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

REGULAR COMMISSION MEETING

MARCH 16, 2020

STUDY SESSION

10:00 AM

1. Pledge of Allegiance

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. CPO Winner Recognition

4. Business Intelligence and Data Analytics

5. 2020 Bond Issuance

6. Major Capital Projects for Parks

7. Legislative Update

BUSINESS SESSION

1:00 PM

Consent Agenda

8. Minutes of the March 2, 2020 Regular Meeting

   a. Vouchers totaling $8,340,684.95;
   b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period February 26, 2020 through March 10, 2020 in the amount of $14,486.15;
c. Approval of the net Payroll, Warrant Nos. 236947 through 236966 and Advice Nos. 690107 through 690873 for the pay period ending 03/01/2020 in the amount of $2,123,697.91;

d. Approval of Warrant Nos. 26494 through 26538 totaling $9,272.86 for claim payments from the workers’ compensation self-insurance fund for the period ending March 9, 2020.

10. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1-4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-31 WITH KRCI LLC OF EAST WENATCHEE AND AUTHORIZING PAYMENT OF RETAINAGE

11. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 10, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-37 WITH MICHELS CORPORATION, POWER DIVISION AND AUTHORIZING PAYMENT OF RETAINAGE

12. A RESOLUTION RATIFYING CHANGE ORDER NOS. 1 THROUGH 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 17-50 WITH HARRIS CORPORATION OF DELAWARE AND AUTHORIZING PAYMENT OF RETAINAGE

13. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 18-64 WITH STRIDER CONSTRUCTION, INC. OF BELLINGHAM, WA AND AUTHORIZING PAYMENT OF RETAINAGE

**Regular Agenda**


15. A RESOLUTION RESTATING AND REVISING LONG RANGE FINANCIAL POLICIES AND TARGETS FOR THE WATER, WASTEWATER, FIBER & TELECOM, AND INTEGRATED ELECTRIC BUSINESS LINES

16. A RESOLUTION RESCINDING AND REPLACING RESOLUTION NO. 11-13687 AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO TRANSACTIONS FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY INCLUDING ENVIRONMENTAL ATTRIBUTES WITHIN DEFINED CRITERIA

17. Manager Items
18. Commission Items

19. Follow-up on Delegation of Action Items from Previous Board Meeting

20. Delegation of Action Items

21. 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.

22. Matters of general business as may necessarily come before the Commission

23. 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 review the performance of a public employee, as authorized by RCW 42.30.110(1)(g)

   This agenda and resolutions (if any) may be revised by the Commission as appropriate.
RESOLUTION NO. ____________________

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1-4, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-31 WITH KRCI LLC OF EAST WENATCHEE AND AUTHORIZING PAYMENT OF RETAINAGE

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 order/change orders under certain circumstances.

On September 27, 2019, the District entered into a contract (Bid No. 19-31) with KRCI LLC (Contractor) of East Wenatchee for Wenatchee Riverfront Boat Launch Improvements, in the amount of $602,000. 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/Change Order Nos. 1-4 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. 1-4, which are on file in the offices of the District and summarized as follows:

<table>
<thead>
<tr>
<th>Field Work Order No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dredge additional 293 cubic yards</td>
<td>$27,675.27</td>
</tr>
<tr>
<td>2. Dredge additional 127 cubic yards</td>
<td>$11,988.80</td>
</tr>
<tr>
<td>3. Provide and place 100 cubic yards of quarry spalls to fill in the prop-wash hole at the end of the boat ramp</td>
<td>$6,500</td>
</tr>
<tr>
<td>4. Contract time extension of 14 calendar days</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$46,164.07</strong></td>
</tr>
</tbody>
</table>

Field Work Order/Change Order Nos. 1-4 result in a net increase in the contract price for a new revised total price of $648,164.07 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 17-14215 provides that this type of field work order/change 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 March 5, 2020. 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/Change Order Nos. 1-4 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 Nos. 1-4 to Bid No. 19-31 with KRCI LLC for the work specified above, which will result in a net increase in the purchase price of $46,164.07, for a total revised contract price of $648,164.07, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 19-31 was completed on March 5, 2020 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 16th day of March 2020.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal
RESOLUTION NO. ____________________

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NO. 10, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-37 WITH MICHELS CORPORATION, POWER DIVISION AND AUTHORIZING PAYMENT OF RETAINAGE

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 under certain circumstances.

On August 1, 2018, the District entered into a contract (Bid No. 18-37) with Michels Corporation, Power Division (Contractor) of Neenah, Wisconsin for Chelan County LED Streetlight Conversion, in the amount of $1,198,547.67. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

On August 5, 2019, the Commission by Resolution 19-14369 ratified Field Work Order/Change Order Nos. 1-7 in the amount of $342,864.39, and approved Field Work Order/Change Order Nos. 8-10 in the amount of $272,545.85. Field Work Order/Change Order No. 10 was approved in the amount of $50,381.63, however the actual amount of the Field Work Order/Change Order No. 10 was -$47,450.55, for a revised Contract price of $1,781,017.99

District staff has determined that the completion of all contract work occurred on March 5, 2020. 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 No. 10 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 No. 10 to Bid No. 18-37 with Michels Corporation, Power Division for the work specified above, which will result in a net
decrease in the purchase price of $47,450.55, for a total revised contract price of $1,781,017.99, plus Washington State sales tax, is hereby ratified.

Section 2. All the contract work required under Bid No. 18-37 was completed on March 5, 2020 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 16th day of March 2020.

___________________________
President

ATTEST:

___________________________
Vice President

___________________________
Secretary

___________________________
Commissioner

Seal
RESOLUTION NO. ____________________

A RESOLUTION RATIFYING CHANGE ORDER NOS. 1 THROUGH 3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 17-50 WITH HARRIS CORPORATION OF DELAWARE AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 18-14224 on February 5, 2018 which authorized the District to enter into a contract (No. 17-50) with Harris Corporation (Contractor) of Delaware for Digital Mobile Radio System, in the amount of $4,659,831. The Resolution authorized a not-to-exceed amount of $5,186,902 to include additional anticipated scope items, potential maintenance services, and project contingency.

The District Commission by Resolution No. 17-14215 delegated limited authority to the General Manager and the staff to execute change orders under certain circumstances.

The work in Change Order Nos. 1 through 3 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 Change Order Nos. 1 through 3, which are on file in the offices of the District and summarized as follows:

<table>
<thead>
<tr>
<th>Change Order No.</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Additional materials.</td>
<td>$134,025.76</td>
</tr>
<tr>
<td>2</td>
<td>Provide redundant console servers.</td>
<td>$40,875.00</td>
</tr>
<tr>
<td>3</td>
<td>Revised installation requirements of control station antenna systems.</td>
<td>$56,937.96</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$231,838.72</strong></td>
</tr>
</tbody>
</table>

Change Order Nos. 1 through 3 results in a net increase in the contract price of $231,838.72 for a new revised total price of $4,891,669.72 (excluding sales tax), within the not-to-exceed authorization and which the District's Engineers recommend be ratified. Resolution No. 17-14215 provides that this type of change order shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of Work occurred on February 17, 2020. Services under the contract will continue under the Agreement. 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 Change Order Nos. 1 through 3 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.** Change Order Nos. 1 through 3 to Contract No. 17-50 with Harris Corporation for the work specified above, which will result in a net increase in the purchase price of $231,838.72, for a total revised contract price of $4,891,669.72, plus Washington State sales tax, is hereby ratified.

**Section 2.** All the contract work required under Contract No. 17-50 was completed on February 17, 2020 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 16th day of March 2020.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal
RESOLUTION NO. ____________________

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-5, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER CONTRACT NO. 18-64 WITH STRIDER CONSTRUCTION, INC. OF BELLINGHAM, WA AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 18-14255 on August 6, 2018 which authorized the District to enter into a contract (Contract No. 18-64) with Strider Construction, Inc. (Contractor) of Bellingham, WA for the Peshastin Wastewater Treatment Facility Improvements, in the amount of $3,096,300.

The District Commission by Resolution No. 17-14215 delegated limited authority to the General Manager and the staff to execute field work orders under certain circumstances.

The work in Field Work Order Nos. 1-5 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. 1-5, which are on file in the offices of the District and summarized as follows:

<table>
<thead>
<tr>
<th>Field Work Order No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase Contract Price and revise Specifications.</td>
<td>$16,439.02</td>
</tr>
<tr>
<td>2. Revise SR-1 regarding federal funding.</td>
<td>$0</td>
</tr>
<tr>
<td>3. Revise project milestones.</td>
<td>$0</td>
</tr>
<tr>
<td>4. Extend Contract Time, increase Contract Price, and revise Specifications.</td>
<td>$68,172.54</td>
</tr>
<tr>
<td>5. Decrease Contract Price due to unused quantities.</td>
<td>-$6,248.36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$78,363.20</strong></td>
</tr>
</tbody>
</table>

Field Work Order Nos. 1-5 results in a net increase in the contract price of $78,363.20 for a new revised total price of $3,174,663.20 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 17-14215 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 February 24, 2020. 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. 1-5 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. 1-5 to Contract No. 18-64 with Strider Construction, Inc. for the work specified above, which will result in a net increase in the purchase price of $78,363.20, for a total revised contract price of $3,174,663.20, plus Washington State sales tax, is hereby ratified.

**Section 2.** All the contract work required under Contract No. 18-64 was completed on February 24, 2020 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 16th day of March 2020.

ATTEST:

_________________________________  ___________________________________
President                                Secretary
_________________________________  ___________________________________
Vice President                          Commissioner
_________________________________  ___________________________________
Commissioner                            Commissioner

Seal
RESOLUTION NO. ________________

A RESOLUTION REJECTING BIDS, AND ACCEPTING THE BID OF ELECTRIC RESEARCH & MANUFACTURING COOPERATIVE OF DYERSBURG, TENNESSEE (BID 19-74) FOR BID PRICE SCHEDULE A AND C, AND REJECTING ALL BIDS AND AUTHORIZING THE 2020 SUPPLY OF PADMOUNT AND OVERHEAD DISTRIBUTION TRANSFORMERS BE OBTAINED BY NEGOTIATION FOR BID PRICE SCHEDULE B

FACTUAL BACKGROUND AND REASONS FOR ACTION

On January 14, 2020, an invitation for sealed bids was published in accordance with RCW 54.04.070 and Resolution No. 17-14215 for the 2020 Supply of Padmount and Overhead Distribution Transformers. Bid proposals were opened on February 4, 2020 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 the tables below show the bid amounts after evaluation. Prices shown are based on estimated quantities for one year.

Table 1 - Bid Price Schedule A bid amount and evaluated amount

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Bid Price</th>
<th>Evaluated Bid Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anixter Inc. (Eaton)</td>
<td>$271,705.00</td>
<td>$656,155.00</td>
</tr>
<tr>
<td>Anixter Inc. (GE)</td>
<td>$272,335.00</td>
<td>$662,733.00</td>
</tr>
<tr>
<td>Electric Research &amp; Manufacturing Cooperative</td>
<td>$274,629.00</td>
<td>$726,494.50</td>
</tr>
<tr>
<td>General Pacific Inc.</td>
<td>$317,627.00</td>
<td>$723,320.50</td>
</tr>
<tr>
<td>IRBY Utilities</td>
<td>$272,130.00</td>
<td>$731,508.50</td>
</tr>
<tr>
<td>Wesco Distribution Inc.</td>
<td>$100,884.24</td>
<td>$535,483.24</td>
</tr>
</tbody>
</table>

For Bid Price Schedule A, the bid by Wesco Distribution Inc. did not meet the required delivery time as specified in the contract documents. The bid by Anixter, Inc. (bidding Eaton brand) did not meet the required delivery time as specified in the contract documents. The bid by Anixter, Inc. (bidding GE brand) did not meet the minimum specification requirements and shipping terms provided in the contract documents. The bid by General Pacific, Inc. did not meet the specification requirements specified in the contract documents, including size,
weight, and impedance. These bids should be rejected as non-responsive. District staff has determined the bid from Electric Research & Manufacturing Cooperative of Dyersburg, Tennessee for Bid Price Schedule A is the lowest responsive and best bid in compliance with the plans and specifications for Bid No. 19-74. This bid meets all statutory requirements. Resolution 17-14215 requires that the rejection of the apparent low bidder must come before the Commission for action. District staff recommends awarding Bid No. 19-74 Bid Price Schedule A to Electric Research & Manufacturing Cooperative.

Table 2 - Bid Price Schedule B bid amount and evaluated amount

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Bid Price</th>
<th>Evaluated Bid Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anixter Inc. (Eaton)</td>
<td>$189,295.00</td>
<td>$323,962.00</td>
</tr>
<tr>
<td>Anixter Inc. (GE)</td>
<td>$173,395.00</td>
<td>$311,432.82</td>
</tr>
<tr>
<td>Electric Research &amp; Manufacturing Cooperative</td>
<td>$158,987.00</td>
<td>$304,592.50</td>
</tr>
<tr>
<td>General Pacific Inc.</td>
<td>$175,303.00</td>
<td>$331,472.00</td>
</tr>
<tr>
<td>IRBY Utilities</td>
<td>$174,439.94</td>
<td>$337,976.94</td>
</tr>
<tr>
<td>Wesco Distribution Inc.</td>
<td>$59,597.36</td>
<td>-</td>
</tr>
</tbody>
</table>

For Bid Price Schedule B, the bid Electric Research & Manufacturing Cooperative did not meet the required delivery time as specified in the contract documents. The Bid by Anixter, Inc. (bidding GE brand) did not meet the required delivery time as specified in the contract documents. The bid by Anixter, Inc. (bidding Eaton brand) did not meet the required delivery time as specified in the contract documents. The bid by General Pacific, Inc. did not meet the required delivery time as specified in the contract documents. The bid by IRBY Utilities did not meet the required delivery time as specified in the contract documents. These bids should be rejected. Resolution 17-14215 requires that the rejection of bids must come before the Commission for action when staff is recommending an action other than rebidding. Pursuant to RCW 54.04.080, the District may procure the work on the open market and negotiate a contract rather than re-advertising if no bids are received. District staff recommends that, due to time constraints and project requirements, the 2020 Supply of Padmount and Overhead Distribution Transformers be procured by negotiation, rather than re-advertising for bids.

Table 3 - Bid Price Schedule C bid amount and evaluated amount

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Bid Price</th>
<th>Evaluated Bid Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anixter Inc. (Eaton)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Anixter Inc. (GE)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Electric Research &amp; Manufacturing Cooperative</td>
<td>$459,333.00</td>
<td>$1,124,688.50</td>
</tr>
<tr>
<td>General Pacific Inc.</td>
<td>$525,528.00</td>
<td>$1,113,991.00</td>
</tr>
<tr>
<td>IRBY Utilities</td>
<td>$617,373.44</td>
<td>$1,271,690.19</td>
</tr>
<tr>
<td>Wesco Distribution Inc.</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

For Bid Price Schedule C, the bid by General Pacific, Inc. did not meet the required delivery time as specified in the contract documents. This bid should be rejected as non-responsive. District staff has determined the bid from Electric Research & Manufacturing Cooperative of Dyersburg, Tennessee for Bid Price Schedule C is the lowest responsive and best bid in compliance with the plans and specifications for Bid No. 19-74. This bid meets all statutory requirements. Resolution 17-14215 requires that the rejection of the apparent low bidder must come before the Commission for action. District staff recommends awarding Bid No. 19-74 Bid Price Schedule C 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 for Bid Price Schedule A by Anixter Inc., General Pacific, Inc. and Wesco Distribution, Inc. did not meet the minimum requirements specified in the contract documents and are hereby rejected.

**Section 2.** The bids received for Bid Price Schedule B are rejected. District staff is authorized to obtain Bid Price Schedule B by negotiation and the General Manager (or his designee) is authorized to execute a contract for the same with acceptable terms and conditions.

**Section 2.** The bids submitted for Bid Price Schedule C by General Pacific, Inc. did not meet the minimum requirements specified in the contract documents and is hereby rejected.

**Section 2.** The bid submitted by Electric Research & Manufacturing Cooperative of Dyersburg, Tennessee for Bid Price Schedule A and Bid Price Schedule C 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 a not to exceed amount of
$3,523,017.60 ( $1,318,219.20 for Bid Price Schedule A and $2,204,798.40 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 16th day of March 2020.

ATTEST:

______________________________  ________________
President                      Secretary

______________________________  ________________
Vice President                 Commissioner

______________________________  ________________
Commissioner                   Commissioner

Seal
# Bid Tabulation

**Bid No. 19-74**

**2020 SUPPLY OF PADMOUNT AND OVERHEAD DISTRIBUTION TRANSFORMERS**

February 4, 2020 – 2:15pm  
Conf. Rm. Utility Svs. Large HQ Svc. Bldg.

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**Estimate of Work:** $3,000,000.00

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<table>
<thead>
<tr>
<th>Bidder Name</th>
<th>City, State</th>
<th>Bid Bond/Cashier’s Check</th>
<th>Bid Amount Schedule A</th>
<th>Bid Amount Schedule B</th>
<th>Bid Amount Schedule C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anixter, Inc.</td>
<td>Portland, Oregon</td>
<td>Yes</td>
<td>$271,705.00</td>
<td>$189,295.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Anixter, Inc.</td>
<td>Portland, Oregon</td>
<td>Yes</td>
<td>$272,335.00</td>
<td>$173,395.00</td>
<td>$0.00</td>
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<tr>
<td>Electric Research and</td>
<td>Dyersburg, Tennessee</td>
<td>Yes</td>
<td>$274,629.00</td>
<td>$158,987.00</td>
<td>$459,333.00</td>
</tr>
<tr>
<td>Manufacturing Cooperative,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>General Pacific, Inc.</td>
<td>Fairview, Oregon</td>
<td>Yes</td>
<td>$317,627.00</td>
<td>$175,303.00</td>
<td>$525,528.00</td>
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<td>Irby Utilities</td>
<td>McMinnerville, Oregon</td>
<td>Yes</td>
<td>$272,130.00</td>
<td>$174,439.94</td>
<td>$617,373.44</td>
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<tr>
<td>Wesco Distribution, Inc.</td>
<td>Portland, Oregon</td>
<td>Yes</td>
<td>$100,884.24</td>
<td>$59,597.36</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
RESOLUTION NO. _______________

A RESOLUTION RESTATING AND REVISING LONG RANGE
FINANCIAL POLICIES AND TARGETS FOR THE WATER,
WASTEWATER, FIBER & TELECOM, AND INTEGRATED
ELECTRIC BUSINESS LINES

FACTUAL BACKGROUND AND REASONS FOR ACTION

As part of the 2020-2024 strategic planning process, outreach efforts initiated in December 2018 sought community participation in rate planning discussions for all systems through a wide range of opportunities such as surveys and community topic team discussion meetings. The sustainability of the Water, Wastewater and Fiber business lines has long been a topic in strategic planning. The General Manager and District staff provided information on the costs and revenues in each area of operation of the District throughout the series of public meetings and other outreach efforts. The information, analyses, customer input and discussions indicated that our customer-owners are interested in seeing our Water, Wastewater, and Fiber & Telecom (“Fiber”) business lines become more financially self-sustainable over time. Based on these results, the 2020-2024 Strategic Plan provides direction for the water, wastewater and fiber systems to work towards being financially self-sustainable over the long-term, which includes multi-year rate plans for all systems. To implement the Strategic Plan, five-year rate plans for Water (4% annually), Wastewater (4% annually) and Fiber (3% revenue increase annually) were adopted February 18, 2020. Accordingly, the individual business line financial policies need to be updated to reflect the new strategic guidance.

Long-range financial targets for the District as a whole were set as part of the 2010 Strategic Plan to assure financial stability for the long term. In 2014, the long-range District financial policies were refined and extended to be consistent with the 2015-2019 Strategic Plan. These policies were amended and restated in 2017 and included long-range targets for maintaining a minimum Financial Liquidity target, Debt Ratio, Debt Service Coverage Ratio and Rate of Return (sunset in 2019). The 2020-2024 Strategic Plan confirmed the long-range financial policies for the District as a whole as stated in Resolution 17-14124.

In 2012, long-range financial targets were also established for each major business line identified as Water, Wastewater, Fiber and Integrated Electric. Integrated Electric includes all activity associated with electric production, transmission and distribution as well as related accounting systems. In 2015, Resolution 15-13950 restated and revised the long-range financial policies for the individual business lines of Water, Wastewater and Fiber. The Integrated Electric business line continued to apply the long-range financial policies for the District as a whole and did not require separate business line policies.
To reflect the new strategic guidance, staff recommends that the business line financial policies be refined to reflect conditions that would indicate financial self-sustainability for the individual business lines over the long term. As the business lines are working toward being financially self-sufficient, it may take 10 years or more to achieve a self-sufficient level. Results and forecasts will be monitored to measure progress toward the goal. Because these are long-term goals, it is also acknowledged that some system support will be needed along the way, but the support will diminish over time. Staff presented a set of financial metrics for discussion at August 19 and October 7, 2019 regular Commission meetings as part of strategic planning and the development of long-term rate plans. Staff recommended a set of financial targets that included the assumptions that the systems’ allocated share of the cost of shared assets (like facilities, computer systems, etc.) would be 0% for 2020-2022 and then 50% of cost annually thereafter. Additional assumptions included funding of large capital wastewater projects by at least 60% grants, continuing the funding of Fiber Expansion through the Public Power Benefit (PPB) program and utilization of additional funding from the PPB program to complete the wastewater system water quality improvement projects (estimated at $1.5 million, but the actual amount will vary based on final project design). Staff recommends the following set of financial policies:

1. **Minimum Liquidity** – Liquidity supports financial resiliency as the minimum funds set aside to cover costs in the event of an emergency or revenue downturn. Minimum liquidity includes cash and investments and is computed as three months of average operations, maintenance and tax expenses similar to the District combined Financial Liquidity Methodology defined in Resolution 17-14124 for operating reserves for normal business needs. Any contingency reserves are minimal. The Minimum Liquidity is consistent with existing targets:

   - Water: $1.25 million
   - Wastewater: $200,000
   - Fiber: $2 million

2. **Operating Coverage Percentage** – The Operating Coverage Percentage is a new business line metric calculated as Operating Revenues divided by Operating Expenses (including depreciation and shared asset rents). The targeted result is set to ensure that rates are sufficient to cover operations, maintenance and taxes, debt service, capital replacement costs, emergencies and unexpected revenue shortfalls. Targets in excess of 100% reflect the need to cover interest expense on existing and future, internal and external debt service and cost inflation for ongoing replacement capital. Targets below 100% reflect the assumption that some systems can obtain grant funding for most future capital, i.e. wastewater, or that future capital replacement needs during the next 10 years will be less. It is recognized that the individual business lines will work toward the financial self-sustainability goal for this metric over the long-term with Wastewater forecasted to take more than 10 years to achieve a targeted 75% plus debt service. The 5-year
targets are established based on the 5-year forecast that followed adoption of the Strategic Plan. The 10-year targets are established to identify the long-term target that the District is working towards to support more self-sustainability. The minimum Operating Expense Coverage would be as follows:

**Achieve an Operating Coverage Percentage by the end of 2029 as follows:**

<table>
<thead>
<tr>
<th>Business Line</th>
<th>By end of 2024 (5-year)</th>
<th>By end of 2029 (10-year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>104%</td>
<td>100%+ Actual Debt Service %</td>
</tr>
<tr>
<td>Wastewater</td>
<td>62%</td>
<td>68%+ Actual Debt Service %</td>
</tr>
<tr>
<td>Fiber</td>
<td>80%</td>
<td>90%</td>
</tr>
</tbody>
</table>

3. **Debt Service as a Percentage of Revenues** – Debt Service as a Percentage of Revenues is a new business line metric and measures the level of debt incurred compared to the revenues collected from the customer base and is an indicator of the affordability and potential impact of new debt. This metric indicates how much of the operating revenue from rates and other charges is allocated to fixed debt payments; it is calculated as debt service (principal plus interest) divided by Operating Revenues. As debt increases, debt service also increases, requiring additional revenue to cover the annual cost. It is recognized that the individual business lines will need to work toward the financial self-sustainability goal for this metric over the long-term. The 5-year targets are established based on the 5-year forecast that followed adoption of the Strategic Plan. The 10-year targets are established to identify the long-term target the District is working towards to support more self-sustainability. The percentage targets would be as follows:

**Achieve a Debt Service as a Percentage of Revenues by the end of 2029 as follows:**

<table>
<thead>
<tr>
<th>Business Line</th>
<th>By end of 2024 (5-year)</th>
<th>By end of 2029 (10-year)</th>
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<tbody>
<tr>
<td>Water</td>
<td>&lt;=12%</td>
<td>&lt;=10%</td>
</tr>
<tr>
<td>Wastewater</td>
<td>&lt;=2%</td>
<td>&lt;=10%</td>
</tr>
<tr>
<td>Fiber</td>
<td>&lt;=10%</td>
<td>&lt;=10%</td>
</tr>
</tbody>
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Staff’s financial modeling incorporated current revenue and expense forecasts based on expected operations and market conditions as of October 31, 2019. In the event longer-term influences and pressures begin to put additional strain on the business lines’ finances, it is the intent of these financial policies and the associated processes and forecasting tools, to anticipate such pressures in advance. In most cases, assuming appropriate financial discipline is followed, this process should allow for needed course corrections and any additional rate adjustments, if necessary, to be addressed incrementally over time.
District staff recommends that it is in the best interest of the District to restate and revise the individual business line financial policies through 2024 and thereafter as described above. Such metrics will be evaluated on the basis of expected conditions which are determined by applying the District’s most current financial assumptions, which may change over time to match District philosophies, objectives, risk appetite or action plans. Staff also recommends that policies and targets be re-evaluated if District philosophies or conditions change. The Integrated Electric business line will continue to apply the long-range financial policies for the District as a whole, and does not require separate business line policies.

The Chief Financial and Risk Officer or designee will monitor the individual business line financial targets and report alignment with forecasts, including any key assumptions, with these financial policies to the Commission on a quarterly basis or more frequently if conditions warrant.

To facilitate proactive management to the financial metrics and create more advance awareness, communication to the Commission of potential challenges to metrics and corrective action will occur when the forecast reaches 110% of any of the financial metric targets during the reporting process. Corrective action will depend on the expected severity and duration of the variance, and the strength of other metrics, and will include monitoring as a recommended course of action as the Water, Wastewater and Fiber business lines progress towards their long-term targets.

The General Manager and the Chief Financial and Risk Officer have reviewed staff’s recommendations and recommend that they be approved and adopted by the Commission.

**ACTION**

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

**Section 1.** The Commission restates and revises the individual business line financial policies for the District for 2020 to 2024 and ongoing as follows:

1. Maintain a Minimum Liquidity Reserve as follows:
   - Water $1.25 million
   - Wastewater $200,000
   - Fiber $2 million

2. Achieve an Operating Coverage Percentage by the end of 2029 as follows:

<table>
<thead>
<tr>
<th>Business Line</th>
<th>By end of 2024 (5-year)</th>
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<tr>
<td>Fiber</td>
<td>80%</td>
<td>90%</td>
</tr>
</tbody>
</table>
3. Achieve a Debt Service as a Percentage of Revenues by the end of 2029 as follows:

<table>
<thead>
<tr>
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<td>&lt;=10%</td>
</tr>
</tbody>
</table>

Section 2. The District’s Chief Financial and Risk Officer or designee shall report alignment with such Financial targets to the Commission on a quarterly basis.

Section 3. This Resolution shall take effect upon its adoption.

Section 4. To the extent any prior resolutions of the District impose limitations or directions which are inconsistent with this Resolution.

DATED this 16th day of March 2020.

________________________________________
President

ATTEST:

________________________________________
Vice President

________________________________________
Secretary

________________________________________
Commissioner

________________________________________
Commissioner

Seal
RESOLUTION NO. _____________

A RESOLUTION RESCINDING AND REPLACING RESOLUTION NO. 11-13687 AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO TRANSACTIONS FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY AND CAPACITY INCLUDING ENVIRONMENTAL ATTRIBUTES WITHIN DEFINED CRITERIA

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 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 Commission may lawfully delegate the authority to enter into transactions to the General Manager (or designee). The Commission desires to delegate the authority to sell energy, capacity and associated environmental attributes within defined criteria and with appropriate oversight. Doing so serves the best interests of the District and its customer-owners.

The Commission has previously adopted criteria for delegating authority to the General Manager (or designee) to enter into forward energy and capacity transactions within defined position limits. District staff is recommending that the criteria be changed as reflected in this resolution for the reasons stated below. Changing the criteria for delegation of authority will allow for differentiation between index and fixed price transactions, incorporate best practices and techniques used in modeling and projecting the District’s position and reflect a regional electricity market that is forecasting increasing amounts of shortage and price volatility in the next 10 to 15 years. Reporting to the Board will continue on a quarterly basis. Staff further recommends that the prior resolution be rescinded and restated so that there is one master applicable resolution. The majority of the provisions of this resolution are restatements of the prior resolutions of the Board. Staff has previously discussed the proposed changes during public meetings.

Standard utility practices in the general course of business for energy transactions require prompt action by the District’s staff in order to capture forward purchase and sales opportunities. Such business practices do not afford sufficient time for adoption of separate resolutions authorizing individual purchases and sales.

It is prudent and in the best interests of the District to continue to delegate authority to the General Manager (or designee) the authorization to enter into energy and capacity sales and purchase transactions, including environmental attributes, and associated agreements pursuant to established criteria and policies. It is also prudent
and in the best interests of the District to modify the criteria from prior resolutions. This delegation provides a mechanism to comply with RCW 54.16.040 and continues to provide the opportunities necessary to complete transactions within the time constraints required by the energy market. Amendments in the criteria for the delegation are necessary to clarify language referring to the limits on net forward sales and purchases of energy and capacity, including environmental attributes, and to further the District’s prudent management and risk mitigation of the District’s load and resources as well as to stabilize its revenues.

All energy and capacity transactions shall be subject to the statutory requirement that adequate provision must first be made for the needs of the District to meet local load, actual and prospective. Local load is defined as all retail load within the county. Further, all transactions should be subject to review and compliance with tax and bond requirements applicable to the District due to bond financings.

District staff recommends that the current term for entering into energy and capacity transactions remain unchanged. The maximum duration of five (5) years with the ability to enter into transactions up to one (1) year in advance of the five (5) year term still supports the District’s Hedging Strategy and Financial Policies.

District staff proposes the removal of specific language referring to probabilistic modeling from this resolution. As written, this language limits the District to using probabilistic modeling for calculating the District’s load and resource balance. Expanding the use of various techniques and methods supports continuous improvement of capabilities and is beneficial for analysis and decision-making. The Power Risk Management Committee will have oversight responsibilities over modeling techniques and methods used to model the District’s load and resource balance and net wholesale revenue for the District’s financial forecast model.

District staff proposes that the delegated limits for net forward sales and purchases of energy and capacity, including environmental attributes, pertain to fixed price transactions and index transactions separately. Fixed price transactions lock in a price for a period of time whereas index price transactions float with the market price (variable price). District staff recommends that the net of the fixed price sales and fixed price purchases, measured in annual average megawatts, shall not exceed generation assuming stress water in any future calendar year without prior approval of the Power Risk Management Committee. District staff further recommends that adding the net of the index price sales and index price purchases, measured in annual average megawatts, to the net of the fixed price sales and fixed price purchases shall not exceed generation assuming stress water by more than 175 average megawatts in any future calendar year.

District staff recommends different limits for terms within the current year as information about water supply and unit availability becomes more known. For terms within the current year, net fixed price sales and fixed price purchases, measured in average megawatts, and net fixed price sales and fixed price purchases plus net index price sales and index price purchases, shall not exceed expected generation, as adjusted
for a margin to account for variability as determined by the Power Risk Management Committee. In the event any of the stated limits are exceeded due to a forecast change in water supply, load, or plant operating conditions, District staff will advise the Power Risk Management Committee with an explanation and recommended action.

The changes above better align with best practices and differentiating fixed price transactions from index price transactions, incorporate best practices and techniques used in modeling and projecting the District’s position, as well as reflect a regional electricity market that is forecasting increasing amounts of shortage and price volatility in the next 10 to 15 years. The Power Risk Management Committee has authority and responsibility to adopt a comprehensive Power Hedging Strategy that supports the criteria and limitations in this resolution.

Staff further recommends that the above criteria and the limitations should not apply to purchases or sales made on behalf of Alcoa or Alcoa Power Generating Inc. for the Alcoa Wenatchee Works pursuant to the power sales contract.

Further, this resolution does not apply to those agreements for the sale of energy otherwise approved by the Board (i.e., cost based long-term contracts) or sale or purchase of energy to or for District retail customers pursuant to the District’s Rate Schedules.

The Commission previously authorized the District’s Power Risk Management Committee to adopt policies and procedures to limit risk exposure associated with power marketing, including, but not limited to, evaluation of counterparties’ credit worthiness, credit limits, hedging strategies, trading and position limits and new product types. This authority and responsibility of the Power Risk Management Committee should be reaffirmed and restated.

The Commission has previously directed that the General Manager or his designee report to the Board on a regular basis (no less than quarterly) on power management transactions. This reporting practice shall continue.

The criteria adopted in this resolution with the oversight of the Power Risk Management Committee and the required reporting provide safeguards regarding forward energy and capacity transactions consistent with good business practices.

**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 it is prudent and in the best interest of the District and its customer-owners to effectively participate in the energy market and to engage in forward energy and capacity transactions, including environmental attributes,
on a timely basis in order to prudently manage and mitigate the risks associated with the District’s load and resources and to stabilize revenues.

Section 2. The Commission finds that the delays inherent in the process of approving separate resolutions to authorize individual energy and capacity purchase or sales transactions would significantly inhibit the District’s ability to complete such transactions in a timely and cost effective manner and would consequently reduce the District’s revenue and subject the District to unwarranted risk.

Section 3. Specifically, the ten (10) day deferral requirement of RCW 54.16.040 cannot strictly be met without a significant impact on the District’s business, risks and revenues. The Commission finds that the adoption of this authorizing resolution with established criteria and limitations is in compliance with and fulfills the intent of the ten (10) day deferral requirement of RCW 54.16.040, while allowing the District to contract for forward energy and capacity sales and purchase transactions in accordance with sound and prudent utility practices. This finding is the same as that made by the Commission in prior resolutions.

Section 4. The Commission finds that it is in the best interests of the District for the Commission to delegate to the General Manager or his designee the authority to exercise the District’s proprietary powers to enter into forward electric energy and capacity purchase and sale transactions, including environmental attributes, and associated agreements under the authority of this resolution and subject to criteria and limits set forth herein.

Section 5. Based upon the foregoing findings, the General Manager (or designee) is hereby authorized to enter into transactions for the forward sale or purchase of energy and capacity, including environmental attributes, without further action or approval by the Commission provided that the following criteria and limitations are followed:

a. Prior to entering into any forward energy and capacity sales transactions, including environmental attributes, adequate provision shall be made for the needs of the District’s local load, actual and prospective, as required by statute.

b. For terms beyond the current year, net fixed price sales and fixed price purchases, measured in annual average megawatts, shall not exceed generation assuming stress water in any future calendar year without prior approval of the Power Risk Management Committee. Further, the addition of net index price sales and index priced purchases to the net fixed price sales and fixed price purchases, measured in annual average megawatts, shall not exceed generation assuming stress water by more than 175 average megawatts in any future calendar year.
c. For terms within the current year, net fixed price sales and fixed price purchases, measured in average megawatts, and net fixed price sales and fixed price purchases plus net index price sales and index price purchases, measured in average megawatts, shall not exceed expected generation, as adjusted for a margin to account for variability including stress water as determined by the Power Risk Management Committee, for the remainder of the year.

d. In the event the stated limits for the current year or any future year are exceeded due to a forecast change in water supply, load, or plant operating conditions, District staff will advise the Power Risk Management Committee with an explanation and recommended action.

e. Forward sales and purchases shall be managed by the General Manager (or designee) to prudently manage and mitigate the risks associated with the District’s load and resources and to stabilize the District’s revenues.

f. No purchase or sale of electric energy or capacity shall be for duration in excess of five (5) years. Transactions for the sale of energy or capacity may be initiated up to one (1) year in advance of the five (5) year term.

g. These limitations and criteria on energy and capacity purchases and sales shall not apply to purchases or sales of energy made for or on behalf of Alcoa or Alcoa Power Generating Inc. for the Wenatchee Alcoa Works pursuant to the power sales contract.

h. These limitations and criteria on energy and capacity sales shall not apply to contracts otherwise approved by the Board (i.e., long term cost based power contracts) or sales and purchases made to or for the District’s retail customers pursuant to the District’s Rate Schedules.

i. Prior to entering into any forward energy or capacity sales transactions, all tax and bond compliance issues shall be addressed.

j. The Power Risk Management Committee is authorized to adopt policies and procedures to limit risk exposure associated with power marketing, including, but not limited to, evaluation of counterparties’ credit worthiness, credit limits, hedging strategies, trading and position limits and new product types.

k. The General Manager or his designee shall provide on a regular basis (no less than quarterly) reports to the Board of Commissioners on power management transactions.

Section 6. The General Manager or his designee is authorized to execute on behalf of the District any necessary or appropriate agreements setting general terms and
conditions for the purchase or sale of electric energy or capacity, provided that the same comply with the criteria and limitations set forth herein.

Section 7. This resolution has been adopted following a ten (10) day waiting period as provided in RCW 54.16.040.

Section 8. Resolution No. 11-13687 and any other resolution inconsistent with this resolution are hereby rescinded and superseded by this resolution, with the exception of Resolution No. 14-13857 that authorizes the General Manager to enter into defined longer term transactions.

DATED this [x] day of March, 2020.

______________________________
President

ATTEST:

______________________________  ______________________________
Vice President  Secretary

______________________________  ______________________________
Commissioner  Commissioner

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