

COMMISSION MEETING AGENDA
PUBLIC UTILITY DISTRICT NO. 1 OF DOUGLAS COUNTY
BRIDGEPORT, WASHINGTON
MAY 22, 2017 - 1:30 P.M.

1. Flag Salute
2. Minutes
3. Vouchers
4. Bid Opening – Bid Document 17-06-W, Transformer Services at Douglas Switchyard and the Wells Hydroelectric Project
5. Public Comment
6. New Employee – Jordon Davies – Journeyman Mechanic
7. Prequalification of Contractor
8. Resolution Authorizing Interconnection and Service Agreement with Auvil Fruit Company, Inc.
9. Resolution Authorizing Request for Proposals 17-07-D, Network Upgrade
10. Resolution Authorizing the Establishment of a Capital Project Revolving Loan Fund
11. Resolution Authorizing Change Orders No. 54 and 55 to Contract 06-41-W, Generator Rebuild and Unit Refurbishment for the Wells Hydroelectric Project
12. Resolution Authorizing Amendment No. 2 to Professional Service Agreement 12-23-W with Erlandsen & Associates
13. Resolution Affirming Addendum No. 1 to Bid Document 17-06-W, Transformer Services at Douglas Switchyard and the Wells Hydroelectric Project
14. Resolution Authorizing Approval of Land Use Permit 332-01, Mitch and Tina Herdt
15. Resolution Authorizing Approval of Land Use Permit 340-02, Russell and Stacey Mahan
16. Resolution Authorizing Approval of Land use Permit 716-01, Guy and Constance Fry
17. Other
18. Trips
19. Minutes
20. Executive Session: RCW 42.30.110(i)

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING INTERCONNECTION AND
SERVICE AGREEMENT WITH AUVIL
FRUIT COMPANY, INC.**

RECITALS:

- 1) Auvil Fruit has installed facilities in Douglas County in excess of 1,500 kilowatt amperes.
- 2) In accordance with Section 37 of the District's Customer Service Policies, new loads at one location in excess of 1,500 kilowatt amperes require a special contract.
- 3) The District and Auvil Fruit have negotiated a special contract in the form of an Interconnection and Service Agreement.
- 4) It is in the best interest of the District to enter into the Interconnection and Service Agreement with Auvil Fruit.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District is authorized to enter into the Interconnection and Service Agreement with Auvil Fruit Company, Inc. and the District's Manager is authorized to sign the Agreement.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING REQUEST FOR
PROPOSALS 17-07-D, NETWORK UPGRADE**

RECITALS:

1) Certain networking equipment in the Douglas County Community Network (DCCN) is ten or more years old and needs to be replaced.

2) District staff has prepared Request for Proposals (RFP) 17-07-D to procure replacement equipment for the DCCN using authority outlined in RCW 39.04.270.

3) It is in the best interest of the District to release RFP 17-07-D and upgrade certain DCCN networking equipment.

NOW, THEREFORE BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District is authorized and directed to release RFP 17-07-D to upgrade DCCN networking equipment.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A
CAPITAL PROJECT REVOLVING LOAN FUND**

RECITALS:

1) The District has entered into fixed-price Contracts with Puget Sound Energy, Portland General Electric and Avista, for sale of Wells Hydroelectric Project Output (the “Three Fixed-price Contracts”), dated March 31, 2017.

2) The Three Fixed-price Contracts create the opportunity for pre-defined use of the resulting revenue.

3) Beginning September 1, 2018, all power sales contract revenue shall be deposited in the accounts of the Electric Distribution System and Wells Hydroelectric Project costs shall be covered by regular transfers from the Electric Distribution System Revenue Fund to the accounts of the Wells Hydroelectric Project.

4) Establishing a Capital Project Revolving Loan Fund using revenue from the Three Fixed-price Contracts will reduce long-term financing costs.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that:

Section 1. There is established in the accounts of the Electric Distribution System, a Capital Project Revolving Loan Fund.

Section 2. Revenues derived from the Three Fixed-price Contracts shall be deposited into the Capital Project Revolving Loan Fund.

Section 3. Coincident with the term of the Three Fixed-price Contracts, each month an amount equal to one-twelfth of the Wells Project budgeted power cost attributable to the power allocation made under the Three Fixed-price Contracts shall be transferred from the Capital Project Revolving Loan Fund to the Electric Distribution System Revenue Fund.

Section 4. Coincident with the term of the Three Fixed-price Contracts, any Wells Hydroelectric Project power cost adjustment attributable to the power allocation

made under the Three Fixed-price Contracts shall be deposited into the Capital Project Revolving Loan Fund or transferred from the Capital Project Revolving Loan Fund into the Electric Distribution System Revenue Fund.

Section 5. Staff may recommend, and the Commission may designate by resolution, other specific revenues to be deposited into the Capital Project Revolving Loan Fund.

Section 6. The Commission may designate by resolution specific maximum amounts to be “loaned” to other District accounts for payment of costs related to specific Commission-designated capital projects for the Electric Distribution System or the Wells Project or both systems, provided that the total of such lending shall not exceed one-half of the “Total Monies Available,” calculated by adding the balance remaining in the Capital Project Revolving Loan Fund (“Retained Amount”) and total outstanding moneys loaned from the Capital Project Revolving Loan Fund, until such time as the Total Monies Available exceed \$100 million, after which time the Retained Amount shall not be allowed to diminish below \$50 million.

Section 7. Loans to the Wells Project shall be evidenced by a note (the “Note”) to be issued in substantially the form attached hereto as Exhibit A to secure repayment from the revenues of the Wells Project, and shall evidence loan draws, interest thereon, and loan repayment. The debt service on the Note shall be included as part of the “Annual Power Costs” for the Wells Project as defined in the District’s power sales contracts with (i) Public Utility District No. 1 of Okanogan County, (ii) the Confederated Tribes of the Colville Reservation, and (iii) any future power sales contact where the cost of power sold is tied to the annual cost of operating the Wells Project. The authorizing resolution shall authorize and direct the Treasurer of the District (the “Treasurer”) to execute and deliver each Note for and in the name and on behalf of the District.

Section 8. Loans to the Wells Project shall bear interest at a rate equal to the “ask yield” listed in the Wall Street Journal for Treasury bonds maturing at the end of the useful life of the financed capital asset or such shorter time period as the Commission may designate as in effect as of the date of such loan draw, plus 100 basis points

(provided, that if such “ask yield” is not available, the District may use such other similar index as may be reasonably selected by the District). Interest on each loan draw shall accrue from the date of that loan draw and shall be computed on the principal amount of the loan draw outstanding on the basis of a 360-day year consisting of twelve 30-day months. Interest shall be payable semi-annually on dates determined in the Note. The principal shall be repaid in the manner that, together with the payment of interest, results in level debt service over the term of the loan.

Section 9. Loans for Distribution System projects shall be evidenced by the authorizing Commission resolution and accounted for in the same manner as the loans between systems. There will be no note or security for these transactions, unless otherwise required in the authorizing resolution. No interest shall accrue on these transactions. Accounting for these transactions shall include recording the draw and repayment consistent with the authorizing resolution.

Section 10. All monies loaned shall be repaid over the useful life of the completed capital asset or such shorter time period as the Commission may designate in the manner that results in level debt service.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING CHANGE ORDERS NO. 54 AND 55 TO
CONTRACT 06-41-W, GENERATOR REBUILD AND UNIT
REFURBISHMENT FOR THE WELLS HYDROELECTRIC PROJECT**

RECITALS:

1. Resolution 07-158 authorized award of Contract 06-41-W to Toshiba International Corporation with a total Contract amount of \$151,100,000 and authorized the District to issue a Notice to Proceed for the first Unit at a cost of \$21,121,000.

2. Change Orders No. 1 through 53 were previously authorized. Resolution No. 17-060 authorized Change Orders No. 45 through 53 for a combined total of \$1,479,514, making the revised total for the Contract \$164,399,698, with \$77,232,492 authorized to date.

3. Change Orders No. 54 and 55 have been prepared to address the following changes to the Contract:

- Change Order No. 54 has been prepared for out-of-scope repairs of the Unit No. 4 outer head cover with an increase to the contract of \$179,684.
- Change Order No. 55 has been prepared for out-of-scope repairs to the Unit No. 4 stay ring flange with an increase to the contract of \$188,340.

4. It is in the best interest of the District to execute Change Orders No. 54 and 55 in the amount of \$368,024.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District is hereby authorized and directed to issue Change Orders No. 54 and 55 to Contract 06-41-W in the amount of \$368,024, making the revised total for the Contract \$164,767,722, with \$77,600,516 authorized to date.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

Draft Pre-decisional Document

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING AMENDMENT NO. 2 TO
PROFESSIONAL SERVICE AGREEMENT 12-23-W WITH
ERLANDSEN & ASSOCIATES, INC.**

RECITALS:

- 1) Resolution No. 12-212 authorized the District to enter into a Professional Service Agreement with Erlandsen & Associates, Inc. for on-call licensed professional land survey services with a conclusion date of December 31, 2015.
- 2) Amendment No. 1 extended the Contract expiration date to March 31, 2018 and incorporated a revised rate schedule.
- 3) Staff recommends approval of Amendment No. 2 with Erlandsen & Associates, Inc., thereby increasing the not-to-exceed amount of the Agreement by \$250,000.00, bringing the total not-to-exceed amount to \$1,000,000.00.
- 4) It is in the best interests of the District to issue Amendment No. 2 to the Professional Service Agreement with Erlandsen & Associates, Inc.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District's General Manager is authorized and directed to issue Amendment No. 2 to the Professional Service Agreement with Erlandsen & Associates, Inc., thereby increasing the not-to-exceed amount to \$1,000,000.00.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

RESOLUTION NO. _____

**A RESOLUTION AFFIRMING ADDENDUM NO. 1 TO BID
DOCUMENT 17-06-W, TRANSFORMER SERVICES
AT DOUGLAS SWITCHYARD AND THE WELLS
HYDROELECTRIC PROJECT**

RECITALS:

1) Resolution No. 17-064 affirmed the District's call for bids under Bid Document 17-06-W, Transformer Services at Douglas Switchyard and the Wells Hydroelectric Project.

2) Addendum No. 1 was prepared to provide clarifications to the contract documents and to provide additional reference documents.

3) Based on staff recommendations, the District's General Manager issued Addendum No. 1.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that Addendum No. 1 to Bid Document 17-06-W, Transformer Services at Douglas Switchyard and the Wells Hydroelectric Project is hereby affirmed.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING APPROVAL OF LAND USE
PERMIT 332-01, MITCH AND TINA HERDT

RECITALS:

1) The District has implemented a Land Use Policy which requires adjacent land owners wishing to use properties associated with the Wells Hydroelectric Project to obtain approval through a District issued permit.

2) District personnel recommend approval of the following permit:

Mitch and Tina Herdt Wells Permit 332-01

The permit is for continued use of Project lands for an existing single use dock and residential landscaping. This use was previously permitted under the original Wells Project license. The permittees have provided proof of insurance coverage as required by the District's Land Use Policy. The permit was submitted to all required Habitat Conservation Plan Parties for review, from which no comments were received.

3) It is in the best interests of the District to approve Wells Permit 332-01.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District's General Manager is hereby authorized and directed to execute, in accordance with the District's Land Use Policy, Land Use Permit No. 332-01 to the permittees.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING APPROVAL OF LAND USE
PERMIT 340-02, RUSSELL AND STACEY MAHAN**

RECITALS:

1) The District has implemented a Land Use Policy which requires adjacent land owners wishing to use properties associated with the Wells Hydroelectric Project to obtain approval through a District issued permit.

2) District personnel recommend approval of the following permit:

Russell and Stacey Mahan Wells Permit 340-02

The permit is for continued use of Project lands for an existing single use dock, residential landscaping and vegetation control. This use was previously permitted under the original Wells Project license. The permittees have provided proof of insurance coverage as required by the District's Land Use Policy. The permit was submitted to all required Habitat Conservation Plan Parties for review, from which no comments were received.

3) It is in the best interests of the District to approve Wells Permit 340-02.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District's General Manager is hereby authorized and directed to execute, in accordance with the District's Land Use Policy, Land Use Permit No. 340-02 to the permittees.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING APPROVAL OF LAND USE
PERMIT 716-01, GUY AND CONSTANCE FRY**

RECITALS:

1) The District has implemented a Land Use Policy which requires adjacent land owners wishing to use properties associated with the Wells Hydroelectric Project to obtain approval through a District issued permit.

2) District personnel recommend approval of the following permit:

Guy and Constance Fry Wells Permit 716-01

The permit is for a 10' mowed access path. District personnel find it to be in compliance with the District's Land Use Policy and the permittees have provided the required proof of insurance coverage. The permit was submitted to all required Habitat Conservation Plan Parties for review, from which no comments were received.

3) It is in the best interests of the District to approve Wells Permit 716-01.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Douglas County, Washington, that the District's General Manager is hereby authorized and directed to execute, in accordance with the District's Land Use Policy, Land Use Permit No. 716-01 to the permittees.

ADOPTED this 22nd day of May, 2017.

Ronald E. Skagen, President

Aaron J. Viebrock, Vice President

ATTEST:

Molly Simpson, Secretary