

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

REGULAR COMMISSION MEETING

JULY 6, 2020

Public participation will be by phone only

Dial: 509-661-8872

Conference ID: 8581238#

****Please remember to mute your phone to reduce background noise****

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

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. Stakeholder Survey Results
4. Quarterly Electric Load Growth Update
5. Powerhouse 2 Design Build Agreement
6. Stehekin Battery Project

BUSINESS SESSION

1:00 PM

7. Public Hearing – 2020 Integrated Resource Plan
A RESOLUTION APPROVING THE DISTRICT'S 2020 INTEGRATED RESOURCE PLAN

Consent Agenda

8. Minutes of the June 15, 2020 Regular Meeting
9. Vouchers: Accounts Payable Summary Report dated July 1, 2020:

- a. Vouchers totaling \$28,690,015.76;
- b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period June 10, 2020 through June 30, 2020 in the amount of \$32,320.21;
- c. Approval of the net Payroll, Warrant Nos. 237065 through 237080 and Advice Nos. 695606 through 696402 for the pay period ending 06/07/2020 in the amount of \$2,107,561.00;
- d. Approval of the net Payroll, Warrant Nos. 237081 through 237098 and Advice Nos. 696403 through 697187 for the pay period ending 06/21/2020 in the amount of \$2,208,216.39;
- e. Approval of Warrant Nos. 26716 through 26755 totaling \$40,027.50 for claim payments from the workers' compensation self-insurance fund for the period ending June 29, 2020.

Regular Agenda

10. A RESOLUTION DECLARING TOTAL RESOURCE MANAGEMENT, INC. OF ALEXANDRIA, VA AS THE SOLE SOURCE SUPPLIER OF TRM MAXIMO PRIME SUBSCRIPTION FOR AN INTEGRATED SOLUTION OF RULESMANAGER SE, AND ANNUAL SUPPORT AND MAINTENANCE OF THE MAXIMO SOFTWARE SUITE
11. A RESOLUTION AUTHORIZING AMENDMENT NO. 6 TO SERVICES AGREEMENT (SA-TA NO. 10-230) WITH ERGONARE, INC. TO PROVIDE MAXIMO SOFTWARE CONSULTING AND SUPPORT
12. A RESOLUTION ESTABLISHING NEW RATES FOR THE DISTRICT'S TRANSMISSION SERVICES
13. A RESOLUTION AUTHORIZING AMENDMENT NO. 10 TO SERVICES AGREEMENT (SA NO. 18-009) WITH HATCH ASSOCIATES CONSULTANTS, INC. TO PROVIDE SOFTWARE, SUPPORT, AND PROFESSIONAL SERVICES RELATED TO SHORT-TERM INTER-PROJECT HYDRAULIC OPTIMIZATION AND EFFICIENT UNIT DISPATCH
14. A RESOLUTION DECLARING AN EMERGENCY AND AUTHORIZING THE GENERAL MANAGER TO TAKE ALL STEPS REASONABLE AND NECESSARY TO RESPOND TO THE COVID-19 PANDEMIC TO PROTECT THE DISTRICT, DISTRICT EMPLOYEES AND DISTRICT CUSTOMER OWNERS

15. Cable Replacement Budget Adjustment

Proposed motion: To increase the Total Project Budget for Distribution Underground Cable Replacement Project (DSXX0003) by \$600,000 for a revised Total Project Budget of \$1.6 million and to decrease other Distribution project budgets for 2020 by the same amount. This will enable a shift in spending between capital projects, but will not change the overall 2020 Distribution capital budget.

16. Manager Items

17. Commission Items

a. Tri-Commission Meeting

Proposed motion: Move to set a special meeting on Tuesday, August 11 @ 1:00pm to be held virtually for the purpose of holding a Tri-Commission Meeting

18. Commission Travel

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 APPROVING THE DISTRICT'S 2020
INTEGRATED RESOURCE PLAN**FACTUAL BACKGROUND AND REASONS FOR ACTION**

RCW 19.280 requires the District as a consumer-owned utility to develop electric utility resource plans and progress reports as defined in the statute. According to the statute,

“It is the intent of the legislature to encourage the development of new safe, clean and reliable energy resources to meet demand in Washington for affordable and reliable electricity. To achieve this end, the legislature finds it essential that electric utilities in Washington develop comprehensive resource plans that explain the mix of generation and demand-side resources they plan to use to meet their customers’ electricity needs in both the short-term and the long-term. The legislature intends that information obtained from integrated resource planning under this chapter will be used to assist in identifying and developing new energy generation, conservation and efficiency resources, and related infrastructure to meet the state’s electricity needs.”

RCW 19.280 requires investor-owned and consumer-owned utilities with more than 25,000 retail customers to produce a progress report every two years and a fully updated 10-year plan every four years. Consumer-owned utilities must encourage participation of their consumers in development of their plans and progress reports after providing public notice and hearing. The District is a consumer-owned utility with more than 25,000 retail customers.

District staff has developed a 2020 integrated resource plan (IRP) in compliance with RCW 19.280. The IRP reflects changing conditions since the 2018 IRP progress report.

To encourage participation of its customer-owners in the development of this IRP, District staff made a presentation to the Board of Commissioners on May 11, 2020, for which notice was published in a display advertisement in the Wenatchee World on April 26, 2020. The presentation gave an overview of the IRP content and set forth a public meeting schedule for further public comment and a hearing. Additionally, a webpage (<http://www.chelanpud.org/environment/operating-responsibly/integrated-resource-plan>) was identified as being available with information for the public to review and make comments. On June 7, 2020, another display advertisement appeared in the Wenatchee World inviting public participation at the next scheduled Board meeting on June 15, 2020, for presentation and review of the final draft IRP progress report. The same advertisement also invited public participation in the hearing to be

held at the Board meeting on July 6, 2020, and indicated that District staff would be requesting commission approval of the IRP. That same display advertisement also appeared in the Cashmere Valley Record, Lake Chelan Mirror and Leavenworth Echo on June 10, 2020. Additionally, a legal advertisement appeared in the Wenatchee World on June 20, 2020, notifying customers of this final hearing on July 6, 2020, at 1 p.m. The legal notice has been submitted for the hearing record.

On July 6th, 2020, the properly noticed public hearing was held. District staff recommended adoption of the proposed 2020 IRP that was presented at the June 15, 2020 public meeting. The proposed 2020 IRP is a thorough analysis and a fair representation of the District's resource planning situation throughout the planning period of the IRP (2020-2030). Further, staff recommended that the 2020 IRP be approved, made available to the public and submitted to the Washington State Department of Commerce by September 1, 2020. No public comment was received.

The District completed an environmental checklist pursuant to the State Environmental Policy Act (SEPA) and issued it and a Determination of Non-Significance on June 16, 2020. The public comment period for both ended on June 30, 2020. No comments were received.

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, as follows:

Section 1. The District's 2020 IRP is hereby approved and the General Manager of the District is hereby authorized to make it available to the public and submit the IRP, in its entirety, to the Washington State Department of Commerce by September 1, 2020 and take other steps necessary to comply with RCW 19.280.

DATED this 6th day of July 2020.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION DECLARING TOTAL RESOURCE MANAGEMENT, INC. OF ALEXANDRIA, VA AS THE SOLE SOURCE SUPPLIER OF TRM MAXIMO PRIME SUBSCRIPTION FOR AN INTEGRATED SOLUTION OF RULESMANAGER SE, AND ANNUAL SUPPORT AND MAINTENANCE OF THE MAXIMO SOFTWARE SUITE.

FACTUAL BACKGROUND AND REASONS FOR ACTION

The IBM Maximo software suite serves as the asset, maintenance, work order and inventory management computer system used by all operating areas of the District.

After conducting the research in 2006, District staff concluded that Total Resource Management's RulesManager is the only software that can meet the District's specifications of extending the functionality of the IBM Maximo software suite, not requiring complex Java programming, not changing the base code of the Maximo system, and integrating directly with the Maximo Java code at the Maximo Business Object (MBO) level. The original sole source justification was authorized under Resolution 06-12958. This resolution reflects a change where Total Resource Management can now offer Rules Manager SE as part of a bundled support and maintenance solution for Maximo under the TRM Maximo Prime Subscription program.

The Maximo Prime Subscription offered by Total Resource Management is the only support solution that bundles IBM Maximo support and maintenance with the TRM Rules Manager software. The District can only purchase TRM Maximo Prime with the bundled TRM Rules Manager from Total Resource Management, and they have certified the District is getting the lowest price available.

Pursuant to RCW 54.04.070 and 39.04.280, the District may, when there is clearly and legitimately a sole source of supply, waive the statutory competitive bidding requirements otherwise applicable to the purchase of equipment. Resolution No. 17-14215 requires that a declaration for sole source purchases over the statutory limits (\$60,000 per month) must come before the Commission for action.

District staff has determined that it would be in the best interest of the District to designate Total Resource Management, Inc. as the sole source supplier for an integrated solution of RulesManager SE, and annual support and maintenance of the Maximo software suite in an amount not to exceed \$207,763.10. Staff also recommends that the competitive bidding requirements of RCW 54.04.070 be waived.

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

ACTION

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

Section 1. The Commission declares Total Resource Management, Inc. to be the sole source supplier for an integrated solution of RulesManager SE, and annual support and maintenance of the Maximo software suite.

Section 2. The competitive bidding requirements of RCW 54.04.070 are hereby waived due to the designation of Total Resource Management, Inc. as the sole source supplier for an integrated solution of RulesManager SE, and annual support and maintenance of the Maximo software suite.

Section 3. The General Manager or his designee is authorized to enter into a purchase contract with Total Resource Management, Inc. for the purchase of an integrated solution of RulesManager SE, and annual support and maintenance of the Maximo software suite at a cost not to exceed \$207,763.10 without prior Commission approval. A copy of the contract will be on file in the offices of the District.

Dated this 6th day of July 2020.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 6 TO SERVICES AGREEMENT (SA-TA NO. 10-
230) WITH ERGONARE, INC. TO PROVIDE
MAXIMO SOFTWARE CONSULTING AND
SUPPORT

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement-Task Authorization (SA-TA No. 10-230) on December 21, 2010 with Ergonare, Inc. to provide Maximo software consulting and support in an amount not to exceed \$150,000. The SA-TA was amended on October 19, 2012 to increase the not to exceed amount to \$185,000. Resolution No. 13-13818 dated October 21, 2013 authorized Amendment No. 2 to the agreement to increase the not to exceed amount to \$340,000 for additional services to assist in accommodating the District's Maximo Version 7.5 upgrade. Resolution No. 15-13972 dated July 20, 2015 authorized Amendment No. 4 to the agreement to increase the not to exceed amount to \$490,000 for additional services to assist in accommodating the District's Maximo Version 7.6 upgrade. Resolution No. 18-14249 dated June 25, 2018 authorized Amendment No. 5 to the agreement to increase the not to exceed amount to \$840,000 for additional services to assist in accommodating the District's Maximo Version 7.6 upgrade.

Maximo serves as the asset, maintenance, work and inventory management computer system used by all operating areas of the District. The system is vital to District operations. The Maximo system has benefited the District by optimizing maintenance activities, and creating the tangible benefits of improved planning, scheduling, overtime reduction, asset life, rework reduction, and sound maintenance business decisions. Maximo is utilized as the core software application for implementing the District's Strategic Asset Management Plan, and it will be vital to have Ergonare available to supplement internal resources on that implementation.

The District has retained Julio Hernandez of Ergonare, Inc. as consultant for the Maximo Enterprise Asset Management System since 2001. Mr. Hernandez has been instrumental in the implementation, support, and utilization of Maximo. District staff has determined that there is an ongoing requirement for services for technical troubleshooting, consulting on asset and work management, configuration of integrations, installation of software patches, and project quality assurance. Ergonare, Inc.'s experience with the District results in it being uniquely qualified to provide quality and cost effective services.

District staff desires to continue services in supporting, maintaining and enhancing the District's Maximo Enterprise Asset Management Software, which will cause the total contract price to increase to \$1,240,000. Resolution No. 17-14215

requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total agreement price exceeds \$500,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement-Task Authorization No. 10-230 with Ergonare, Inc. to provide continuing Maximo software consulting and support in the amount of \$400,000 through December 30, 2025, for a revised contract price not to exceed \$1,240,000.

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

ACTION

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

Section 1 The General Manager is hereby authorized to execute an Amendment to Services Agreement-Task Authorization (SA-TA) No. 10-230 with Ergonare, Inc. to provide the additional services identified above for an additional \$400,000 through December 30, 2025. The revised contract price will not exceed \$1,240,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 6th day of July 2020

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION ESTABLISHING NEW RATES
FOR THE DISTRICT'S TRANSMISSION SERVICES**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The 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 shall be fair, nondiscriminatory, and adequate to provide revenues sufficient for the payment of the principal of and interest on such revenue obligations for which 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 new transmission rates.

The District desires to establish, maintain, and collect rates or charges for the transmission of electric energy. The purpose of developing these rates is to identify wholesale transmission rates that the District would consistently apply to its own use of the transmission system, as well as to others who wish to utilize the District's transmission system. Although the District is generally exempt from FERC's rate jurisdiction, the District desires to align its transmission rates generally with FERC methodologies because that is consistent with industry standards. The District engaged with industry expert, Navigant Consulting, Inc., to assist with the development of the new transmission rates following FERC methodologies. District staff, along with Navigant Consulting, developed cost-of-service studies to determine the transmission rates.

The proposed rates are attached as Exhibit A and, if adopted, would go into effect August 1, 2020. The rates will be updated on an annual basis using prior-year cost-of-service financial models. The rates will be applicable from July 1st through June 30th of each year. Customers with existing transmission contracts will continue to pay the rates provided for by their current contracts. It is expected, however, that upon expiration of these contracts, these new transmission rates, as annually updated, would apply to any new transmission contracts.

A public hearing was held telephonically on June 15, 2020, to discuss the new proposed transmission rates. No public comment was received.

District staff recommends that the Board of Commissioners adopt the transmission rates as proposed in this resolution and Exhibit A.

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

ACTION

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

SECTION 1: The transmission rates for 2020 as set forth in Exhibit A attached here to are determined to be fair, reasonable, necessary, and non-discriminatory. The rates set forth in Exhibit A are initially effective as of August 1, 2020.

SECTION 2: Staff is directed to update these rates on an annual basis using the approved methodology and prior-year cost-of service financial models. Updated rates will be effective July 1 of each year through June 30 of the following year.

SECTION 3: Existing transmission service contracts in place prior to August 1, 2020, are not affected by the new transmission service rates. Successor transmission contracts will incorporate the new transmission service rates, as annually updated.

SECTION 4: The adoption of this rate resolution is not a major action under the State Environmental Policy Act, and as such it is categorically exempt under S.E.P.A. guidelines, WAC 197-11-800(14)(i).

SECTION 5: This resolution rescinds and supersedes prior resolutions and Commission actions that are inconsistent with this resolution and exhibits. 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 and exhibits.

DATED this 6th day of July, 2020.

President

ATTEST:

Vice President

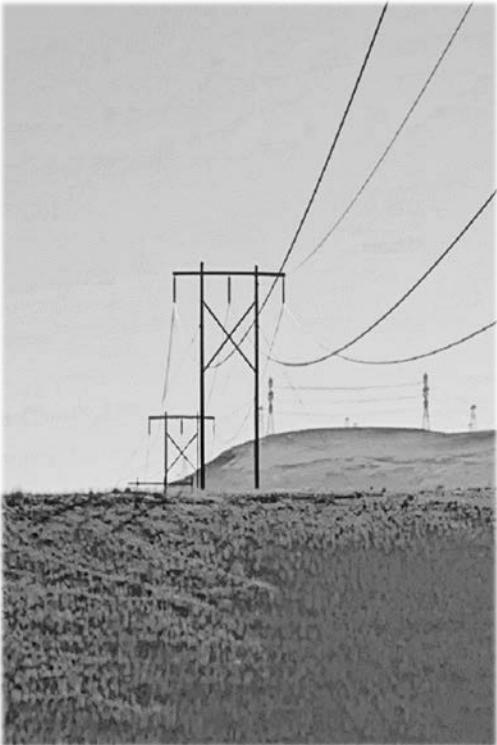
Secretary

Commissioner

Commissioner

Seal

Transmission Rate Schedules



Transmission Rate Schedules



Current Transmission Rates

August 1, 2020 - June 30, 2021

Rates are in \$/KW reserved for the stated time interval (e.g. Annual is the cost associated with reserving 1 KW for 1 year)

Rate Type	Rate
Scheduling, System Control and Dispatch Service	Schedule 1
Annual	\$ 4.7236
Monthly	\$ 0.3936
Weekly	\$ 0.0908
Daily	\$ 0.0129

Rate Type	Rate
Operating Reserve-Supplemental Reserve Service	Schedule 6
Annual	\$ 1.3528
Monthly	\$ 0.1127
Weekly	\$ 0.0260
Daily	\$ 0.0037

Rate Type	Rate
Reactive Supply and Voltage Control	Schedule 2
Annual	\$ 0.5563
Monthly	\$ 0.0464
Weekly	\$ 0.0107
Daily	\$ 0.0015

Rate Type	Rate
Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service	Schedule 7
Annual	\$ 8.8167
Monthly	\$ 0.7347
Weekly	\$ 0.1696
Daily	\$ 0.0242

Rate Type	Rate
Regulation and Frequency Response	Schedule 3
Annual	\$ 1.1023
Monthly	\$ 0.0919
Weekly	\$ 0.0212
Daily	\$ 0.0030

Rate Type	Rate
Non Firm Point To Point Transmission Service	Schedule 8
Annual	\$ 8.8167
Monthly	\$ 0.7347
Weekly	\$ 0.1696
Daily	\$ 0.0242

Rate Type	Rate
Energy Imbalance Service	Schedule 4
See Schedule 4 in Chelan Transmission Rates	

Rate Type	Rate
Generator Imbalance Service	Schedule 9
See Schedule 9 in Chelan Transmission Rates	

Rate Type	Rate
Operating Reserve-Spinning Reserve Service	Schedule 5
Annual	\$ 1.6924
Monthly	\$ 0.1410
Weekly	\$ 0.0325
Daily	\$ 0.0046

Rate Type	Rate
Transmission Loss Factor	
Transmission Loss Factor	0.314%

SCHEDULE 1**Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

The charges for Scheduling, System Control and Dispatch Service provided by the Transmission Provider under this Tariff will be:

- 1) Yearly Delivery Charge: \$4.7236 per KW/Year.
- 2) Monthly Delivery Charge: \$0.3936 per KW/Month.
- 3) Weekly Delivery Charge: \$0.0908 per KW/Week.
- 4) Daily Delivery Charge: \$0.0129 per KW/Day.

Transmission Rate Schedules

SCHEDULE 2**Reactive Supply and Voltage Control from Generation or Other Sources Service**

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for such service will be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator.

For Reactive Supply and Voltage Control from Generation or Other Sources Service under this Schedule, the Transmission Customer shall compensate the Transmission Provider each month

Transmission Rate Schedules

up to the sum of the applicable rate set forth below times the Transmission Customer's Reserved Capacity for the Transmission Customer's Network Load for Network Integration Transmission Service:

- 1) Yearly Delivery Charge: \$0.5563 per KW/Year.
- 2) Monthly Delivery Charge: \$0.0464 per KW/Month.
- 3) Weekly Delivery Charge: \$0.0107 per KW/Week.
- 4) Daily Delivery Charge: \$0.0015 per KW/Day

The total charge for Reactive Supply and Voltage Control from Generation Sources Service in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

SCHEDULE 3**Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area, or when the transmission service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the determination of whether the Transmission Customer has made alternative comparable arrangements. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to

Transmission Rate Schedules

the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase an amount of Regulation and Frequency Response Service based on its characteristics:

- 1) For a Transmission Customer using transmission service to serve load within the Control Area, an amount equal to 1.98 percent of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 1.98 percent of the Transmission Customer's Network Load for Network Integration Service;
- 2) For a Transmission Customer using transmission service to deliver energy from a dispatchable generator located within the Control Area, an amount equal to 1.98 percent of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service;
- 3) For a Transmission Customer using transmission service to deliver energy from a variable energy resource located within the Control Area, the amount will be determined based on a study of the resource that takes into account details of the specific request.

The billing determinants for this service shall be reduced by any portion of the purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

For Regulation and Frequency Response Service under this Schedule, the Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Transmission Rate Schedules

- 1) Yearly Delivery Charge: \$55.6719/KW of Reserved Capacity per year.
- 2) Monthly Delivery Charge: \$4.6393/KW of Reserved Capacity per month.
- 3) Weekly Delivery Charge: \$1.0706/KW of Reserved Capacity per week.
- 4) Daily Delivery Charge: \$0.1525/KW of Reserved Capacity per day.

The total charge for Regulation and Frequency Response Service in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

Transmission Rate Schedules

SCHEDULE 4**Energy Imbalance Service**

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/-

Transmission Rate Schedules

7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost are determined as follows:

- For actual load greater than scheduled load, the incremental cost will be the greater of the Mid-Columbia Powerdex hourly index or zero. For deviations netted on a monthly basis, the incremental cost will be the average of the Mid-Columbia Powerdex hourly index over the month, except \$0/MWh will be substituted for the hours when the index is less than zero.
 - For actual load less than scheduled load, the decremental cost will be the Mid-Columbia Powerdex hourly index. For deviations netted on a monthly basis, the decremental cost will be the average of the Mid-Columbia Powerdex hourly index over the month, except \$0/MWh will be substituted for the hours when the Transmission Provider incurs spill at any of its hydroelectric projects.

If the Mid-Columbia Powerdex hourly index is no longer published or utilized by the industry, the Transmission Provider will select another industry-recognized hourly index and notify Transmission Customer of the index to be used for all hours.

Transmission Customer is prohibited from scheduling deliveries in such a manner as to result in Persistent Deviation(s) which is scheduling in a pattern which results in deviations that occur generally or at specific times of day. If Transmission Provider, in its sole discretion, determines that Transmission Customer's schedules result in a Persistent Deviation, Transmission Provider may

Transmission Rate Schedules

impose a penalty of up to the greater of \$100 per MW or 150% of the incremental cost.

SCHEDULE 5**Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

A Transmission Customer purchasing Spinning Reserve Service will be required to purchase an amount of Reserved Capacity equal to 3.04 percent of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 3.04 percent, less the customer obligation percentage for Regulation and Frequency Response Service, of the Transmission Customer's Network Load for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 3.04 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

For Spinning Reserve Service under this Schedule, the Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Transmission Rate Schedules

- 1) Yearly Delivery Charge: \$55.6719/KW per year.
- 2) Monthly Delivery Charge: \$4.6393/KW per month.
- 3) Weekly Delivery Charge: \$1.0706/KW per week.
- 4) Daily Delivery Charge: \$0.1525/KW per day.

The total charge for Operating Reserve - Spinning Reserve Service in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

SCHEDULE 6**Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase an amount of Reserved Capacity equal to 2.43 percent of the Transmission Customer's Reserved Capacity for Point-to-Point Transmission Service or 2.43 percent of the Transmission Customer's Network Load for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 2.43 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

For Supplemental Reserve Service under this Schedule, the Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Transmission Rate Schedules

- 1) Yearly Delivery Charge: \$55.6719/KW per year.
- 2) Monthly Delivery Charge: \$4.6393/KW per month.
- 3) Weekly Delivery Charge: \$1.0706/KW per week.
- 4) Daily Delivery Charge: \$0.1525/KW per day.

The total charge for Operating Reserve - Supplemental Reserve Service in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

Transmission Rate Schedules

SCHEDULE 7**Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity up to the sum of the applicable charges set forth below:

- 1) Yearly Delivery Charge: \$8.8167/KW-year
- 2) Monthly Delivery Charge: \$0.7347/KW-month
- 3) Weekly Delivery Charge: \$0.1696/KW-week
- 4) Daily Delivery Charge: \$0.0242/KW-day

The total demand charge in any week, pursuant to a reservation for Daily Delivery, shall not exceed the rate specified in section (3) above times the highest amount in MWs of Reserved Capacity in any day during such week.

In the event that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt and/or Point of Delivery (except as otherwise specified in Section 23 of this Tariff), the Transmission Customer shall pay 150% of the Schedule 7 charge for the delivery period (*i.e.*, yearly, monthly, weekly, or daily) for which the Transmission Customer is reserving capacity for the maximum amount that the Transmission Customer exceeds its firm reserved capacity at any Point of Receipt and/or Point of Delivery. In the event that the non-firm transmission service provided to the Transmission Customer for secondary receipt and delivery points exceeds the capacity reservation under which such services are provided, the Transmission Customer shall pay 150% of the applicable Schedule 8 transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

SCHEDULE 8**Non-Firm Point-To-Point Transmission Service**

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

- 1) Yearly Delivery Charge: \$8.8167/KW-year
- 2) Monthly Delivery Charge: \$0.7347/KW-month
- 3) Weekly Delivery Charge: \$0.1696/KW-week
- 4) Daily Delivery Charge: \$0.0242/KW-day

The total demand charge in any week, pursuant to a reservation for Daily Delivery, shall not exceed the rate specified in section (2) above times the highest amount in MWs of Reserved Capacity in any day during such week.

In the event the Transmission Customer exceeds its reserved capacity at any Point of Receipt and/or Point of Delivery, the Transmission Customer shall pay 150% of the applicable transmission charge for the maximum amount that the Transmission Customer exceeds its capacity reservation.

Transmission Rate Schedules

SCHEDULE 9**Generator Imbalance Service**

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the

Transmission Rate Schedules

scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, except that an intermittent resource will pay 100 percent of incremental or decremental cost deviations in this band, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of incremental and decremental cost. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, incremental cost and decremental cost are determined as follows:

- For actual generation greater than scheduled generation, the incremental cost will be the greater of the Mid-Columbia Powerdex hourly index or zero. For deviations netted on a monthly basis, the incremental cost will be the average of the Mid-Columbia Powerdex hourly index over the month, except \$0/MWh will be substituted for the hours when the index is either more or less than zero or the

Transmission Rate Schedules

Transmission Provider incurs spill at any of its hydroelectric projects.

- For actual generation less than scheduled generation, the decremental cost will be the Mid-Columbia Powerdex hourly index. For deviations netted on a monthly basis, the decremental cost will be the average of the Mid-Columbia Powerdex hourly index over the month, except \$0/MWh will be substituted for the hours when the Transmission Provider incurs spill any of its hydroelectric projects.

If the Mid-Columbia Powerdex hourly index is no longer published or utilized by the industry, the Transmission Provider will select another industry-recognized hourly index and notify Transmission Customer of the index to be used for all hours.

Transmission Customer is prohibited from scheduling deliveries in such a manner as to result in Persistent Deviation(s) which is scheduling in a pattern which results in deviations that occur generally or at specific times of day. If Transmission Provider, in its sole discretion, determines that Transmission Customer's schedules result in a Persistent Deviation, Transmission Provider may impose a penalty of up to the greater of \$100 per MW or 150% of the incremental cost.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO. 10 TO SERVICES AGREEMENT (SA NO. 18-009) WITH HATCH ASSOCIATES CONSULTANTS, INC. TO PROVIDE SOFTWARE, SUPPORT, AND PROFESSIONAL SERVICES RELATED TO SHORT-TERM INTER-PROJECT HYDRAULIC OPTIMIZATION AND EFFICIENT UNIT DISPATCH

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 18-009) on May 1, 2018 with Hatch Associates Consultants, Inc. to provide software, support, and professional services related to short-term inter-project hydraulic optimization and efficient unit dispatch, in an amount not to exceed \$425,372.42. Amendments have increased the not to exceed amount to \$494,372.42.

District staff has identified the need for additional services for continued professional services, support services, software enhancements and training services. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$500,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 18-009 with Hatch Associates Consultants, Inc. in the amount of \$505,627.58, for a total revised contract price not to exceed \$1,000,000.

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

ACTION

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

Section 1. The General Manager is hereby authorized to execute an Amendment to Services Agreement (SA No. 18-009) with Hatch Associates Consultants, Inc. to provide the additional services identified above. The revised contract price will not exceed \$1,000,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 6th day of July 2020.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION DECLARING AN EMERGENCY AND AUTHORIZING THE GENERAL MANAGER TO TAKE ALL STEPS REASONABLE AND NECESSARY TO RESPOND TO THE COVID-19 PANDEMIC TO PROTECT THE DISTRICT, DISTRICT EMPLOYEES AND DISTRICT CUSTOMER OWNERS

FACTUAL BACKGROUND AND REASONS FOR ACTION

WHEREAS, Washington State has experienced a growing number of verified cases and deaths related to the spread of the coronavirus disease 2019 (COVID-19) and the Washington State Governor declared a state of emergency in Washington State on February 29, 2020, directing state agencies to use all resources necessary to prepare for and respond to the outbreak; and

WHEREAS, the World Health Organization has declared that the spread of the Corona virus has reached pandemic proportions throughout the world; and

WHEREAS, the President of the United States declared a national state of emergency on March 13, 2020, and the Center for Disease Control has confirmed that the spread of the Corona virus has reached global pandemic proportions; and

WHEREAS, reliable electrical, water, sewer and telecommunications services have been deemed essential services and are critical to compliance with the statewide emergency directives; ensuring proper hygiene necessary to prevent the transmission of the disease and ensuring citizens, businesses, public agencies, service organizations and educational institutions are able to remain productive through use of utility systems during this state of emergency; and

WHEREAS, the District could experience severe impacts to its rate payers, employees and operations and experience a significantly reduced staff as a result of the COVID-19 and associated responses; and

WHEREAS, on May 31, 2020, the Washington State Governor issued the *Safe Start Washington* order which requires, inter alia, the use of facemasks and other Personal Protective Equipment (PPE) and social distancing measures to protect workers thereby creating an urgency and a greater demand for PPE than the normal processes and supply chain can accommodate; and

WHEREAS, the District desires to make emergency facility improvements in order to provide a higher level of worker protection including workspace barrier modifications and Heating Ventilation and Air Conditioning (HVAC) system modifications; and

WHEREAS, RCW 39.04.280 authorizes the District Commission to declare an emergency and waive competitive bidding requirements for materials, labor and equipment related to responding to the declared emergency, now therefore;

ACTION

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

Section 1. The Board of Commissioners of PUD No. 1 of Chelan County declares that an emergency exists requiring emergency acquisition of materials, labor and equipment related to the District’s response to the COVID-19 pandemic in order to protect and preserve the safety and welfare of the District’s employees, customers and operations.

Section 2. The competitive bidding requirements are hereby waived for the procurement of PPE and pandemic response related materials and for the procurement of emergency facility improvements including, inter alia, workplace barrier modifications, HVAC modifications and any other improvements deemed by the District’s General Manager to be reasonably necessary to respond to the ongoing COVID-19 pandemic.

Section 3. The General Manager is authorized to take all steps deemed reasonable and necessary to the District’s response to COVID-19 and for the completion of the work described above to protect the District’s employees, customers and operations.

Dated this 6th day of July, 2020.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal