

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

REGULAR COMMISSION MEETING

JULY 23, 2018

AGENDA

STUDY SESSION

10:00 A.M.

1. Pledge of Allegiance and Safety Minute – Michelle Dennis
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. Quarterly Board Balanced Scorecard Status Update
5. Cryptocurrency Moratorium Update
6. Rate Setting Procedures Discussion
7. Rock Island Powerhouse 2 Rehabilitation Project Procurement Method Update
8. Port – PUD Tentative Agreement

BUSINESS SESSION

1:00 P.M.

9. Public Hearing – 2018 Integrated Resource Plan

Consent Agenda

10. Minutes of the July 9, 2018 Regular Meeting
11. Vouchers: Accounts Payable Summary Report dated July 18, 2018:
 - a. Vouchers totaling \$6,980,728.68;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 4, 2018 through July 17, 2018 in the amount of \$63,447.33;

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- c. Approval of the net Payrolls, Warrant Nos. 236060 through 236080 and Advice Nos. 656548 through 657342 for the pay period ending 07/08/2018 in the amount of \$2,034,348.23; and
- d. Approval of Warrant Nos. 24608 through 24662 totaling \$25,710.37 for claim payments from the workers' compensation self-insurance fund for the period ending July 16, 2018.

Regular Agenda

- 12. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2 AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 3 TO THE DISTRICT UNLEADED AND DIESEL FUEL SUPPLY CONTRACT NO. 15-30
- 13. A RESOLUTION APPROVING THE DISTRICT'S 2018 INTEGRATED RESOURCE PLAN PROGRESS REPORT
- 14. A RESOLUTION APPROVING PROPOSED WORK FORCE CHANGES TO SUPPORT ONGOING RIVER OPERATIONS IN PREPARATION FOR TERMINATION OF THE MID-COLUMBIA HOURLY COORDINATION AGREEMENT
- 15. Manager Items
- 16. Commission Items
- 17. Follow-up on Delegation of Action Items from Previous Board Meeting
- 18. Delegation of Action Items
- 19. Additional Public Comment*
- 20. Matters of general business as may necessarily come before the Commission
- 21. Executive Session: To discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i), to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price, as authorized by RCW 42.30.110(1)(b), and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c).

* 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.

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 AND 2 AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 3 TO THE DISTRICT UNLEADED AND DIESEL FUEL SUPPLY CONTRACT NO. 15-30

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 Order under certain circumstances.

On July 31, 2015, the District entered into a unit price contract (Bid No. 15-30) with Coleman Oil Company for the District Unleaded and Diesel Fuel Supply with an estimated value of \$1,345,477.70. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080. The bid by the Contractor was the low bid and met the District's specifications.

The work in Field Work Order/Change Orders Nos. 1 and 2 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 and 2, which are on file in the offices of the District and summarized as follows:

Field Work Order No.	Description	Estimated Value
1	Extending completion date	\$600,000
2	Added additional fuel type	\$0
	Total	\$600,000

Field Work Order/Change Order Nos. 1 and 2 result in a net increase in the estimated value for a new revised estimated value of \$1,945,477.70 (excluding sales tax), which the District's Project Manager recommend be ratified.

Additionally, the District staff desires to execute Field Word Order/Change Order No. 3 which serves to extend the contract term, and add \$750,000 to the estimated value, for a revised not-to-exceed amount of \$2,695,477.70. The District's Fleet Supervisor and Director of Shared Services recommend this be approved.

The General Manager of the District concurs with staff's recommendations that Field Work Order/Change Order Nos. 1 and 2 be ratified, and Field Work Order/Change Order No. 3 be approved.

ACTION

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

Section 1. The Commission finds that Field Work Order Nos. 1 and 2 were properly executed pursuant to the authority delegated by Resolution No. 08-13325 and 17-14215 and said Field Work Orders are hereby formally acknowledged and ratified.

Section 2. The Commission approves Field Work Order No. 3 for execution by the General Manager.

DATED this 23rd day of July 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION APPROVING THE DISTRICT'S 2018
INTEGRATED RESOURCE PLAN PROGRESS REPORT**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 2018 integrated resource plan (IRP) progress report in compliance with RCW 19.280. The progress report reflects changing conditions since the 2016 IRP.

To encourage participation of its customer-owners in the development of this progress report, District staff made a presentation to the Board of Commissioners on May 14, 2018 that was published in a display advertisement in the Wenatchee World on April 29, 2018. The presentation gave an overview of the IRP content and set forth a public meeting schedule for further public comment and hearing. Additionally, a website (<http://www.chelanpud.org/environment/operating-responsibly/integrated-resource-plan>) was identified as being available to the public to review and make comments. On May 27, 2018, another display advertisement appeared in the Wenatchee World inviting public participation in the next scheduled Board meeting on June 4, 2018 for presentation of the final draft IRP progress report for review. The same advertisement also invited public participation in the hearing to be held at the Board meeting on June 25, 2018 and indicated that District staff would be requesting commission approval of the IRP progress report. That same display advertisement also appeared in the Cashmere Valley Record, Lake Chelan Mirror and Leavenworth Echo on May 30, 2018. Additionally, a legal advertisement appeared in the Wenatchee World on June 10, 2018 notifying customers of this final hearing on June 25, 2018 at 1:00 p.m. The same legal advertisement also

appeared in the Cashmere Valley Record, Lake Chelan Mirror and Leavenworth Echo on June 6, 2018. The final hearing scheduled for June 25, 2018 was subsequently postponed for time to complete and post for comment a State Environmental Policy Act (SEPA) Environmental Checklist and Determination of Non-Significance. On July 8, 2018, a display advertisement appeared in the Wenatchee World inviting public participation in the rescheduled hearing to be held at the Board meeting on July 23, 2018 and again indicated that District staff would be requesting commission approval of the IRP progress report. That same display advertisement also appeared in the Cashmere Valley Record, Lake Chelan Mirror and Leavenworth Echo on July 11, 2018. Also, a legal advertisement appeared in the Wenatchee World on July 8, 2018 notifying customers of this final hearing on July 23, 2018 at 1:00 p.m. The same legal advertisement also appeared in the Cashmere Valley Record, Lake Chelan Mirror and Leavenworth Echo on July 11, 2018. The legal notices have been submitted for the hearing record.

On July 23rd, 2018, the properly noticed public hearing was held. District staff recommended adoption of the proposed 2018 IRP progress report that was presented at the June 4, 2018 public meeting. The proposed 2018 IRP progress report is a thorough analysis and a fair representation of the District's resource planning situation throughout the planning period of the IRP progress report (2018-2028). Further, staff recommended that the 2018 IRP progress report be approved, made available to the public and submitted to the Washington State Department of Commerce by September 1, 2018. No public comment was received.

The District completed an environmental checklist pursuant to the State Environmental Policy Act (SEPA) and issued a Determination of Non-Significance on July 5, 2018. The comment period ended on July 19, 2018. 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 2018 IRP progress report is hereby approved and the General Manager of the District is hereby authorized to make it available to the public and submit the IRP progress report, in its entirety, to the Washington State Department of Commerce by September 1, 2018 and take other steps necessary to comply with RCW 19.280.

DATED this 23rd day of July 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION APPROVING PROPOSED WORK FORCE
CHANGES TO SUPPORT ONGOING RIVER
OPERATIONS IN PREPARATION FOR TERMINATION
OF THE MID-COLUMBIA HOURLY COORDINATION
AGREEMENT.

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District undertook a detailed review of the work loads and staffing requirements that will be necessary to implement the Two-Dam Independence Project (“TDIP”) with the objective of preparing the District for the termination of the Mid-Columbia Hourly Coordination Agreement. With completion of this project, the District will take full control of managing the dispatch and optimization of Rocky Reach and Rock Island, as well as managing participants in real-time and performing project and participant pond accounting.

The Staffing Alternatives Decision Analysis Team explored many different options with the assistance and expertise of job task analysis consultants to determine the best course of action for the District to implement the new operational process.

The Team reviewed a number of internal and external options for staffing solutions within the context of the detailed job requirements breakdown. Based on this review the recommendation for staffing is:

- Staff a new 5-person 24-hour desk; by moving one of the current daytime positions onto the rotation and hiring 4 new System Operators.
- Due to uncertainties about the long-term steady state workload on the System Operators to perform additional duties in the new, modernized system, the workload requirements should be reevaluated 18 months following the transition to live operations; staffing levels would be reduced via attrition unless continued staffing is warranted.

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, as follows:

Section 1. The Commission hereby approves and authorizes the District’s General Manager to immediately begin implementing the recommended workforce changes necessary

to successfully perform river operations on behalf of the District absent centralized coordinated control. The continued need for the additional staffing levels will be evaluated eighteen months following system cutover to determine if staffing levels can be reduced via attrition, should be maintained or could be reorganized for efficiency.

DATED this 23rd day of July 2018.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal