PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF BOARD MEETING OF COMMISSIONERS
March 12, 2019
John Searing Auditorium

Present:

COMMISSIONERS:
Dave Quinn, President
Dena Diamond-Ott, Vice-President
Duane Dagleish, Secretary

STAFF:
Deanna Carlson, Energy Policy Analyst
Alice Dietz, Communication & Public Relations Manager
Rick Hughes, General Counsel
Gary Huhta, Director of Power Management/Assistant General Manager
Steve Kern, General Manager
Adrienne Marks, Customer Programs Coordinator
Trent Martin, Director of Accounting & Finance
Kaylee Peterson, Customer Service Representative
Amanda Potter, Customer Service Representative
Heather Sorensen, Director of Customer Service and Compliance
Barbara Taylor, Executive Assistant/Clerk of the Board

GUEST:
Diana Carlen, Gordon Thomas Honeywell

MEDIA:
Tyler Munson, KLTV

PUBLIC:
Diane Dick
Rosemary Siipola
Daryl Vandinter

1. CALL TO ORDER

Pursuant to published Notice, Commissioner Dave Quinn called the Regular Board meeting of the Commissioners of Public Utility District No. 1 of Cowlitz County, Washington to order at 2:00 p.m.

2. APPROVAL OF AGENDA

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the March 12, 2019 agenda.

Commissioner Dalgleish stated that he would like to talk about what kind of programs we can get together to help local veterans during today’s meeting and propose something at the next meeting. This topic will be added to the agenda today as 8.2 under Action Items & Comments from the Public.
Steve Kern noted that under 7.2 of this meeting’s agenda, Deanna Carlson, the District’s Energy Policy Analyst, would be providing an update on Senate Bill 5116 after Diana Carlen’s legislative update.

The MOTION CARRIED to approve the agenda as amended on a 3 to 0 margin.

3. APPROVAL OF BOARD MINUTES

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the Regular Board Minutes of February 26, 2019.

The MOTION CARRIED on a 3 to 0 margin.

4. RATIFICATION/APPROVAL OF VOUCHERS/PAYROLL

Approval of Vouchers in the amount of $7,746,873.76. The Board reviewed expenditures of the District as required by RCW 42.24.080 and RCW 42.24.090 for which checks were issued on March 12, 2019 under the provisions of Resolution No. 1421.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Check Nos.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>63778 to 66074</td>
<td>$7,346,876.12</td>
</tr>
<tr>
<td>Payroll</td>
<td>March 8, 2019</td>
<td>$399,997.64</td>
</tr>
</tbody>
</table>

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the ratification of the vouchers/payroll for March 12, 2019.

Heather Sorensen, Director of Customer Service and Compliance, provided a high-level overview of expenditures and answered questions.

The MOTION CARRIED on a 3 to 0 margin.

5. NEW EMPLOYEE INTRODUCTIONS

5.1 Heather Sorensen, Director of Customer Service and Compliance, introduced New Customer Service Representatives: Kaylee Peterson & Amanda Potter

6. PUBLIC COMMENT ON NON-AGENDA ITEMS

There was no public comment on non-agenda items.

7. GENERAL MANAGER REPORT

7.1 Calendar of Community/Legislative Events

Steve Kern reviewed the March and April 2019 Community Events/Legislative Calendar at this meeting and asked the Commissioners to let Barbara Taylor know if there’s any additional meetings that they would like to add to the calendar.

7.2 Legislative Update

Diana Carlen, of Gordon Thomas Honeywell, attended this meeting to provide a legislative update to the Commissioners and Staff on the following energy bills:
• 100% Clean Bill – E2SSB 5116
• Carbon Fee – SSB 5971
• Cap & Trade Proposal – SB 5981
• Fuel Mix – ESHB 1428
• Utility Wildfire Liability Task Force - SSB 5305
• Transportation Electrification - SHB 1512
• Low Carbon Fuel Standard – 2SHB 1110
• Net Metering - E2SSB 5223
• Bid Limits - ESSB 5418

The District’s Energy Policy Analyst, Deanna Carlson, reviewed the Washington State Clean Energy Act SB 5116 at this meeting. Objectives of this bill are to transition to a clean-energy economy using non-emitting generation and renewable resources to serve all retail electric customers in Washington. Ms. Carlson noted that right now, there will be no immediate costs to Cowlitz PUD as the District is currently in compliance. The bill should be voted on this Thursday, March 14, 2019.

Commissioner Diamond-Ott mentioned that during this coming Thursday’s, March 14, 2019, WPUDA Energy Committee, a decision will be made, either for or against, SB 5116 and, since she is the District’s representative, she asked that the Board make a decision as to whether or not, Cowlitz PUD is for or against SB 5116.

Gary Huhta, Director of Power Management/Assistant General Manager, talked about the tax parity stating that he wants to make sure it’s equal across the board. Ms. Carlen noted that politically, it’s a challenge, because it’s very expensive. Mr. Huhta reported that the District is aggressively participating.

Commissioner Diamond-Ott reported that so far, the legislature has not taken anything away that we have asked for from a utility perspective; she also stated that Cowlitz PUD has been fighting some form of carbon initiative for 5 years. Commissioner Diamond-Ott stated that she would prefer no additional legislation be added; although it will cost our rate payers something, she thinks this is the best deal we will get. We do need to watch the legislators closely so they don’t pancake on top of this bill.

Commissioner Quinn noted that if you try to buy power on the market, you have to trace where it came from in the market, which is very difficult; he wondered if the process has been simplified; Mr. Huhta stated that he suspects the market will take care of that problem.

Steve Kern stated that for the record, he personally is totally against this bill, but, for Cowlitz PUD, he thinks it’s the best the District is going to get.

Diane Dick stated that she appreciates that the Board and Staff are having such a deep discussion on this topic and although this might not be her favorite piece of legislation, there will be a cost to anyone who enjoys using energy; we will all be affected by the cost of carbon. If SB 5116 is the only thing we have going for us this year, we have to support it. Ms. Dick stated that she would like to see a carbon cap.

It was noted that not all Cowlitz County resources are owned by the PUD, so, how will they be affected? Mr. Huhta stated that it will give the industrial customers more incentive to reduce carbon.

Commissioner Diamond-Ott noted that the electric sector in Washington is only emitting 15% while transportation is at 40%; she feels that, as a Commissioner, she looks at the District now and feels we are really green. As long as we continue I-937, the utilities are not the problem.

Diana Carlen sees the public utility districts as part of the solution.
Commissioner Diamond-Ott stated that she would prefer no legislation but that SB 5116 is the least costly option.

Diane Dick noted that currently, Cowlitz County has some of the cheapest electric rates out there.

Rosemary Siipola lives in Kalama and is on the Kalama City Council. Ms. Siipola stated that as elected officials, we are elected to find the balance and provide the best future; she noted that Cowlitz County is very lucky to have a Public Utility District (PUD). She thanked the Commissioners for being so involved and taking this on; she really appreciated the tough conversation.

Daryl Vandinor from Longview stated that everyone at Cowlitz PUD is doing a great job; he would like to see this bill not get approved and felt that the PUD should fight it.

Commissioner Diamond-Ott noted that we are making a strong effort in educating our legislators and talked about the least cost path for carbon. In addition, this last year, another E32 study was done around reliability; she noted that we are going to need a broad spectrum group to maintain reliability, i.e., WPUDA, PGP, the General Managers, to look for the least expensive costs to our customers.

Commissioner Quinn thanked the public for their comments.

Commissioner Quinn stated that this bill is going to happen and we have heard how it applies to Cowlitz County and the State. We have had input into this bill so it has minimal impact on Cowlitz County, which is the best we can do. Commissioner Quinn stated that he’s in support of Commissioner Diamond-Ott’s position.

Commissioner Dalgleish expressed how frustrating the bill is as we have worked very hard; “If we have to have this, we have to have it. I am not for it but I will concede. I want the legislators to understand that this multi-year thing is a big deal.”

Cowlitz PUD’s official position is that the District would prefer no additional legislation. Commissioner Quinn wants to make sure that our language doesn’t get pulled out on the last day. We want to make sure our rights aren’t taken away as public utilities. We do have a consensus.

7.3 Organization Representation

Steve Kern reviewed the District’s current organization representation list at this meeting noting that there needs to be a few updates since there is a new Commissioner in place. Steve will call and speak to each of the Commissioners individually regarding their interests and have the list updated.

8. ACTION ITEMS & COMMENTS FROM THE PUBLIC

Mr. Vandinor stated that he has questions about his current PUD bill. Heather Sorensen, Director of Customer Service and Compliance, stated that she will follow up with Mr. Vandinor and his specific billing questions.

8.1 General Manager Recruitment Discussion

Commissioner Quinn stated that current General Manager, Steve Kern, has shared with the Board that he is ready to retire from Cowlitz PUD. The Board has a fairly short time to replace the General Manager position. Commissioner Quinn stated that Mr. Kern has done a really great job, and, in his opinion, Cowlitz PUD is now going in the right direction. Commissioner Quinn would like to look to the District’s current staff to fill the General Manager position.

Commissioner Dalgleish agreed that the Board should look inside the organization; he also felt that Mr. Kern has done a great job at Cowlitz PUD.
Commissioner Diamond-Ott also agreed that they should look within the utility expressing how nice of a job Mr. Kern has done turning the utility around; she stated that Cowlitz PUD is an excellent utility and people should be proud to work here. The Directors and Managers have also done a great job in helping to run the District.

Commissioner Quinn pointed out that one of the directives that the Board has pushed on Mr. Kern is to work on staff development and that the Commissioners will move forward from here with an internal search to replace Mr. Kern.

8.2 Veterans Discussion

Commissioner Dalglish stated that he would like the Commissioners and the District Staff to look at the idea of a Veteran’s Program at Cowlitz PUD; he noted that he have some outside people who have grant monies available and can have some influence. Commissioner Dalglish realizes that we would need more meetings and realizes that we can’t do anything today but that he would like to set up a program to help the veterans, especially the disabled veterans; we do not necessarily have to have our staff doing all the work. Mr. Kern and Commissioner Dalglish will touch base about the Commissioner’s intentions and talk about what is allowable as a Public Utility District.

Commissioner Diamond-Ott mentioned that Benton PUD offers a veteran’s discount; she thinks that we may be able to do something with the current SSR program and add the veterans, similar to what Benton did by incorporating the grant monies. Ms. Sorsensens stated that we can look into options further and come back with proposals and partner with the agencies Commissioner Dalglish is talking about.

9. STAFF REPORTS AND PRESENTATIONS

9.1 BPA Update

Deanna Carlson provided a BPA update noting that the BPA announced last month that they had found a $200 million error that was an allocation between the power business line and transmission, which was around $12 million per year occurring all the way back to 2004. Last week, BPA’s error had grown to $300 million. BPA staff are still looking into the details.

Ms. Carlson reported that she, Gary Huhta and Commissioner Diamond-Ott attended a workshop yesterday to discuss the recent findings regarding the attribution of its financial reserves between the Power Services and Transmission Services business units.

The BPA’s new Executive Vice President and Chief Financial Officer, Michelle Manary, is heading up BPA’s current challenge. The public accounting and consulting firm, Baker Tilly, has been hired to do a review of BPA’s records. BPA has made recommendations as to where they are leaning; they do not want to start the review back in 2002 because they don’t think they have accurate accounting records for that time. Trent Martin, Cowlitz PUD’s CFO, mentioned that the BPA switched computer systems during that period of time.

The District’s Commissioners feel that we should insist they go back to 2002.

Deanna Carlson noted that Cowlitz PUD will submit written comments early during BPA’s process.

10. COMMISSIONER REPORTS & UPCOMING EVENTS

Commissioner Diamond-Ott will e-mail her Commissioner Report to Barbara Taylor to share with the other two Commissioners.

Commissioner Diamond-Ott reported that she recently attended the 2019 APPA Legislative Rally in Washington DC between 2/25/19 and 2/27/19 noting many really good discussions. There were quite a few utilities in attendance who were able to talk with many senators and representatives.
Commissioner Diamond-Ott also attended yesterday, 3/11/9, BPA Financial Reserve Workshop; she will be attending WPUDA meetings for the rest of this week.

Commissioner Dalgleish stated that he attended a veterans meeting last night, has a WPUDA Commissioner orientation tomorrow and will be meeting with one of the District's Sr. Energy Efficiency Specialists, Rob Salberg, on Friday with a local group who wants to learn more about solar. Commissioner Dalgleish is also planning on attending this weekend's Home and Garden Show.

Commissioner Quinn had nothing to report on at this time; he thanked the public for attending this meeting.

**Public Disclosure Commission (PDC)**

Commissioner Diamond-Ott expressed concern that the Public Disclosure Commission (PDC) is considering putting the F1 reports that all elected officials prepare each year, onto the PDC website so people who are interested in the information would not have to fill out a public records each time. Commissioner Diamond-Ott feels that it is okay with the information being distributed through a public records request because there is a trail going back to the person requesting the information which provides elected officials a bit more security; she feels that it would put all elected officials in jeopardy if the information is just out there for everyone. Commissioner Diamond-Ott will gather more information to share as she feels this is a security issue.

General Counsel, Rick Hughes, stated that he has been involved in F1 reports and people who have left information off of them as their information can be used for political reasons and to embarrass people; he felt it would be good to find out what the PDC’s intention is on this subject.

Commissioner Diamond-Ott feels the District needs to at least have a formal statement; she thought there might be some legislation to this effect.

**11. FINAL COMMENTS: FROM THE PUBLIC, GENERAL MANAGER, COMMISSIONERS**

There were no final comments from the public, the General Manager or the Commissioners.

**12. NEXT MEETING**

The next Regular meeting of the PUD Board of Commissioners will be held on Tuesday, March 26, 2019 at 2:00 p.m. in the John Searig PUD Auditorium.

**EXECUTIVE SESSION**

Commissioner Quinn stated that the Board of Commissioners of Public Utility District No. 1 of Cowlitz County, Washington will convene into Executive Session on Tuesday, March 12, 2019 immediately following this Board Meeting pursuant to RCW 42.30.110 to evaluate the qualifications of an applicant for public employment.

The meeting will take place in the PUD Board Room of Cowlitz PUD at 961 12th Avenue, Longview, WA. and is estimated to last 30 minutes unless such time is extended by the Presiding Officer. Any action taken related to the Executive Session will occur in a public meeting.
13. ADJOURNMENT

Commissioner Quinn adjourned the Board meeting at 4:22 p.m.

Attest:  

President  

Vice-President  

Secretary  

B arbara A. Taylor  
Prepared by: Barbara A. Taylor  
Executive Assistant/Clerk of the Board