

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

REGULAR COMMISSION MEETING

SEPTEMBER 19, 2022

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety/HPI Minute – Kevin Toney
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. Inflation Reduction Act Summary
4. Peshastin Water System Acquisition Update
5. Pole Attachment Agreements Update
6. Confluence Parkway Due Diligence
7. Public Comment

BUSINESS SESSION

1:00 PM

Consent Agenda

8. Minutes of the September 6, 2022 Regular Meeting
9. Vouchers: Accounts Payable Summary Report dated September 14, 2022:
 - a. Vouchers totaling \$9,382,731.19;
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 31, 2022 through September 13, 2022 in the amount of \$114,266.03;
 - c. Approval of the net Payroll, Warrant Nos. 237929 through 237939 and Advice Nos. 741431 through 742253 for the pay period ending August 28, 2022 in the amount of \$ 2,453,370.64;

- d. Approval of Warrant Nos. 28799 through 28818 totaling \$3,790.61 for claim payments from the workers' compensation self-insurance fund for the period ending September 12, 2022;
- e. Approval of Parks Reservation System customer refunds for the period August 31, 2022 through September 13, 2022 in the amount of \$1,155.00.

Regular Agenda

- 10. A RESOLUTION AUTHORIZING AMENDMENT NO. 6 TO SERVICES AGREEMENT (SA NO. 18-152) WITH CORNFORTH CONSULTANTS, INC TO PROVIDE ROCKY REACH EAST EMBANKMENT ANALYSIS
- 11. A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO LEASE AGREEMENT (22-12089) WITH PORT OF CHELAN COUNTY FOR THE LEASE OF PORT INDUSTRIAL BUILDING NUMBER 5 (IB5) LOCATED IN WENATCHEE, WASHINGTON
- 12. A RESOLUTION RESCINDING RESOLUTION NOS. 11-13658 AND 07-13090 TO UPDATE AND REDEFINE THE MEMBERSHIP AND RESPONSIBILITIES OF THE POWER RISK MANAGEMENT COMMITTEE
- 13. A RESOLUTION AMENDING RESOLUTION 96-10621 TO UPDATE THE DISTRICT'S WORKERS' COMPENSATION SELF INSURANCE PROGRAM CONSISTENT WITH REVISED WASHINGTON ADMINISTRATIVE CODE (WAC) REQUIREMENTS
- 14. Climate Commitment Act Forecast
Proposed Motion: To adopt a Climate Commitment Act renewable energy supply forecast of 80% to serve the District's load and to direct staff to use the adopted 80% renewable energy supply forecast related to the Climate Commitment Act.
- 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
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.

REGULAR COMMISSION MEETING AGENDA

September 19, 2022

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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), 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), and to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g) for ___ minutes

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO. 6
TO SERVICES AGREEMENT (SA NO. 18-152) WITH
CORNFORTH CONSULTANTS, INC TO PROVIDE
ROCKY REACH EAST EMBANKMENT ANALYSIS

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into a Services Agreement (SA No. 18-152) on April 15, 2019, with Cornforth Consultants, Inc. to provide Rocky Reach East Embankment analysis, in an amount not to exceed \$300,000. Amendments 1 through 5 extended the Contract Completion, added \$195,000 for a revised not-to-exceed dollar amount of \$495,000, and extended the Service Agreement through September 30, 2022.

District staff has identified the need for follow-up work regarding the embankment analysis services performed for the District.

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 18-152 with Cornforth Consultants, Inc. to continue Rocky Reach East Embankment analysis services through June 30, 2023, and to add \$50,000, for a total revised contract price not to exceed \$545,000.

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. 18-152) with Cornforth Consultants, Inc. to provide the additional services identified above. The revised contract price will not exceed \$545,000 through June 30, 2023, without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 19th day of September 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO. 2
TO LEASE AGREEMENT (22-12089) WITH PORT OF
CHELAN COUNTY FOR THE LEASE OF PORT
INDUSTRIAL BUILDING NUMBER 5 (IB5) LOCATED
IN WENATCHEE, WASHINGTON

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District, as part of the Strategic Facilities Plan implementation process, reached a proposed agreement in principal (Term Sheet) with the Port of Chelan County (Port) on July 5, 2018. The Term Sheet detailed four (4) property transactions including the District's purchase of approximately 19 acres of Port-owned land, the Port's purchase and lease-back to the District of the District's condominium units in the Confluence Technology Center (CTC) and the lease of space in the Port's Industrial Building Number 5.

Resolution No. 18-14272 dated October 1, 2018, authorized a Lease Agreement (22-12089) with Port of Chelan County for the lease of a portion (26,0000 square feet) of Port Industrial Building Number 5 (IB5) located in Wenatchee, Washington.

Amendment No. 1 to the Lease Agreement, executed on August 5, 2020, added 12,000 square feet of space in IB5 to accommodate the Service Center project team and material storage space for the Service Center Project.

The Lease Agreement includes a provision for an annual adjustment of the Base Rent based on the relative change in the consumer price index (CPI) over the initial term of the lease. The relative change in the CPI for the four (4)-year period ending July, 2023 was nineteen & 43/100 (19.43%) resulting in a commensurate increase in the Base Rent.

District staff has identified the need for continued interim use of the leased space for operational and project needs while the Service Center is completed. The Port has agreed to an extension of seventeen (17) months to accommodate the needs of the District and Amendment No.2 includes an extension of term to February 28, 2024. The Port has also agreed to limit the annual CPI adjust for the final four-months of the Agreement to three (3)%.

Resolution No. 17-14215 requires that the Commission, by resolution, authorize Amendments when the amount of the Amendment exceeds the previously authorized amount.

District staff recommends that it is in the best interest of the District to amend the existing Lease Agreement with the Port for 38,000 square feet of space in IB5, located at 200 Olds Station Road, Wenatchee, WA, at a monthly rate of \$29,498.48 for the term of Oct 1, 2022 through Sept 30, 2023, plus utilities and common area maintenance charges.

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, or his designee, is hereby authorized to execute Amendment 2 to 22-12089 with the Port of Chelan County for continued property lease of Port Industrial Building No. 5 at a monthly rate of \$29,498.48, plus utilities and common area maintenance charges, subject to a CPI adjustment of up to 3% effective for a new term ending February 28, 2024. A copy of the Amendment is on file in the offices of the District.

DATED this 19th day of September 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION RESCINDING RESOLUTION NOS.
11-13658 AND 07-13090 TO UPDATE AND
REDEFINE THE MEMBERSHIP AND
RESPONSIBILITIES OF THE POWER RISK
MANAGEMENT COMMITTEE

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Commission by Resolution Nos. 11-13658, 07-13090 and prior resolutions established the Power Risk Management Committee (PRMC) and defined committee membership and responsibilities. The PRMC is an oversight committee comprised of senior management and provides guidance regarding policy, procedures, and safeguards for the purchase and sale of electric energy, capacity, and non-power attributes.

Changes in the membership are necessary to adapt to new regulations, retail load growth, and changes in the District's portfolio mix. Changes are also needed to update the responsibilities of the PRMC to reflect the current operating environment.

The changes in the membership and responsibilities of the PRMC are listed below:

- The PRMC should consist of the following voting members: Chief Financial Officer/Risk Officer (CFO/CRO); General Counsel/Chief Compliance Officer (GC/COO); Managing Director – Energy Resources; Managing Director – Generation and Transmission; and Managing Director – Customer Utilities.
- The General Manager will review actions proposed by the PRMC and is the final authority on all decisions.
- The CFO/CRO is appointed and authorized to act as the Chairperson of the PRMC to monitor policies and procedures governing power transactions and recommend actions to the PRMC.
- The Credit Risk Program Manager is appointed and authorized as Credit Manager to monitor credit policies and compliance with those policies.
- The Program Manager – Power Risk Management is appointed and authorized to monitor the power risk management policy and compliance with that policy and procedures governing power transactions.
- The PRMC is authorized and directed to adopt policies and procedures to limit risk exposure associated with power and non-power attribute transactions including, but not limited to, approving hedging strategies, portfolio

allocations, trading and position limits, counterparty credit limits and new product types.

The General Manager has reviewed District staff’s recommendations and concurs.

ACTION

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

Section 1. The membership and responsibilities of the PRMC are hereby amended as noted above.

Section 2. Resolution Nos. 11-13658 and 07-13090 are hereby rescinded by this resolution.

DATED this 19th day of September 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AMENDING RESOLUTION 96-10621 TO UPDATE THE DISTRICT'S WORKERS' COMPENSATION SELF INSURANCE PROGRAM CONSISTENT WITH REVISED WASHINGTON ADMINISTRATIVE CODE (WAC) REQUIREMENTS

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District is an approved self-insured employer under the Washington State Workers' Compensation Law. The District's self-insured workers' compensation program applies to all work-related injuries or illnesses. The industrial insurance laws for Washington allow employers to satisfy their workers' compensation obligations through the State Fund or through self-insurance. By being self-insured, the District assumes the cost of the actual medical charges and compensation expenses and all benefits prescribed by Washington's workers' compensation laws associated with on-the-job injuries or illnesses. The District covers these costs with District funds. The District manages its workers compensation program with the assistance of a Third-Party Administrator, and has established the Self- Insured Workers' Compensation Claim Costs Payment Fund as directed in Resolution 96-10621. In addition, the state requires a reserve fund or a surety to guarantee payment of claims. At the time of adoption of Resolution 96-10621, the District elected to establish the Self-Insured Workers' Compensation Reserve Fund. The District has maintained the fund since the adoption of Resolution 96-10621.

A recent revision to the Washington Administrative Code (WAC) regarding reserve fund requirements prompted the District to review the option of satisfying the claim reserve fund requirement by utilizing a surety bond rather than the current reserve fund. District staff have evaluated the costs of the reserve funding alternatives and determined that satisfying the claim reserve fund requirement by utilizing a surety bond is the best and lowest cost option at this time. The Claim Reserve Surety Bond value will be maintained at a minimum of \$500K or at a value of one hundred twenty-five percent (125%) of projected claim costs, whichever is higher, in accordance with WAC requirements. Securing a surety bond to meet the full reserve requirement also allows the District to release the current restricted funds held in the Self-Insured Workers' Compensation Reserve Fund.

District staff recommends that it is in the best interest of the District to amend Resolution No. 96-10621 to permit compliance with the revised WAC claim reserve fund requirements by use of a surety bond.

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. Resolution 96-10621 is hereby amended to clarify that the District may satisfy the Workers' Compensation claim reserve fund requirement by utilizing a surety bond as an alternative to maintaining a Self-Insured Workers' Compensation Reserve Fund. The Claim Reserve Surety Bond value will be maintained at an amount necessary to comply with Washington's worker's compensation requirements. Amounts will be held in the Self-Insured Workers' Compensation Reserve Fund only to the extent that the District's claim reserve requirement is not met through a surety bond.

DATED this 19th day of September 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal