PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF BOARD MEETING OF COMMISSIONERS
March 26, 2019
John Searing Auditorium

Present:

COMMISSIONERS:
Dave Quinn, President
Dena Diamond-Ott, Vice-President
Duane Dalgleish, 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
Ray Johnson, Director of Engineering & Technology
Casey Kalal, Director of Operations
Marisa Keeney, Manager of Employee Services
Steve Kern, General Manager
Mike Larsen, Senior Engineer
Trent Martin, Director of Accounting & Finance
Stacie Pederson, Contract Specialist
Heather Sorensen, Director of Customer Service and Compliance
Barbara Taylor, Executive Assistant/Clerk of the Board

GUEST:
Diana Carlen, Gordon Thomas Honeywell, via speaker phone

MEDIA:
Tyler Munson, KLTV

PUBLIC:
Diane Dick
Rosemary Siipola

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 26, 2019 agenda.

The MOTION CARRIED 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 March 12, 2019 and the Executive Session Minutes of March 12, 2019.

Two minor changes to the March 12, 2019 Regular Board Minutes were suggested and will be implemented.

The MOTION CARRIED on a 3 to 0 margin.

4. RATIFICATION/APPROVAL OF VOUCHERS/PAYROLL

Approval of Vouchers in the amount of $27,179,236.50. The Board reviewed expenditures of the District as required by RCW 42.24.08C and RCW 42.24.090 for which checks were issued on March 26, 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>64075 to 64342</td>
<td>$26,757,985.87</td>
</tr>
<tr>
<td>Payroll</td>
<td>March 22, 2019</td>
<td>$421,250.63</td>
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</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 26, 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. PUBLIC COMMENT ON NON-AGENDA ITEMS

There was no public comment on non-agenda items.

6. GENERAL MANAGER REPORT

6.1 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 have added to the calendar.

6.2 Legislative Update

Diana Carlen, of Gordon Thomas Honeywell, attended this meeting via speaker phone 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
- Low Carbon Fuel Standard – E2SHB 1110
- Fuel Mix – ESHB 1428
- Utility Wildfire Liability Task Force - SSB 5305
- Transportation Electrification - SB 1512
- Net Metering - E2SSB 5223
- Bid Limits - ESSB 5418
General Manager, Steve Kern, asked Diana Carlen if there has been any conversation on the floor by any of the legislative members as to what the collective costs would be if any of these bills were to pass. Mr. Kern noted that he worries about the compound impact to our customers if these bills do pass; the legislators are talking about it but they don’t understand what the costs will be. There’s still some areas of the bills that need more clarification. Commissioner Diamond-Ott wondered why they don’t do a study; she feels that the legislators that like the bills think things will be fine and the ones that don’t like them want more information.

Commissioner Diamond-Ott noted that all of the issues that Ms. Carlen reviewed today still have to be ironed out; the utilities are all trying to stay neutral. Commissioner Diamond-Ott felt that so many of the bills are deal breakers and that she would not vote for any of them the way they stand today.

Ms. Carlen encouraged the Commissioners to reach out to her directly if they have questions.

7. STAFF REPORTS AND PRESENTATIONS

7.1 February Operational Reports

Steve Kern noted that several months ago, to save staff time, the Commissioners were asked to review the monthly operational report which is sent out each month and come to the board meeting with any questions they may have for staff instead of going through the report page by page during the meetings. Mr. Kern offered, now that we have a new Commissioner, to review the entire report for a while if the Commissioners were interested. It was agreed by the Commissioners to have staff go ahead and just answer current Commissioner questions.

Commissioner Quinn noted that PUD staff deserve a pat on the back for the budget; he feels that Cowlitz PUD has a model for best practices. PUD staff do a great job in dealing with the unknowns to keep costs to a minimum.

It was pointed out that although spring is here and the weather is getting better, some of the cold weather will still be reflected on the next bill.

Commissioner Diamond-Ott read a letter from the Lewis County Board of County Commissioners thanking Cowlitz PUD staff for their outstanding efforts during the snowstorm that pummeled Lewis County in February crippling the eastern portion of the county. It was noted that several organizations throughout the region combined forces to repair downed power lines, restore interrupted communication services, remove fallen trees, plow treacherous snowy roads and respond to residents’ calls for help.

Steve Kern reported that he drove down to Eugene during their recent snow storm to check on our Cowlitz PUD crews who were there to help restore power on Lane Electric Cooperative’s System. Some residents had been out of power for three to four weeks. Mr. Kern talked about an entire family who came out of their house that was so happy to see our crews and couldn’t say enough to thank them.

Commissioner Quinn asked that the line crews be told how proud he and the other Commissioners are of them and their work. Director of Operations, Casey Kalal, noted that the crews worked very hard and everyone came home safe.

Commissioner Diamond-Ott expressed her appreciation of Cowlitz PUD’s engineering staff, the line crews and customer service as well; she noted that she’d been working with four different electric companies in Texas trying to help a family member with a certain piece of property and no one can tell her who serves that property, which makes her appreciate our staff even more for knowing what they’re doing.
7.2 Risk & Compliance Quarterly Board Report

Heather Sorensen, Director of Customer Service & Compliance, reported that the Quarterly Risk & Compliance Board Reports will be reviewed tri-annually in the future.

Ms. Sorensen reviewed the following information: Counterparty Credit, Wholesale Energy Risk Compliance, Public Records Requests, Law Enforcement Requests, Reliability Compliance, Claims Received by Type, Claims Paid, and a Claim Summary.

8. ACTION ITEMS & COMMENTS FROM THE PUBLIC

8.1 General Manager Recruitment Discussion

MOTION: It was MOVED by COMMISSIONER QUINN and SECONDED by COMMISSIONER DALGLEISH to review the preliminary contract with potential General Manager and current in-house employee/Director of Power Management, Gary Huhta, and to take possible action at the April 9, 2019 Board Meeting.

The MOTION CARRIED on a 3 to 0 margin.

Commissioner Quinn requested that the final, preliminary copy of the contract be sent to the Commissioners for their individual review prior to the April 9, 2019 Board meeting.

Commissioner Dalglish stated that he has known Gary Huhta for several years now and that it's nice when an organization can hire from within. Commissioner Dalglish stated that he feels very strongly that Mr. Huhta is a great candidate for the General Manager position.

Commissioner Diamond-Ott stated that current General Manager, Steve Kern, recently brought it to the Commissioners' attention that we needed to talk about succession planning for the General Manager position. Cowlitz PUD is in a good spot right now and Gary Huhta is an easy choice for the Commissioners. Steve Kern has done a really great job and we hate to see him leave but we know Mr. Huhta is going to do a great job as well.

MOTION: It was MOVED by COMMISSIONER QUINN and SECONDED by COMMISSIONER DALGLEISH to introduce Resolution No. 2753, A RESOLUTION of the Board of Commissioners for Public Utility District No. 1 of Cowlitz County, Washington, appointing Gary Huhta as General Manager as of May 25, 2019 and setting his salary, and, to act on the Resolution at the April 9, 2019 Board Meeting.

The MOTION CARRIED on a 3 to 0 margin.

8.2 Staff Recommendation No. 6/3/26: Evaluation and Recommendation – Bid Opening March 5, 2019 – Lewis River Substation Addition – UC 1708

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Staff Recommendation No. 6/3/26.

Senior Engineer, Mike Larsen, reviewed Staff Recommendation No. 6/3/26 noting that Cowlitz PUD received bids for the construction required for the Lewis River Substation Addition. This project will provide the modifications needed to interconnect the new 115kV line to Merwin, which is currently under construction. Capital funding was approved for this project in the 2019 capital budget. The Engineer's estimate for this work was $870,000. Eight bids were received and reviewed.

Mr. Larsen noted that DJ's Electrical, Inc. submitted the lowest bid, which, after review by the District's engineering business unit, was found to be both responsive and responsible.
DJ’s Electrical received positive feedback from all references and they have experience building substations for other utilities.

Mr. Larsen also noted that in addition to providing the lowest cost, DJ’s Electrical, Inc., was also the most responsive bidder and they received high recommendations.

Commissioner Dalgleish asked if there was a pre-bid meeting to go over the general scope of the project and it was reported that there was. There is also a provision of change order for something that is unforeseeable; both parties would have to agree on the costs. Once approved, construction would start on May 13, 2019.

Mr. Larsen recommended Board approval of Staff Recommendation No. 6/3/26.

The MOTION CARRIED on a 3 to 0 margin.

8.3 Staff Recommendation No. 7/3/26: Customer Services Policies Approval

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Staff Recommendation No. 7/3/26.

Heather Sorensen reported that the Board last approved the District’s Customer Service Policies on January 23, 2018. A workshop was held with the Commissioners on March 12, 2019 to review clarifications in language for our practices and better reorganization. A summary of changes was included in the packet with the updates.

Ms. Sorensen recommended Board approval of Staff Recommendation No. 7/3/26.

The MOTION CARRIED on a 3 to 0 margin.

8.4 Staff Recommendation No. 8/3/26: Vehicle Surplus

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Staff Recommendation No. 8/3/26.

Heather Sorensen reported that the District’s Surplus Committee has reviewed the request received from staff and recommends that the item detailed in the memo in the board packet be declared surplus to the needs of the District. The vehicle was involved in an accident where repairs to the vehicle were estimated to be more than the value of the vehicle. The party at fault desires to purchase the vehicle for its fair market value (prior to the accident) allowing the District to put these funds towards the purchase of a new vehicle. There were no injuries and this vehicle had already been scheduled to be replaced with a new vehicle already on order.

Ms. Sorensen recommended Board approval of Staff Recommendation No. 8/3/26.

The MOTION CARRIED on a 3 to 0 margin.

9. COMMISSIONER REPORTS & UPCOMING EVENTS

Commissioner Diamond-Ott shared that she recently won the, “Citizen of the Year” award for Kalama.

Commissioner Dalgleish and Commissioner Quinn had nothing new to report on at this time.

Diane Dick thanked the District’s line crews for helping out in Lane County during their recent storm. Ms. Dick had heard from a former Cowlitz County resident who now lives in Lane County and was thrilled that Cowlitz PUD was there to help.

Local wildfire issues were briefly discussed noting that it has been an extraordinarily dry year.
10. FINAL COMMENTS: FROM THE PUBLIC, GENERAL MANAGER, COMMISSIONERS

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

11. NEXT MEETING

The next Regular meeting of the PUD Board of Commissioners will be held on Tuesday, April 9, 2019 at 2:00 p.m. in the John Searing PUD Auditorium.

12. EXECUTIVE SESSION

Commissioner Quinn noted that an Executive Session was not needed after this meeting.

13. ADJOURNMENT

Commissioner Quinn adjourned the Board meeting at 3:59 p.m.

Attest:

President

Vice-President

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