

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

REGULAR COMMISSION MEETING

DECEMBER 5, 2022

STUDY SESSION

10:00 AM

1. Pledge of Allegiance and Safety/HPI Minute - Jacob Morgan
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. Pre-Legislative Update
4. Upper Valley Transmission Outreach Results
Proposed Motion: That considering the public outreach and input received, we direct staff to move forward with design and implementation of Alternative 3 for the Plain and Lake Wenatchee Resiliency project.
5. Identity Theft Prevention Program Update
6. Public Comment

BUSINESS SESSION

Consent Agenda

7. Minutes of the November 21, 2022 Regular Meeting
8. Vouchers: Accounts Payable Summary Report dated November 30, 2022:
 - a. Vouchers totaling \$15,586,915.55.
 - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period November 16, 2022 through November 29, 2022 in the amount of \$72,490.72.
 - c. Approval of the net Payroll, Warrant Nos. 237997 through 238008 and Advice Nos. 746325 through 747114 for the pay period ending November 20, 2022 in the amount of \$ 2,473,144.41.

- d. Approval of Warrant Nos. 28983 through 29022 totaling \$16,278.37 for claim payments from the workers' compensation self-insurance fund for the period ending November 28, 2022.

Regular Agenda

9. A RESOLUTION APPROVING THE 2023 DISTRICT BUDGETS FOR THE FIBER NETWORK, WATER, WASTEWATER AND INTEGRATED ELECTRIC (DISTRIBUTION, TRANSMISSION, COLUMBIA RIVER-ROCK ISLAND HYDRO-ELECTRIC, LAKE CHELAN HYDRO-ELECTRIC, ROCKY REACH HYDRO-ELECTRIC SYSTEMS, TREASURY SERVICES, INTERNAL SERVICE SYSTEM AND FINANCING FACILITIES) BUSINESS LINES
10. A RESOLUTION AUTHORIZING AMENDMENT NO. 11 TO SERVICES AGREEMENT (SA NO. 17-002) WITH SAPERE CONSULTING, INC. OF WALLA WALLA, WA FOR MANAGEMENT CONSULTING SERVICES
11. A RESOLUTION AUTHORIZING CHANGE ORDER NO. 2 TO SERVICES AGREEMENT (SA NO. 17-177) WITH COMPUTER 5 INC. DBA LOCALTEL COMMUNICATIONS OF EAST WENATCHEE, WASHINGTON TO PROVIDE LOCAL EXCHANGE CARRIER SERVICES
12. A RESOLUTION AUTHORIZING AMENDMENT NO. 3 TO ENABLING AGREEMENT (PSA NO. 20-10977) WITH EXPRESS SERVICES, INC. DBA EXPRESS EMPLOYMENT PROFESSIONALS TO PROVIDE TEMPORARY EMPLOYMENT SERVICES
13. RESOLUTION DECLARING HITACHI ENERGY USA, INC. OF RALEIGH, NORTH CAROLINA AS THE SOLE SOURCE SUPPLIER FOR THE MATERIALS, EQUIPMENT, AND TECHNICAL SERVICES NECESSARY TO THE GENERATOR CIRCUIT BREAKER REBUILD AND REPAIR FOR ROCKY REACH AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH HITACHI ENERGY USA, INC. (NO. 22-12563)
14. A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A TASK AUTHORIZATION SERVICES AGREEMENT (SA NO. 22-12646) WITH MACKAY & SPOSITO, INC. OF VANCOUVER, WASHINGTON FOR DISTRICT UTILITY AND INSPECTION SERVICES
15. A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR ROCKY REACH TRANSFORMER FIRE PROTECTION UPGRADE (BID NO. 22-12271) AND AUTHORIZING THE ROCKY REACH TRANSFORMER FIRE PROTECTION UPGRADE BE OBTAINED BY NEGOTIATION
16. A RESOLUTION AUTHORIZING THE DISTRICT'S PARTICIPATION IN THE WESTERN POWER POOL'S WESTERN RESOURCE ADEQUACY PROGRAM
17. Manager Items

18. Commission Items

19. Commissioner Travel

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

21. Delegation of Action Items

22. 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.

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

24. 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); evaluate the qualifications of an applicant for public employment or to review the performance of a public employee, as authorized by RCW 42.30.110(1)(g); and 42.30.110(1)(c); 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) for 60 minutes.

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

RESOLUTION NO. _____

A RESOLUTION APPROVING THE 2023 DISTRICT BUDGETS FOR THE FIBER NETWORK, WATER, WASTEWATER AND INTEGRATED ELECTRIC (DISTRIBUTION, TRANSMISSION, COLUMBIA RIVER-ROCK ISLAND HYDRO-ELECTRIC, LAKE CHELAN HYDRO-ELECTRIC, ROCKY REACH HYDRO-ELECTRIC SYSTEMS, TREASURY SERVICES, INTERNAL SERVICE SYSTEM AND FINANCING FACILITIES) BUSINESS LINES

FACTUAL BACKGROUND AND REASONS FOR ACTION

In compliance with Washington state statutes and District Resolution No. 07-13147, proposed budgets for the contemplated financial transactions of the various systems of the District for the year 2023 have been discussed with the Board of Commissioners.

The proposed 2023 budgets are intended to build upon the District's strategic plan, strategic initiatives and five-year business plans. The foundation of the strategic initiatives and budgets is at the top of the District's balanced scorecard – Customer-owner satisfaction. The 2023 budget process has taken the strategic plan priorities into consideration and proposes to establish priorities within the four strategic plan focus areas: 1) Invest in assets and people and seek industry top-quartile performance for hydro generation, retail reliability, and safety while improving our customer service technology, 2) Sustain excellent financial resiliency while mitigating the risk of large rate increases, 3) Enhance the quality of life in Chelan County through programs that distribute the benefits of public power, and 4) Engage in countywide growth planning and job creation efforts while ensuring the District's rates and policies remain stable and predictable (including the fiber build-out throughout the county). These priorities are consistent with the District's Vision/Challenge in the adopted 2020-2024 Strategic Plan to provide the best value for the most people for the longest time.

Strategic priorities, significant projects, challenges, and constraints of the proposed 2023 budgets were discussed at a public meeting on October 17, 2022 and again at public hearings on November 7, 2022 and November 21, 2022.

The first public hearing on the proposed 2023 budgets was held on Monday, November 7, 2022, at 1:30 p.m. in the Board of Commissioners' office at 327 North Wenatchee Avenue, Wenatchee, Washington. Ratepayers were given full opportunity to attend and be heard for or against the whole or any part of the proposed budgets. The notice for this public hearing was advertised with the local newspaper stating the date and time for the hearing.

The second public hearing on the proposed 2023 budgets was held on Monday, November 21, 2022, at 1:00 p.m. in the Board of Commissioners' office at 327 North

Wenatchee Avenue, Wenatchee, WA, 98801. Ratepayers were given full opportunity to attend and be heard for or against the whole or any part of the proposed budgets. The notice for this public hearing was advertised with the local newspaper stating the date and time for the hearing.

The adoption of the District budgets is categorically exempt from the requirements of the Washington State Environmental Policy Act. WAC 197-11-800(14)(c).

The General Manager recommends that the proposed strategic priorities and the proposed 2023 budgets as presented and discussed be adopted by the Commission.

The Commission, having completed the budget hearings, deems it proper and necessary that proposed budgets for the calendar year 2023 be finally determined and adopted as set forth in this resolution.

ACTION

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

Section 1. The Commission establishes the following priorities within the four strategic plan focus areas:

1. Invest in assets and people and seek industry top-quartile performance for hydro generation, retail reliability, and safety while improving our customer service technology.
2. Sustain excellent financial resiliency while mitigating the risk of large rate increases.
3. Enhance the quality of life in Chelan County through programs that distribute the benefits of public power.
4. Engage in countywide growth planning and job creation efforts while ensuring the District's rates and policies remain stable and predictable.

Section 2. The budgets for the District in words and figures as set forth in the copy of each budget for the Fiber Network, Water, Wastewater And Integrated Electric (Distribution, Transmission, Columbia River-Rock Island Hydro-Electric, Lake Chelan Hydro-Electric, Rocky Reach Hydro-Electric Systems, Treasury Services, Internal Service System and Financing Facilities) business lines as presented to the Board on December 5, 2022 are adopted as the budgets for the year 2023. The budget summary is attached and other supporting information is on file in the office of the District.

Dated this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

SEAL

**Chelan County PUD
2023 Proposed Budget (\$000)**

Combined District	Gross	(Integrated Electric)	Net of Eliminations	Fiber & Telecom	Water	Wastewater	(Non Integrated Electric)	
	Integrated Electric	Eliminations	Integrated Electric				Eliminations	
Service Revenue	131,772	115,235	(671)	114,565	11,769	7,887	895	(3,344)
EP&T Net wholesale	96,943	96,943	-	96,943	-	-	-	-
LT Hydro Contract	174,649	174,649	-	174,649	-	-	-	-
Other Wholesale Activity	(1,011)	(1,011)	-	(1,011)	-	-	-	-
Wholesale Energy Revenue	270,581	270,581	-	270,581	-	-	-	-
Other Revenue	26,724	73,205	(44,923)	28,282	-	59	2	(1,618)
	429,077	459,022	(45,594)	413,428	11,769	7,946	897	(4,963)
Other Operating Expenses	253,385	285,601	(43,178)	242,423	11,835	5,548	959	(7,379)
Taxes	14,729	13,566	-	13,566	41	1,103	19	-
Depreciation & Amortization	58,697	52,368	-	52,368	4,272	1,626	430	-
	326,812	351,536	(43,178)	308,358	16,149	8,276	1,408	(7,379)
Operating Income/(Loss)	102,266	107,486	(2,416)	105,070	(4,379)	(331)	(511)	2,416
Interest Earnings	(12,816)	(12,091)	-	(12,091)	(551)	(124)	(51)	-
Interest Expense	17,123	17,075	-	17,075	-	14	34	-
Fair Market Value Change	(219)	(219)	-	(219)	-	-	-	-
Other Non Operating Activity	3,601	3,669	-	3,669	(39)	(27)	(2)	-
Capital Contributions	(8,131)	(7,136)	-	(7,136)	(30)	(865)	(100)	-
Intersystem Transfers/Adjustments	-	3,500	-	3,500	(2,000)	-	(1,500)	-
Non Operating Activity	(443)	4,798	-	4,798	(2,619)	(1,002)	(1,620)	-
Change in Net Position	102,709	102,689	(2,416)	100,273	(1,760)	671	1,109	2,416
Capital Projects: Gross	218,156	204,398	-	204,398	6,251	3,007	4,500	-
Less Capital Contributions	(7,248)	(6,311)	-	(6,311)	(30)	(865)	(42)	-
Capital Projects Net	210,908	198,088	-	198,088	6,221	2,142	4,458	-
Regulatory Assets	6,474	6,474	-	6,474	-	-	-	-
Deferred Relicensing	3,900	3,900	-	3,900	-	-	-	-
Hydro License Obligations	377	377	-	377	-	-	-	-
Other	300	-	-	-	-	300	-	-
Regulatory Liability CIAC	(36,586)	(36,586)	-	(36,586)	-	-	-	-
Fiber Make Ready Offset	(2,416)	(2,416)	-	(2,416)	-	-	-	-
Sub	182,957	169,837	-	169,837	6,221	2,442	4,458	-
Operating Expenses	253,385							
Taxes	14,729							
Non Operating (Inc) Exp	7,688							
Total Expenditures = OperExp + Taxes								
+ Non Op+ Net Capital + Regulatory Assets								
+ Deferred Relicensing	458,759							
Net Debt Reduction	37,150							
Total Expenditures & Debt Reduction	495,909							

Notes:
- Purchased Power included in Net Wholesale

DRAFT
2023 Capital Projects
Proposed Budget

System	rete/Recurr	Project#	Title	Current Total	Total Project	Proposed Total	2023	
				Project Budget	Change: Current vs Proposed	Project Budget		
Electr Distribution	Discrete	DS140004	Bavarian Substation	6,455,704	-	6,455,704	1,750,000	
		DS140005	N Shore Chelan Substatn (Boyd)	9,382,419	-	9,382,419	3,475,002	
		DS180005	Feeder Addition - South Shore	1,720,000	-	1,720,000	1	
		DS190003	City Loop T-Line NESC Imprvs	624,710	-	624,710	250,000	
		DS190006	Advanced Metering Infrastructr	15,000,000	-	15,000,000	7,000,000	
		DS200001	Distribution Vehicles & Equip	1,927,000	-	1,927,000	100,000	
		DS200003	Advanced Dist Mgt Sys ADMS	4,160,000	8,630	4,168,630	268,000	
		DS200004	TRS Interconnect Bavarian Sub	2,275,000	-	2,275,000	1,125,772	
		DS200006	Wenatchee Substation Capacity	4,720,000	-	4,720,000	100,000	
		DS200007	Ohme Substation Getaways	840,000	-	840,000	50,000	
		DS210001	Distribution Vehicles & Equip	1,887,000	5,244	1,892,244	1,102,000	
		DS210002	College 1 Refurbishment	30,000	30,000	60,000	30,000	
		DS210003	Plain 851 Feeder OH to UG	1,000,000	-	1,000,000	450,000	
		DS210004	PPB: Loop Trail Extension	1,200,000	-	1,200,000	1,150,000	
		DS220001	Distribution Vehicles & Equip	1,942,000	-	1,942,000	1,067,000	
		DS220002	MRW Mid Valley Entiat FDT-175	796,000	-	796,000	406,000	
		DS220003	MRW Blewett Pass FDT-162	886,000	-	886,000	560,000	
		DS220004	Plain 851 Ponderosa UG	300,000	-	300,000	50,000	
		DS220011	Jumpoff Ridge Switchyard DS	34,820,000	-	34,820,000	13,578,000	
		DS220013	N Shore Chelan Sub Getaways	3,330,000	-	3,330,000	2,800,000	
		DS220014	LCRD Meter Replacements	50,000	-	50,000	25,000	
		DS230001	DSCN Vehicles & Equip Forecast	-	2,362,000	2,362,000	2,362,000	
		DS230002	DC Fast Charging Equipment	-	150,000	150,000	150,000	
		DS230003	Ingalls Creek Valley Hi OH_UG	-	25,000	25,000	25,000	
		DS230004	MRW Chelan FDTs	-	1,300,000	1,300,000	200,000	
		DS230005	Bavarian Sub Getaways	-	30,000	30,000	30,000	
		DS230006	Ohme Substation 5th Feeder	-	750,000	750,000	250,000	
		DS230007	PPB PKWW Basketball Courts	-	500,000	500,000	500,000	
		Recurring	2XXX0100	UG Xfrms-Capital Purchases	1,500,000	1,000,000	2,500,000	2,500,000
			2XXX0200	OH Xfrms-Capital Purchases	550,000	50,000	600,000	600,000
			2XXX0300	Line Devices-Regulators	125,000	-	125,000	125,000
			DSLEXX1	DS - Line Extensions	2,500,000	650,000	3,150,000	3,150,000
			DSXX0001	DS - Customer Services	1,500,000	337,500	1,837,500	1,837,500
	DSXX0002		DS - Electric Meters	226,000	4,000	230,000	230,000	
	DSXX0003		DS-Undergrnd Cable Replacement	2,500,000	-	2,500,000	2,500,000	
	DSXX0006		Substation Equip Replacements	1,200,000	(100,000)	1,100,000	1,100,000	
	DSXX0007		Distribution Line Improvements	650,000	150,000	800,000	800,000	
	DSXX0009		Substation Improvements	-	50,000	50,000	50,000	
	DSXX0011		Elec Reconductor Upgrades	700,000	400,000	1,100,000	1,100,000	
	DSXX0014		Elec Mandated Relocate	190,000	(140,000)	50,000	50,000	
	DSXX0015		NESC Distribution Upgrades	50,000	-	50,000	50,000	
	DSXX0018		TRS Structural Pole Replace DS	65,000	20,000	85,000	85,000	
	DSXX0020		TRS Structural Pole Replc LCRD	135,000	(20,000)	115,000	115,000	
	DSXX0021		DS Pole Replacement	250,000	50,000	300,000	300,000	
	DSXX0022		Feeder Device-Lines	250,000	(50,000)	200,000	200,000	
	DSXX0023		Conduit Install Fiber BuildOut	300,000	-	300,000	300,000	
DSXX0024	Fiber Build-Out Make Ready		520,000	(420,000)	100,000	100,000		
DSXX0025	TRS Substation Interconnects		250,000	(50,000)	200,000	200,000		
DSXX0026	Overhead Wire Replacements		75,000	75,000	150,000	150,000		
DSXX0027	Fiber In-Fill Make Ready		150,000	-	150,000	150,000		
DSXX0028	External Contact Make-Ready		50,000	-	50,000	50,000		
DSXX0029	DS UG Line Improvements		150,000	(100,000)	50,000	50,000		
DSXX0030	Elec Rescloser Cntrl Upgrades		265,000	(129,000)	136,000	136,000		
System Forecast Adjustment				-	-	-	-8,402,694	
Electr Distribution Total				107,496,833	6,938,375	114,435,208	46,379,581	
Network Transmsn	Discrete	XT200007	Digital Fault Recorders Replc	685,156	-	685,156	192,000	
		XT210002	RRS Transfer Brkr 7-720 Relay	305,000	-	305,000	1	
		XT210003	RRS SEL 2100 Comm Panel	152,000	-	152,000	1	
		XT210006	NW-AY Relocate SR2/97 Easy St	250,000	-	250,000	20,000	
		XT210008	RRS SS 2 Transformer Replace	48,000	-	48,000	23,000	
		XT220002	RRS Col 2 Brkr 7-710 Relay Rpl	267,900	39,100	307,000	277,000	
		XT220003	Jumpoff Ridge Switchyard XT	51,000,000	-	51,000,000	20,050,000	

Network Transmsn	Discrete	XT220004	MKS 115kV 6-950 Sectional Brkr	680,000	-	680,000	660,000
		XT230002	MKS SSVTs	-	680,000	680,000	680,000
		XT230003	RRS 3-4 Brkr 7-700 Relay Rplc	-	392,000	392,000	76,000
		XT230004	Plain & Lake Wen Resiliency	-	200,000	200,000	200,000
	Recurring	XTXX0001	TRS Structural Pole Replc XT	200,000	-	200,000	200,000
		XTXX0004	WSDOT Clear Zone	25,000	-	25,000	25,000
	System Forecast Adjustment			-	-	-	-418,376
Network Transmsn Total				53,613,056	1,311,100	54,924,156	21,984,626
Fiber & Telecom	Discrete	NW200009	PPB: Leavenworth FDT 218	411,748	-	411,748	100,000
		NW220002	PPB: Chelan FDT-150	1,845,192	-	1,845,192	918,745
		NW220003	PPB: Blewett Pass FDT-162	1,149,427	-	1,149,427	1,000,000
		NW220004	PPB: Entiat FDT-175	1,078,054	-	1,078,054	323,416
		NW220005	PPB: SS LC Node Building	75,000	-	75,000	59,375
		NW230001	NWCN Vehicles & Equip Forecast	-	775,000	775,000	775,000
		NW230002	Cable Reel Trailer	-	10,000	10,000	10,000
		NW230003	Fusion Splicers (2)	-	10,000	10,000	10,000
		NW230004	Testing Gear & Locator	-	10,000	10,000	10,000
		NWPB0001	PPB: Fiber Expansion	7,727,863	830,032	8,557,895	1,628,094
		NWPB0003	PPB:Expnsn-Distrib Electronics	700,934	-	700,934	237,500
		NWPB0006	PPB Expansion Infill	926,079	-	926,079	138,450
		NWPB0007	PPB Expansion Growth	616,200	100,000	716,200	250,000
		Recurring	NWLEXX7	Fiber Drops-Line Extensions	6,750	10,000	16,750
	NWXX0002		Franchise Fiber Relocates	105,000	(80,000)	25,000	25,000
	NWXX0003		Fiber District Relocates	5,000	20,000	25,000	25,000
	NWXX0010		Fiber Drops	1,008,000	61,899	1,069,899	1,069,899
	NWXX0011		Fiber Devices	542,000	(83,472)	458,528	458,528
	NWXX0012		Fiber Conduit Installation	550,000	(50,000)	500,000	500,000
	NWXX0013	Core System Upgrades	325,000	(175,000)	150,000	150,000	
NWXX0014	Fiber Subdivisions	42,000	58,000	100,000	100,000		
System Forecast Adjustment			-	-	-	-1,555,151	
Fiber & Telecom Total				17,114,247	1,496,459	18,610,706	6,250,606
Water	Discrete	WR190002	Olalla Canyon Water Source	275,000	-	275,000	1
		WR200001	Water Vehicles & Equip	375,000	-	375,000	84,570
		WR200002	Water SCADA System	500,000	-	500,000	150,000
		WR210002	Water Res Fall Safety Protect	803,000	-	803,000	329,000
		WR220001	Water Vehicles & Equip	800,000	-	800,000	1
		WR220002	Maple Water Main Tie	236,000	7,000	243,000	225,000
		WR220003	Broadview Water Main Tie	80,000	-	80,000	1
		WR230002	Upper Skyline Tank Repl	-	75,000	75,000	75,000
	Recurring	WRXX0001	WS - New Water Services	180,000	20,000	200,000	200,000
		WRXX0002	WS - Customer Line Extensions	356,000	2,000	358,000	358,000
		WRXX0003	WS - Water Main Replacements	100,000	750,000	850,000	850,000
		WRXX0004	WS - Water Main Fire Hydrants	7,000	-	7,000	7,000
		WRXX0005	Water Main Mandated Relocate	540,000	(290,000)	250,000	250,000
		WRXX0006	Water Meters	350,000	400,000	750,000	750,000
System Forecast Adjustment			-	-	-	-271,357	
Water Total				4,602,000	964,000	5,566,000	3,007,216
Wastewater	Discrete	SW200002	Dryden Wastewater Upgrade	5,500,000	-	5,500,000	4,600,000
		SW220001	Wastewater Vehicles & Equip	100,000	-	100,000	100,000
		SW220002	Peshastin WW Plant Iprov	35,000	-	35,000	1
	Recurring	SWXX0001	New Sewer Svcs-Lake Wenatchee	30,000	-	30,000	30,000
		SWXX0002	New Sewer Svcs-Peshastin	7,000	-	7,000	7,000
		SWXX0003	Wastewater Line Extensions	5,000	-	5,000	5,000
System Forecast Adjustment			-	-	-	-242,109	
Wastewater Total				5,677,000	-	5,677,000	4,499,892
Internal Services	Discrete	CAPBKT02	Fleet Shop Equipment	-	600,000	600,000	600,000
		CAPBKT03	Facilities Upgrades	-	550,000	550,000	550,000
		IS180013	Mobile Asset & Work Management	435,000	-	435,000	100,000
		IS180014	Operations and Service Center	139,535,846	25,000,000	164,535,846	49,270,947
		IS180015	RR-CM Facilities Upgrade	43,228,473	-	43,228,473	1,200,000
		IS200001	Fleet Vehicles - Shared	1,948,000	-	1,948,000	272,776
		IS200003	Sys Ops BUCC	2,995,000	0	2,995,000	765,000
		IS210001	Shared Srvc Vehicles & Equip	846,000	-	846,000	73,000
		IS210011	CM Tenant Improvements	615,000	23,148	638,148	5,000
		IS220001	Shared Srvc Vehicles & Equip	1,366,000	-	1,366,000	826,000
		IS220002	CM Tools	600,000	-	600,000	1
		IS220003	System Ops Relo - Service Ctr	346,000	19,000	365,000	257,000
		IS220007	Service Bldg Network Hardware	1,540,000	-	1,540,000	130,000

Internal Services	Discrete	IS220008	Hyperconverged Infrastructure	1,300,000	800,000	2,100,000	2,100,000
		IS220009	Back up Security Command Cntr	60,000	17,000	77,000	77,000
		IS220010	SC MW Relocation Equipment	100,000	-	100,000	90,000
		IS230001	ISCN Vehicles & Equip Forecast	-	1,463,000	1,463,000	1,463,000
		IS230002	Custmr Energy Solutions Alcove	-	150,000	150,000	150,000
		IS230003	CM Tools 2023	-	635,000	635,000	635,000
		IS230004	CM 240 Ton Crane Replc	-	2,500,000	2,500,000	2,500,000
		IS230005	Com Site Improvements	-	240,000	240,000	60,000
		IS230006	Customer Engagement	-	650,000	650,000	650,000
		IS230007	Field Workforce Management	-	650,000	650,000	650,000
		IS230008	IT Service Management	-	600,000	600,000	600,000
		IS230009	Multi-Factor Authentication	-	100,000	100,000	100,000
		IS230010	Data Elevator	-	500,000	500,000	500,000
		IS230011	Oracle OVM Hardware Refresh	-	300,000	300,000	300,000
		IS230012	Forescout Hardware Replacement	-	50,000	50,000	50,000
		IS230013	Network Upgrades-Replacements	-	500,000	500,000	500,000
		IS230014	Digital Signage	-	250,000	250,000	250,000
IS230015	Key Control.Smart Key Install	-	50,000	50,000	50,000		
IS230016	Emerg-Safety Notification Sys	-	100,000	100,000	100,000		
System Forecast Adjustment				-	-	-	-6,472,472
Internal Services Total				194,915,319	35,747,149	230,662,468	58,402,252
Rocky Reach	Discrete	RR110012	RR C1-C11 Unit Ctrlrs Governor	7,600,000	200,000	7,800,000	327,000
		RR120004	RR Excitation Reg Replc C1-C11	4,508,217	-	4,508,217	43,250
		RR120006	RR Unit DFR Installation	766,200	-	766,200	32,999
		RR190002	RR SER Alarm System Replace	260,000	143,500	403,500	103,002
		RR190006	RR DC / UPS AC Panel Replace	133,000	-	133,000	37,000
		RR190007	RR Oil Detection System	75,000	4,100	79,100	79,099
		RR200002	HTWF Wellfield Rehab	2,714,000	-	2,714,000	250,000
		RR200003	RR Oil Cond & Storage Syst	640,000	-	640,000	580,000
		RR200005	RR Uninterruptable Pwr Supply	285,000	20,000	305,000	305,000
		RR200009	RR Spillway Elec Upgrades	1,695,888	-	1,695,888	1,545,000
		RR200010	RR C1-C7 C11 MCM AirGap Repl	1,145,000	-	1,145,000	119,634
		RR200012	RR C1-C7 WG ShearPin Alarm Sys	-	443,450	443,450	126,700
		RR200014	RR PLC 5 Controller	260,000	11,000	271,000	55,659
		RR200015	PKDG Shoreline Erosion	795,000	55,435	850,435	1
		RR200018	HTCF Abatement Pond Improv	-	3,770,000	3,770,000	270,000
		RR210001	RR Vehicles & Equip	724,000	-	724,000	400,000
		RR210002	RR Tailrace Gantry Crane	6,000,000	1,400,000	7,400,000	4,150,000
		RR210004	RR Seismometer	50,000	-	50,000	1,000
		RR210005	PKET Shoreline Erosion	267,000	183,500	450,500	450,500
		RR210008	PKCF Shoreline Erosion	285,000	410,500	695,500	40,000
		RR220001	RR Vehicles & Equip	587,000	-	587,000	276,000
		RR220002	RR JFB Surface Collector Pumps	360,000	870,000	1,230,000	895,000
		RR220003	RR Fac Upgrd Elec Load Support	1,500,000	400,000	1,900,000	1,600,000
		RR220004	HTCH Disch Telem	60,000	-	60,000	1
		RR220005	PKDG Tennis Court Repl	168,000	-	168,000	161,000
		RR230001	RRCN Vehicles & Equip Forecast	-	341,000	341,000	341,000
		RR230002	RR JFB Rehab	-	700,000	700,000	700,000
		RR230003	RR Maint Tools 2023	-	100,000	100,000	100,000
		RR230004	RR HVAC Interface Software	-	30,000	30,000	30,000
		RR230005	RR Station Battry Bnk Mntr Sys	-	15,000	15,000	15,000
		RR230006	RR JFB Cntrl System Repl	-	1,000,000	1,000,000	500,000
		RR230007	PKDG Playground Repl	-	230,000	230,000	230,000
		RR230008	PKCFP Picnic Shelter Renov	-	250,000	250,000	250,000
RR230009	HTCF Chemical Storage Rehab	-	475,000	475,000	475,000		
RR230010	PKBB Sport Court Repl	-	240,000	240,000	240,000		
RR230011	Snowblower attachment	-	15,000	15,000	15,000		
RR230012	Discovery Center Roof Access	-	205,000	205,000	205,000		
RR230013	PKBB Mobile Home HVAC	-	20,000	20,000	20,000		
System Forecast Adjustment				-	-	-	-3,742,212
Rocky Reach Total				30,878,305	11,532,486	42,410,791	11,226,633
Rock Island	Discrete	RI0800B2	RI PH1 B-2 Stator Replacement	4,961,785	-	4,961,785	1
		RI110001	RI PH1 Excitation Sys B1-B4	1,010,990	-	1,010,990	1
		RI110004	RI PH1 Govnr DigCtrlrs B2	2,890,000	-	2,890,000	1
		RI130010	RI PH1 Gen Heat Detect B1-B8	240,983	-	240,983	23,500
		RI140003	RI PH2 Gantry Crane	9,100,000	-	9,100,000	20,000
		RI140004	RI PH2 Bridge Crane	13,390,000	-	13,390,000	40,000
		RI150003	RIFW Controls Upgrades	924,257	540,743	1,465,000	356,000

Rock Island	Discrete	RI160015	RI PH1 B5 Modernization	32,800,000	-	32,800,000	1
		RI160016	RI PH1 B7 Modernization	35,000,000	-	35,000,000	1
		RI160017	RI PH1 B8 Modernization	31,490,839	3,509,161	35,000,000	1,200,000
		RI170007	RI PH1 Intake Gantry Repl	6,020,000	2,160,000	8,180,000	4,000,000
		RI170011	RI PH1 B1 Modernization	17,795,806	1,804,194	19,600,000	440,000
		RI170012	RI PH1 B2 Modernization	18,594,547	1,205,453	19,800,000	900,000
		RI170013	RI PH1 B3 Modernization	17,617,457	1,782,543	19,400,000	6,000,000
		RI170024	RI Facilities Upgrade	38,095,111	-	38,095,111	1
		RI180003	RI PH2 U1-U8 Rehab	18,049,443	-	18,049,443	1
		RI180004	RI PH2 UPS Upgrade	140,000	-	140,000	153,000
		RI190005	RI PH1 Station Unwtr Pumps Rpl	1,074,131	-	1,074,131	705,000
		RI190006	RI PH2 HVAC Upgrades	746,415	1,539,182	2,285,597	2,233,000
		RI200001	RI Vehicles & Equip	579,000	-	579,000	31,734
		RI200002	PKWC NB Shore Erosion Rpr	1,282,000	802,960	2,084,960	2,077,400
		RI210001	RI Vehicles & Equip	250,000	-	250,000	81,786
		RI210002	RI PH2 MCC Replc	1,025,000	1,345,000	2,370,000	1,870,000
		RI210004	RIFW Rt Bank Fish Ladder Mod	1,465,000	1,126,000	2,591,000	1,090,000
		RI210005	RI Seismometer	50,000	-	50,000	1,000
		RI210006	HTEB Pump Bldg Rehab	1,409,000	369,523	1,778,523	750,000
		RI210007	HTEB Reuse Bldg Rehab	245,000	-	245,000	97,000
		RI210012	RI PH2 DTG Cyl & HPU Upgrade	7,200,000	1,893,943	9,093,943	4,620,000
		RI210013	RI PH2 U5 Rehab	99,500,000	-	99,500,000	49,400,000
		RI210014	RI PH2 U7 Rehab	6,000,000	-	6,000,000	2,000,000
		RI220001	RI Vehicles & Equip	489,000	-	489,000	100,000
		RI220006	PKWC Sewer Lift Station	78,000	522,000	600,000	522,000
		RI230001	RICN Vehicles & Equip Forecast	-	259,000	259,000	259,000
		RI230002	RI PH1 B9B10 CntrlSyst CMSSyst	-	911,000	911,000	910,999
		RI230003	RI Spillway Modernization	-	2,000,000	2,000,000	2,000,000
		RI230004	HTSP Well Rehab	-	285,000	285,000	285,000
		RI230005	PKWW Parking Lot Replace	-	420,000	420,000	420,000
		RI230006	HTCP MCC Replacement	-	145,000	145,000	145,000
RI230007	HTSP Chemical Storage Rehab	-	875,000	875,000	875,000		
RI230008	RI 45CH302 Stabilization	-	510,000	510,000	500,000		
RI230009	PKWRF Linden Barn Roof	-	40,000	40,000	40,000		
RI230010	Dryden Water Right	-	300,000	300,000	300,000		
System Forecast Adjustment				-	-	-	-20,828,339
Rock Island Total				369,513,764	24,345,702	393,859,466	63,618,086
Lake Chelan	Discrete	LC190001	PKCR S Shore Erosion	648,000	129,228	777,228	720,000
		LC210001	LC Seis Stdy-Auto Closure Gate	3,850,000	-	3,850,000	2,200,000
		LC210002	LC Hydro Bridge Access Impr	280,000	-	280,000	278,000
		LC210004	LC Seismometer	50,000	-	50,000	1,000
		LC210005	PKMB Irrigation Replacement	132,000	-	132,000	1
		LC210006	PKMP Irrigation Replacement	160,000	30,400	190,400	180,000
		LC220002	LC Spillgates Mule Replacement	800,000	56,000	856,000	1
		LC220003	LC HVAC Upgrade	514,000	19,000	533,000	337,000
		LC220004	CR Temp Monitoring Stations	140,000	-	140,000	1
System Forecast Adjustment				-	-	-	-929,001
Lake Chelan Total				6,574,000	234,628	6,808,628	2,787,002
TOTAL				790,384,524	82,569,899	872,954,423	218,155,894

<u>Gross Capital</u>	
Electric Distribution	46,379,581
Network Transmission	21,984,626
Fiber & Telecom	6,250,606
Water	3,007,216
Wastewater	4,499,892
Internal Services	58,402,252
Rocky Reach	11,226,633
Rock Island	63,618,087
Lake Chelan	2,787,002
	218,155,895

<u>Customer Contributions</u>	
Electric Distribution	(5,177,500)
Network Transmission	-
Fiber & Telecom	(30,000)

	9
Water	(865,000)
Wastewater	(42,000)
Internal Services	-
Rocky Reach	-
Rock Island	(1,133,070)
Lake Chelan	0.00
	<u>(7,247,570)</u>

<u>Net Capital</u>	
Electric Distribution	41,202,081
Network Transmission	21,984,626
Fiber & Telecom	6,220,606
Water	2,142,216
Wastewater	4,457,892
Internal Services	58,402,252
Rocky Reach	11,226,633
Rock Island	62,485,017
Lake Chelan	2,787,002
	<u>210,908,325</u>

Regulatory Assets: DSOP 1823	4,670,000
Regulatory Assets: XTOP 1823	1,804,382
Deferred Relicensing: RI 1866	3,900,000
Make Available: LCRL 2536	377,153
Other: WAOP 3450	300,000
Regulatory Liability CIAC	(36,586,410)
Fiber Make Ready Offset	(2,416,000)
	<u>182,957,450</u>

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT NO.
11 TO SERVICES AGREEMENT (SA NO. 17-002) WITH
SAPERE CONSULTING, INC. OF WALLA WALLA,
WA FOR MANAGEMENT CONSULTING SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 17-14109 dated January 18, 2017, authorized a Services Agreement (SA No. 17-002) with Sapere Consulting, Inc. (Sapere) to provide management consulting services in an amount not to exceed \$1,190,000 over a three-year agreement term. Resolution No. 17-14211 dated December 18, 2017, amended SA No. 17-002 to increase the funded amount by \$1,360,000 for a total revised contract price not to exceed \$2,550,000. Additionally, Resolution No. 18-14250 dated June 25, 2018, increased the funded amount by \$950,000 for a total revised contract price not to exceed \$3,500,000. Resolution No. 19-14408 dated December 2, 2019, added \$2,550,000 to the contract price, for a new not to exceed total of \$6,050,000. Most recently, Resolution No. 21-14607 dated December 6, 2021, added \$2,335,250 to the contract price, for a new not to exceed total of \$8,385,250.

District staff are seeking additional funds through the current completion date of December 31, 2024. The District currently has forty-three (43) task authorizations completed or in progress with Sapere, with \$168,658.99 remaining in approved funds on the contract. The additional funding is requested for continued support for ongoing strategic projects including substation builds, substation site acquisition, machine learning tools, river management via the Two-Dam Independence Project (TDIP) and additional projects in the 2023 and 2024 business plans. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements and Amendments when the total contract price exceeds \$500,000.

District staff recommends that it is in the District's best interest to increase funding by \$3,775,000 to provide management and technical services as detailed above, for a total revised contract price not to exceed \$12,160,250 through December 31, 2024.

The General Manager has reviewed and 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 execute Amendment 11 to Services Agreement 17-002 with Sapere Consulting, Inc. to add \$3,775,000 to the total contract price. The revised contract price shall not exceed

\$12,160,250 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 5th day of DECEMBER 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING CHANGE ORDER NO. 2 TO SERVICES AGREEMENT (SA NO. 17-177) WITH COMPUTER 5 INC. DBA LOCALTEL COMMUNICATIONS OF EAST WENATCHEE, WASHINGTON TO PROVIDE LOCAL EXCHANGE CARRIER SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution 17-14187 dated November 6, 2017, authorized a not to exceed amount of \$350,000 without prior Commission approval for Telephone Local Exchange Services.

The District entered into a Services Agreement (SA No. 17-177) on December 15, 2017 with LocalTel Communications to provide telephone carrier services, in an amount not to exceed \$350,000.

District staff has identified the need for additional services for telephone carrier services. Resolution No. 17-14215 requires that the Commission, by resolution, authorize amendments to Service Agreements when the Change Order increases the total contract price to over \$500,000 (excluding sales tax).

District staff recommends that it is in the best interest of the District to amend Services Agreement No. 17-177 with LocalTel Communications to provide the additional services in the amount of \$240,000, for a total revised contract price not to exceed \$590,000 and for a revised completion date of December 31, 2025.

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 Change Order No. 2 to Services Agreement (SA No. 17-177) with LocalTel Communications, increasing the contract price by \$240,000 for a revised not to exceed contract price of \$590,000 without prior Commission approval, as well as extending the contract term three years, for a revised contract completion date of December 31, 2025. A copy of the Change Order is on file in the offices of the District.

DATED this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT
NO. 3 TO ENABLING AGREEMENT (PSA NO. 20-
10977) WITH EXPRESS SERVICES, INC.
DBA EXPRESS EMPLOYMENT PROFESSIONALS
TO PROVIDE TEMPORARY EMPLOYMENT
SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District entered into an Enabling Agreement (PSA No. 20-10977) on October 30, 2020, with Express Services, Inc. dba Express Employment Professionals to provide temporary employment services in an amount not to exceed \$500,000. The Agreement is perpetual and will only end upon termination by either party.

Resolution No. 20-14499 dated November 16, 2020 authorized an additional amount of \$1,000,000, for an amended not to exceed amount of \$1,500,000.

Resolution No. 21-14579 dated September 7, 2021 authorized an additional amount of \$1,500,000, for an amendment not to exceed amount of \$3,000,000.

Resolution No. 17-14215 requires that the Commission, by resolution, authorize Amendments to Service Agreements when the Amendment increases the total contract price to over \$500,000.

District staff recommends that it is in the best interest of the District to amend Enabling Agreement PSA No. 20-10977 with Express Employment Professionals to increase the not to exceed amount by \$2,000,000 to assist with temporary employment services, for a total revised contract price not to exceed \$5,000,000.

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 Amendment No. 3 to Enabling Agreement (PSA No. 20-10977) with Express Employment Professionals to provide temporary employment services. The revised contract price will not exceed \$5,000,000 without prior Commission approval. A copy of the Amendment is on file in the offices of the District.

DATED this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION DECLARING HITACHI ENERGY USA, INC. OF RALEIGH, NORTH CAROLINA AS THE SOLE SOURCE SUPPLIER FOR THE MATERIALS, EQUIPMENT, AND TECHNICAL SERVICES NECESSARY TO THE GENERATOR CIRCUIT BREAKER REBUILD AND REPAIR FOR ROCKY REACH AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH HITACHI ENERGY USA, INC. (NO. 22-12563)

FACTUAL BACKGROUND AND REASONS FOR ACTION

The existing generator circuit breakers for the eleven turbine-generating units at Rocky Reach, which are essential to operation of the turbine-generating units, were manufactured, provided, and commissioned by ABB, Inc. in the mid-1990s. Routine maintenance on the breakers' contacts and SF6 gas chambers were performed by District personnel under the supervision of ABB, Inc. The generator circuit breakers are now in need of repair and rebuilding. In order to ensure the continued safe and reliable operation of the turbine-generating units at Rocky Reach the wear parts must be replaced.

The generator circuit breakers were designed and manufactured by ABB, Inc. ABB, Inc. was acquired by Hitachi, Ltd. in 2018 and became Hitachi ABB Power Grids, Ltd. In 2021, Hitachi ABB Power Grids, Ltd. became Hitachi Energy USA, Inc. Staff has determined that the materials, equipment, and technical services necessary for the rebuild and repair of the generator circuit breakers is clearly and legitimately available only from a single source of supply, Hitachi Energy USA, Inc. of Raleigh, North Carolina. The District has received a letter from Hitachi Energy USA, Inc. stating that they are the only supplier of the material, equipment, and technical services necessary for the subject rebuild and repair, and that they offer the same price to the District that they offer to peer utilities for similar products and scope.

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 (\$60,000 per month) must come before the Commission for action.

District staff has determined that it would be in the best interest of the District to designate Hitachi Energy USA, Inc. as the sole source supplier for the materials, equipment, and technical services necessary to the generator circuit breaker rebuild and repair in an amount not to exceed \$450,000 plus shipping (excluding Washington state

sales tax). Staff also recommends pursuant to RCW 39.04.280 that the competitive bidding requirements of RCW 54.04.070 and 54.04.080 be waived.

The General Manager 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 Commission declares Hitachi Energy USA, Inc. of Raleigh, North Carolina to be the sole source manufacturer and supplier of the materials, equipment, and technical services necessary for the generator circuit breaker rebuild for Rocky Reach.

Section 2. The competitive bidding requirements of RCW 54.04.070 and 54.04.080 are hereby waived due to the designation of Hitachi Energy USA, Inc. as the sole source supplier of the materials, equipment, and technical services necessary for the generator circuit breaker rebuild and repair services for Rocky Reach.

Section 3. The General Manager or his designee is authorized to enter into a contract with Hitachi Energy USA, Inc. for the purchase of the materials, equipment, and technical services necessary for the generator circuit breaker rebuild and repair services for Rocky Reach in an amount not to exceed \$450,000 plus shipping (excluding Washington state sales tax) without prior Commission approval. A copy of the contract will be on file in the offices of the District.

Dated this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION DECLARING HITACHI ENERGY USA, INC. OF RALEIGH, NORTH CAROLINA AS THE SOLE SOURCE SUPPLIER FOR THE MATERIALS, EQUIPMENT, AND TECHNICAL SERVICES NECESSARY TO THE GENERATOR CIRCUIT BREAKER REBUILD AND REPAIR FOR ROCKY REACH AND AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A CONTRACT WITH HITACHI ENERGY USA, INC. (NO. 22-12563)

FACTUAL BACKGROUND AND REASONS FOR ACTION

The existing generator circuit breakers for the eleven turbine-generating units at Rocky Reach, which are essential to operation of the turbine-generating units, were manufactured, provided, and commissioned by ABB, Inc. in the mid-1990s. Routine maintenance on the breakers' contacts and SF6 gas chambers were performed by District personnel under the supervision of ABB, Inc. The generator circuit breakers are now in need of repair and rebuilding. In order to ensure the continued safe and reliable operation of the turbine-generating units at Rocky Reach the wear parts must be replaced.

The generator circuit breakers were designed and manufactured by ABB, Inc. ABB, Inc. was acquired by Hitachi, Ltd. in 2018 and became Hitachi ABB Power Grids, Ltd. In 2021, Hitachi ABB Power Grids, Ltd. became Hitachi Energy USA, Inc. Staff has determined that the materials, equipment, and technical services necessary for the rebuild and repair of the generator circuit breakers is clearly and legitimately available only from a single source of supply, Hitachi Energy USA, Inc. of Raleigh, North Carolina. The District has received a letter from Hitachi Energy USA, Inc. stating that they are the only supplier of the material, equipment, and technical services necessary for the subject rebuild and repair, and that they offer the same price to the District that they offer to peer utilities for similar products and scope.

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 (\$60,000 per month) must come before the Commission for action.

District staff has determined that it would be in the best interest of the District to designate Hitachi Energy USA, Inc. as the sole source supplier for the materials, equipment, and technical services necessary to the generator circuit breaker rebuild and repair in an amount not to exceed \$450,000 plus shipping (excluding Washington state

sales tax). Staff also recommends pursuant to RCW 39.04.280 that the competitive bidding requirements of RCW 54.04.070 and 54.04.080 be waived.

The General Manager 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 Commission declares Hitachi Energy USA, Inc. of Raleigh, North Carolina to be the sole source manufacturer and supplier of the materials, equipment, and technical services necessary for the generator circuit breaker rebuild for Rocky Reach.

Section 2. The competitive bidding requirements of RCW 54.04.070 and 54.04.080 are hereby waived due to the designation of Hitachi Energy USA, Inc. as the sole source supplier of the materials, equipment, and technical services necessary for the generator circuit breaker rebuild and repair services for Rocky Reach.

Section 3. The General Manager or his designee is authorized to enter into a contract with Hitachi Energy USA, Inc. for the purchase of the materials, equipment, and technical services necessary for the generator circuit breaker rebuild and repair services for Rocky Reach in an amount not to exceed \$450,000 plus shipping (excluding Washington state sales tax) without prior Commission approval. A copy of the contract will be on file in the offices of the District.

Dated this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A TASK AUTHORIZATION SERVICES AGREEMENT (SA NO. 22-12646) WITH MACKAY & SPOSITO, INC. OF VANCOUVER, WASHINGTON FOR DISTRICT UTILITY AND INSPECTION SERVICES

FACTUAL BACKGROUND AND REASONS FOR ACTION

The District needs utility, technical advisory, management, analytical and inspection services in support of approved projects for the District's various utility systems. The majority of the services are expected to be construction inspection services for the RI PH2 Rehabilitation project. These inspection services will verify installation is performed in accordance with industry standards and contractual requirements and provide documentation to support any extended correction period claims on behalf of the District. Resolution No. 17-14215 requires that the Commission, by resolution, authorize Service Agreements that exceed \$500,000.

MacKay & Sposito, Inc. of Vancouver, Washington performs professional, technical, and construction support services for projects at the District.

District staff has determined that MacKay & Sposito, Inc. is the best qualified firm to provide the required services and that the proposed price(s) for the services are fair and reasonable. The total costs for the services to be provided by MacKay & Sposito, Inc shall not exceed \$5,000,000 from the period of January 1, 2023, to December 31, 2027.

It is District staff's recommendation that it is in the best interest of the District to enter into a Services Agreement with MacKay & Sposito, Inc. for the above-described services. Services shall be provided when and as requested by the District according to written task assignments which define the scope, budget, and schedule for individual tasks. No work shall be undertaken by MacKay & Sposito without a written task assignment.

The General Manager of the District has reviewed staff's recommendation and concurs with 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 MacKay & Sposito, Inc. for utility, technical advisory, management, analytical and inspection services for District projects in an amount not to exceed \$5,000,000 without prior Commission approval. A copy of the Agreement is on file in the offices of the District.

DATED this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

RESOLUTION NO. _____

A RESOLUTION REJECTING ALL BIDS AND DECLARING THAT NO BIDS WERE RECEIVED FOR ROCKY REACH TRANSFORMER FIRE PROTECTION UPGRADE (BID NO. 22-12271) AND AUTHORIZING THE ROCKY REACH TRANSFORMER FIRE PROTECTION UPGRADE BE OBTAINED BY NEGOTIATION

FACTUAL BACKGROUND AND REASONS FOR ACTION

The 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.

District staff prepared bidding documents for Bid 22-12271, Rocky Reach Fire Protection Upgrade. The Rocky Reach Operations team has experienced various sealing component and equipment issues. Specifically, the deluge latch facing seals, with no spare parts available. Additionally, the actuator system from the deluge valves is a customized application in similar condition as the valves. The System has been in operation since original construction of the Rocky Reach Dam.

Various options were reviewed during the charter and business case development and the preferred alternative was to replace the deluge valves, actuators, and associated controls with new modern equipment.

Sealed proposals were invited and published in accordance with RCW 54.04.070 and said bids were opened on November 15, 2022 at 2:30 pm Pacific Time in the offices of the District.

One (1) bid was received pursuant to that invitation. The bid proposal exceeded the Engineer's estimate by more than 15% and therefore did not meet all statutory requirements for award.

District staff is of the opinion that the bids were non-responsive and should be rejected. Resolution No. 17-14215 requires that the rejection of bids must come before the Commission for action when staff is recommending an action other than rebidding.

Pursuant to RCW 54.04.080, the District may procure the work on the open market and negotiate a contract rather than re-advertising if no bids are received. District staff recommends that, due to time constraints and project requirements, the Rocky Reach Transformer Protection Upgrade be procured by negotiation, rather than re-advertising for bids.

The General Manager of the District has reviewed District staff's recommendation and concurs in the same.

ACTION

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

Section 1. The bids received to furnish the Rocky Reach Transformer Fire Protection Upgrade (Bid No. 22-12271) are rejected. District staff is authorized to obtain the Rocky Reach Transformer Fire Protection Upgrade by negotiation and the General Manager (or his/her designee) is authorized to execute a contract for the same with acceptable terms and conditions.

DATED this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal

16RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE DISTRICT'S
PARTICIPATION IN THE WESTERN POWER
POOL'S WESTERN RESOURCE ADEQUACY
PROGRAM

FACTUAL BACKGROUND AND REASONS FOR ACTION

Public Utility District No. 1 of Chelan County ("District") serves load in Chelan County from its hydroelectric resources pursuant to Chapter 54.16 RCW. The District also markets surplus hydropower pursuant to Chapter 54.16 RCW, some of which is sold to other utilities serving load in Washington and neighboring states.

In recent years, several analyses (from WECC and NWPPC among others) have shown a decreasing margin between available generating capacity and forecasted load. This decreasing margin correlates to an increased likelihood of blackouts during periods of higher-than-expected peak load.

Generally, each utility in the Western Interconnection makes an individual determination about whether it has sufficient generating capacity to meet its expected loads. Moreover, these determinations are not subject to any standard methodology. To address the need to ensure adequate resources are available to meet load, a group of utilities began working to identify the specific challenges and potential solutions. The effort began at the Northwest Power Pool, but it was quickly acknowledged that the issues are west-wide. The endeavor expanded to include [26] utilities across the west, and the Northwest Power Pool (NWPP) has rebranded itself the Western Power Pool (WPP) in recognition of the breadth of involvement.

As a result of this utility collaboration, the WPP finalized its Western Resource Adequacy Program (WRAP). Using generation and load information from participating utilities, the WRAP determines a region-wide capacity and reserve amount, allocates that requirement among participating utilities, and sets a standard for participating utilities to demonstrate several months in advance of peak seasons that they own or have contracted for sufficient generating capacity to meet their requirements. The WRAP also provides a framework for sharing of capacity on an operational basis, closer to real-time operations.

The WRAP terms and conditions are set out in a tariff that WPP has filed with FERC, with each participating utility signing a WRAP Agreement, which is an attachment to, and incorporates, the WRAP tariff. Participation under the WRAP Agreement is conditioned on FERC accepting the WRAP tariff. While FERC's acceptance is pending, participating utilities will also execute a work order with WPP under the existing NWPP General Services Agreement (Phase 3B Work Order). WRAP participation will automatically transition from the work order to the WRAP Agreement upon FERC's acceptance of the WRAP tariff.

Oversight of the WRAP will be through a restructured WPP governance and a new governing board. The members of the board are required to be independent from all WRAP participants. WRAP governance also has provisions for a participants' committee and stakeholder involvement to shape proposals before final adoption by the WPP board.

The District's financial obligation for the WRAP is based upon a formula that assigns a portion of the WRAP costs pro rata, and a portion based upon the percentage of District's forecast load to the total WRAP forecast load. The District's share of the funding obligation for the first funding cycle is expected to be \$185,000. So long as the District remains a participant in the WRAP, the District will be responsible to pay its funding obligations. The District's share of the 2023 WRAP expenses, inclusive of the proposed agreement, are included within the District's 2023 budget. Funding for future years will be reflected in future budgets.

District staff have been actively involved in all facets of the WRAP's development since the effort's inception. The WRAP offers an efficient approach to begin addressing the issue of regional resource adequacy. It is District staff's recommendation that it is in the best interest of the District to participate in the WRAP.

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, WASHINGTON, as follows:

Section 1. The General Manager of the District is authorized to initiate the District's participation in the WRAP.

Section 2. The General Manager of the District is further authorized to enter into the Phase 3B Work Order and the WRAP Agreement. A copy of the agreements will be on file in the offices of the District.

Section 3. The General Manager of the District is further authorized to enter into such other necessary agreements with WPP or its vendors to enable WRAP participation. A copy of these agreements will be on file in the offices of the District.

DATED this 5th day of December 2022.

President

ATTEST:

Vice President

Secretary

Commissioner

Commissioner

Seal