

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

**REGULAR COMMISSION MEETING**

**MAY 2, 2022**

Public participation will be by phone or by Microsoft Teams

For phone participation dial: 253-999-5697

Meeting ID: 418-840-905#

Please contact PUD staff at 509-661-4212 to let us know if you intend to participate by phone.

If you would like to participate via Teams, please email [rebekah.neumann@chelanpud.org](mailto:rebekah.neumann@chelanpud.org) to request the virtual meeting link

**\*\*Please remember to mute your phone or device to reduce background noise\*\***

**STUDY SESSION**

**10:00 AM**

1. Pledge of Allegiance and Safety/HPI Minute – Maryann Wood
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. Quarterly District Performance Plan Status Update
4. Quarterly Financial Review and Investment Report
5. Quarterly Electrical Load Growth Update
6. Confluence Parkway Due Diligence
7. Public Comment

**BUSINESS SESSION**

**1:00 PM**

**Consent Agenda**

8. Minutes of the April 18, 2022 Regular Meeting and April 19, 2022 Special Meeting

9. Vouchers: Accounts Payable Summary Report dated April 27, 2022:

- a. Vouchers totaling \$13,983,391.03;
- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period April 13, 2022 through April 26, 2022 in the amount of \$29,537.67.
- c. Approval of the net Payroll, Warrant Nos. 237811 through 237822 and Advice Nos. 733180 through 734004 for the pay period ending April 10, 2022 in the amount of \$ 2,361,356.42.
- d. Approval of Warrant Nos. 28473 through 28496 totaling \$31,901.49 for claim payments from the workers' compensation self-insurance fund for the period ending April 25, 2022.
- e. Approval of Parks Reservation System customer refunds for the period April 13, 2022 through April 26, 2022 in the amount of \$1,260.00.

**Regular Agenda**

10. A RESOLUTION REJECTING THE BID OF ARROW CONCRETE & ASPHALT SPECIALTIES, LLC. AND AUTHORIZING DISTRICT WIDE SPORT COURT MAINTENANCE (BID 22-12065) BE OBTAINED BY NEGOTIATION

11. A RESOLUTION ESTABLISHING A TRANSITION RATE FOR ELECTRICITY SERVICE TO LOADS TRANSITIONING FROM ELECTRIC RATE SCHEDULE 35 TO SCHEDULE 36 CRYPTOCURRENCY PROCESSING; BLOCKCHAIN PROCESSING; AND SIMILAR LOADS

12. Manager Items

13. Commissioner Travel

14. Commission Items

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

16. Delegation of Action Items

17. 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.*

REGULAR COMMISSION MEETING AGENDA

May 2, 2022

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18. Matters of general business as may necessarily come before the Commission
19. 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)

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

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

A RESOLUTION REJECTING THE BID OF ARROW CONCRETE & ASPHALT SPECIALTIES, LLC. AND AUTHORIZING DISTRICT WIDE SPORT COURT MAINTENANCE (BID 22-12065) BE OBTAINED BY NEGOTIATION

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The 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.

District staff prepared small work bidding documents to provide District Wide Sport Court Maintenance.

Sealed proposals were invited and published in accordance with RCW 39.04.155 and said bids were opened on April 14, 2022, at 2:15p.m. Pacific Time in the offices of the District.

One bid was received pursuant to that invitation. The bid by Arrow Concrete & Asphalt Specialties, LLC exceeded the District budgeted amount. For this reason, Arrow Concrete & Asphalt Specialties, LLC bid should be rejected as non-responsive.

District staff is of the opinion that the bid was non-responsive and should be rejected. Resolution No. 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 39.04.010, 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, District Wide Sport Court Maintenance be procured by negotiation, rather than re-advertising for bids.

The General Manager of the District 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. All bids received to provide District Wide Sport Court Maintenance (Bid 22-12065) are rejected. District staff is authorized to obtain District Wide Sport Court Maintenance by negotiation and the General Manager (or his designee) is authorized to execute a contract for the same with acceptable terms and conditions.

Dated this 2nd day of May 2022.

ATTEST:

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal



**Bid Tabulation**  
**Bid No. 22-12065**  
**District Wide Parks Sport Court Maintenance**  
 April 14, 2022, 2:00 p.m.  
**PCS Office**

**Estimate of Work:**                      \$220,000.00  
 \_\_\_\_\_

Opened by:                      Tammy Harn                      Recorded by:                      Shelli Tompkins  
 \_\_\_\_\_

<b>Bidder Name City, State</b>	<b>LS Bid Amount</b>
Arrow Concrete & Asphalt Specialties, LLC Spokane, WA 99211	\$847,500.00

Questions may be directed to Tammy Harn at 509-661-4479 or  
 Tammy.Harn@chelanpud.org.

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

A RESOLUTION ESTABLISHING A TRANSITION RATE FOR ELECTRICITY SERVICE TO LOADS TRANSITIONING FROM ELECTRIC RATE SCHEDULE 35 TO SCHEDULE 36 CRYPTOCURRENCY PROCESSING; BLOCKCHAIN PROCESSING; AND SIMILAR LOADS

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County (District) has the authority to create rate classes and to establish and modify rates. The District, if it has revenue obligations outstanding, is required to establish, maintain, and collect rates or charges for electric energy and water and other services, facilities, and commodities sold, furnished, or supplied by the District in compliance with RCW 54.24.080. The rates and charges must be fair, nondiscriminatory and adequate to provide revenues sufficient for the payment of the principal of and interest on such revenue obligations for which the payment has not otherwise been provided and all payments which the District is obligated to set aside in any special fund or funds created for such purpose, and for the proper operation and maintenance of the public utility and all necessary repairs, replacements, and renewals thereof. This resolution addresses the creation of a new rate transition period for the class of customers that recently finished transitioning onto Electric Rate Schedule 35, High Density Load (Schedule 35) and now are on Electric Rate Schedule 36, Cryptocurrency Processing; Blockchain Processing; and Similar Loads, (Schedule 36). The Commission established Schedule 36 on December 3, 2018 by Resolution No. 18-14287.

On July 18, 2016, the Commission established a 5-year transition rate for existing High Density Load (HDL) customers by Resolution No. 16-14059 that met certain criteria set forth in the resolution. Some eligible HDL customers availed themselves of the transition rate by entering into written contracts with the District. Those contracts expired on December 31, 2021. On January 1, 2022, the transitioned customers moved onto the Schedule 36 cryptocurrency rate pursuant to the terms of the contract and the District's rate schedules.

Following public feedback and requests from customers, the Commission held a public meeting on the subject of a rate transition with a presentation from staff and directed staff to propose a Schedule 36 customer transition rate of two years in two steps of thirds to be available for customers that held HDL transition contracts. Additionally, the Commission considered the automatic annual adjustment to the Schedule 36 energy rate which was scheduled to go into effect on April 1, 2022. The automatic adjustment would have increased the Schedule 36 energy charge. On March 22, 2022, the Commission moved to postpone the automatic adjustment effective date to June 1, 2022, to allow time for resolution

of customer requests without compounding the interim impact to customers. The Commission ratified the motion on April 4, 2022 by Resolution No. 22-14649.

The District established processes and procedures for ensuring public notice and information to customers of proposed rate actions through Resolution No. 18-14256. Staff recommends the Commission waive requirements for rate hearings and other pre-action public notice as this action is limited to transitioning from established Schedule 35 to established Schedule 36. Furthermore, the transition rate will only apply to eligible customers that elect to participate by executing transition contracts. No customer's rates will be increased above previously established rates. Eligible customers have been provided example transition contracts that include two-year transition rates. Eligible customers currently billed under Rate 36 will be advised of the availability of the transition rate via direct notice either in written or electronic communication.

Staff recommends that the Board of Commissioners adopt the two-year transition rate as set forth below.

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

## **FINDINGS**

After fully considering the public presentation by staff in March 2022 and comments from members of the public including Schedule 36 customers, the Commission makes the following findings:

- The Commission concurs with and adopts the recommendations made in this resolution.
- Because certain existing Schedule 36 loads were established prior to the adoption of Schedule 36 with substantial capital real property and infrastructure investment and, to mitigate the loss of this prior investment and to spread the move to Schedule 36 rates into steps over time, a process is appropriate to transition certain existing cryptocurrency loads from Schedule 35 to the Schedule 36.
- The transition rate is fair, reasonable and not discriminatory.

## **ACTION**

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

Section 1. Requirements for determining meetings and notices as established by Resolution No. 18-14256 have been hereby waived. Staff is directed to communicate notice of the transition rate directly to the Schedule 36



customers eligible for transition contracts via written or electronic transmission.

Section 2. The transition rate classification, rates, and terms set forth in this resolution are determined to be fair, reasonable, necessary and not discriminatory.

Section 3. A transition period for payment of Schedule 36 rates not to exceed two (2) years is hereby established for existing Schedule customers that meet the following criteria:

- a. Met the criteria for HDL transition rate and entered into a written HDL transition contract as set forth in Section 3 of Resolution No. 16-14059 or are successors to customers that met the criteria and enter into an such a contract;
- b. Are operating load that has operated continuously since July 18, 2016 and is within the size and characteristics permitted under the applicable HDL transition contract;
- c. Are in full compliance with the District's Service Regulations and policies, including having properly identified the nature of the load to the District;
- d. Willingly enter into a written agreement with the District which includes substantially the following terms and conditions:
  - i. Identifies the service location and properly characterizes the load under the current rate classifications.
  - ii. Applies Schedule 36 rates and terms of service except the energy charge portion of the rate transitions is as follows: from the effective date of the agreement through May 31, 2022, the current Schedule 35 energy charge; from June 1, 2022 to May 31, 2023, the then-current energy charge in Schedule 35 plus one third of the positive difference between the then-current Schedule 35 energy charge and the Schedule 36 energy charge in effect on June 1, 2022; from June 1, 2023 to May 31, 2024, the then-current energy charge in Schedule 35 plus two thirds of the positive difference between the then-current Schedule 35 energy charge and the Schedule 36 energy charge in effect on April 1, 2023 but no less than the transition energy charge in effect June 1, 2022;
  - iii. For any contracts over the 3 MW threshold in Schedule 36, provision for continued service on and after June 1, 2024 at Schedule 36 rates.
  - iv. Establishes a cap on the amount of load subject to the transition rates in the agreement at the current load, and that all new or expanded load beyond the cap is subject to a new application for service and the full Schedule 36 rate, or such other rate schedule as may apply, and other

- District service regulations and policies;
- v. Provides that in the event of breach of the agreement or in the event that the agreement or the transition period is terminated or overturned, the full Schedule 36 rate applies, or such other rate schedule as may apply;
- vi. Such other terms and conditions deemed appropriate by the District's General Manager or designee.

Section 4. The General Manager or designee is authorized and directed to enter into Schedule 36 transition agreements described in this resolution.

Section 5. The adoption of this rate resolution is not a major action under the State Environmental Policy Act, and as such is categorically exempt under S.E.P.A. guidelines, WAC 197-11-800(14)(i).

Section 6. This resolution rescinds and supersedes prior resolutions and Commission actions that are inconsistent with this resolution. This resolution shall not render invalid any previous action by this Commission regarding rates, service regulations, policies, fees, charges or agreements except as specifically included in this resolution.

Dated this 2nd day of May 2022.

ATTEST:

\_\_\_\_\_  
President

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Vice President

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Secretary

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Commissioner

\_\_\_\_\_  
Commissioner

Seal