 for a new revised total price of \$763,227.22 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 08-13325 provides that this type of field work order 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 July 12, 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 Field Work Order Nos. 1-8 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 Nos. 1-8 to Bid No. 16-50 with Strider Construction Co., Inc. for the work specified above, which will result in a net increase in the purchase price of \$41,727.22, for a total revised contract price of \$763,227.22, plus Washington State sales tax, are hereby ratified.

Section 2. All the contract work required under Bid No. 16-50 was completed on July 12, 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 7th day of August 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

S E A L

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING AMENDMENT  
NO. 2 TO SERVICES AGREEMENT (SA NO. 16-060)  
WITH CLEARRESULT CONSULTING INC. TO  
PROVIDE ENERGY EFFICIENCY SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 16-060) on July 5, 2016, with CLEARresult Consulting Inc., to provide Energy Efficiency Services in an amount not to exceed \$195,000.

The services provided by CLEARresult Consulting, Inc. have been satisfactory and cost effective at just over \$12/MWh in meeting District compliance requirements under the Energy Independence Act. There are two Task Authorizations (TA) currently open. TA 1 in this contract is for the distribution of Energy Saving Materials (energy efficient light bulbs, fixtures and low flow showerheads). TA 3 in this contract is for the fulfillment and distribution of Energy Saver Kits (ESK's). The additional funds to contract 16-060 would allow The District to continue to provide Customer-Owners these services through 2018. District staff also foresees the need to execute additional TAs with CLEARresult Consulting, Inc. for future energy efficiency services.

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. 16-060 with CLEARresult Consulting Inc., to increase the not to exceed amount by \$250,000, for a total revised contract price not to exceed \$445,000.

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-TA No. 16-060) with CLEARresult Consulting Inc., to provide the additional services identified above. The revised

contract price will not exceed \$445,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 7th day of August 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

S E A L



## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING AMENDMENT  
NO. 1 TO SERVICES AGREEMENT (SA NO. 14-115)  
WITH PEAK RELIABILITY OF UTAH TO PROVIDE  
HOSTED ADVANCED APPLICATION SERVICES

## FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 14-13875 dated May 19, 2014 authorized a Services Agreement (SA No. 14-115) with Peak Reliability to provide hosted advanced application services, in an amount not to exceed \$400,000 for services through December 31, 2017. Under the agreement, the District has spent \$315,000, inclusive of Washington State Sales Tax (WSST), for services through December 31, 2017.

Peak Reliability (Peak) is the Reliability Coordinator (RC) for the Western Interconnection. Peak has developed advanced applications utilizing their model and real-time data of the entire Western Interconnection. Peak has also made these advanced applications available to entities in the Western Interconnect. The model and advanced applications are built using the Alstom Grid LLC (formerly Alstom Grid, Inc.) e-terra transmission SCADA system and suite of network applications. Appropriate Alstom Grid LLC e-terra transmission software licenses are required to utilize the advanced applications and have been contracted for by the District. Use of these advanced applications allows the District to view “state estimation” results (state estimation provides estimated positions (states) of switches and flow measurements when not directly measured), develop real-time contingency analysis mitigations, perform other individualized studies as necessary to improve the reliability of the Bulk Electric System, and perform NERC required Real-time Assessments at least once every 30 minutes.

Peak Reliability is the District’s Reliability Coordinator in the Western Interconnection and is uniquely qualified to perform these hosted advanced application services.

District staff has identified the need to continue services under this agreement. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total contract price exceeds \$200,000.

Peak has prepared a proposal to perform continued hosted advanced application services at a cost of \$90,000, inclusive of WSST, per year over a three year period beginning on January 1, 2018 and ending on December 31, 2020.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 14-115 with Peak Reliability to continue to provide hosted

advanced application services through calendar year 2020 in the amount of \$270,000, inclusive of WSST.

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. 14-115) with Peak Reliability to provide the additional services identified above. The revised agreement price will not exceed \$585,000, inclusive of Washington State Sales Tax, without prior Commission approval. A copy of the amendment is on file in the offices of the District.

DATED this 7th day of August 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

S E A L

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION DECLARING ALSTOM GRID LLC AN OHIO LIMITED LIABILITY COMPANY (FORMERLY ALSTOM GRID, INC.) AS THE CONTINUING SOLE SOURCE SUPPLIER OF SOFTWARE LICENSES AND SUPPORT SERVICES FOR HOSTED ADVANCED APPLICATIONS AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AMENDMENT TO SA NO. 14-114 TO CONTINUE TO PROVIDE DISTRICT ACCESS TO HOSTED ADVANCED APPLICATIONS AND SUPPORT SERVICES THROUGH DECEMBER 31, 2020

## FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 14-13876 dated May 19, 2014 declared Alstom Grid, Inc. to be the sole source supplier for hosted advanced application software licenses, waived the competitive bidding requirements of RCW 54.04.070 due to the sole source designation, and authorized District staff to enter into an agreement (SA No. 14-114) with Alstom Grid, Inc. for the purchase of hosted advanced application software licenses and support services at a cost not to exceed \$175,000 for a three-year term. The agreement went into effect on July 1, 2014, and under the agreement, the District will have expended \$128,350 for the software licenses through July 1, 2017.

The District has been informed that effective November 5, 2015, Alstom Grid, Inc. changed its legal entity form from an Ohio corporation to an Ohio limited liability company and its legal entity name going forward from that date is Alstom Grid LLC.

Peak Reliability (Peak) is the Reliability Coordinator (RC) for the Western Interconnection. Peak has developed advanced applications utilizing their model and real-time data of the entire Western Interconnection. Peak has also made these advanced applications available to entities in the Western Interconnect. Use of these advanced applications allows the District to view “state estimation” results (state estimation provides estimated positions (states) of switches and flow measurements when not directly measured), develop real-time contingency analysis mitigations, perform other individualized studies as necessary to improve the reliability of the Bulk Electric System, and perform NERC required Real-time Assessments at least once every 30 minutes.

Alstom Grid LLC is the sole software vendor utilized by Peak Reliability in the development of the model and hosted advanced applications. Therefore, appropriate software licenses with Alstom Grid LLC are required to access and utilize the hosted advanced application services. These software licenses were granted to District under the 2014 agreement. Peak is the only Reliability Coordinator in the Western Interconnection and is uniquely qualified to perform these hosted advanced application services.

Pursuant to RCW 54.04.070 and 39.04.280, the District may, when there is clearly and legitimately a sole source of supply, waive the statutory competitive bidding requirements otherwise applicable to the purchases. Resolution No. 08-13325 requires that a declaration for sole source purchases over the statutory limits (\$60,000 per month) must come before the Commission for action.

District staff has identified the need to continue with the use of the hosted advanced application software licenses and support services and has confirmed Alstom Grid LLC continues to be the sole source supplier of these licenses and support services. Alstom Grid LLC has confirmed it is offering the lowest price it offers to similarly situated customers.

Alstom Grid LLC has prepared a proposal to provide continued hosted advanced application software licenses and support services at a cost of \$52,359 for the period beginning July 1, 2017 and ending December 31, 2020.

District staff recommends that it is in the best interest of the District to continue with the designation of Alstom Grid LLC as the sole source supplier for hosted advanced application license software licenses and to amend the software support services agreement with Alstom Grid LLC to continue to provide District access to the software licenses obtained under the 2014 agreement and support services in the amount of \$52,359 through December 31, 2020, for a revised total agreement price of \$180,709.

The General Manager has reviewed staff's recommendations 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 Commission declares Alstom Grid LLC to be the continuing sole source supplier for hosted advanced application software licenses.

Section 2. The competitive bidding requirements of RCW 54.04.070 are hereby waived due to the designation of Alstom Grid LLC as the sole source supplier for hosted advanced application software licenses.

Section 3. The General Manager or his designee is hereby authorized to execute an amendment to the software support services agreement with Alstom Grid LLC to continue to provide District access to hosted advanced application software licenses and support services through December 31, 2020. A copy of the agreement will be on file in the offices of the District.

Dated this 7th day of August 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

S E A L

**RESOLUTION NO. \_\_\_\_\_**

A RESOLUTION AMENDING SCHEDULE NO. 4 OF THE DISTRICT'S INVESTMENT AND BANKING POLICY ADOPTED BY RESOLUTION NO. 16-14094 TO UPDATE THE LIST OF EMPLOYEES AUTHORIZED TO DISBURSE DISTRICT FUNDS.

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The Commission of Public Utility District No. 1 of Chelan County, Washington (the "District"), adopted the District's Investment and Banking Policy (the "Policy") under Resolution No. 16-14094 on November 21, 2016.

From time to time, updates and changes must be made to the Policy to reflect updates in best practices, changes in business conditions, staffing or banking institutions.

District staff has reviewed the current Policy and recommends that Schedule No. 4 be updated. Schedule No. 4 designates District employees who, under the direction of the Auditor, shall be authorized signors for issuance of warrants. This schedule should be modified to reflect staffing changes in Internal Audit by removing Katie Marshall, who has taken another position at the District, and the addition of Kasandra Bertilson, who has joined the Internal Audit Department.

District staff recommends that it is in the best interest of the District to adopt the amendment to Schedule No. 4. The General Manager concurs with this recommendation.

**ACTION**

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

Section 1. Issuance of Warrants. Any of the District employees designated in attached Schedule No. 4, under the direction of the Auditor, are authorized to issue and jointly sign District warrants for the payment of monies.

Section 2. Resolution No. 16-14094 is hereby amended accordingly to reflect the changes to Schedule No. 4. The remainder of Resolution No. 16-14094 and the Policy remain in full force and effect.

Dated this 7th day of August 2017.

ATTEST:

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President

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Vice President

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Secretary

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Commissioner

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Commissioner

S E A L

SCHEDULE NO. 4

**AUTHORIZED SIGNATORS FOR ISSUANCE OF WARRANTS**

Matt Boles

Gene Cenotto

Loretta Coonfield

Stacey Jagla

Kasandra Bertilson

August 2017



## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION REVISING THE CAPITAL PROJECT BUDGET FOR ROCK ISLAND POWERHOUSE ONE UNITS B1 TO B4 MODERNIZATION AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE FIELD WORK ORDER/CHANGE ORDER(S) TO CONTRACT 16-60 WITH ANDRITZ HYDRO FOR NEW WICKET GATES, GENERATOR SHAFTS AND ROTOR POLE BODIES

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

On December 30, 2016 the Commission approved Resolution No. 16-14108 authorizing the General Manager of the District to issue a notice of award by December 31, 2016 and enter into a contract with Andritz Hydro Corp. in the amount of \$41,813,228 (excluding sales tax) for modernization of units B1 to B4.

In accordance with the terms of the contract, Andritz and District staff have been evaluating the feasibility of reusing a number of components by performing finite element analysis (FEA) and condition assessments. District staff has used the FEA and condition assessment results to perform additional financial and risk analysis to determine the best alternative for each component.

District staff has completed the evaluation of wicket gates, generator shafts and rotor poles and recommends purchase of new wicket gates, generator shafts and pole bodies, and re-insulation of the existing pole windings.

District staff will need to execute Field Work Order/Change Orders for this work consistent with the staff recommendation.

District staff requests a project budget increase of \$5.75 million for a new revised budget of \$70,050,000 to cover the estimated cost of this work consistent with the staff recommendation.

**ACTION**

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

Section 1. The combined capital project is hereby revised from \$64.3 million to a total combined project budget of \$70,050,000.

Section 2. The General Manager of the District is hereby authorized to execute Field Work Order/Change Orders for the purpose of purchasing new wicket gates, generator shafts and pole bodies, and re-insulating the existing pole windings in amounts not to exceed a revised budget of \$70.05 million.

DATED this 7<sup>th</sup> day of August 2017.

ATTEST:

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President

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Vice President

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Secretary

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Commissioner

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Commissioner

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