COWLITZ PUD BOARD OF COMMISSIONERS MEETING AGENDA
April 9, 2019

1. Call to Order: 2:00 p.m.

2. Approval of Agenda: April 9, 2019 (Tab 1)

3. Approval of Regular Board Meeting Minutes: March 26, 2019 (Tab 2)

4. Ratification/Approval of Vouchers/Payroll: Heather Sorensen

5. Public Comment on Non-Agenda Items

6. General Manager Report: Steve Kern
   6.1 Community Events/Legislative Calendar (Tab 3)
   6.2 Legislative Update: Diana Carlen

7. Action Items & Comments from the Public
   7.1 General Manager Recruitment Discussion: Commissioners (Tab 4)
      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

   7.2 Resolution No. 2754: A RESOLUTION of the Public Utility District No. 1 of Cowlitz
      County, Washington, Determining Compliance with the Requirements of the Washington
      Energy Independence Act (Initiative 937). Bob Essex (Tab 5)

8. Staff Reports and Presentations
   8.1 BPA Update: Gary Huhta

9. Commissioner Reports & Upcoming Events

10. Final Comments: From the Public, General Manager, Commissioners

11. Confirmation of Nexx Meeting: Tuesday, April 23, 2019 – 2:00 p.m. in PUD Auditorium
    Executive Session (if Needed): The Presiding Officer will follow the Executive Session procedure
    included with this agenda

12. Adjourn Meeting

Tentative Board Meeting Agenda Items for April 23, 2019

- March Operational Report
- Transfer of Accounts to Reserve for Bad Debts
- Surplus Reporting
- Engineering Policies Approval
COWLITZ PUD EXECUTIVE SESSION PROCEDURE

The Board may meet in Executive Session for any reason authorized under the Open Public Meetings Act, RCW 42.30.110 (1), using the following procedure:

1. Announce the Executive Session

   We will now adjourn into executive session pursuant to RCW 42.30.110 (1) for __________ minutes unless extended by the Presiding Officer. The purpose of the executive session is (choose one of the following):

   a. To consider matters affecting national security;
   b. To consider, if in compliance with any required data security breach disclosure under RCW 19.255.010 and 42.56.590, and with legal counsel available, information regarding the infrastructure and security of computer and telecommunications networks, security and service recovery plans, security risk assessments and security test results to the extent that they identify specific system vulnerabilities, and other information that if made public may increase the risk to the confidentiality, integrity, or availability of agency security or to information technology infrastructure or assets;
   c. To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price;
   d. To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price. However, final action selling or leasing such property shall be taken in a meeting open to the public;
   e. To review negotiations on the performance of publicly bid contracts when public knowledge regarding such consideration would cause a likelihood of increased costs;
   f. To receive and evaluate complaints or charges brought against a public officer or employee. However, upon the request of such officer or employee, a public hearing or a meeting open to the public shall be conducted upon such complaint or charge;
   g. To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. However, subject to RCW 42.30.140(4), discussion by a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public;
   h. To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency

2. Return to Open Public Meeting

   a. Once the session concludes, the board will return to open meeting.
   b. If any action is taken it must take place in open meeting.
   c. Action may not take place earlier than the time for which the executive session was to conclude, including any extensions announced by the Presiding Officer.

Note: The foregoing is not a complete list of allowed purposes to hold an executive session under RCW 42.30.110 (1) but represents the most likely purposes for Cowlitz PUD.
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, KLV

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 42.24.080 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>
</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 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 - SHB 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 Dalgleish stated that he has known Gary Huhta for several years now and that it’s nice when an organization can hire from within. Commissioner Dalgleish 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 than an Executive Session was not needed after this meeting.

13. ADJOURNMENT

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

Attest:

__________________________
Secretary

__________________________
President

__________________________
Vice-President

Prepared by: Barbara A. Taylor
Executive Assistant/Clerk of the Board
<table>
<thead>
<tr>
<th>Sunday</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31</td>
<td>Apr 1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2:00pm Cowitz PUD Leg Update Call (Dial In Number Below) - Diana Carlen</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28</td>
<td>29</td>
<td>May 1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30</td>
<td></td>
<td></td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Community Events/Legislative

- **Mar 31**: TBA
- **Apr 1**: TBA
- **Apr 2**: TBA
- **Apr 3**: TBA
- **Apr 4**: TBA
- **Apr 5**: 2:00pm Cowitz PUD Leg Update Call (Dial In Number Below) - Diana Carlen
- **Apr 6**: TBA
- **Apr 7**: 12:00pm Executive Session
  - 1:00pm Copy: Board Workshop RE: 2:00pm PUD Board Meeting (PUD)
- **Apr 8**: TBA
- **Apr 9**: 9:30am FYI: City of Longview Arbor Day Participation - Cowitz PUD Tree Line USA Utility (Hemlock)
- **Apr 10**: TBA
- **Apr 11**: 8:30am Dave Quinn Attending the Castle Rock Chamber of Commerce Mtg. at the Castle Rock
- **Apr 12**: TBA
- **Apr 13**: TBA
- **Apr 14**: TBA
- **Apr 15**: TBA
- **Apr 16**: TBA
- **Apr 17**: 8:00am April WPUDA Meetings - Olympia (Community)
  - 8:30am Duane: WPUDA - April Commissioner
- **Apr 18**: TBA
- **Apr 19**: TBA
- **Apr 20**: TBA
  - 10:00am Earth Day Celebration (10:00 a.m. to 3:30 a.m. at the Cowitz County Expo Center)
- **Apr 21**: TBA
- **Apr 22**: TBA
- **Apr 23**: TBA
- **Apr 24**: TBA
- **Apr 25**: TBA
- **Apr 26**: TBA
- **Apr 27**: TBA
- **Apr 28**: TBA
- **Apr 29**: TBA
- **Apr 30**: May 1
<table>
<thead>
<tr>
<th>SUNDAY</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
<th>SATURDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 28</td>
<td>29</td>
<td>30</td>
<td>May 1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>13</td>
<td>14</td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>19</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>26</td>
<td>27</td>
<td>28</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td>Jun 1</td>
</tr>
</tbody>
</table>

*Community Events/Legislative*
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.

WHEREAS, General Manager Steve Kern has announced his resignation with his final day being May 24, 2019; and

WHEREAS, Gary Huhta has been employed by the District for 26 years, and on February 15, 2019 was promoted to Assistant General Manager; and,

WHEREAS, in accordance with RCW 54.16.100, the Board finds that Gary Huhta possesses the executive experience, knowledge of District operations, administrative abilities and other qualities desired in a General Manager; and,

WHEREAS, it is in the best interest of the District to enter into an Employment Agreement for the purposes of securing a working relationship with Gary Huhta; and,

WHEREAS, such Employment Agreement defines the responsibilities of the General Manager and the District, and establishes the starting pay and benefits provided to the General Manager; and,

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Cowlitz County, Washington, as follows:

1. The Board hereby finds and determines that the foregoing recitals to this Resolution are true and correct. Such recitals are hereby adopted as findings and determinations of the Commission.

2. The Board authorizes the Board President to execute an Employment Agreement with Mr. Huhta on behalf of the District.

3. This Resolution shall be in effect immediately upon its adoption and approval.

4. Gary Huhta will assume the position of General Manager on May 25, 2019 with the annual salary of $230,000, vehicle reimbursement of $500 per month, and all other forms of compensation afforded to other unrepresented employees.

[Signatures follow next page]
ADOPTED AND APPROVED by the Commissioners of Public Utility District No. 1 of Cowlitz County, Washington, at a regular meeting on the 9th of April, 2019.

________________________
President

________________________
Vice President

ATTEST:

________________________
Secretary

Approved as to form:

________________________
Richard L Hughes, General Counsel
Energy Independence Act (EIA) or I-937

Board Acknowledgement of Compliance

April 9, 2019
Outline

- Energy Independence Act
- Energy Efficiency Achievements
- Renewable Energy Requirement
- Renewable Energy Portfolio
- Summary
- Recommendation
Energy Independence Act (aka I-937)

- Utilities with 25,000 or more customers must comply, as follows:
  - ENERGY EFFICIENCY: At least every 2 years establish a ten year conservation potential and a two year conservation target;
  - RENEWABLES: Obtain eligible renewable resources or RECs to meet:
    - 3% of load by 2012
    - 9% of load by 2016
    - 15% of load by 2020
Energy Efficiency Achievements

- Resolution No. 2738 dated December 12, 2017 established:
  - **TEN YEAR POTENTIAL**: 2018-2027 potential of 37.25 aMW (326,310 MWh)
  - **TWO YEAR TARGET**: 2018-19 target of 6.98 aMW (61,145 MWh)
  - Actuals for the biennial period, 2018-19, the District exceeds the target:

<table>
<thead>
<tr>
<th>Category</th>
<th>aMW</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>0.32 aMW</td>
<td>4%</td>
</tr>
<tr>
<td>Commercial</td>
<td>1.05 aMW</td>
<td>12%</td>
</tr>
<tr>
<td>Industrial</td>
<td>6.67 aMW</td>
<td>77%</td>
</tr>
<tr>
<td>NEEA</td>
<td>0.6 aMW</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Total**: 8.64 aMW
Renewable Energy Requirement

- Prior two years average load is used to set renewable target:

<table>
<thead>
<tr>
<th></th>
<th>District Load</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4,877,269 MWh</td>
</tr>
<tr>
<td>2018</td>
<td>4,882,554 MWh</td>
</tr>
<tr>
<td>Average</td>
<td>4,879,912 MWh</td>
</tr>
<tr>
<td>2019 I-937 Renewable Requirement (9%)</td>
<td>439,193 RECs</td>
</tr>
</tbody>
</table>
Renewable Energy Portfolio

- One Renewable Energy Credit (REC) is equivalent to one MWh produced by an eligible renewable resource.

- The RECs Cowlitz PUD has available to meet the 2019 obligation (including forecast amounts):

<table>
<thead>
<tr>
<th>Year</th>
<th>District Wind Portfolio</th>
<th>Biomass</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>77,597</td>
<td>88,103</td>
<td>57,613</td>
<td>223,313</td>
</tr>
<tr>
<td>2019</td>
<td>91,598</td>
<td>176,284</td>
<td>282,992</td>
<td>550,874</td>
</tr>
<tr>
<td>2020</td>
<td>317,180</td>
<td>175,928</td>
<td>199,925</td>
<td>693,033</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>1,467,220</strong></td>
</tr>
</tbody>
</table>

4/9/2019
Summary

- **Energy Efficiency**
  - Actual achievement exceeds the 2018-19 target.
  - The District is in compliance.

- **Renewables**
  - Given the District's current inventory of RECs, plus expected production in 2019 and 2020, the TOTAL is expected to exceed 1,467,220 RECs.
  - The 2019 Renewable Requirement is calculated to be 439,193 RECs.
  - Therefore, the District had under contract as of January 1, 2019 adequate RECs to meet the current year requirement.
  - The District is in compliance.
Recommendation

- District staff recommends the Board adopt Resolution 2754
- Resolution 2754 is the Board’s statement and recognition that the District is in full compliance with the EIA (I-937).
Questions?
Resolution No. 2754

A RESOLUTION of the Public Utility District No. 1 of Cowlitz County, Washington, Determining Compliance with the Requirements of the Washington Energy Independence Act (Initiative 937).

WHEREAS, Washington State Energy Independence Act, RCW 19.285, Initiative 937 ("Act"), mandates that each qualifying utility establish and meet a minimal biennial energy conservation target and meet defined renewable energy requirements; and,

WHEREAS, Public Utility District No. 1 of Cowlitz County, Washington (the "District"), is a qualifying utility under the Act; and,

WHEREAS, the District wishes to assert its authority under Title 54 and Chapter 19.285 of the Revised Code of Washington and under Chapter 194 of the Washington Administrative Code ("WAC") to implement the Washington State Energy Independence Act; and,

WHEREAS, the Board of Commissioners of the District has received a presentation of facts relating to the determination herein made, the Board of Commissioners hereby makes the following Findings of Fact:

1. Resolution No. 2738, dated December 12, 2017 established the initial minimum biennial conservation target for 2018-2019 of 6.98 average MW; and,

2. The District's actual energy efficiency savings accomplished to date (January, 2018 through February, 2019) are 8.64 average aMW, which exceeds the District's established minimum biennial conservation target with ten months remaining; and,

3. Under RCW 19.285.040(2)(a)(ii), the District is required to meet nine percent of its load through the use of eligible renewable resources or the purchase of renewable energy credits ("RECs"), or a combination thereof, by January 1 of each year 2016 through 2019; and,

4. Under WAC 194.37.110, the District is required to contract for power purchases of sufficient eligible renewable resources and/or RECs no later than January 1 of the target year, in this case 2019; and,

5. Washington Administrative Code provisions (WAC 194-37-210) recognize the Western Renewable Energy Generation Information System (WREGIS) as the renewable energy credit ("REC") tracking system; and,

6. The District has calculated the Act's 2019 renewable energy requirement of nine percent in the amount of 439,193 MWh; and,

7. The District maintains a WREGIS account to track eligible RECs, and such account has a balance of eligible RECs of 2018 vintage of 135,209 MWh. These RECs will be used to partially satisfy the 2019 I-937 requirement; and,

8. The District has under contract as of January 1, 2019 eligible renewable resources, including wind, biomass and incremental hydro, with White Creek Wind I, LLC, Harvest
Wind Project, Energy Northwest, BPA, WestRock, Nippon, Grant County PUD and other third party purchases:

a. altogether, such resources are expected to produce 88,104 REC\text{s} of 2018 vintage, all of which are in addition to the quantity indicated in Section 7 above,

b. such resources are expected to produce 550,874 REC\text{s} of 2019 vintage, and

c. such resources are expected to produce 693,033 REC\text{s} of 2020 vintage; and,

9. Under RCW 19.285.040(2)(e), the Act allows the District to meet the 2019 requirement with qualifying REC\text{s} earned in any or a combination of 2018, 2019 and 2020, all of which are expected to total 1,467,220 REC\text{s}, hence the District has ample REC\text{s} under contract as of January 1, 2019 to meet the target year requirement;

NOW, THEREFORE BE IT RESOLVED by the Commission of Public Utility District No. 1 of Cowlitz County, based on the Findings of Fact set forth above, that, as of this date, the District has determined it has met both its conservation and renewable portfolio requirements and is in full compliance with the Act.

ADOPTED by the Commission of Public Utility District No. 1 of Cowlitz County, Washington, this 9\text{th} day of April, 2019.

__________________________
President

__________________________
Vice President

ATTEST:

__________________________
Secretary