

DRAFT

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

**REGULAR COMMISSION MEETING**

**September 5, 2017**

**AGENDA**

**BUSINESS SESSION  
STUDY SESSION**

**1:00 P.M.**

1. Pledge of Allegiance and Safety Minute – Jess Haag
2. Approval of the Agenda - Any item on the Regular Agenda shall be subject to transfer to the Consent Agenda upon request of any Commission member

**Consent Agenda**

3. Minutes:

August 21, 2017

4. Vouchers:

Accounts Payable Summary Report dated August 30, 2017:

- a) Vouchers totaling \$8,038,816.55.
- b) Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 16, 2017 through August 29, 2017 in the amount of \$58,685.52.
- c) Approval of the net Payrolls, Warrant Nos. 235478 through 235505 and Advice Nos. 639040 through 639805 for the pay period ending 8/20/2017 in the amount of \$1,838,668.72
- d) Approval of Warrant Nos. 23701 through 23744 totaling \$11,486.42 for claim payments from the workers' compensation self-insurance fund for the period ending August 28, 2017.

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**Regular Agenda**

5. A RESOLUTION APPROVING FIRST AMENDMENT TO AGREEMENT CONCERNING WATER RIGHT CERTIFICATE NO. 319 AND A MEMORANDUM OF UNDERSTANDING RELATED TO WATER RIGHT ALLOCATIONS FROM LAKE CHELAN AND RESERVE ACCOUNTING BETWEEN DISTRICT AND STATE OF WASHINGTON DEPARTMENT OF ECOLOGY AND AUTHORIZING EXECUTION THEREOF BY THE GENERAL MANAGER
6. A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO TASK AUTHORIZATION SERVICES AGREEMENT (SA-TA NO. 17-028) WITH COFFMAN ENGINEERS, INC. OF SEATTLE, WASHINGTON TO PROVIDE ELECTRICAL ENGINEERING FOR PHYSICAL SECURITY CONTROLS
7. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO. 17-134) WITH OPEN ACCESS TECHNOLOGY INTERNATIONAL, INC. (OATI) OF MINNEAPOLIS, MINNESOTA FOR ENERGY ACCOUNTING SOFTWARE
8. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 THROUGH 7 TO CONTRACT 15-65 WITH K&N ELECTRIC MOTORS, INC OF SPOKANE VALLEY, WA FOR THE ROCKY REACH DAM POWERHOUSE BRIDGE CRANES REFURBISHMENT
9. B1-B4 Risk Assessment
10. Manager Items
11. Commission Items
12. Commission Travel
13. Follow-up on Delegation of Action Items from Previous Board Meeting
14. Delegation of Action Items
15. Additional Public Comment\*
16. Matters of general business as may necessarily come before the Commission
17. 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)

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\* 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 APPROVING FIRST AMENDMENT TO AGREEMENT CONCERNING WATER RIGHT CERTIFICATE NO. 319 AND A MEMORANDUM OF UNDERSTANDING RELATED TO WATER RIGHT ALLOCATIONS FROM LAKE CHELAN AND RESERVE ACCOUNTING BETWEEN DISTRICT AND STATE OF WASHINGTON DEPARTMENT OF ECOLOGY AND AUTHORIZING EXECUTION THEREOF BY THE GENERAL MANAGER

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County (“District”) is the current holder of a license from the Federal Energy Regulatory Commission (“FERC”) for Lake Chelan Project No. 637, entitling it to operate a hydroelectric project on Lake Chelan (“Project”).

The District is owner, as successor in interest to Chelan Electric Company, of Certificate of Water Right No. 319 authorizing use of water for hydroelectric power (“Certificate 319”), and Certificate of Water Right No. 500 authorizing impoundment and storage of water behind the Chelan Dam (“Certificate 500”). Under its FERC license and Certificate 500, the District stores water in Lake Chelan between elevations 1079 feet and 1100 feet (the “Lake Chelan Reservoir”).

The District Board of Commissioners approved Resolution 92-9285 on April 20, 1992, after which the District and the Washington State Department of Ecology (“Ecology”) entered the agreement entitled *Agreement Concerning Water Right Certificate No. 319* (“1992 Agreement”) on April 29, 1992.

By Order issued March 22, 1993, FERC approved the use for non-Project purposes of up to 65,000 acre-feet per year (“afy”) of Project waters as described in the 1992 Agreement, and also commonly referenced as the “Lake Chelan Reserve”.

Due to changes in state law since 1992, Ecology and the District desire to amend and have negotiated a First Amendment to the 1992 Agreement, in order to reaffirm the 65,000 afy Lake Chelan Reserve, to clarify the regulatory process for allocating water rights from the Reserve, and to accurately account for water allocated from the Lake Chelan Reserve.

The District and Ecology desire to enter into a separate Memorandum of Understanding Related to Water Right Allocations from Lake Chelan and Reserve Accounting (“MOU”) that will establish clear business rules for identifying water rights covered by the Lake Chelan Reserve and the process for allocating water rights on an ongoing basis.

Key changes set forth in the First Amendment to the 1992 Agreement and the MOU are as follows:

- Reaffirms the Lake Chelan Reserve of 65,000 afy

- Establishes business rules for identifying both surface and groundwater rights covered by the Reserve
- Clarifies the process for allocating water rights
- Identifies the boundaries of the Lake Chelan Water Basin where the Lake Chelan Reserve applies
- Provides for a transparent ongoing accounting of water rights issued from the Lake Chelan Reserve
- Establishes the Lake Chelan Reserve allocation and accounting procedures that comply with current Law

District staff recommends Commission approval of the First Amendment to the 1992 Agreement and the Memorandum of Understanding and the General Manager concurs with the recommendation.

**ACTION**

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

Section 1. The terms and conditions of the *First Amendment to Agreement Concerning Water Right Certificate No. 319* between the District and State of Washington Department of Ecology are hereby approved and the General Manager is authorized to execute the agreement.

Section 2. The terms and conditions of the *Memorandum of Understanding between District and State of Washington Department of Ecology Related to Water Right Allocation from Lake Chelan and Reserve Accounting* are hereby approved and the General Manager is authorized to execute the agreement. Copies of the First Amendment and the Memorandum of Understanding will be on file in the offices of the District.

DATED this 5th day of September 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

SEAL

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

A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO TASK AUTHORIZATION SERVICES AGREEMENT (SA-TA NO. 17-028) WITH COFFMAN ENGINEERS, INC. OF SEATTLE, WASHINGTON TO PROVIDE ELECTRICAL ENGINEERING FOR PHYSICAL SECURITY CONTROLS

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA-TA No. 17-028) on March 22, 2017 with Coffman Engineers, Inc. to provide Electrical Engineering for Physical Security Controls, including; upgrading the existing access control platform and designing physical security control improvements at CIP Low-Impact sites, in an amount not to exceed \$195,000.

District staff has identified the need for additional services for engineering the replacement of the existing access control system, in lieu of upgrading the system, to provide a unified platform with the new CCTV video management system. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$200,000.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 17-028 with Coffman Engineers, Inc. in the amount of \$55,000, for a total revised contract price not to exceed \$250,000.

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 Task Authorization Services Agreement (SA-TA No. 17-028) with Coffman Engineers, Inc. to provide the additional services identified above. The revised contract price will not exceed \$250,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 5th day of September 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

SEAL

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

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SERVICES AGREEMENT (SA NO. 17-134) WITH OPEN ACCESS TECHNOLOGY INTERNATIONAL, INC. (OATI) OF MINNEAPOLIS, MINNESOTA FOR ENERGY ACCOUNTING SOFTWARE

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Participant and project energy accounting is a critical component of meeting contractual obligations to the District's power purchasers. The energy accounting function is currently performed by a third party under a contract that will expire December 31, 2018. The District must be prepared to perform the accounting function on its own behalf by that date. Resolution No. 08-13325 requires that the Commission, by resolution, authorize Service Agreements that exceed \$200,000.

Open Access Technology International, Inc. of Minneapolis, Minnesota has prepared a proposal to provide a hosted Energy Accounting Software solution (WebAccounting) for an estimated cost of \$635,000.

District staff has determined that Open Access Technology International, Inc. is the best qualified firm to provide the required services and that the cost for said services of \$635,000 is a fair and reasonable price.

It is District staff's recommendation that it is in the best interest of the District to enter into a Services Agreement with Open Access Technology International, Inc. for the above-described services.

The General Manager of the District has reviewed 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 General Manager of the District is hereby authorized to enter into a Services Agreement with Open Access Technology International, Inc. for a hosted Energy Accounting Software solution in an amount not to exceed \$635,000 without prior Commission approval. A copy of the Agreement is on file in the offices of the District.

DATED this 5th day of September 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

SEAL



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

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 THROUGH 7 TO CONTRACT 15-65 WITH K&N ELECTRIC MOTORS, INC OF SPOKANE VALLEY, WA FOR THE ROCKY REACH DAM POWERHOUSE BRIDGE CRANES REFURBISHMENT

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County (District) adopted Resolution No. 16-14043 on May 16, 2016 which authorized the District to enter into a contract (Bid No. 15-65) with K&N Electric Motors, Inc. (Contractor) of Spokane Valley, WA for the Rocky Reach Dam Powerhouse Bridge Cranes Refurbishment, in the amount of \$4,401,504.15 (excluding sales tax).

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.

The work in Field Work Order Nos. 1 through 7 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 through 7, which are on file in the offices of the District and summarized as follows:

<b>FWO/CO No.</b>	<b>Description</b>	<b>Amount</b>
1	Milestone Date Change	\$0.00
2	Crane Equipment, Payment Schedule, Milestone Dates, and Contract Price Changes	\$159,480.77
3	Changes to Milestone Dates	\$0.00
4	Increase of Runway Conductor Size	\$125,320.00
5	Changes to Milestone Dates	\$0.00
6	Modified Operator's Cab Controls and Crane Access Improvements	\$53,415.32
7	Trolley Structures Sandblast and Paint	\$130,383.73
	<b>Total</b>	<b>\$468,599.82</b>

Field Work Order Nos. 1 through 7 result in a net increase in the contract price of \$468,599.82 for a new revised total price of \$4,870,103.97 (excluding sales tax), which the District's Engineers recommend be ratified.

The General Manager of the District concurs with staff's recommendations that Field Work Order Nos. 1 through 7 be ratified.

**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 through 7 were properly executed pursuant to the authority delegated by Resolution No. 08-13325 and said Field Work Orders are hereby formally acknowledged and ratified.

DATED this 5th day of September 2017.

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President

ATTEST:

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Vice President

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Secretary

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Commissioner

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Commissioner

Seal