

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY  
203 OLDS STATION ROAD  
WENATCHEE WA 98801**

**REGULAR COMMISSION MEETING**

**OCTOBER 2, 2023**

**STUDY SESSION**

**10:00 AM**

1. Pledge of Allegiance and Safety/HPI Minute – Kellin Spade
2. Approval of the Agenda
3. CPO Winner Recognition
4. Electric Reliability Targets
5. Public Comment  
*Time reserved for public comments or questions related to matters not covered by the agenda*

**BUSINESS SESSION**

**Consent Agenda**

6. Minutes of the September 18, 2023 Regular Meeting
7. Vouchers: Accounts Payable Summary Report dated September 26, 2023:
  - a. Vouchers totaling \$39,285,001.01;
  - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period September 12, 2023 through September 25, 2023 in the amount of \$44,807.80.
  - c. Approval of the net Payroll, Warrant Nos. 238267 through 238277 and Advice Nos. 763306 through 764148 for the pay period ending September 10, 2023 in the amount of \$2,598,456.99.
  - d. Approval of Warrant Nos. 30112 through 30126 totaling \$768.66 for claim payments from the workers' compensation self-insurance fund for the period ending September 18, 2023.

**Regular Agenda**

8. A RESOLUTION AFFIRMING DETERMINATION REGARDING STANDARDS OF THE PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA) AS AMENDED BY THE INFRASTRUCTURE INVESTMENT AND JOB ACT OF 2021 (IIJA)
9. A RESOLUTION MAKING A ONE TIME INCREASE TO THE AUTHORIZED FUNDING LEVEL OF THE PUBLIC POWER BENEFIT PROGRAM FOR 2024 AND TO AUTHORIZE FUNDING NOT ALLOCATED IN 2024 BE MADE AVAILABLE FOR ALLOCATION IN 2025
10. A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 3 TO CONTRACT NO. 21-23 WITH OLSSON INDUSTRIAL ELECTRIC, INC. FOR UNIT PRICE ELECTRICAL SERVICES DOCK CREW
11. A RESOLUTION DECLARING DELSTAR ENERGIE, INC OF MONTREAL, CANADA AS THE SOLE SOURCE SUPPLIER OF ROTOR POLE REFURBISHMENT, MODIFICATION AND INSTALLATION FOR ROCK ISLAND POWERHOUSE 1 (CONTRACT NO. 23-13169)
12. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO PURCHASE APPROXIMATELY 0.64 ACRES OF LAND IN DOUGLAS COUNTY, WASHINGTON IN THE VICINITY OF ROCKY REACH DAM FROM THE WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
13. Manager Items
14. Commissioner Travel
15. Commission Items
  - a. Board Meeting Location  
Proposed motion: To change the location of the regular board meetings for the remainder of 2023 to the service center board room, 203 Olds Station Road, Wenatchee, WA and all to commence at 10:00 am unless further modified by future Board action.
16. Follow-up on Delegation of Action Items from Previous Board Meeting
17. Delegation of Action Items
18. Additional Public Comment
19. Matters of general business as may necessarily come before the Commission

REGULAR COMMISSION MEETING AGENDA

October 2, 2023

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20. Executive Session: To discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i) and to 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) for \_\_\_ minutes

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

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

A RESOLUTION REGARDING STANDARDS OF  
THE PUBLIC UTILITY REGULATORY POLICIES  
ACT (PURPA) AS AMENDED BY THE  
INFRASTRUCTURE INVESTMENT AND JOB ACT  
OF 2021 (IIJA)

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The federal Public Utility Regulatory Policies Act (PURPA) was enacted in 1978 for the purpose of encouraging utility investment in conservation, the efficient use of energy, and equitable rates for electric customers. PURPA was recently amended on November 15, 2021 as part of the Infrastructure Investment and Job Act of 2021 (“IIJA”). The amendments direct utilities to consider adoption of two new ratemaking standards that promote greater transportation electrification programs including electric vehicle charging programs (Section 40104(a)(2)) and demand-response practices (Section 40431(a)). Pursuant to the amendments as set forth by the IIJA, utilities required to begin considering the standards by November 15, 2021 and to make a determination as to whether it is appropriate to adopt the standards, in whole or in part, prior to November 15, 2023.

To initiate consideration of these standards, District staff made a presentation to the Commission on October 17, 2022, that described the proposed standards. On September 5, 2023, staff presented an outreach plan for board approval; the Commission directed staff to commence the public outreach and notice plan as presented which included legal and other print and digital advertising notifying customers of the opportunity to submit public comment and of the Public Hearing scheduled for September 18, 2023.

On September 18, 2023, the properly noticed public hearing was held. Staff made a presentation to the Commission identifying staff recommendations relating to adoption of ratemaking standards pursuant to sections 111(d) of PURPA. District staff recommends that the Commission not adopt the proposed regulatory and ratemaking standards set forth in sections 40104(a)(2) and 40431(b)(1) of the IIJA. Instead, staff recommends that the District continue to evaluate effective means of promoting greater transportation electrification and utility demand response programs while maintaining flexibility and local control.

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

After fully considering the public presentations by staff on or after October 2022, comments from the members of the public, the Commission concurs with staff recommendations.

**ACTION**

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

Section 1: It is not in the best interest of the District to adopt the proposed regulatory standard on electric vehicle charging programs as described by Section 111(d)(21) of Section 40431(a) of the IIA. Instead, the District should continue to evaluate potential standards while maintaining flexibility and local control.

Section 2: It is not in the best interest of the District to adopt the proposed regulatory standard on utility demand response practices as described by Section 111(d)(20) of Section 40104(a)(1) of the IIA. Instead, the District should continue to evaluate potential standards while maintaining flexibility and local control.

DATED this 2nd day of October 2023.

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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 MAKING A ONE TIME INCREASE TO THE AUTHORIZED FUNDING LEVEL OF THE PUBLIC POWER BENEFIT PROGRAM FOR 2024 AND TO AUTHORIZE FUNDING NOT ALLOCATED IN 2024 BE MADE AVAILABLE FOR ALLOCATION IN 2025

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

As part of the 2020-2024 Strategic Plan, Resolution 20-14445 established annual funding of the Public Power Benefit (PPB) program at \$6 Million dollars per year based on the following criteria:

1. Look backwards to audited financial results to consider the five-year average bottom line results
2. Look forward to consider forecasted capability to meet all District financial metrics over the 2020-2024 strategic planning period
3. Establish an initial funding level that is included in the 5-year forecasts for planning purposes
4. Review the analysis annually based on prior year actual performance and updated financial forecasts to determine if any modification is needed.
5. Annual analysis would also include a review of the forecasted trend for the debt ratio. An upward trend in the forecasted debt ratio would be cause for potential modification of the planned funding levels depending upon the risk of exceeding the 35% debt ratio target.

The Commission desires to make a one-time adjustment and increase 2024 funding from \$6 million to \$10 million. This increase will enable the program to fund the 5<sup>th</sup> Street Redevelopment project in addition to other PPB proposed projects.

District staff have confirmed that the desired increase in funding still meets the criteria established in Resolution 20-14445 and as stated above. As such, District staff recommend the Board approve an increase of \$4 million to the annual funding of PPB for a total amount to be funded of \$10 million for the 2024 annual budget.

In addition, as part of the initial PPB program, the Board established principles that include keeping the program manageable and not carrying over funds between years to avoid creating complicated and time-consuming accounting processes. However, the Board desires to make any funding not allocated in 2024 available for allocation in 2025.

The General Manager has reviewed staff's recommendation and recommends that it be approved and adopted by the Commission.

**ACTION**

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

Section 1. The Commission authorizes a onetime increase of \$4 million to the funding level for 2024 for total funding of \$10 million. Financial guidance for the PPB program indicates that this amount is reasonable and can be supported.

Section 2. The Commission further authorizes that any remaining funding not allocated to projects during 2024 be made available for allocation in 2025.

Section 3. This Resolution shall take effect upon its adoption.

Section 4. To the extent any prior resolutions of the District impose limitations or directions which are inconsistent with this Resolution, said prior resolutions are hereby amended and superseded to the extent they conflict with this Resolution.

DATED this 2nd day of October 2023.

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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

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

A RESOLUTION RATIFYING FIELD WORK ORDER/CHANGE ORDER NOS. 1 AND 2, AND APPROVING FIELD WORK ORDER/CHANGE ORDER NO. 3 TO CONTRACT NO. 21-23 WITH OLSSON INDUSTRIAL ELECTRIC, INC. FOR UNIT PRICE ELECTRICAL SERVICES DOCK CREW

**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/change orders under certain circumstances.

On September 13, 2021, the District entered into a contract (Bid No. 21-23) with Olsson Industrial Electric, Inc. of Springfield, Oregon, to provide Electrical Services Dock Crews in the amount of \$1,273,519.20. The contract term was for an initial three (3) years from the effective date of the contract, with the option for an additional one (1) year extension. This contract was advertised for public bid and was awarded pursuant to RCW 54.04.070 and .080. The bid by the contractor was the low bid and met the District's specifications.

Field Work Order Nos. 1 and 2 consist of Contract language revisions to clarify the work requirements. 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:

<b>FWO/CO No.</b>	<b>Description</b>	<b>Amount</b>
1	Covid 19 language	\$0
2	Contractor Supplied Materials language	\$0
<b>TOTAL</b>		<b>\$0</b>

Field Work Order Nos. 1 and 2 resulted in a net increase in the Contract Price of \$0 which did not affect the contract price of \$1,273,519.20. (excluding sales tax), which District staff recommend be ratified.

The contractor has successfully completed all work assignments executed under the contract, and additional work still needs to be performed. Therefore, District staff recommends execution of Field Work Order/Change Order No. 3 to extend the contract term to September 13, 2025, and increase the not-to-exceed amount by \$2,000,000 for a revised not-to-exceed Contract Price of \$3,273,519.20.



The General Manager of the District concurs with staff’s recommendations that Field Work Order/Change Order Nos. 1 and 2 be ratified, and that 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/Change Order Nos. 1 and 2 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 No. 3, resulting in a revised Contract Price of \$3,273,519.20 (excluding sales tax) and extending the contract term to September 13, 2025. A copy of the Field Work Order/Change Order shall be on file in the offices of the District.

DATED this 2nd day of October 2023.

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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

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

A RESOLUTION DECLARING DELSTAR ENERGIE, INC OF MONTREAL, CANADA AS THE SOLE SOURCE SUPPLIER OF ROTOR POLE REFURBISHMENT, MODIFICATION AND INSTALLATION FOR ROCK ISLAND POWERHOUSE 1 (CONTRACT NO. 23-13169)

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The rotor pole windings at Rock Island Dam need to be refurbished and modified to fit the rotor pole bodies. This completed design for the pole refurbishment and modifications was performed with input from Delstar Energie, Inc. The execution of this refurbishment design involves processes and procedures unique and specific to Delstar Energie, Inc. If the District were to allow modification to the design to facilitate the use of a competitor's processes and procedures, this would result in pole assemblies that are materially different from the completed and in-service poles currently in use on Rock Island Powerhouse 1, Units B4 and B3, which were both refurbished and modified by Delstar Energie via subcontract with Andritz Hydro under Contract 16-60.

The District's staff has determined the need for rotor pole refurbishment, modification, and installation for Rock Island Powerhouse 1 units B1 and B2 to be the same as was performed for Units B3 and B4.

Delstar Energie, Inc. has provided certification that they are the sole source supplier of rotor pole bodies necessary for Rock Island Powerhouse 1 and that the District is receiving the lowest price available for said rotor poles.

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

District staff has determined that it would be in the best interest of the District to designate Delstar Energie, Inc. as the sole source supplier for rotor pole refurbishment and modification, and to enter into a contract with Delstar Energie, Inc. in an amount not to exceed \$850,000.00 (excluding taxes). Staff also recommend that the competitive bidding requirements of RCW 54.04.070 be waived.

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

**ACTION**

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

Section 1. The Commission declares Delstar Energie, Inc. to be the sole source supplier for rotor pole bodies for Rock Island Powerhouse 1.

Section 2. In accordance with RCW 39.04.280 the competitive bidding requirements of RCW 54.04.070 are hereby waived, due to the designation of Delstar Energie, Inc. as the sole source supplier for rotor pole bodies for Rock Island Powerhouse 1.

Section 3. The General Manager or his designee is authorized to enter into a purchase contract with Delstar Energie, Inc. for the rotor pole refurbishment and modification at a cost not to exceed \$850,000.00 (excluding WA State sales tax) without prior Commission approval. A copy of the contract will be on file in the offices of the District.

Dated this 2nd day of October 2023.

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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

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

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO PURCHASE APPROXIMATELY 0.64 ACRES OF LAND IN DOUGLAS COUNTY, WASHINGTON IN THE VICINITY OF ROCKY REACH DAM FROM THE WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County, Washington (“District”), is authorized to purchase land, structures and other property rights and privileges, within and without its limits, necessary for the purpose of furnishing the District and its inhabitants and any other persons, including public and private corporations, with electric and other utility services.

The District owns and operates the Rocky Reach Hydroelectric Project No. 2145 (“Rocky Reach”) as licensed by the Federal Energy Regulatory Commission. The District acquired property in Douglas County for the development of Rocky Reach. Subsequently, the Washington State Department of Transportation (“WSDOT”) acquired a portion of the Rocky Reach project-owned land from the District for a proposed highway development. WSDOT has since determined this property will not be developed into a highway and has declared the undeveloped right-of-way surplus to WSDOT’s needs and is in the process of transferring the property to adjoining landowners. The District acquired 19.07 acres of the WSDOT surplus right-of-way in December 2022. WSDOT had a 0.64 acre triangle remaining within the undeveloped right-of-way which it was not prepared to surplus to the District at that time. The remaining 0.64 acre parcel (“Property”) has now been offered to the District. District staff has determined that it is in the best interests of the District to acquire this triangle-shaped parcel as it improves continuity and accessibility to parts of the District’s property.

In preparation for sale, WSDOT performed an appraisal of the Property which established a market value of \$34,000. WSDOT has offered the Property to the District for the appraised market value of \$34,000. The location of the Property is generally south/southeast of the Rocky Reach dam and switchyard. The legal description for the Property is on file in the District’s offices. Upon approval of this resolution the District will enter into an Agreement to purchase the Property with the standard WSDOT sale terms and submit a ten percent (10%) non-refundable deposit to WSDOT.

Staff recommends the District approve the purchase of the Property. The General Manager has reviewed staff’s recommendation and concurs in the same.

Resolution No. \_\_\_\_\_  
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**ACTION**

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

Section 1. The Board of Commissioners hereby authorizes the District's General Manager, or designee, to enter into an agreement with WSDOT for the purchase of the Property for \$34,000, plus recording, excise tax, and other related fees.

Section 2. The General Manager of the District or his designee is hereby authorized to take such further steps as may be required to complete the purchase of the Property from WSDOT.

Dated this 2nd day of October, 2023.

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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

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