

AGENDA

**GRANT COUNTY PUBLIC UTILITY DISTRICT
30 C Street SW – Commission Meeting Room
Ephrata, Washington
COMMISSION MEETING
Tuesday, March 14, 2023**

An Executive Session may be called at any time for purposes authorized by the Open Public Meetings Act

- 9:00 a.m.** Commission Convened
Review and Sign Vouchers
- 9:30 a.m.** Reports from staff
- 12:00 Noon** Lunch
- 1:00 p.m.** Safety Briefing
Pledge of Allegiance
Attendance
Public requests to discuss agenda items/non-agenda items
Correspondence
Business Meeting

1. Consent Agenda

Approval of Vouchers

Meeting minutes of February 28, 2023

2. Regular Agenda

9010 – Resolution Establishing new Rate Schedule No. 19 – Commercial Fast Charging Electric Vehicle Service.

3. Review Items For Next Business Meeting

XXXX – Resolution Approving Policy Statement ID-No-01 Settlement Agreement with the Yakama Nation.

Motion authorizing the General Manager / CEO to execute Change Order No. 1 to Contract 170-10711B with General Pacific, Inc., increasing the not-to exceed contract amount by \$2,998,606.00 for a new contract total of \$5,786,687.00 and resetting the delegated authority levels to the authority granted to the General Manager/CEO. (xxxx)

4. Calendar

5. Reports from Staff (if applicable)

Adjournment

CONSENT AGENDA

Draft – Subject to Commission Review

REGULAR MEETING OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

February 28, 2023

The Commission of Public Utility District No. 2 of Grant County, Washington, convened at 9:00 a.m. at Grant PUD's Main Headquarters Building, 30 C Street SW, Ephrata, Washington and via Microsoft Teams Meeting / +1 509-703-5291 Conference ID: 596 502 173# with the following Commissioners present: Nelson Cox, President; Tom Flint, Vice-President; Terry Pyle, Secretary; Larry Schaapman, Commissioner and Judy Wilson, Commissioner.

The Commission convened to review vouchers and correspondence.

The Commission recessed at 9:13 a.m.

The Commission resumed at 9:30 a.m.

A round table discussion was held regarding the following topics: Columbia Cliffs site visit; executive team strategy workshop scheduled for March; Emergency Declaration memorialized February 14, 2023; various invoice inquiries; appreciation expressed for the opportunity to tour the Sabey facility; positive feedback received from the 2023 Irrigator Outreach meeting; and complaint from residents in the Warden area regarding apparent delays in the fiber buildout schedule.

John Price, Senior Safety Coordinator, provided a Safety Report.

Steve Pittack, Engineering Tech V – Power Production, presented “*Living with Wildfire*” training.

Aaron Kuntz, Senior Manager of EPMO, provided an update on the Enterprise Project Management Office Report.

Carol Mayer, Senior Manager of Supply Chain Procurement; Fallon Long, Senior Manager of Internal Services; Brian Barrows, Fleet Maintenance Manager; Angelina Johnson, Manager of Treasury Operations, presented a review on the State Contract Process Review / GCPUD Cooperative Purchases.

Commission attended a lunch meeting with Grant County Commissioners.

Byron Bridges, Royal City, Washington, spoke in opposition to planned route of the 230kV transmission line scheduled for build in the Royal City area and requested an alternate route be considered.

John Eilers, Royal City, Washington, expressed concerns with planned route of high voltage line.

John Rylaarsdam, Royal City, Washington, addressed the Commission regarding frustration with lack of communication regarding public meetings which were scheduled to discuss proposed routes of the new 230kV line. In addition, he noted potential negative impacts to his farm for future generations and requested Grant PUD evaluate an alternate route.

LaDawn Reynolds, Quincy, Washington, expressed concern with the proposed transmission route and noted potential negative affects to Monument Farms dairy cattle.

Sandra Marcusen, Quincy, Washington, noted no correspondence received regarding proposed route of the 230kV transmission line and requested route be reconsidered.

Allan Marcusen, Quincy, Washington, expressed frustration in not receiving communication regarding proposed route of the 230kV transmission line, noted potential negative effects on local farms and animals, and encouraged an alternate route be considered.

Motion was made by Mr. Schaapman and seconded by Mr. Schaapman authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 5 to Contract 430-09972R1 with Olsson Industrial Electric, Inc., increasing the not-to-exceed contract amount by \$2,053,631.75 for a new contract total of \$15,979,431.75, extending contract completion date to December 25, 2026 and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 5. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Schaapman and seconded by Mrs. Wilson authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 170-11713 in the estimated amount of \$1,038,152.00 through Sourcewell, a national bid contract system, replacing four bucket trucks to be ordered in 2023 for delivery in 2024 and 2025. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Flint and seconded by Mr. Pyle authorizing the General Manager/CEO to execute Contract 430-11445A with Gannett Fleming, Inc., in a not-to-exceed contract amount of \$2,100,000.00 and with a contract completion date of December 31, 2027. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Flint and seconded by Mr. Schaapman authorizing the General Manager/CEO to execute Contract 430-11445B with Jacobs Engineering Group, Inc., in a not-to-exceed contract amount of \$3,350,000.00 and with a contract completion date of December 31, 2027. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Flint and seconded by Mrs. Wilson authorizing the General Manager/CEO to execute Contract 430-11445C with Cornforth Consultants, Inc., in a not-to-exceed contract amount of \$1,600,000.00 and with a contract completion date of December 31, 2027. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Schaapman and seconded by Mrs. Wilson authorizing the General Manager/CEO to execute Contract 430-11445D with WEST Consultants, Inc., in a not-to-exceed contract amount of \$75,000.00 and with a contract completion date of December 31, 2027. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Flint and seconded by Mr. Pyle authorizing the General Manager/CEO to execute Contract 430-11445E with HDR Engineering, Inc., in a not-to-exceed contract amount of \$700,000.00 and with a contract completion date of December 31, 2027. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Flint and seconded by Mr. Pyle authorizing the General Manager/CEO to execute Contract 430-11445F with Stantec Consulting Services, Inc. in a not-to-exceed contract amount of \$1,250,000.00 and with a contract completion date of December 31, 2027. After consideration, the motion passed by unanimous vote of the Commission.

Motion was made by Mr. Schaapman and seconded by Mrs. Wilson authorizing the General Manager/CEO to execute Contract 430-11445G with MacKay and Sposito, Inc. in a not-to-exceed contract amount of \$450,000.00 and with a contract completion date of December 31, 2027. After consideration, the motion passed by unanimous vote of the Commission.

The Commissioners reviewed future agenda items.

The Commission calendar was reviewed.

Trade association and committee reports were reviewed.

An executive session was announced at 2:50 p.m. to last until 4:50 p.m. to review performance of a public employee with legal counsel present pursuant to RCW 42.30.110(1)(g), to discuss pending litigation with legal counsel present pursuant to RCW 42.30.110(1)(i) and to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 4:50 p.m. and the regular session resumed.

There being no further business to discuss, the Commission adjourned at 4:50 p.m. on February 28 and reconvened on Monday, March 13 at 6:00 p.m. at, Bob's Burgers & Brew, 795 Grant Road, East Wenatchee, Washington for the purpose of attending a Mid-C General Manager / Commissioner dinner

meeting and any other business that may come before the Commission with the following Commissioners present: Judy Wilson, Nelson Cox, Tom Flint, Terry Pyle and Larry Schaapman. A copy of the notice of adjournment was posted to the Grant PUD website.

There being no further business to discuss, the February 28, 2023 meeting officially adjourned at 8:00 p.m. on March 13, 2023.

Nelson Cox, President

ATTEST:

Terry Pyle, Secretary

Tom Flint, Vice President

Larry Schaapman, Commissioner

Judy Wilson, Commissioner

REGULAR AGENDA

RESOLUTION NO. 9010

A RESOLUTION ESTABLISHING NEW RATE SCHEDULE NO. 19 – COMMERCIAL FAST
CHARGING ELECTRIC VEHICLE SERVICE

Recitals

1. Pursuant to RCW 54.16.040, Grant PUD is authorized to regulate and control the use, distribution, rates, service, charges, and price of electric energy;
2. Effective May 1, 2023, Rate Schedule No. 19, Commercial Fast Charging Electric Vehicle Service, will establish rates to recover the costs of providing these services;
3. The General Manager and Grant PUD staff recommend establishing the proposed new Rate Schedule No. 19 as set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that Rate Schedule No. 19 is hereby effective as set forth in Exhibit A.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 14th day of March, 2023.

President

ATTEST:

Secretary

Vice President

Commissioner

Commissioner

RATE SCHEDULE NO. 19
Commercial Fast Charging Electric Vehicle Service

Rates shown on this Rate Schedule are set by the Grant PUD Commission and are subject to change at the discretion of the Commission.

AVAILABLE: To eligible retail accounts served by Grant PUD for facilities dedicated solely for direct current electric vehicle charging. Rate is only available to Level 3 (or above) fast charging stations with monthly loads of no more than 3,000 kW Billing Demand at an individual location. Service offered for commercial use only, for example, for fleet vehicles and/or public charging stations. Other electric usage at the same location shall be metered and billed at the otherwise applicable rate for the corresponding retail account.

EFFECTIVE: With meter readings after May 1, 2023.

SERVICES RECEIVED: Service under this schedule will be separately metered from other electric usage and require a 3-phase 480-volt or greater voltage service as determined by Grant PUD. Multiple service agreements for electric vehicle charging at an individual location are not allowed under this rate schedule. Usage from a Level 1 and/or Level 2 electric vehicle charging station sharing a meter with a Level 3 charging station will be aggregated and billed under this rate schedule.

MONTHLY BILLING RATE: Customer's monthly billing will consist of the following charges:

Basic Charge:	\$ 51.23 per month
Energy Charge:	\$ 0.03454 per kWh for all kWh
Demand Charge:	\$ 7.69 per kW of Billing Demand
Minimum Charge:	\$ 435.73 per month

BILLING DEMAND: The Billing Demand under this schedule shall be the larger of the following demand factors:

- (a) The contract demand, if any.
- (b) The highest 15-minute demand during the billing period as determined by demand meter. Metered demand will be adjusted up to 95 percent power factor on accounts having reactive meters.
- (c) A minimum of 50 kW

TAX ADJUSTMENT: The amounts of any tax levied by any city or town, in accordance with RCW 54.28.070 of the Laws of the State of Washington, will be added to the above charges.

SERVICE: Subject to terms and conditions of the District's Customer Service Policies, as periodically amended.

MEMORANDUM

February 28th, 2023

TO: Rich Wallen, General Manager/Chief Executive Officer

VIA: Dave Churchman, Chief Customer Officer

FROM: Julio Aguirre Carmona, Lead Financial Analyst
Amanpreet Singh, Economist
Depree Standley, Financial Analyst

SUBJECT: Approval of new Rate Schedule No. 19, Commercial Fast Charging Electric Vehicle Service

Purpose:

To request Commission approval to establish a new Rate Schedule No. 19 - Commercial Fast Charging Electric Vehicle Service

Discussion:

Background: Due to the potential growth in the adoption of electric vehicles (“EV”) in our service territory, particularly for commercial uses, Staff is proposing a new rate offering dedicated specifically to serve EV commercial fast charging stations.

This new rate schedule is intended to address the adequate recovery of the incremental costs that could result from the potential deployment of EV fast charging infrastructure, particularly on major highways going through Grant County. With the recent enactment of state and federal policies aimed at addressing climate change, there are regulatory and economic incentives intended to encourage and facilitate the adoption of EV technologies. These policies could eventually lead to a significant increase in the number of requests for similar service in the near future.¹

For example, Section 111(d) of the Public Utility Regulatory Policies Act (PURPA) directs state public utility commissions and non-regulated electric utilities to consider measures to promote greater transportation electrification, including the establishment of rates that promote affordable and equitable vehicle charging options, facilitate reduced charging times, accelerate third-party investment in public EV charging stations, and appropriately recover the costs of delivering electricity to EV’s. The approval of Rate Schedule No. 19 is an initiative that could aid in meeting the compliance requirements of PURPA.

Furthermore, the concentration of EV fast charging stations could also have some implications for the distribution system. A substantial increase in the peak load experienced in a particular area resulting from the rapid expansion of EV fast charging stations, could strain the existing electric distribution infrastructure. This situation could potentially lead to additional capital investments by accelerating the need for some system upgrades or increasing operation and maintenance costs.

¹ To date, Staff has identified only two Level 3 electric vehicle charging stations taking electric service, and one not yet operational in Grant County.

Finally, it is likely that after recognizing these issues, some comparable public power neighboring utilities in the state of Washington have also recently approved similar rate offerings in their respective service territories.²

Proposed Rate Schedule No. 19: The proposed Rate Schedule No. 19 will apply to eligible retail accounts served by Grant PUD for facilities dedicated solely for direct current electric vehicle charging. This new rate is only available for Level 3 fast charging stations with monthly loads of no more than 3,000 kW. Level 3 charging is the fastest technology available for recharging EVs, requiring significantly higher voltages than those required for a lower Level 1 or Level 2.³ Therefore, service under this rate schedule will be offered for commercial use only, for example, for fleet vehicles and/or public charging stations. Any other electric usage shall be billed at the otherwise applicable rate for the corresponding retail account.

The proposed rates for Rate Schedule No. 19 were guided by Grant County's 2018 Cost-of-Service Analysis ("COSA"), which was also used to support the retail rates as revised on April 1, 2018. Staff recommends the use of Rate Schedule No. 2 – General Service at full cost of service, as a proxy rate to estimate the costs and rates for this new rate schedule. As more customers take service under the new Rate Schedule No. 19, Staff will collect more billing information from customers to determine the class specific load and load patterns, to be included in a future cost-of-service study and more accurately determine the cost to serve this particular rate schedule.

Staff's proposed rate design for this new schedule is a three-part tariff which includes a monthly basic charge, demand charge and flat energy charge. Staff proposes a fully compensatory customer charge and a demand rate set to recover 50% of the estimated annual demand related costs for Rate Schedule No. 2. At the November 15th, 2022 Commission Workshop, the Commission directed Staff to set the volumetric energy rate at \$0.03454 per kWh, which results in an overall average rate for Rate Schedule No. 19 which is approximately 14% over the cost of service of Rate Schedule No. 2, as indicated in the COSA. Service under this schedule will be separately metered from any other electric usage in any customer premise. Any electric usage not specifically used for electric vehicle service will be billed separately under the otherwise applicable rate schedule.

Recommendation:

To adopt via resolution the attached proposed Rate Schedule No. 19, Commercial Fast Charging Electric Vehicle Service

Legal Review: See attached e-mail(s).

² For example, Chelan County PUD currently offers Rate Schedule 15: Direct Current Fast Charging Electric Vehicle Rate; Douglas County PUD offers Schedule 8: Electric Vehicle and Other Charging Rate and Snohomish County PUD offers Schedule 20EV: Public Electric Vehicle Chargers.

³ Most DC fast chargers are either 50 kW or 120 kW (primarily Tesla superchargers), though there are some applications of 350 kW extreme fast chargers for a small subset of passenger vehicles and for heavier duty applications. Jenn & Highleyman (2022). Distribution grid impacts of electric vehicles: A California case study. *iScience* 25, 103686. <https://www.sciencedirect.com/science/article/pii/S2589004221016564>

For Commission Review – 03/14/2023

RESOLUTION NO. XXXX

A RESOLUTION APPROVING POLICY STATEMENT ID-NO-01 TO THE JUNE 11, 2007
SETTLEMENT AGREEMENT WITH THE YAKAMA NATION

Recitals

1. On June 11, 2007, the Yakama Nation and Grant PUD executed a Settlement Agreement to resolve concerns over relicensing of the Priest Rapids Project;
2. The Settlement Agreement requires Grant PUD to make Priest Rapids Project Power, or its financial equivalent, available to the Yakama Nation and Yakama Power throughout the term of the current FERC license;
3. The Settlement Agreement defines each party's respective rights and obligations associated with development of new generation resources and renewable generation projects;
4. The Settlement Agreement is further clarified by a Policy Statement jointly developed by Yakama Nation, acting through its Yakama Power public utility enterprise, and Grant PUD, which is presented as an Implementation Policy, stating and setting forth the parties' mutual understandings relative to entitlement to renewable energy credits and the tolling of when such entitlements commence; and
5. Grant PUD's General Manager and Chief Resource Officer recommend that Grant PUD's Board of Commissioners approve the attached Policy Statement, ID-No-01.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the attached Policy Statement, ID-No-01, to the June 11, 2007 Settlement Agreement with the Yakama Nation is hereby approved and the General Manager is hereby authorized to execute the Policy Statement on behalf of Grant PUD.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this ____ day of _____, 2023.

President

ATTEST:

Secretary

Vice President

Commissioner

Commissioner

Policy ID-No-01: Development of New Generation Resources REC Sharing Rights & Obligation Determination

Topic: Definition of REC sharing tolling process associated with C.3(b).

Relevant Agreement Sections: Settlement Agreement Yakama Nation and Grant County PUD (executed 06/11/2007, amended 06/26-27/2007) – Sections B.3(a), B.3.(b), B.3(c), C.3.(a), C.3(b), and C.3(c)

Background: The Development of New Generation Resources sections of the Agreement provide the District with rights to RECs associated with the development of renewable resources by Yakama Power or the Yakama Nation. These provisions provide a corresponding obligation for the Yakama Nation. Specifically, the District is provided the right to 75.0% of all the RECs associated with the first 75.00 MWA of renewable energy developed by Yakama Power or the Yakama Nation, consistent with the details of Section C.3(b). The District's rights to the RECs drop to 50.0% of renewable energy developed by Yakama Power or the Yakama Nation, consistent with the details of Section C.3(b), for all energy after the 75.00th MWA is developed. This policy shall clarify and define how the determination of renewable energy levels are to be calculated and how the tolling of the rights / obligations is to be made. Given the desire of the Yakama Nation, via Yakama Power, to develop, construct, own, and operate the resources on its lands, an implementation issue has arisen. This desire of the Yakama Nation is well understood by the District – now, before, and at the time of Agreement execution. It is a shared value between the Parties. Both the Yakama Nation and the District seek to be “master’s of their own destiny” and “to do for oneself”. The Nation’s desires create a situation with impacts both Parties. Absent demonstrable development and construction experience, the Yakama Nation is impeded from obtaining financing to support development activities. This creates a spillover impact to the District because it strands potential benefits to which it is entitled. There is no requirement for the Yakama Nation to employ third party developers to develop resources. Such a requirement would not be in keeping with the spirit of the Agreement. Thus, a mutually agreed upon solution, providing a “grace period”, has been made. This will deliver a win-win outcome for all involved. The solution allows the measurement of cumulative renewable energy, i.e. the tolling, to begin after the “grace period” which enables the Yakama Nation to gain the knowledge and experience needed to be a “bankable” project developer.

Rights & Obligations Determination: The basis for calculating the renewable energy output necessary to implement Agreement Section C.3(b) shall be as follows: for any renewable project developed, per Agreement conditions, the renewable energy credited shall be the pro forma expected energy (mathematical expectation) produced by said project. For each project, N, to be developed, Yakama Power or the Yakama Nation shall prepare a Final Project Pro Forma for the District’s review. The District shall review and comment on said pro forma. Upon mutual acceptance of the final pro forma, each Party shall approve the Final Project Pro Forma (and associated expected energy output) and document this with a jointly executed Project N Memorandum of Understanding. This project memorandum shall then constitute the official record for the purposes of determining the rights / obligations of the Agreement. The Project Pro Forma process shall begin with the first project developed by the Yakama Nation or Yakama Power. It shall continue forward uninterrupted to include each and every project in the “grace period” and all subsequent projects. The running total of all project expected renewable energy output, E-Total, shall be calculated as the arithmetic sum of the expected energy amounts from all projects K, where $K = 1$ to N. The Grace-Period shall be set as 2.50 MWA. Correspondingly, the District’s entitlement to 75.0% of RECs shall begin when E-Total is greater than 2.50 MWA ($E\text{-Total} > 2.50 \text{ MWA}$) and it shall end when E-Total exceeds 77.50 MWA ($E\text{-Total} > 77.50 \text{ MWA}$). For any and all renewable energy projects

Policy ID-No-01: Development of New Generation Resources REC Sharing Rights & Obligation Determination
Page 2

developed where E-Total is greater than 77.50 MWa, the District shall be entitled to 50.0% of the project's RECs.

Disputes and Disagreements: In the event of any disputes or disagreements associated with the implementation of this policy arise, they shall be immediately raised to the General Manager of Yakama Power and Grant PUD's Senior Manager, Wholesale Power Trading and Marketing for resolution (First Level Escalation). If First Level Escalation does not adequately resolve the dispute, the matter shall be escalated to the Yakama Nation's Chief Executive and Grant's General Manager-CEO (Second Level Escalation). If further escalation is required, the governing bodies of the Parties shall resolve the matter(s). Ultimately, the language of the Agreement shall prevail.

Effective Date: _____

President, Grant County PUD Commission

Chairman, Yakama Tribal Council

MEMORANDUM

March 8, 2023

TO: Grant PUD Board of Commissioners

FROM: Kevin Nordt, Chief Resource Officer



Purpose: To request joint approval, by the Tribal Council of the Yakama Nation and the District's Board of Commissioners, of a Policy Statement associated with the Development of New Generation Resources sections of the Settlement between Yakama Nation and Grant County PUD agreement (the Agreement). The Policy Statement, ID-No-01, defines and clarifies certain rights and obligations of each Party to the Agreement regarding Sections B.3(a), B.3.(c), and C.3.(b). Policy ID-No-01 specifies that the District's tolling for its entitlement to Renewable Energy Credits (RECs), per Section C.3.(b), shall begin after the Yakama Nation and / or Yakama Power have constructed and placed into commercial operation 2.50 Mwa of renewable generation plant.

Background: Grant PUD (District) and the Yakama Nation (Nation) had longstanding differences which were settled by the Agreement, executed on June 11, 2007. During the process of negotiating the Agreement, both Parties recognized that significant mutual benefits would accrue to each Party by means of a long-term partnership. The Agreement and the partnership have been successful since their inception. A key area of partnering is the Development of New Generating Resources. From the earliest days of the partnership, the Parties saw the potential for clean renewable energy development together. The capabilities and resources of the Parties compliment each other well which creates valuable synergies. The Agreement provides for a suite of commitments from and to each Party. Sections B.3.(a), B.3.(b), B.3.(c), C.3.(a), C.3.(b), and C.3.(c) describe all the commitments the Parties made / received related to renewable generation development. These are many in number and they are complex. While the Agreement articulates the rights and obligations associated with the commitments, it does not provide clear policy direction or implementing procedures. Those will be necessary to properly pursue joint resource development while ensuring that both the spirit and the letter of the Agreement is preserved. Thus, we are bringing forth the first policy statement for joint approval of the respective governing bodies of the Parties.

Over the first decade of the Agreement, the Parties successfully implemented virtually all aspects of the Agreement. There was only limited activity associated with generation resource development though. This was the result of both market conditions, each Parties' resource requirements, and other competing priorities. Despite intense investigations into several renewable resource projects in the first two years of the Agreement, there has been virtually no joint work until late 2019. The initial explorations, circa 2008, did not identify projects that were either needed or economic to market. Yakama Power focused on building its retail load and capitalizing on its BPA PF power entitlement. The District and Yakama Power collaborated on power issues and mutual support whenever possible over the years. By late 2019, the District's need for additional power resource was clear, Yakama Power was focusing on generation resource development, and regional resource adequacy / market conditions all made clear the need to pursue the joint work contemplated in the Agreement around resource development. Joint discussions were conducted between Yakama Power and the District on the path

forward. Those discussions are embodied in the Policy statement being brought forth here. The Covid-19 pandemic caused an unavoidable delay in getting the work completed during 2020 as expected. Post-pandemic, we sought to re-engage and work to set the path forward for a successful resource development partnership.

As stated above, the implementation of the commitments is complex and the time for action is now. The District and Yakama Power recognize that we will need to work collaboratively and efficiently to capitalize on opportunities right before us all. The first issue that needed to be addressed is associated with the specific provisions in Section C.3.(b). This section provides the District with rights to renewable generation projects developed by either Yakama Power or the Yakama Nation. The District is provided a claim on 75% of all RECs for the first 75 MWa of renewable energy projects developed, consistent with the provisions of said section. Further, the District is provided with a claim on 50% of RECs for all renewable projects for generation more than 75 MWa. The policy statement provided here describes the mutual understanding of the Parties regarding these rights and obligations. It also includes an important implementation provision which is very important to the Yakama Nation and Yakama Power. This provision is also strongly in the interest of the District. The provision details how the calculation of the 75/50% right shall be made and when it will activate. Both the Yakama Nation and the District share a common vision of being “Masters of their own destiny”. A key tenet of this shared vision is “doing for ourselves”. The Yakama Nation seeks to develop, to the fullest extent practicable, resources on its lands or for its use itself, through Yakama Power. This desire is closely aligned that of the District. In the past and the present, the District seeks to develop, own, and operate its own power resources. This common vision has led to a paradox for the Yakama Nation. To gain the knowledge, skills, and abilities to develop and construct power resources, it must do this. However, without previous experience and demonstrable capabilities, the Yakama Nation and Yakama Power cannot obtain project financing so as to support learning – a classic “chicken and egg” situation. This paradox limits the Yakama Nation’s ability to achieve its objectives and effectively strands the potential benefits afforded the District by the Agreement.

An opportunity to resolve the paradox presented itself recently. Through certain targeted programs, the Yakama Nation, via Yakama Power, has an ability to build small scale projects without the traditional financing hurdles. Such projects necessarily require “bundling” of the RECs with the power output though. This opportunity is perfectly structured to allow Yakama Power to build up its development and construction capabilities. This would be done through completion of small but progressively larger projects – effectively bootstrapping their learning. Unfortunately, this opportunity collides with the language of the Agreement. The solution proposed here solves this problem in a way that honors the intent and spirit of the long-term partnership while allowing both the Yakama Nation and the District to further their own interests. The proposal is to begin tolling, i.e., starting the clock, regarding the 75 MWa of C.3.(b) after Yakama Power has completed several small projects. This is beneficial to the Yakama Nation because it allows them to move forward with resource development “by themselves, for themselves”. It is beneficial to the District because absent this allowance, the District’s rights are likely to be stranded due the “chicken and egg” paradox. The policy proposes that the Yakama Nation be granted a “learning development” period to allow it to become and demonstrate that it is a solid and bankable development entity. The tolling for the District’s REC entitlement would begin immediately upon completion of 2.50 MWa of renewable power resource. The 2.50 MWa would be well defined as

the cumulative pro forma “average annual expected energy” for any and all renewable projects developed consistent with Parts B and C of the Agreement. This small “grace period” will allow the Yakama Nation to unlock its abilities to develop its resource potential. Simultaneously, it provides the District with a path to realize the benefits it is entitled to per contract. This is a win-win outcome for both Parties. This is especially important at this juncture where Yakama Power is in a position to develop projects, the District seeks both power resources and RECs, and very favorable market conditions exist to support such joint development.

Justification: The justification for this proposed policy is that it furthers the spirit of the Agreement, the long-term partnership, and creates tangible economic value for both Parties. Absent the ability to “do for themselves”, the Yakama Nation will not develop the potential resources it possesses. Given this understandable position, the District cannot benefit from the rights it is afforded in consideration of its commitments made in the Agreement. While there may opportunities for the Yakama Nation to pursue resource development under conditions favorable to them, that is speculative in both possibility and timing. The well specified “grace period” allows for the most expeditious, efficient, and collaborative path forward. Adoption of the proposed Policy, ID-No-01, is a “win for all” that both strengthens the important partnership and creates economic value to Tribal members and the District’s retail customers.

Recommendation: Each of the respective governing bodies of the Yakama Nation and the District should approve and accept Policy ID-No-01. These concurrent actions will enable the Parties to pursue and develop the implementation strategies necessary to achieve the vision and goals the long-term partnership was founded upon.

For Commission Review – 3/14/2023

Motion was made by _____ and seconded by _____ authorizing the General Manager/CEO to execute Change Order No. 1 to Contract 170-10711B with General Pacific, Inc., increasing the not-to exceed contract amount by \$2,998,606.00 for a new contract total of \$5,786,687.00 and resetting the delegated authority levels to the authority granted to the General Manager/CEO.

xxxx

MEMORANDUM

January 30, 2023

TO: Richard Wallen, General Manager/Chief Executive Officer

VIA: Jeff Grizzel, Chief Operations Officer
Ron Alexander, Managing Director of Power Delivery
Jesus Lopez, Senior Manager of Power Delivery Engineering
Bob Kakaley, Distribution Systems Supervisor

FROM: Kyle Robillard, Project Manager

SUBJECT: Contract 170-10711B Change Order No. 1

Purpose: To request Commission approval of Change Order No. 1 to contract 170-10711B to increase the not to exceed amount from \$2,788,081.00 to \$5,786,687.00 and approve an increase to the base unit price by 16.5%.

Discussion: This contract supplies distribution padmount transformers used to provide electrical service to our customers. The contract was originally awarded on 04/13/2021 to General Pacific representing manufacturer Howard Industries, Inc. with an original not to exceed amount of \$2,788,081.00. This amount was based on estimated quantities needed for the duration of the contract (through 12/31/2025) at the originally bid base unit price.

The manufacturer has notified the District of a significant cost increase to the silicon steel used in the core of these transformers. According to the manufacturer, the cost increase is caused by a supply shortage and demand increase for this material. The manufacturer has passed this cost increase to its customers and applied it to all submitted orders that have not started fabrication. The effect on this contract is a 16.5% increase on all future orders and current open orders that have not started the fabrication process.

Over the past year, District staff had issued several larger-than-typical purchase orders to this vendor. These large orders were placed in an attempt to mitigate the risk associated with long lead times being observed for much of the materials and equipment the District purchases. The pending purchase orders on this contract and current stock inventory is expected to serve the District's needs through 2024. The cost of pending purchase orders based on the originally bid base price is \$1,986,583.00 and will increase to \$2,314,369.20 due to the base unit price increase.

This Change Order also seeks to increase the contract amount to \$5,786,687.00. The new contract amount provides for \$1,699,604.81 above current pending purchases orders which is expected to satisfy the District's distribution padmount transformer needs through 2025 at the increased base bid price. Additionally, due to an administrative error, a portion of the last purchase order released to the vendor exceeds the approved contract amount by \$1,299,001.20. All pending orders, including the amount over the contract max is pending and cancellable without penalty to the District.

Justification: Distribution padmount transformers are essential pieces of equipment in the District's electric distribution system. This Change Order would approve the necessary funds to maintain the current amount of pending purchase orders in process and continue purchasing distribution padmount transformers for the duration of the contract, through 2025.

From: [Kyle Robillard](#)
To: [Ron Alexander](#); [Jesus Lopez](#); [Bob Kakaley](#); [Patrick Bishop](#)
Subject: Re: 170-10711B - Change Order No. 1 - Supplying Distribution Transformers
Date: Thursday, February 2, 2023 4:53:30 PM

I also approve this.

Thank you all,
Kyle

From: Ron Alexander <ralexander@gcpud.org>
Sent: Thursday, February 2, 2023 4:43 PM
To: Jesus Lopez <Jlopez@gcpud.org>; Bob Kakaley <bkakaley@gcpud.org>; Patrick Bishop <Pbishop@gcpud.org>; Kyle Robillard <krobillard@gcpud.org>
Subject: RE: 170-10711B - Change Order No. 1 - Supplying Distribution Transformers

I approve also.

Kyle, when this is discussed with the Commission, you will need to be present in case questions come up.

Ron

From: Jesus Lopez <Jlopez@gcpud.org>
Sent: Thursday, February 2, 2023 11:54 AM
To: Bob Kakaley <bkakaley@gcpud.org>; Patrick Bishop <Pbishop@gcpud.org>; Kyle Robillard <krobillard@gcpud.org>; Ron Alexander <ralexander@gcpud.org>
Subject: RE: 170-10711B - Change Order No. 1 - Supplying Distribution Transformers

I also approve.

Jesus

From: Bob Kakaley <bkakaley@gcpud.org>
Sent: Thursday, February 2, 2023 10:56 AM
To: Patrick Bishop <Pbishop@gcpud.org>; Kyle Robillard <krobillard@gcpud.org>; Jesus Lopez <Jlopez@gcpud.org>; Ron Alexander <ralexander@gcpud.org>
Subject: RE: 170-10711B - Change Order No. 1 - Supplying Distribution Transformers

I approve Patrick.

Thanks!

Bob

From: Patrick Bishop <Pbishop@gcpud.org>

Sent: Thursday, February 2, 2023 10:54 AM

To: Kyle Robillard <krobillard@gcpud.org>; Bob Kakaley <bkakaley@gcpud.org>; Jesus Lopez <jlopez@gcpud.org>; Ron Alexander <ralexander@gcpud.org>

Subject: 170-10711B - Change Order No. 1 - Supplying Distribution Transformers

Good morning,

Legal has approved with proceeding to add \$2,998,606.00 to the Contract Price. Can each of you please respond with your approval as laid out in the attached memo? Once we have this, I will move the Change Order to the Commission Packet.

Legal has noted: The DR will need to be prepared to explain to the Commission how purchases exceeded the contract price by \$1,299,001.20.

Thank you.

CHANGE ORDER
NO. 1

Pursuant to Section GC-10, the following changes are hereby incorporated into this Contract:

A. Description of Change: Increase the Contract Price. The Bid Unit Price of the following Bid Items shall be increased as noted below and then adjusted in accordance with the provisions of Section SR-8:

- Bid item No. 16 revised from \$1,504.00 to \$1,752.74
- Bid item No. 17 revised from \$1,706.00 to \$1,987.48
- Bid item No. 18 revised from \$1,841.00 to \$2,145.02
- Bid item No. 19 revised from \$2,269.00 to \$2,643.71
- Bid item No. 20 revised from \$2,817.00 to \$3,282.21
- Bid item No. 21 revised from \$6,285.00 to \$7,321.86
- Bid item No. 22 revised from \$7,408.00 to \$8,631.19
- Bid item No. 23 revised from \$10,182.00 to \$11,862.28
- Bid item No. 24 revised from \$12,956.00 to \$15,093.37
- Bid item No. 25 revised from \$19,089.00 to \$22,238.91
- Bid item No. 26 revised from \$5,738.00 to \$6,685.44
- Bid item No. 27 revised from \$6,781.00 to \$7,900.88
- Bid item No. 28 revised from \$9,077.00 to \$10,574.85
- Bid item No. 29 revised from \$11,581.00 to \$13,491.91
- Bid item No. 30 revised from \$14,371.00 to \$16,742.83
- Bid item No. 31 revised from \$20,031.00 to \$23,336.46
- Bid item No. 32 revised from \$25,989.00 to \$30,276.47
- Bid item No. 33 revised from \$33,092.00 to \$38,552.95
- Bid item No. 34 revised from \$41,002.00 to \$47,767.34

These increased Bid Item Prices, as noted above, shall be applied to the existing District Purchase Orders listed below and all potential future orders:

- District Purchase Order 170-10711B-8P
- District Purchase Order 170-10711B-9P
- District Purchase Order 170-10711B-12P
- District Purchase Order 170-10711B-13P
- District Purchase Order 170-10711B-14P
- District Purchase Order 170-10711B-15P

- B. Time of Completion: The completion date shall remain December 31, 2025.
- C. Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall be increased by the sum of \$2,998,606.00 plus applicable sales tax. This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$5,786,687.00, including changes incorporated by this Change Order.
- D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2
of Grant County, Washington

General Pacific, Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

