

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

**REGULAR COMMISSION MEETING**

**JUNE 6, 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 – John Yale
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. Customer Satisfaction Survey Results
4. Fire Safety Outage Management Update
5. Capital Project Funding
6. Semi-Annual Transmission Update
7. Interconnection Agreement
8. 5th Street Redevelopment RFP Process Update
9. Rate Schedule 35 to Rate Schedule 36 Transition
10. Confluence Parkway Due Diligence
11. Public Comment

**BUSINESS SESSION**

**1:00 PM**

**Consent Agenda**

12. Minutes of the May 16, 2022 Regular Meeting

13. Vouchers: Accounts Payable Summary Report dated June 1, 2022:

- a. Vouchers totaling \$43,951,399.04;
- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the May 11, 2022 through May 31, 2022 in the amount of \$31,252.38;
- c. Approval of the net Payroll, Warrant Nos. 237839 through 237849 and Advice Nos. 734818 through 735642 for the pay period ending May 8, 2022 in the amount of \$ 2,418,165.27;
- d. Approval of the net Payroll, Warrant Nos. 237850 through 237861 and Advice Nos. 735643 through 736461 for the pay period ending May 22, 2022 in the amount of \$ 2,398,791.48;
- e. Approval of Warrant Nos. 28517 through 28568 totaling \$17,841.50 for claim payments from the workers' compensation self-insurance fund for the period ending May 27, 2022;
- f. Approval of Parks Reservation System customer refunds for the period May 11, 2022 through May 31, 2022 in the amount of \$2,275.00.

**Regular Agenda**

14. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 7 THROUGH 12 FOR THE SERVICE CENTER PROJECT WITH ABSHER CONSTRUCTION COMPANY OF PUYALLUP, WA FOR CONSTRUCTION OF THE GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GC/CM) CONTRACT NO. 18-91 FOR THE SERVICE CENTER PROJECT

15. 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

16. Manager Items

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17. Commissioner Travel

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 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 RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 7 THROUGH 12 FOR THE SERVICE CENTER PROJECT WITH ABSHER CONSTRUCTION COMPANY OF PUYALLUP, WA FOR CONSTRUCTION OF THE SERVICE CENTER PROJECT PURSUANT TO GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GC/CM) CONTRACT NO. 18-91

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

On March 4, 2019, by Resolution No. 19-14327, the Commission of the District authorized the General Manager to invite sealed proposals to provide General Contractor Construction Manager (GC/CM) services to the District in support of the planned Service Center Project.

On April 15, 2019, by Resolution No. 19-14334, the Commission of the District approved the Service Center Project and adopted the project capital budget.

On July 1, 2019, by Resolution No. 19-14356, the Commission of the District authorized the General Manager to enter into Service Center Contract No. 18-91 in the form of an American Institute of Architects (AIA) A133 document with Absher Construction Company. In addition to the general terms and conditions, the Contract authorized \$500,000 for preconstruction services

On August 3, 2020, by Resolution No. 20-14477, the Commission of the District authorized the General Manager to enter into Guaranteed Maximum Price (GMP) Amendment No. 1 to Contract No. 18-91 with Absher Construction Company for site work construction in the amount of \$8,960,518, for a total revised contract amount of \$9,460,518, excluding sales tax.

On February 1, 2021, by Resolution No. 21-14524, the Commission of the District authorized the General Manager to enter into GMP Amendment No. 2 for construction of the Service Center in the amount of \$95,132,983, in addition to ratifying Field Work Order/Change Order Nos. 1-2 in the amount of \$206,005, for a total revised contract amount of \$104,799,506, excluding sales tax.

On July 19, 2021, by Resolution 21-14576, the Commission of the District ratified Field Work Order/Change Order Nos. 3-6 for construction of the Service Center in the amount of \$343,619, for a total revised contract amount of \$105,143,125, excluding sales tax. In addition, Resolution 21-14576 authorized the General Manager to execute Field Work Order/Change Orders (FWO/CO) up to a cumulative value of \$1,000,000 and further authorized the General Manager to re-delegate project specific authority pursuant to Section 8 of Attachment No. 1 of Resolution 17-14215.

The District Commission by Resolution Nos. 17-14215 and 21-14576 delegated limited authority to the General Manager and the staff to execute field work orders under certain circumstances.

The work in FWO/CO Nos. 7 through 12 consist 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. 7 through 12, which are on file in the offices of the District and summarized as follows:

<b>FWO/CO No.</b>	<b>Description</b>	<b>Amount</b>
7	Street Lighting and Retaining Wall	\$55,571
8	Snow Melt Revisions, Vortex Fire Protection at MDF, Unit Price Utility Excavation, and Miscellaneous Changes	\$149,698
9	Design Coordination Revisions	\$365,008
10	Mechanical, Electrical, and Plumbing Changes	\$96,477
11	Minor Changes, Addenda Reconciliation, and ECCM Budget Revisions	0
12	Motorized Exhaust Reels, Underground Plumbing Revisions, and Temporary Haul Roads	\$154,601
<b>Total</b>		<b>\$821,355</b>

\*Note: Attachment "A" to this Resolution contains additional details of Change Order Nos. 7 through 12.

Field Work Order/Change Order Nos. 7 through 12 result in a net increase in the contract price of \$821,355 for a revised total price of \$105,964,480 (excluding sales tax), which the District's Engineers recommend be ratified.

The General Manager of the District concurs with staff's recommendation that Field Work Order Nos. 7 through 12 be ratified.

### **ACTION**

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

Section 1. The Commission finds that Field Work Order/Change Order Nos. 7 through 12 were properly executed pursuant to the authority delegated by Resolution No. 17-14215 and 21-14576 and said Field Work Orders are hereby formally acknowledged and ratified.

DATED this 6th day of June 2022.

\_\_\_\_\_  
President

ATTEST:

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

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Seal

**Attachment “A”**  
**Field Work Order/Change Order Detailed Descriptions**

Description	Amount
<b>Change Order No. 7</b>	
Chester Kimm Rd. Street Lighting Civil Portion	\$13,411
SW Retaining Wall	\$42,160
<b>Change Order No. 7 Total</b>	<b>\$55,571</b>
<b>Change Order No. 8</b>	
ATS Revisions	\$6,888
Change cable spacing at stairs	\$4,780
Change in Turnstile Portal	(\$15,000)
Added Kiosk rough-in at Vestibule	\$4,561
Added CT Cans at Ops Buildings	\$8,626
Revisions to Snow Melt	\$53,588
Added lobby floor box	\$6,548
Remove L Brick at Windows – Value Eng.	(\$42,700)
Structural Changes	\$4,575
A471 Linear Diffusers	\$1,065
Relocate Loading Dock Downspouts	\$3,422
Add Water Meter to CRAC loop	\$2,167
Add Vortex in MDF	\$64,004
Additional Quantities for OH to UG Excavation	\$47,174
<b>Change Order No. 8 Total</b>	<b>\$149,698</b>
<b>Change Order No. 9</b>	
Ductbank Encasement Deleted	(\$12,350)
Conformed Set Revisions (excluding electrical)	\$58,688
Data Center Revisions (excluding electrical)	\$11,815
Plumbing Revisions	\$8,379
Added Roof Drains	\$89,508
Building B Trench Drain OWS Vents	\$11,104
Condensate Drains	\$29,740
Added Floor Drains	\$26,290
Added Vacuum Extractor	\$27,234
Changes in Dry Coolers	\$5,022
Building E Electrical Room Revisions	\$54,128
Vehicle Lift Coordination	\$11,125
Move Sink and Boot Wash	\$6,410
Enclose Office A106	\$4,560
Hot Water Pump Controls	\$28,688
Revisions to Irrigation Spray Heads – Value Eng.	(\$10,894)
Door A165 Revisions	\$900

Description	Amount
Damper Changes	\$4,882
Cover Soil Stock Piles	\$6,396
Locker Submittal Revisions	\$210
FCU Revision	\$1,335
Added Soffit Framing	\$1,838
<b>Change Order No. 9 Total</b>	<b>\$365,008</b>
<b>Change Order No. 10</b>	
Loading Dock Extension	\$6,619
Electrical and Telecom Revisions	\$2,550
Ice Machine and Sink Revisions	\$35,573
Revise Roof Drains – Value Eng.	(\$58,081)
Deflection Framing Details – Structural	\$4,110
Added Hot Water Valves	\$12,645
Signage Changes	\$4,130
Technology Revisions	\$2,505
Fire Alarm Revisions	\$23,645
Snow Melt Controls	\$16,296
Grease Duct Revisions	\$40,969
ADA Locker Changes	\$1,001
Added Power for Roller Shades	\$681
Breaker Change	\$3,834
<b>Change Order No. 10 Total</b>	<b>\$96,477</b>
<b>Change Order No. 11</b>	
Minor Revision to Plumbing at Building E	\$0
Mothers Rooms Under Counter Refrigerator Change	\$0
Design Allowance and ECCM Budget	\$0
<b>Change Order No. 11 Total</b>	<b>\$0</b>
<b>Change Order No. 12</b>	
MEP and Architectural Revisions	\$4,492
Vehicle Exhaust Changes	\$38,631
Temp Haul Roads T&M	\$47,693
Underground Plumbing Revisions	\$33,392
Backfill Building E Footings with Crushed Rock	\$17,167
Landscaping and Site Revisions	\$7,547
Added Electrical Chase	\$2,205
Added Luminaire	\$3,474
<b>Change Order No. 12 Total</b>	<b>\$154,601</b>



## 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 6<sup>th</sup> day of June 2022.

ATTEST:

\_\_\_\_\_  
President

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

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

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