1. Pledge of Allegiance and Safety Presentation – Tim Pettit

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. Snake River Dams

5. Quarterly Energy Resources Update

6. Legislative Update

7. Quarterly District Performance Plan Hydropower Status Update

8. Water / Wastewater Rates

9. Draft Strategic Plan

**BUSINESS SESSION**

**1:00 PM**

**Consent Agenda**

10. Minutes of the August 5, 2019 Regular Meeting

11. Vouchers: Accounts Payable Summary Report dated August 14, 2019:
   a. Vouchers totaling $8,646,548.21;
b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period July 31, 2019 through August 13, 2019 in the amount of $20,514.00;

c. Approval of the net Payroll, Warrant Nos. 236627 through 236647 and Advice Nos. 678441 through 679253 for the pay period ending 08/04/2019 in the amount of $2,084,050.13;

d. Approval of Warrant Nos. 25832 through 25913 totaling $47,653.35 for claim payments from the workers’ compensation self-insurance fund for the period ending August 12, 2019.

12. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-03 WITH SELLAND CONSTRUCTION, INC. OF WENATCHEE, WASHINGTON FOR THE ROCK ISLAND LOWER FACILITIES UTILITY PROJECT AND AUTHORIZING PAYMENT OF RETAINAGE

13. A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-46 WITH STETNER ELECTRIC, INC. OF QUINCY, WA AND AUTHORIZING PAYMENT OF RETAINAGE

Regular Agenda

14. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO AMEND THE SERVICE AGREEMENT (SA NO. 13-162) WITH PRICEWATERHOUSECOOPERS LLP TO EXTEND AUDIT SERVICES FOR AN ADDITIONAL THREE YEARS

15. A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT TO LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE THE ROCKY REACH CENTRAL MAINTENANCE FACILITY IMPROVEMENTS TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND AND ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

16. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE CHANGE ORDER NO. 3 TO PROFESSIONAL SERVICES AGREEMENT 17-201 WITH BLUE HERON CONSULTING, INC. (“BHC”) FOR IMPLEMENTATION SERVICES FOR THE ORACLE CUSTOMER INFORMATION SYSTEM AND METER DATA MANAGEMENT SYSTEM (CIS/MDMS) PROJECT AND AUTHORIZING REVISION OF THE CAPITAL PROJECT BUDGET FOR THE CIS/MDMS PURCHASE AND IMPLEMENTATION

17. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 6, 7 AND 9, AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NOS. 8 AND 10, FOR CONTRACT NO. 16-60 WITH ANDRITZ HYDRO, INC. OF CHARLOTTE, NC FOR ROCK ISLAND B1 – B4 GENERATING UNIT MODERNIZATION
18. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 24, 2-02, 2-03, 2-04, 2-05, 2-06, 2-08, 2-09, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 3-07, 3-08, 4-03, 4-04, AND 4-05 AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NOS. 4-04A, AND 4-06, UNDER CONTRACT NO. 04-01 PART B FOR THE ROCK ISLAND B5 – B10 REHABILITATION PROJECT WITH ANDRITZ HYDRO CORP.

19. Manager Items

20. Commission Items

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

22. Delegation of Action Items

23. 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.

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

25. 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 RATIFYING FIELD WORK ORDER NOS. 1 AND 2, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 19-03 WITH SELLAND CONSTRUCTION, INC. OF Wenatchee, Washington FOR THE ROCK ISLAND LOWER FACILITIES UTILITY PROJECT AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District Commission by Resolution No. 17-14215 delegated authority to the General Manager to advertise, award and execute contracts when the total contract price is $3,000,000 or less. Authority was also granted to the General Manager and the staff to execute field work orders under certain circumstances.

On April 10, 2019, the District entered into a contract (Bid No. 19-03) with Selland Construction, Inc. (Contractor) of Wenatchee, Washington for the Rock Island Lower Facilities Utility Project, in the amount of $225,570.00. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

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

<table>
<thead>
<tr>
<th>Field Work Order No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Schedule Extension</td>
<td>$0</td>
</tr>
<tr>
<td>2. Adjust Unit Quantities</td>
<td>-$3,170.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-$3,170.00</td>
</tr>
</tbody>
</table>

Field Work Order Nos. 1 and 2 result in a net decrease in the contract price of $3,170.00 for a new revised total price of $222,400.00 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 17-14215 provides that this type of field work order shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of all contract work occurred on July 19, 2019. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.

The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order Nos. 1 and 2 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.
ACTION

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

Section 1. Field Work Order Nos. 1 and 2 to Bid No. 19-03 with Selland Construction, Inc. for the work specified above, which will result in a net decrease in the purchase price of $3,170.00, for a total revised contract price of $222,400, plus Washington State sales tax, are hereby ratified.

Section 2. All the contract work required under Bid No. 19-03 was completed on July 19, 2019 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department’s Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries’ Certificate of Release of the State’s Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.
DATED this 19th day of August 2019.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal
RESOLUTION NO. ____________________

A RESOLUTION RATIFYING FIELD WORK ORDER NOS. 1-3, AUTHORIZING FINAL ACCEPTANCE OF WORK PERFORMED UNDER BID NO. 18-46 WITH STETNER ELECTRIC, INC. OF QUINCY, WA AND AUTHORIZING PAYMENT OF RETAINAGE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District Commission by Resolution No. 17-14215 delegated authority to the General Manager to advertise, award and execute contracts when the total contract price is $3,000,000 or less. Authority was also granted to the General Manager and the staff to execute field work orders under certain circumstances.

On July 3, 2018, the District entered into a contract (Bid No. 18-46) with Stetner Electric, Inc. of Quincy, WA for the Generator and Telemetry Installations in the amount of $438,500.00. This contract was advertised for public bid and was awarded as required by RCW 54.04.070 and .080.

The work in Field Work Order Nos. 1-3 consists of conditions and work not anticipated or included in the original contract but within the scope of the contract. The District’s staff has executed Field Work Order Nos. 1-3, which are on file in the offices of the District and summarized as follows:

<table>
<thead>
<tr>
<th>Field Work Order No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shrouds and Telemetry Equipment and Extend Completion Date</td>
<td>$4,014.39</td>
</tr>
<tr>
<td>2. Extend Completion Date</td>
<td>0</td>
</tr>
<tr>
<td>3. ATO Modification Drawings and Extend Time of Completion</td>
<td>$2,586.47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,600.86</strong></td>
</tr>
</tbody>
</table>

Field Work Order Nos. 1-3 result in a net increase in the contract price of $6,600.86 for a new revised total price of $445,100.86 (excluding sales tax), which the District's Engineers recommend be ratified. Resolution No. 17-14215 provides that this type of field work order shall be presented to the Commission for approval as part of the final acceptance resolution.

District staff has determined that the completion of all contract work occurred on June 3, 2019. In accordance with the terms of the contract, retainage in an amount not exceeding 5% of the contract price has been withheld from the Contractor.
The General Manager of the District concurs with staff's recommendations that the District accept the work performed by the Contractor, ratify Field Work Order Nos. 1-3 and authorize the payment of retainage due the Contractor, subject to the requirements of the contract and state law.

**ACTION**

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

Section 1. Field Work Order Nos. 1-3 to Bid No. 18-46 with Stetner Electric, Inc. for the work specified above, which result in a net increase in the purchase price of $6,600.86, for a total revised contract price of $445,100.86, plus Washington State sales tax, are hereby ratified.

Section 2. All the contract work required under Bid No. 18-46 was completed on June 3, 2019 and the same is hereby accepted, subject to Section 3 hereof. Payment of retainage to the Contractor in the amount determined by the District's auditor to be due is authorized to be paid to the Contractor subject to Section 3 and Section 4 hereof, and subject to the provisions and limitations of Chapter 39.12 RCW (Prevailing Wages on Public Works) and 60.28 (Liens for Labor, Materials and Taxes on Public Works).

Section 3. This resolution shall not constitute an acceptance by the District of any work performed or goods supplied pursuant to the aforementioned contract, which are not in strict compliance with the contract terms and conditions.

Section 4. After the expiration of the forty-five (45) day period for giving the District notice of lien and after receipt of the Department of Revenue's certification of the Contractor's payment of taxes, the Employment Security Department’s Certificate of Payment of Contributions, Penalties and Interest on Public works Contracts and the Department of Labor & Industries’ Certificate of Release of the State’s Lien on Public Works contracts and the District being satisfied that taxes certified as due or to become due are discharged and the filed claims of materialmen and laborers, if any, together with a sum sufficient to pay costs of foreclosing the liens and attorney's fees, have been paid, the District's General Manager is authorized and directed to withhold from the remaining retained amounts for claims the District may have against the Contractor, and the balance shall be paid to the Contractor. In the event said taxes, claims, expenses and fees have not been paid, the General Manager is authorized and directed to withhold an amount equal to unpaid taxes and unpaid claims, together with a sum sufficient to defray the costs and attorney fees incurred in foreclosing the lien of such claims, and the balance shall be paid to the Contractor.
DATED this 19th day of August 2019.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal
RESOLUTION NO. ________________

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO AMEND THE SERVICE AGREEMENT (SA NO. 13-162) WITH PRICEWATERHOUSECOOPERS LLP TO EXTEND AUDIT SERVICES FOR AN ADDITIONAL THREE YEARS

FACTUAL BACKGROUND AND REASONS FOR ACTION

The long term power sales contracts, bond resolutions and industry best practices require that the District’s financial statements be audited by independent certified public accountants experienced in electric utility accounting. Certain bond covenants also require the certified public accountants to be of national reputation.

The District’s Audit Committee charter defines the Audit Committee’s responsibilities, which includes reviewing the external auditor’s proposed audit scope, approach, fees and performance and recommending appointment of the District’s external financial auditors, among other responsibilities. In addition, Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements when the total contract price exceeds $500,000.

In June 2013, District staff issued a Request for Proposal (RFP) for auditing services required by the District of the financial statements for calendar years ending 2013, 2014 and 2015. Four firms responded to the District’s RFP for an audit services contract. The proposals were evaluated on industry experience, audit approach, customer service, ability to meet timelines, quality control reviews, knowledge sharing, ongoing communication, continuity of staff, cooperation with State Auditors, ease of transition and cost. As a result of this analysis, the evaluation committee and the Audit Committee concluded that it was in the District’s best interest to retain PricewaterhouseCoopers to provide audit services for the three years.

Resolution No. 13-13812 dated August 19, 2013, authorized a Service Agreement (SA 13-162) with PricewaterhouseCoopers to provide audit services of the financial statements for calendar years ended 2013, 2014, and 2015, for a fixed fee of $209,000 for the audit services of the financial statements ending December 31, 2013, with an annual growth rate not to exceed 3% for subsequent years, without prior Audit Committee approval. Resolution No. 16-14061 dated August 15, 2016, authorized an Amendment to SA 13-162 with PricewaterhouseCoopers to provide audit services of the financial statements for calendar years ended 2016, 2017, and 2018, for a fixed fee of $230,000 for the audit services of the financial statements ending December 31, 2016, with an annual growth rate not to exceed 4% for subsequent years, without prior Audit Committee approval.
PricewaterhouseCoopers has been providing audit services to the District since 2006. District staff and the Audit Committee have evaluated the performance of PricewaterhouseCoopers. The District has been very satisfied with the audit quality, efficiency, timeliness, industry knowledge, continuity of staff and the stable rates provided by PricewaterhouseCoopers over the past 13 years. Due to PricewaterhouseCoopers’ partner rotation policy, the District has benefitted from a “fresh set of eyes” without incurring the additional staff hours and potential risks associated with transitioning to a new audit firm. And the proposed audit fees (an overall 4% increase from the 2018 fixed fee) are in line with amounts charged in prior years adjusted for the additional hours required due to increasing accounting and auditing requirements and public accounting labor costs.

District staff with the approval of the Audit Committee has determined that it is in the District’s best interests to amend the Service Agreement (SA No. 13-162) with PricewaterhouseCoopers to extend the Agreement for audit services of the financial statements for calendar years ending 2019, 2020 and 2021. The services will occur in 2019-2022. The audit fees, including reimbursable expenses, are for a fixed fee of $258,700 for the audit services of the financial statements ending December 31, 2019, with an annual growth rate not to exceed 4% for subsequent years, without prior Audit Committee approval.

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 and directed to amend Service Agreement (SA No. 13-162) with PricewaterhouseCoopers to extend audit services of the financial statements for the calendar years ending 2019, 2020 and 2021 as required by the District. The services will occur in 2019-2022. The District’s costs for said services of the financial statements for the year ending December 31, 2019, are for a fixed fee of $258,700, with an annual growth rate not to exceed 4% for subsequent years, without prior Audit Committee approval. A copy of the Amendment is on file in the offices of the District.
DATED this 19th day of August 2019.

___________________________
President

ATTEST:

___________________________
Vice President

___________________________
Commissioner

___________________________
Secretary

___________________________
Commissioner

Seal
A RESOLUTION AUTHORIZING THE ISSUANCE OF A GUARANTEED MAXIMUM PRICE (GMP) AMENDMENT TO LYDIG CONSTRUCTION, INC OF SPOKANE VALLEY, WA TO PROVIDE THE ROCKY REACH CENTRAL MAINTENANCE FACILITY IMPROVEMENTS TO THE GENERAL CONTRACTOR CONSTRUCTION MANAGER (GCCM) SERVICES FOR THE ROCK ISLAND AND ROCKY REACH HYDROELECTRIC SUPPORT FACILITY IMPROVEMENTS PROJECT

FACTUAL BACKGROUND AND REASONS FOR ACTION

On April 2, 2018, by Resolution No. 18-14232, the Commission authorized the General Manager to invite sealed proposals to provide General Contractor Construction Manager (GCCM) services to the District in support of planned improvements to Rock Island Dam and Rocky Reach Dam operation and maintenance facilities. Work at both sites includes: installation of site utilities and demolition, construction and/or refurbishment of buildings for fabrication, machine work, sandblast, paint, warehouse, office, crew facilities, storage, fueling, hazardous material handling and various other activities. Although this is one Project, the work at Rock Island and Rocky Reach will be treated as two different phases.

Rock Island

On August 20, 2018, by Resolution No. 18-14257, the Commission authorized the General Manager to enter into an A133 contract (RFP No. 18-33) with Lydig Construction, Inc. (Lydig) for the Rock Island Improvements phase. The A133 covered the terms of the agreement and the not to exceed contract price for preconstruction services of $220,000.

On June 17, 2019, by Resolution No. 19-14354, the Commission authorized the General Manager to enter into a Guaranteed Maximum Price (GMP) Amendment with Lydig for a not to exceed amount of $19,830,830.00, for the Rock Island Improvements. The total contract price for the Rock Island Dam Improvements is $20,050,830.00

Rocky Reach

On February 4, 2019 by Resolution No. 19-14316, the Commission authorized the General Manager to enter into a second A133 contract with Lydig Construction Inc. for the Rocky Reach Improvements Phase. The not to exceed contract price for preconstruction services for the Rocky Reach A133 was $300,000.00
During the pre-construction phase, Lydig, the District and the District’s consultant, TCF Architecture PLLC, determined that dividing the Rocky Reach construction work into two phases would increase the efficiency and the safety of the project. The first phase consists of early site work, and the second phase will be the construction of the structures.

Now that the early site work package has been bid, District staff recommends execution of the GMP Amendment with Lydig for a not to exceed price of $3,623,409.54 for the early site work package. The revised overall contract price for the Rocky Reach Central Maintenance Improvements after execution of the GMP Amendment will be a not to exceed amount of $3,923,409.54.

The General Manager of the District concurs with District staff’s recommendation.

**ACTION**

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

Section 1. The General Manager of the District is hereby authorized to enter into a GMP Amendment with Lydig Construction, Inc. for Rocky Reach Central Maintenance Improvements in an amount not to exceed $3,623,409.54 without prior Board approval, for a total revised contract price of $3,923,409.54. A copy of the contracts will be on file in the offices of the District.

DATED this 19th day of August 2019.

__________________________________________
President

ATTEST:

__________________________________________
Vice President

__________________________________________
Secretary

__________________________________________
Commissioner

Seal
RESOLUTION NO. ______________

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE CHANGE ORDER NO. 3 TO PROFESSIONAL SERVICES AGREEMENT 17-201 WITH BLUE HERON CONSULTING, INC. ("BHC") FOR IMPLEMENTATION SERVICES FOR THE ORACLE CUSTOMER INFORMATION SYSTEM AND METER DATA MANAGEMENT SYSTEM (CIS/MDMS) PROJECT AND AUTHORIZING REVISION OF THE CAPITAL PROJECT BUDGET FOR THE CIS/MDMS PURCHASE AND IMPLEMENTATION.

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution 18-14230 dated March 19, 2018 authorized an agreement with Oracle Corporation for licensing and support of its CIS/MDMS software (C2M) and Professional Services Agreement 17-201 (BHC Agreement) with Blue Heron Consulting, Inc. ("BHC") for Implementation Services related to Oracle’s C2M software System.

Resolution 18-14230 authorized and approved a total combined internal and external CIS/MDMS project budget of $7,940,635, which included the following not to exceed amounts:

- Oracle Corporation Contract (Licenses and 1 year of Support) $ 640,635
- BHC Professional Services Agreement $3,612,000
- Quality Assurance Services Contract $ 200,000
- District Labor $2,766,000
- Overall Project Contingency (10%) $ 722,000

The 10% overall project contingency of $722,000 specified above, was to be used for unanticipated internal and external CIS/MDMS project costs.

Due to unanticipated project delay, District staff have determined the need for project extension, amended deliverables, changes in Contractor staff, and increase in the BHC Agreement contract price.

The project extension is required to complete the remaining development and ensure adequate testing and training before moving the C2M System to production. The anticipated project schedule “Go-Live” date of September 30, 2019 has been revised to January 20, 2019.
The not to exceed contract price of the BHC Agreement entered on March 29, 2018, was $3,611,672. Since entering the BHC Agreement, the District and BHC entered into Change Order No. 1 and Change Order No. 2 on January 17, 2019 and June 3, 2019, respectively increasing the BHC Agreement contract price by $351,816 and $70,672, respectively, for a total not to exceed contract price of $4,034,160.

The Change Order No. 1 and No. 2 BHC Agreement contract price increases were covered by the $722,000 overall project contingency established in Resolution 18-4230 which leaves $299,512 remaining of the project contingency.

Based upon the BHC project schedule extension and BHC Project staffing needs, District staff recommends and has negotiated Change Order No. 3 with BHC to revise the BHC Agreement and increase the contract price of $4,034,160 by $613,120, for a revised contract price not to exceed $4,647,280.

District staff recommends and requests a CIS/MDMS project budget increase of $613,120, over the $7,940,635 previously approved project budget which included the project contingency, to include all external and internal CIS/MDMS project costs, for a new revised total CIS/MDMS project budget not to exceed $8,553,755.

The General Manager of the District 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, as follows:

Section 1. The General Manager of the District is hereby authorized to execute Change Order No. 3 to Professional Services Agreement 17-201 with Blue Heron Consulting, Inc., for a revised contract price not to exceed $4,647,280.

Section 2. The Commission hereby authorizes and approves revision of the District capital project budget for CIS/MDMS project from $7,940,635 to a total combined internal and external CIS/MDMS project budget of $8,553,755. A copy of the capital project budget detail is on file in the offices of the District.

DATED this 19th day of August 2019.

_________________________________
President

ATTEST:
RESOLUTION NO. ___________________

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 6, 7 AND 9, AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NOS. 8 AND 10, FOR CONTRACT NO. 16-60 WITH ANDRITZ HYDRO, INC. OF CHARLOTTE, NC FOR ROCK ISLAND B1 – B4 GENERATING UNIT MODERNIZATION

FACTUAL BACKGROUND AND REASONS FOR ACTION

On December 30, 2016 the Commission approved Resolution No. 16-14108 authorizing the General Manager of the District to enter into a contract with Andritz Hydro Inc., in the amount of $41,813,228 (excluding sales tax) for modernization of units B1 to B4.

Previously Approved Field Work Orders

The District Commission by Resolution No. 08-13325 delegated limited authority to the General Manager and the staff to execute Field Work Orders under certain circumstances. In May 2017 District staff initiated FWO/CO No. 1 (FWO 1) to delete the requirement for Andritz to procure a second set of stop logs and dewatering pumps. These items were instead purchased by the District. FWO/CO No. 1 was executed August 16, 2017 for a reduction of the contract price of $454,000.

On May 15, 2017, the Commission approved Resolution No. 17-14163 authorizing the General Manager to execute FWO/CO No. 2 (FWO 2) for purchase of an additional set of head gates for a price not to exceed $950,000. FWO/CO NO. 2 was executed on August 16, 2017 in an amount of $554,000.

On August 7, 2017 the Commission approved Resolution No. 17-14163 which authorized the execution of FWO/CO No. 3 and 4 for purchase of new wicket gates, generator shafts and pole bodies. FWO/CO NO. 3 was executed August 16, 2017 in the amount of $2,273,889. FWO/CO NO. 4 was executed on September 26, 2017 in the amount of $2,160,000.

On January 22, 2018, the Commission approved Resolution No. 18-14222 which authorized the execution of FWO/CO No. 5 for purchase of new thrust runners and purchase of one spare (5 total) for a not to exceed price of $900,000.00. FWO/CO No. 5 was executed on April 2, 2018 in the amount of $809,056.00.

On July 1, 2019, the Commission approved Resolution No. 19-14357 which authorized the execution of FWO/CO No. 11 for supply of new gate operating ring equipment for up to four units for B1 to B4 for a price not to exceed $1,600,000.00. FWO/CO NO. 11 was executed on July 11, 2019 in the amount of $1,317,980.00.
**Executed Field Work Orders To Be Ratified**

FWO/CO No. 6 changed the dates for the Site Work for Unit B4, and it resulted in no change to the total contract price. It was executed on October 4, 2018 and it is on file in the offices of the District.

FWO/CO No. 7 was executed for the supply of new wicket gate arm assemblies for Unit B4 for a price of $283,507.00. It was executed on December 10, 2018 and it is on file in the offices of the District.

FWO/CO No. 9 requested Contractor to design a new fabricated steel gate ring, submit design drawings for review and approval by District and provide a price and schedule for manufacturing a new gate operating ring. The total contract price was increased by $40,000.00. It was executed and it is on file in the offices of the District.

<table>
<thead>
<tr>
<th>FWO/CO No.</th>
<th>FWO/CO VALUE</th>
<th>UNIT</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>$0.00</td>
<td>B4</td>
<td>Changed the dates for the Site Work for Unit B4</td>
</tr>
<tr>
<td>7</td>
<td>$283,507.00</td>
<td>B4</td>
<td>Supply of new wicket gate arm assemblies</td>
</tr>
<tr>
<td>9</td>
<td>$40,000.00</td>
<td>B4</td>
<td>Design a new fabricated steel gate ring, submit design drawings and provide a price and schedule for manufacturing</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$323,507.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FWO/CO Nos. 6, 7 and 9 result in a net increase to the contract price of $323,507.00 for a new revised total not to exceed contract price of $48,797,660.00.

**Proposed Field Works Orders For Approval**

Additionally, District staff desires to execute FWO/CO Nos. 8 and 10. FWO/CO No. 8 requests the Contractor provide additional discharge ring repairs for Unit B4. FWO/CO No. 10 converts the work schedule from one that requires the Contractor to work on multiple units at a time to one that requires the Contractor to work on one unit at a time and establishes a new price for the change. FWO/CO Nos. 8 and 10 will result in net increases to the total not to exceed contract price in the amounts of $237,849.00 and $2,789,057.37 respectively.
The General Manager of the District concurs with staff’s recommendations that FWO/CO Nos. 6, 7 and 9 be ratified, and that FWO/CO Nos. 8 and 10 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/Change Order Nos. 6, 7 and 9 were properly executed pursuant to the authority delegated by Resolution No. 17-14215 and said Field Work Order/Change Orders are hereby formally acknowledged and ratified.

Section 2. The General Manager of the District is hereby authorized to execute Field Work Order/Change Order Nos. 8 and 10. A copy of the Field Work Order/Change Orders shall be on file in the offices of the District.

DATED this 19th day of August 2019.

_________________________________  ______________________________________
President  Secretary

_________________________________  ______________________________________
Vice President  Commissioner

_________________________________  ______________________________________
Commissioner  Seal
RESOLUTION NO. ___________________

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 24, 2-02, 2-03, 2-04, 2-05, 2-06, 2-07, 2-08, 2-09, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 3-07, 3-08, 4-03, 4-04, AND 4-05 AND APPROVING EXECUTION OF FIELD WORK ORDER/CHANGE ORDER NOS. 4-04A, AND 4-06, UNDER CONTRACT NO. 04-01 PART B FOR THE ROCK ISLAND B5 – B10 REHABILITATION PROJECT WITH ANDRITZ HYDRO CORP.

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Commission approved Resolution No. 05-12754 on August 15, 2005 which authorized the award of Bid No. 04-01 Rock Island Powerhouse 1 Units B5 through B10 Rehabilitation, Part B, to VA Tech Hydro USA, now Andritz Hydro Corp. (Andritz) of Charlotte, North Carolina. The contract originally provided that the six units be modernized between 2004 and 2012. Modernization was to include replacement of the generators, turbines, governor controls and exciters. The contract allows the District to order the work on each individual unit by issuing an Order to Proceed for each unit. The original contract sets out a fixed price per unit that can be adjusted based on commodity prices in effect and published one month before the issuance of an Order to Proceed.

Previously Approved Field Work Orders

Resolution No. 05-12754 also authorized and directed the General Manager or his designee to issue the Order to Proceed and execute Field Work Order/Change Order (FWO/CO) No. 1 for the first unit under the contract for unit rehabilitation, Unit B10.

The Commission approved Resolution No. 09-13474 on June 15, 2009 which authorized and directed the General Manager or his designee to issue the Order to Proceed and execute FWO/CO No. 2-01 for the second unit under the contract for unit rehabilitation, Unit B9.

In 2010, in response to economic conditions the District decided to defer the rehabilitation of the next four units, B5 through B8, until the units began to experience failure or were declared unavailable due to operational concerns.

In 2014, an in-depth economic analysis was performed which resulted in staff recommending the District proceed with rehabilitation of Units B5 through B8 using the existing 04-01 Part B contract with Andritz. Staff proposed revising the scope to include rehabilitation of existing runners instead of new runners on three units and the use of a new runner previously purchased on the final unit.
On December 1, 2014, the Commission approved Resolution No. 14-13922 which authorized and directed the General Manager or his designee to issue the Order to Proceed and execute FWO/CO No. 3-01 for the third unit under the contract for rehabilitation, Unit B6.

On December 7, 2015, the Commission approved Resolution Nos. 15-14000 and 15-14001 which authorized and directed the General Manager or his designee to: 1) issue FWO/CO No. 3-02 to modify the scope of work to the third unit to install a new turbine, including previously purchased runner and wicket gates, and extend the unit outage to allow for the additional work which includes installation of a new discharge liner, bottom ring, wicket gate servos, oil head draft tube modifications and a new high pressure governor system; 2) issue the Order to Proceed and execute FWO/CO No. 4-01 for the fourth Unit for rehabilitation and for procurement of new turbine components for the fifth and sixth units under the contract; and 3) revise the project budgets and 2016 budgets for rehabilitation of Units B5 through B8 under the contract.

On May 16, 2016, the Commission approved Resolution No. 16-14042 which authorized the General Manager to enter into FWO/CO No. 3-03 for a new rotor spider for the third unit and FWO/CO No. 4-02 for new rotor spiders for the fourth, fifth and sixth units. FWO/CO No. 4-02 was executed on June 29, 2016, but FWO/CO No. 3-03 was not executed.

On November 21, 2016, the Commission approved Resolution No. 16-14093 which authorized the General Manager to enter into FWO/CO No. 5-01 for release of fifth unit additional turbine and generator components, and FWO/CO No. 6-01 for release of sixth unit additional turbine and generator components.

On June 26, 2017, the Commission approved Resolution No. 17-14148 which authorized the General Manager to enter into 1) FWO/CO No. 3-03 for a new set of thrust bearing shoes for the third unit; 2) FWO/CO No. 3-04 for revising the third unit completion schedule and 3) FWO/CO No. 3-06 for a fourth new rotor spider.

On December 17, 2018, the Commission approved Resolution No. 18-14301 which authorized the General Manager to: 1) issue an order to proceed on the fifth unit; 2) enter into FWO/CO No. 5-03 for release of the remaining work on the fifth unit and 3) enter into FWO/CO 5-04 for the purchase of a new outer head cover.

**Executed Field Work Orders To Be Ratified**

FWO/CO No. 24 requires Contractor to perform repairs on Unit B10 that the District found while performing overhaul maintenance. There was no change to the total contract price. District staff has executed FWO/CO No. 24 and it is on file in the offices of the District.

FWO/CO No. 2-02 for Unit B9 changed the schedule of work on the second unit, which resulted in a change the schedule for the third through sixth units, and changed the
scope of work on the second unit. The total contract price was decreased by ($352,000).
District’s staff has executed FWO/CO No. 2-02 and it is on file in the offices of the District.

FWO/CO No. 2-03 for B9 allowed Contractor to utilize the District’s sandblast building for B9 Work, in exchange for sandblasting and painting the B9 trash racks, which were not originally a part of the contract. There was no change to the contract price. District’s staff has executed FWO/CO No. 2-03 and it is on file in the offices of the District.

FWO/CO No. 2-04 for B9 describes Work tasks the District performed for the Contractor’s benefit, and required Contractor to supply and install piping and electrical items. The total contract price was decreased by ($12,400.53). District’s staff has executed FWO/CO No. 2-04 and it is on file in the offices of the District.

FWO/CO No. 2-05 for B9 clarified coordination between the District and Contractor during a breakdown of the District’s dewatering pumps and provided for a time extension in the event Contractor was not able to complete the Work on time. There was no change to the contract price. District’s staff has executed FWO/CO No. 2-05 and it is on file in the offices of the District.

FWO/CO No. 2-06 for B9 clarified coordination between the District and Contractor during excessive leakage of the headgates and provided for a time extension in the event Contractor was not able to complete the Work on time. There was no change to the contract price. District’s staff has executed FWO/CO No. 2-06 and it is on file in the offices of the District.

FWO/CO No. 2-07 for B9 requested Contractor provide thrust bearing load cell circuitry and to modify PLC programs. The total contract price was increased by $8,128. District’s staff has executed FWO/CO No. 2-07 and it is on file in the offices of the District.

FWO/CO No. 2-08 for B9 requested Contractor provide a new stator terminal for District installation. The total contract price was increased by $6,644. District’s staff has executed FWO/CO No. 2-08 and it is on file in the offices of the District.

FWO/CO No. 2-09 for B9 requested Contractor modify one brake cylinder and restore it to original operating condition. The total contract price was increased by $5,300. District’s staff has executed FWO/CO No. 2-09 and it is on file in the offices of the District.

FWO/CO No. 2-10 for B9 described the end of the unit outage time and the start of the trial operation period. There was no change to the contract price. District’s staff has executed FWO/CO No. 2-10 and it is on file in the offices of the District.

FWO/CO No. 2-11 for B9 described the completion of the trial operation period. There was no change to the contract price. District’s staff has executed FWO/CO No. 2-11 and it is on file in the offices of the District.
FWO/CO No. 2-12 for B9 reimburses Contractor for additional trips by engineers for index testing. The total contract price was increased by $32,500.90. District’s staff has executed FWO/CO No. 2-12 and it is on file in the offices of the District.

FWO/CO No. 2-13 for B9 provides for incentive payment for exceeding the generator efficiency guarantee. The total contract price was increased by $16,462.00. District’s staff has executed FWO/CO No. 2-13 and it is on file in the offices of the District.

FWO/CO No. 2-14 for B9 provided a Unit acceptance date extension. There was no change to the contract price. District’s staff has executed FWO/CO No. 2-14 and it is on file in the offices of the District.

FWO/CO No. 2-15 for B9 started the warranty period and provided a time extension for Unit acceptance. There was no change to the contract price. District’s staff has executed FWO/CO No. 2-15 and it is on file in the offices of the District.

FWO/CO No. 2-16 is for re-alignment of the unit, purchase of a spare oil head and modifications to gate ring piping. The total contact price was increased by $400,000. District’s staff has executed FWO/CO No. 2-16 and it is on file in the offices of the District.

FWO/CO No. 3-07 for B6 directed the Contractor to make repairs to the stay ring. The total contract price was increased by $90,000. District’s staff has executed FWO/CO No. 3-07 and it is on file in the offices of the District.

FWO/CO No. 3-08 for B6 reconciled Work performed on turbine parts with allowances in the contract. Additionally, liquidated damages were assessed due to non-timely performance. The total contract price was decreased by ($669,959.04). District’s staff has executed FWO/CO No. 3-08 and it is on file in the offices of the District.

FWO/CO No. 4-03 for B7 directed Contractor to disassemble and remove the existing rotor. Rotor disassembly and removal was the responsibility of the District. The milestone schedule dates were also revised. The total contact price was increased by $204,756. District’s staff has executed FWO/CO No. 4-03 and it is on file in the offices of the District.

FWO/CO No. 4-04 for B7 directed Contractor to procure a new outer headcover. The total contract price was increased by $486,000. District’s staff has executed FWO/CO No. 4-04 and it is on file in the offices of the District.

FWO/CO No. 4-05 for B7 directed Contractor to machine an O-ring groove in the upper stay ring flange. The total contract price was increased by $40,833. District’s staff has executed FWO/CO No. 4-05 and it is on file in the offices of the District.
FWO/CO Nos. 24, 2-02 through 2-16, 3-07 and 3-08, and 4-03 through 4-05, result in a net increase of $256,264.33 for a new revised not to exceed total contract price of $136,187,647.20.

<table>
<thead>
<tr>
<th>FWO/CO NO.</th>
<th>FWO/CO DATE</th>
<th>FWO/CO VALUE</th>
<th>UNIT</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>4/22/19</td>
<td>$0.00</td>
<td>B10</td>
<td>Perform repairs to Unit B10 after damage discovery in April 2019</td>
</tr>
<tr>
<td>2-02</td>
<td>8/6/10</td>
<td>($352,000.00)</td>
<td>B9</td>
<td>Changed schedule of work on 2nd – 6th units and changed scope of work on the 2nd unit.</td>
</tr>
<tr>
<td>2-03</td>
<td>6/13/11</td>
<td>$0.00</td>
<td>B9</td>
<td>Contractor is allowed to use District’s paint booth for B9 Work in exchange for painting B9 trash racks.</td>
</tr>
<tr>
<td>2-04</td>
<td>11/09/11</td>
<td>($12,400.53)</td>
<td>B9</td>
<td>District Work for Contractor and piping and electrical supply and install items.</td>
</tr>
<tr>
<td>2-05</td>
<td>7/30/11</td>
<td>$0.00</td>
<td>B9</td>
<td>Draft tube dewatering and allowance for time extension.</td>
</tr>
<tr>
<td>2-06</td>
<td>7/30/11</td>
<td>$0.00</td>
<td>B9</td>
<td>Excessive head gate leakage and allowance for time extension</td>
</tr>
<tr>
<td>2-07</td>
<td>11/09/11</td>
<td>$8,128.00</td>
<td>B9</td>
<td>Provide thrust bearing load cell circuitry and reprogramming.</td>
</tr>
<tr>
<td>2-08</td>
<td>10/6/11</td>
<td>$6,644.00</td>
<td>B9</td>
<td>Provide new stator terminal.</td>
</tr>
<tr>
<td>2-09</td>
<td>12/15/11</td>
<td>$5,300.00</td>
<td>B9</td>
<td>Modify one brake cylinder</td>
</tr>
<tr>
<td>2-10</td>
<td>4/18/12</td>
<td>$0.00</td>
<td>B9</td>
<td>End of Unit outage time and start of trial operation period.</td>
</tr>
<tr>
<td>2-11</td>
<td>9/4/12</td>
<td>$0.00</td>
<td>B9</td>
<td>Completion of trial operation period</td>
</tr>
<tr>
<td>2-12</td>
<td>5/23/19</td>
<td>$32,500.90</td>
<td>B9</td>
<td>Index testing.</td>
</tr>
<tr>
<td>2-13</td>
<td>12/6/12</td>
<td>$16,462.00</td>
<td>B9</td>
<td>Incentive payment for exceeding generator efficiency guarantee.</td>
</tr>
<tr>
<td>2-14</td>
<td>12/27/12</td>
<td>$0.00</td>
<td>B9</td>
<td>Unit acceptance date extension.</td>
</tr>
<tr>
<td>2-15</td>
<td>3/21/13</td>
<td>$0.00</td>
<td>B9</td>
<td>Started the warranty period and provided a time extension for Unit acceptance.</td>
</tr>
<tr>
<td>2-16</td>
<td>11/17/17</td>
<td>$400,000.00</td>
<td>B9</td>
<td>Unit alignment, purchase of a spare oil head and modifications to gate ring piping.</td>
</tr>
<tr>
<td>3-07</td>
<td>6/13/18</td>
<td>$90,000.00</td>
<td>B6</td>
<td>Stay ring repairs.</td>
</tr>
<tr>
<td>3-08</td>
<td>10/4/18</td>
<td>($669,959.04)</td>
<td>B6</td>
<td>Additional Work items and Liquidated Damages.</td>
</tr>
<tr>
<td>4-03</td>
<td>7/5/18</td>
<td>$204,756.00</td>
<td>B7</td>
<td>Directed Contractor to disassemble and remove existing rotor, and revised the milestone schedule dates.</td>
</tr>
<tr>
<td>4-04</td>
<td>7/30/18</td>
<td>$486,000.00</td>
<td>B7</td>
<td>Procure new outer headcover.</td>
</tr>
<tr>
<td>4-05</td>
<td>11/6/18</td>
<td>$40,833.00</td>
<td>B7</td>
<td>Machine O-ring groove in stay ring flange.</td>
</tr>
</tbody>
</table>

**Total**  
$256,264.33
Proposed Field Work Orders For Approval

Additionally, District staff desires to execute FWO/CO No. 4-04A which revises the Milestone Schedule for fourth unit, B7, due to Contractor’s procurement of new outer headcover. There is no proposed change to the contract price.

District staff also desires to execute FWO/CO No. 4-06 for B7 which 1) provides for additional time to perform discharge ring repairs; 2) provides for the machining of an O-ring groove in the stay ring; 3) reconciles the cost of the discharge ring repairs and the O-ring groove; 4) applies charges for District labor support to Contractor, and 5) clarifies several technical specifications. The total contract price would be decreased by $14,942.

Finally, District staff desires to execute FWO/CO No. 04-07 authorizing the purchase of three sets of newly designed blade trunnion bushings designed to reduce friction during blade movement operations. Each set of blade trunnion bushings is estimated to cost not more than $250,000.00. The total contract price for three sets of blade trunnion bushings would be increased by not more than $750,000.00.

The General Manager of the District concurs with staff’s recommendations that FWO/CO Nos. 24, 2-02 through 2-16, 3-07 and 3-08, and 4-03 through 4-05 be ratified, and that FWO/CO Nos. 4-04A and 4-06 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/Change Order Nos. 24, 2-02 through 2-16, 3-07 and 3-08, and 4-03 through 4-05 were properly executed pursuant to the authority delegated by Resolution No. 17-14215 and said Field Work Order/Change Orders are hereby formally acknowledged and ratified.

Section 2. The General Manager of the District is hereby authorized to execute Field Work Order/Change Order Nos. 4-04A, 4-06 and 04-07. A copy of the Field Work Order/Change Orders shall be on file in the offices of the District.
DATED this 19th day of August 2019.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal