PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF BOARD MEETING OF COMMISSIONERS
April 9, 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
Bob Essex, Sr. Power Resources Engineer
Rick Hughes, General Counsel
Gary Huhta, Director of Power Management/Assistant General Manager
Ray Johnson, Director of Engineering & Technology
Steve Kern, General Manager
Jennifer Langdon, Energy Efficiency Specialist - Industrial
Trent Martin, Director of Accounting & Finance
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
Denny Robinson
Rosemary Silopla
Steve Taylor
Ron Worthington

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-OFF and SECONDED by COMMISSIONER DALGLEISH to approve the April 9, 2019 agenda.

Gary Huhta noted that Deanna Carlson is here today and will provide the BPA Update under 8.1 at this meeting.
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 26, 2019.

The MOTION CARRIED on a 3 to 0 margin.

4. RATIFICATION/APPROVAL OF VOUCHERS/PAYROLL

Approval of Vouchers in the amount of $2,683,453.16. 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 April 9, 2019 under the provisions of Resolution No. 1421.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Check Nos.</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Accounts Payable</td>
<td>64343 to 64604</td>
<td>$2,289,860.51</td>
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<tr>
<td>Payroll</td>
<td>April 5, 2019</td>
<td>$373,592.65</td>
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MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the ratification of the vouchers/payroll for April 9, 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 April and May 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
Commissioner Diamond-Ott noted that just being involved in the legislative process really makes a difference. Steve Kern mentioned that the money we've spent working with PGP, the Public Generating Pool, over the last few years has been money well spent.

7. ACTION ITEMS & COMMENTS FROM THE PUBLIC

7.1 General Manager Recruitment Discussion

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 26, 2019 and setting his salary.

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Resolution No. 2753.

Commissioner Diamond-Ott pointed out that the Commissioners started the discussion regarding Resolution No. 2753 at the March 26, 2019 Board Meeting. Commissioner Diamond-Ott stated that she is in favor of hiring Gary Huhta as the District's new General Manager and that she is very confident and comfortable with the Board's decision.

Commissioner Dalgleish agreed noting that he has known Gary for several years now through his own participation on the Electric Rates Advisory Committee (ERAC).

Commissioner Quinn noted that the Commissioners have had a couple weeks to think things through and they are all on the same page with their decision to hire Gary Huhta as the new General Manager for Cowlitz PUD.

Ron Worthington introduced himself and stated that he lives in Castle Rock, serves on the Electric Rates Advisory Committee and worked at Cowlitz PUD for many years. Mr. Worthington stated that he is very much in support of hiring Gary Huhta as the next Cowlitz PUD General Manager noting that if the Board hires the General Manager well, then the PUD will be strong, our customers will benefit, and the jobs of the Commissioners will be easier. Mr. Worthington also pointed out that if the Board hires poorly, then the leadership, the staff, the customers and the PUD itself will suffer.

Mr. Worthington noted that Gary Huhta started working at Cowlitz PUD in 1992, 26 years ago and has a good platform. Mr. Worthington stated that he was privileged to work with Mr. Huhta for many years, particularly the last 4 of his years, he really grew to appreciate Mr. Huhta's discernment and decision making skills, his calmness and his good judgement; because of that, Mr. Huhta always won the people's appreciation around the table. Mr. Worthington stated that he is confident that the Board has made a good decision in choosing to make Gary Huhta the next General Manager. Mr. Worthington personally congratulated Gary Huhta noting that he's worked hard and really deserves the position.

Denny Robinson introduced himself noting that he currently lives in Portland, Oregon but that he has a cabin on the Lewis River too so he is still a Cowlitz PUD customer. Mr. Robinson worked at Cowlitz PUD 32 years and 12 years of those years he worked with Mr. Huhta; he served as the General Manager of Cowlitz PUD between 1997 and 2004 when he retired.

Mr. Robinson noted that when Mr. Huhta was hired, he was a diamond in the rough but has truly developed into a gem. Mr. Robinson stated that he is glad that the Board recognizes Mr. Huhta's talent; he has a lot of experience and a lot of respect both inside and outside of this utility and will do a great job for Cowlitz PUD.

Denny Robinson thanked current General Manager, Steve Kern, for righting the ship after some rough times at Cowlitz PUD.
Diane Dick stated that she supports Resolution No. 2753 to appoint Gary Huhta as General Manager at Cowlitz PUD. Ms. Dick stated that she had served on the Electric Rates Advisory Committee for the last six years and noted that Cowlitz PUD would have an excellent General Manager in Gary Huhta. Ms. Dick thanked Mr. Huhta for his support of community solar and mentioned that she is looking forward to the new technological advancements as they come.

Diane Dick thanked Steve Kern for a successful three years as General Manager at Cowlitz PUD and stated that she appreciates how proactive Mr. Kern has been about getting information into the Daily News so that the public understands what the PUD is doing and why. Ms. Dick feels that this PUD really does belong to the citizens. Ms. Dick is sure that Mr. Huhta will continue Mr. Kern's good work and that he's got a wonderful staff at Cowlitz PUD to back him up.

Commissioner Quinn expressed that Gary Huhta is an excellent candidate and we are lucky to have him at Cowlitz PUD.

The MOTION CARRIED on a 3 to 0 margin.

Congratulations Gary Huhta!

Gary Huhta expressed his thanks to everyone for their kind comments.


MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Resolution No. 2754.

Sr. Power Resources Engineer, Bob Essex, talked to the Commissioners about the Energy Independence Act (aka I-937), energy efficiency achievements, renewable energy achievements, and the renewable energy portfolio.

In summary of energy efficiency, actual achievement exceeds the 2018-09 target and the District is in compliance.

In regard to renewables, given the District's current inventory of REC's, 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 and the District is in compliance.

Mr. Essex stated that District Staff recommends that the Board adopt Resolution No. 2754, which is the Board's statement and recognition that the District is in full compliance with the Energy Independence Act (I-937).

The MOTION CARRIED on a 3 to 0 margin.

8. STAFF REPORTS AND PRESENTATIONS

8.1 BPA Update

Deanna Carlson, the District's Energy Policy Analyst, provided a BPA update at this meeting noting that last month, on March 11, 2019, she, Gary Huhta and Commissioner Diamond-Ott had attended a BPA workshop to discuss the recent findings regarding the attribution of its financial reserves between the Power Services and Transmission Services business units. At that time, BPA's error had grown from $200 million to a $300 million error. As of today, an additional $5 million, on top of the previous $300 million has been discovered.
Mr. Kern asked Ms. Carlson what other customers think about the very large BPA error and she noted that it depends on what side of the fence they’re on; everyone wants transparency. Currently, BPA is asking for stakeholders’ input. There is another stakeholder meeting tomorrow, April 10, 2019. Monthly stakeholder meetings will be scheduled until July 2019. Cowlitz PUD is still pushing BPA for a zero percent rate increase.

It was noted that the FY2019 spill surcharge is anticipated to be $0 due to reduced Fish & Wildlife spending from BP-18 forecasts.

The following items were also reviewed at this meeting:

- RP-20 Rate Case
- BPA Financial Reserves Review
- BPA Energy Imbalance Market (EIM) Stakeholder Meeting
- Regional Planning Organization
- Columbia River Treaty

9. COMMISSIONER REPORTS & UPCOMING EVENTS

Commissioner Diamond-Ott mentioned that she will continue to participate in several legislative phone calls for Cowlitz PUD.

Commissioner Diamond-Ott will be in Olympia next Wednesday, April 17, 2019, through Friday, April 19, 2019, for April WPUDA Meetings.

Commissioner Dalgleish will be in Olympia on Wednesday, April 17, 2019, for New Commissioner Training.

Commissioner Dalgleish will be participating in the April 13, 2019 West Side Hill clean-up efforts at Catlin Cemetery to help with human pollution. The clean-up efforts will start at 10:00 a.m.; Commissioner Dalgleish encouraged people to come out and help if they are able.

Commissioner Dalgleish attended a recent “All the Way Home Veteran’s Fundraiser” on April 6, 2019, which focuses on helping veterans assimilate back into society after their service.

On April 6, 2019, Commissioner Dalgleish emceed a “Robert V. Larson Scholarship Dinner” fundraiser for high school seniors going into the trade professions. Two $1,000 scholarships were awarded; to date, $121,000 has been distributed.

Commissioner Dalgleish thanked the PUD for the beautiful flowers which were sent to his brother’s recent memorial service noting they were very much appreciated.

Commissioner Quinn had nothing to report on at this time.

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 23, 2019 at 2:00 p.m. in the John Searig PUD Auditorium.

12. EXECUTIVE SESSION

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

Commissioner Quinn adjoumed the Board meeting at 2:51 p.m.

Attest:

[Signature]
President

[Signature]
Vice-President

[Signature]
Secretary

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