

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

REGULAR COMMISSION MEETING

FEBRUARY 6, 2023

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety/HPI Minute – Elizabeth Abel
2. Approval of the Agenda
Any item on the Consent Agenda shall be subject to transfer to the Regular Agenda upon request of any Commission member
3. Legislative Update
4. Parks Update
5. Quarterly District Performance Plan Status Update
6. 2023 District Performance Plan Review
7. Public Comment

BUSINESS SESSION

1:00 PM

Consent Agenda

8. Minutes of the January 23, 2023 Regular Meeting
9. Vouchers: Accounts Payable Summary Report dated February 1, 2023:
 - a. Vouchers totaling \$33,690,146.00;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period January 18, 2023 through January 31, 2023 in the amount of \$24,157.64.
 - c. Approval of the net Payroll, Warrant Nos. 238049 through 238060 and Advice Nos. 749444 through 750228 for the pay period ending January 15, 2023 in the amount of \$ 2,338,376.77.

- d. Approval of Warrant Nos. 29180 through 29227 totaling \$39,784.36 for claim payments from the workers' compensation self-insurance fund for the period ending January 30, 2023.

Regular Agenda

10. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN EXTENDED DURATION POWER SALES AGREEMENT
11. A RESOLUTION AUTHORIZING AMENDMENT NO. 5 TO SERVICES AGREEMENT (SA NO. 20-10853) WITH CH2M HILL ENGINEERS, INC. TO PROVIDE TUMWATER DAM ENGINEERING SUPPORT
12. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 THROUGH 7, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 8 TO CONTRACT NO. 21-16 WITH TRENCHLESS CONSTRUCTION SERVICES, L.L.C. FOR UNIT PRICE DIRECTIONAL DRILLING UTILITY INSTALLATION
13. Manager Items
14. Commissioner Travel
15. Commission Items
 - a. Set Special Meetings
Proposed motion:
To set the following special meetings:
 - On Monday, March 13, 2023 @ 6:00pm at Bob's Burgers and Brew, 795 Grant Rd, East Wenatchee, for the purpose of holding a Mid-C General Managers and Commissioners Meeting
 - On Thursday, March 23, 2023 @ 9:00am at the District Auditorium, 1034 E. Woodin Avenue, Chelan, for the purpose of holding a Board workshop
16. Follow-up on Delegation of Action Items from Previous Board Meeting
17. Delegation of Action Items
18. Additional Public Comment
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.
19. Matters of general business as may necessarily come before the Commission

REGULAR COMMISSION MEETING AGENDA

February 6, 2023

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20. 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), 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), 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 the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c) for ___ minutes

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

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL
MANAGER TO ENTER INTO AN EXTENDED
DURATION POWER SALES AGREEMENT**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The District is authorized to purchase and sell electric energy and capacity pursuant to RCW 54.16.040 and other applicable laws. RCW 54.16.040 provides that the contracts shall extend over such period of years and contain such terms and conditions as determined appropriate by the Commission. RCW 54.16.040 also requires that the Commission, prior to selling energy to other entities, shall first make adequate provision for the needs of the District, actual and prospective. RCW 54.16.040 further requires that a resolution authorizing such transactions must be introduced at a Commission meeting at least ten (10) days prior to the adoption of the resolution.

The District has existing power sales agreements with terms longer than 15 years, authorized by Resolution No. 06-12830, Resolution No. 08-13352, and Resolution No. 21-14619. Continuing to enter into extended duration sales agreements, as part of the District's long-term marketing strategy, is beneficial to the District and its customer-owners.

In Resolution No. 06-12830, adopted January 30, 2006, the Commission directed District staff to use the power sales agreement approved by that resolution as a template for future discussions with other parties on similarly structured power sales. District staff used that agreement as the basis for a modernized template contract for negotiations on future extended duration power sales agreements. The modernized template agreement has been discussed with and provided to the Board of Commissioners and is on file in the offices of the District.

Using this template, and with guidance from the General Manager, staff has negotiated to sell an amount of surplus energy, capacity, and environmental attributes consistent with the Long-Term Marketing Strategy Principles and Cost-Plus Template Concepts presented to and discussed with the Board on March 15, 2021, and July 6, 2021 (Long-Term Marketing Strategy Updates). The proposed contract would have a delivery term of twenty (20) years, with deliveries beginning on November 1, 2031, and running through October 31, 2051. The total amount of output to be sold through this contract is contemplated at twenty-five percent (25%) of the output of Rocky Reach and Rock Island hydroelectric projects. A draft of the proposed contract has been provided to the Board and is on file in the offices of the District.

The proposed contract is surplus to the actual and prospective needs of the District, and does not increase the District's stream flow or outage risks. Contract pricing is based on the District's cost of production, along with price adders for the additional value provided from the output, including from environmental attributes and capacity. The terms and conditions of the proposed Contract are consistent with

the principles and template concepts presented to the Board during the Long-Term Marketing Strategy Updates. The Board approved a similar contract, also on terms and conditions consistent with these principles and template concepts, in Resolution No. 21-14619, adopted December 30, 2021.

Staff recommends that it is in the best interest of the District to enter into the extended duration power sales agreement consistent with the principles provided to the Board in the Long-Term Marketing Strategy Updates. The General Manager 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, WASHINGTON, as follows:

Section 1. At a public meeting on January 23, 2023, this Resolution was introduced to the Commission seeking authorization to enter into a proposed Power Sales Agreement consistent with the principles and template concepts that were presented to and reviewed with the Commission as part of the Long-Term Marketing Strategy Updates. Pursuant to RCW 54.16.040, the Commission delayed action on whether to approve the proposed Resolution to allow ten (10) calendar days to pass.

Section 2. The Commission hereby approves the Resolution and authorizes and directs the General Manager (or designee) to execute the proposed Power Sales Agreement on behalf of the District on terms and conditions consistent with the principles and template concepts set out in the Long-Term Marketing Strategy Updates.

Section 3. The Commission also authorizes the General Manager (or designee) to execute on behalf of the District any necessary or appropriate agreements and to take actions necessary to effectuate this Resolution and the Power Sales Agreement on behalf of the District.

DATED this 6th day of February 2023.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

S E A L

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 5 TO SERVICES AGREEMENT (SA NO. 20-
10853) WITH CH2M HILL ENGINEERS, INC. TO
PROVIDE TUMWATER DAM ENGINEERING
SUPPORT

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 20-10853) on September 15, 2020 with CH2M Hill Engineers, Inc. to provide Tumwater Dam Engineering Support, in an amount not to exceed \$300,000. SA No. 20-10853 has been amended four times since it was executed for a revised not to exceed amount of \$404,000 and an expiration date of April 30, 2024.

District staff has identified the need for additional services to evaluate field data and information gathered in the fall of 2022 as well as engineering and inspection support during the construction phase of the upcoming maintenance project for the dam. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$500,000.

District staff recommends that it is in the best interest of the District to amend SA No. 20-10853 with CH2M Hill Engineers, Inc. in the amount of \$400,000, for a total revised contract price not to exceed \$804,000.

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. 5 to SA No. 20-10853 with CH2M Hill Engineers, Inc. to provide the additional services identified above. The revised contract price will not exceed \$804,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 6th day of February 2023.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 THROUGH 7, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 8 TO CONTRACT NO. 21-16 WITH TRENCHLESS CONSTRUCTION SERVICES, L.L.C. FOR UNIT PRICE DIRECTIONAL DRILLING UTILITY INSTALLATION

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District Commission by Resolution No. 17-14215 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/change orders under certain circumstances.

On September 16, 2021, the District entered into a contract (Bid No. 21-16) with Trenchless Construction Services, L.L.C. of Arlington, Washington for Unit Price Directional Drilling Utility Installation in the amount of \$1,577,000. The contract term was for an initial one (1) year term from the effective date of the contract which was October 18, 2021 with the option for three (3) additional one (1) year extensions. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080. The bid by the Contractor was the low bid and met the District's specifications.

The work in Field Work Order Nos. 1 through 7 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/Change Order Nos. 1 through 7, which are on file in the offices of the District and summarized as follows:

FWO/CO No.	Description	Amount
1	Add Unit Price Item	\$0
2	Add Unit Price Item	\$0
3	Emergency Waterline Repair on US Hwy 97A	\$0
4	Add Unit Price Item	\$0
5	Increase the not-to-exceed Contract Price	\$500,000
6	Contract Time Extension	\$0
7	Annual Unit Price Adjustment	\$0
TOTAL		\$500,000

Field Work Order Nos. 1 through 7 resulted in a net increase in the Contract Price of \$500,000 for a revised not to exceed contract price of \$2,077,000 (excluding sales tax), which District staff recommend be ratified.

Additionally, District Staff recommends execution of Field Work Order/Change Order No. 8 to extend the contract term to October 18, 2024, and increase the not-to-exceed amount by \$2,500,000 for a revised not-to-exceed Contract Price of \$4,577,000. This Unit Price Contract can be extended by one (1) additional year until October 18, 2025.

The General Manager of the District concurs with staff's recommendations that Field Work Order/Change Order Nos. 1 through 7 be ratified, and that Field Work Order/Change Order No. 8 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 through 7 were properly executed pursuant to the authority delegated by Resolution No. 17-14215 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. 8 resulting in a revised Contract Price of \$4,577,000 (excluding sales tax) and extend the contract term to October 18, 2024. Staff may further extend the Contract term without Commission approval within the delegated limits of Resolution 17-14215. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

Section 3. Section 3. The General Manager of the District is hereby further authorized to adjust the Contract Price via Field Work Order/Change Order in accordance with the provisions of Resolution No. 17-14215 any such Field Work Order/Change Order shall be in compliance with all laws and policies applicable to the District and shall be filed in the offices of the District

DATED this 6th day of February 2023.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal