COWLITZ PUD BOARD OF COMMISSIONERS MEETING AGENDA
July 9, 2019

Board of Commissioners: Duane Dalgleish, Dena Diamond-Ott, Dave Quinn

The Cowlitz PUD Board of Commissioners meets on the 2nd and 4th Tuesday of every month in the John Searing Auditorium located at the PUD’s main office which is located at 961, 12 Avenue, Longview, WA 98632. Unless otherwise posted, the meetings start at 2 p.m. If you have any questions regarding the status or content of these meetings, or, if you require a reasonable accommodation while in attendance at the Cowlitz PUD Board Meeting, please call Barbara Taylor (360-501-9575) at least 72-hours prior to the meeting so that your needs can be addressed.

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

2. Any Changes to Today’s Agenda?

3. Motion to Approve the July 9, 2019 Board Agenda (Tab 1)

4. Motion to Approve the Regular Board Meeting Minutes of June 25, 2019 (Tab 2)

5. Motion to Ratify & Approve the Vouchers/Payroll: Heather Sorensen

6. New Employee Introduction

   6.1 Gary Huhta to Introduce New Director of Regulatory & Regional Affairs:
       Steve Taylor
7. Public Comment on Non-Agenda Items

8. General Manager Report: Gary Huhta

8.1 Community Events/Legislative Calendar (Tab 3)

9. Action Items & Comments from the Public

9.1 Motion to Approve Resolution No. 2756 RE: Four Lower Snake River Dams Removal: Gary Huhta (Tab 4)

9.2 Motion to Approve Staff Recommendation No. 17/7/9 RE: Advertised Bid – North Woodland Substation to Lewis River Substation – 115kV Transmission & Distribution Project – Contract UC# 1719 – Bids Opened June 27, 2019 – Job Order Numbers 16266, 16267, and 17758: Doug Thomas (Tab 5)

9.3 Public Hearing on Vehicle Surplus Approval

MOTION TO OPEN PUBLIC HEARING

The Commission has set the Regular meeting of July 9, at 2:00 p.m. in the PUD Auditorium as the time and place to hold a Public Hearing to surplus the items listed below, at which time any Taxpayer may appear and be heard regarding the whole or any part thereof:

- Vehicles/Equipment

MOTION TO CLOSE PUBLIC HEARING

Motion to Approve Staff Recommendation No. 18/7/9 RE: Surplus Items at Cowlitz PUD: Heather Sorensen (Tab 6)

10. Staff Reports and Presentations

10.1 BPA Update: Deanna Carlson (Tab 7)

11. Commissioner Reports & Upcoming Events
12. Final Comments: From the Public, General Manager, Commissioners

13. Confirmation of Next Meeting: Tuesday, July 23, 2019 – 2:00 p.m.
in the PUD Auditorium

14. Executive Session: If Needed, the Presiding Officer will follow the
Executive Session Procedure included with this agenda

15. Commissioners to Execute Agreements Before Adjourning the Meeting

16. Motion to Adjourn the Meeting

Tentative Board Meeting Agenda Items for July 23, 2019

- June Operational Reports
- Bad Debt Write Off
- Risk Management Report
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 public 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.
Present:

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

**STAFF:**
Alice Dietz, Communication & Public Relations Manager
Bob Essex, Interim Director of Power Management
Amanda Froberg, Environmental Compliance Manager
Rick Hughes, General Counsel
Gary Huhta, General Manager
Tami Ingalls, Senior Accountant
Ray Johnson, Director of Engineering & Technology
Casey Kalal, Director of Operations
Marisa Keeney, Manager of Employee Services
Mike Larsen, Manager Systems Engineering
Trent Martin, Director of Accounting & Finance
Stacie Pederson, Contracts Manager
Heather Sorensen, Director of Customer Service and Compliance
Barbara Taylor, Executive Assistant/Clerk of the Board

**MEDIA:**
Shawn Luhn, KLTV

**PUBLIC:**
Diane Dick
Barb Foxkilgore

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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. **ANY CHANGES TO TODAY'S BOARD AGENDA?**

There were no changes to the June 25, 2019 Cowlitz PUD Board Agenda.

3. **APPROVAL OF AGENDA**

**MOTION:** It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the June 25, 2019 Agenda as written.
The MOTION CARRIED on a 3 to 0 margin.

4. APPROVAL OF BOARD MINUTES

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the Regular Board minutes and the Executive Session minutes of June 11, 2019.

The MOTION CARRIED on a 3 to 0 margin.

5. MOTION TO RATIFY AND APPROVE VOUCHERS/PAYROLL

Approval of Vouchers in the amount of $17,317,147.99. 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 June 13, 2019 and June 20, 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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<tr>
<td>Accounts Payable</td>
<td>65671 to 65881</td>
<td>$16,926,800.20</td>
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<tr>
<td>Payroll</td>
<td>June 14, 2019</td>
<td>$390,347.79</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 as presented on June 25, 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.

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

Cowlitz PUD General Manager, Gary Huhta, reviewed the District calendars over the next couple of months noting that a couple dates in August had been added to the Commissioners’ calendars for Board Budget Workshops on 8/6 and 8/20 from 1:30 p.m. to 5:00 p.m.

Upcoming Community Events include the following:

- 6/28: Woodland’s Hot Summer Nights – Horseshoe Lake Park
- 6/29: The Great American Race – Using PUD Parking Lot
- 7/2: Cardboard Boat Race Judging (4-7 p.m. at Martin’s Dock)
- 7/13: Kalama Fair/Parade
- 7/18: Castle Rock Parade
- 8/2: Community BBQ in PUD Parking Lot (11-2)
- Concerts at Lake Sacajawea, Longview (5-7 p.m.) 7/11, 7/18, 7/25, 8/1, 8/8, 8/15, 8/22
8. ACTION ITEMS & COMMENTS FROM THE PUBLIC

8.1 Motion to Approve Staff Recommendation No. 15/6/25 RE: Business Operations Policies Approval

MOTION: It was MOVED by Commissioner Diamond-Ott and SECONDED by Commissioner Dalglish to approve Staff Recommendation No. 15/6/25.

Stacie Pederson, the District’s Contracts Manager, reported that the Business Operations Policies volume, which includes 8 policies, is currently up for adoption by the Board of Commissioners; a summary of changes was provided. Staff presented proposed updates for clarification and simplification of language to 3 out of the 8 policies at a Board Workshop conducted on June 11, 2019.

Ms. Pederson recommend that the Board adopt the revised Business Operations Policies as presented.

The MOTION CARRIED on a 3 to 0 margin.

8.2 Motion to Approve Staff Recommendation No. 16/6/25 RE: Evaluation and Recommendation – Advertised Bid - Distribution Transformers - Contract UC1723

MOTION: It was MOVED by Commissioner Diamond-Ott and SECONDED by Commissioner Dalglish to approve Staff Recommendation No. 16/6/25.

Tami Ingalls, the District’s Senior Accountant, reported that following an Engineering, Operations and Purchasing specifications review and inventory needs assessment, the District published a distribution transformer advertisement for bid. On May 29, 2019, sealed bids were publically opened, representing 5 transformer manufacturers. The District’s goal for this bid process is to meet Cowlitz PUD’s expected distribution transformer inventory requirements for the balance of 2019 through 2022 with possible extensions up to two years.

Mike Larsen, the District’s Manager of Systems Engineering, noted that, if approved, contracts would be issued to two manufacturers, ERMCO Distribution Transformers and WEG Transformers USA, Inc. The total cost anticipated is $2,351,391 over three years and is provided for in the District’s approved budget.

Commissioner Dalglish expressed how much he appreciated the amount of due diligence the PUD staff have done on this project.

Tami Ingalls and Mike Larsen recommended that the District proceed with awarding Distribution Transformer Contract UC1723 as outlined at this meeting.

The MOTION CARRIED on a 3 to 0 margin.

9. STAFF REPORTS AND PRESENTATIONS

9.1 May Operational Reports

- Power Management: Bob Essex
- Accounting & Finance: Trent Martin
- Operations: Casey Kalal
- Engineering & Technology: Ray Johnson
- Customer Service: Heather Sorensen
- Employee Services: Marisa Keeney
- Public Relations & Communications: Alice Dietz
Board reports for the month of May were each reviewed with the Commissioners.

Alice Dietz, the District’s Communication & Public Relations Manager, mentioned that the Great American Race will be coming through Longview and the PUD parking lot will be made available for their use.

Cowlitz PUD will be partnering with Bob’s Sporting Goods store for a basket to raffle off during the Concerts at the Lake; proceeds will benefit the Warm Neighbor Fund.

The District’s fourth radio show will take place on Monday July 1, 2019 at 4:00 p.m. on KEDO 1400 AM. Commissioner Dalglish will be speaking about upcoming PUD community events over the summer. Doug Thomas, a Senior Engineer at Cowlitz PUD, will provide an update about the 8-mile transmission project from Woodland Substation to Ariel Substation and to PacifiCorp’s substation at Merwin.

9.2 Informational: First of Two Reviews of Resolution No. 2756 RE: Four Lower Snake River Dams Removal

General Manager, Gary Huhta, stated that this meeting time would be used as a public review for Resolution No. 2756. Mr. Huhta suggested that the Board consider the approval of Resolution No. 2756 at the next Regular Board Meeting on July 9, 2019 after a second public review takes place on that same date.

Amanda Froberg, the District’s Environmental Compliance Manager, provided the Commissioners and public with a presentation on the Lower Snake River Dams noting the facts about power, clean/renewable energy, and fish noting that Resolution No. 2756 supports the Federal Columbia River Power System (FCRPS) and Lower Snake River Dams continued operation.

The removal of elements of the FCRPS, including the Snake River Dams, would negatively impact Cowlitz PUD’s responsibility to provide reliable, efficient, clean and affordable power to its customers. Based on studies and Biological Opinions carried out by NOAA Fisheries, the District endorses the position that hydroelectric dams and salmon can co-exist.

Community member, Diane Dick, thanked Cowlitz PUD for providing the draft of Resolution No. 2756 for the public to review and for supporting an informed discussion before taking any possible action.

After much discussion and providing additional information for the Commissioners’ and Staff’s review, Diane Dick asked the District to give themselves and others more time, and to keep an open mind in understanding the many issues involved in removing or retaining Snake River dams. Ms. Dick stated that she would like to see the District table Resolution No. 2756 for future consideration.

10. COMMISSIONER REPORTS & UPCOMING EVENTS

Commissioner Diamond-Ott stated that she was scheduled to attend the Woodland Chamber meeting on June 18, 2019 but instead attended the Kalama Chamber meeting because Dennis Weber was speaking about the county budget.

Commissioner Diamond-Ott mentioned that she attended the Longview Chamber Quarterly Membership Legislative Wrap up Lunch on Friday, June 21, 2019 and made a comment to our legislators thanking them for the support received on SB5116, which helped reduce compliance costs. Commissioner Diamond-Ott made the following quote: “Cowlitz PUD did not pass a resolution thanking the legislators for their efforts in regards to SB5116 so as a PUD Commissioner, I should have started that thank you with the words, ‘I am a PUD Commissioner, however, I am speaking to you today as a citizen, not a Commissioner.’ I would like to go on the record that I was speaking personally.”
Commissioner Dalgleish noted that he also attended the June 21, 2019 Quarterly Membership Legislative Wrap up Lunch. He will be participating in the next PUD Radio Show on Monday, July 1, 2019 at 4:00 p.m. with Alice Dietz and will be helping to judge this year's Cardboard Boat Race on July 2, 2019.

Commissioner Quinn had nothing to report on at this time.

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

In referring to proposed Resolution No. 2756, Diane Dick asked that we keep all of our options on the table and an open mind.

12. NEXT MEETING

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

13. EXECUTIVE SESSION

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

14. COMMISSIONERS TO EXECUTE AGREEMENTS BEFORE ADJOURNING THE MEETING

The Commissioners signed off on necessary paperwork.

15. ADJOURNMENT

Commissioner Quinn adjourned this meeting at 4:12 p.m.

Attest: 

_________________________  Secretary

_________________________  President

_________________________  Vice-President  Prepared by: Barbara A. Taylor

Executive Assistant/Clerk of the Board
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- **4:00pm Copy:** Cardboard Boat Race Judging (Martin’s Dock) - Alice Dietz
- **2:00pm PUD Board Meeting (PUD Auditorium) - Barbara Taylor**
- **8:30am All Day Strategic Planning Mtg, with Commissioners & Staff (Continental Breakfast & Lunch &**
- **8:30am Dave Quinn Attending the Castle Rock Chamber of**
- **5:00pm FYI: Concert at the Lake (Martin’s**
- **10:00am Kalama Fair Parade (Downtown Kalama) - Community Events/Legislative**
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<td>5:00pm FYI: Concert at the Lake (Warm Neighbor Fund) (Martin’s Doc) - Barbara Taylor</td>
<td>11:00am FYI: Community BBQ in PUD Parking Lot</td>
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<td>1:30pm Board Budget Workshop (PUD Auditorium or the PUD Board Room) - Barbara Taylor</td>
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<td>2:00pm PUD Board Meeting (PUD Auditorium) - Barbara Taylor</td>
<td>5:00pm FYI: Concert at the Lake (Warm Neighbor Fund) (Martin’s Doc) - Barbara Taylor</td>
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RESOLUTION NO. 2756

A RESOLUTION of the Board of Commissioners of Public Utility District No. 1 of Cowlitz County, Washington in support of the Federal Columbia River Power System and the four Lower Snake River Dams.

WHEREAS, Customers of Public Utility District No. 1 of Cowlitz County, Washington, hereinafter referred to as “the District”, receive approximately 75 percent of their electricity from hydropower produced by the Federal Columbia River Power System (FCRPS); and

WHEREAS, the FCRPS has been, currently is, and will continue to be a critical component of the quality of life in the Pacific Northwest; and

WHEREAS, the dams on the Columbia and Snake Rivers provide navigable waters that help sustain the marine dependent economy in Cowlitz County, and provide other public benefits such as, irrigation, flood control, and recreation; and

WHEREAS, the 31 federal dams on the Columbia and Snake Rivers that make up the FCRPS provide a reliable source of clean energy for millions of residents of Washington state and the Pacific Northwest; and

WHEREAS, the four Lower Snake River Dams produce carbon free power, enough to serve nearly half a million Northwest businesses, industries and households, or a city approximately the size of Seattle; and

WHEREAS, annual load forecasts have been prepared by the Pacific Northwest Utilities Conference Committee’s (PNUCC) for more than six decades, and PNUCC’s April 2019 Northwest Regional Forecast states, “this year’s report, published on the heels of a recent record-setting wholesale energy price event in March, underscores the region’s need for generating and demand-side resources that match up with characteristics of consumers’ demand for electricity”; and

WHEREAS, the four Lower Snake River Dams provide energy that can be used to integrate fluctuating energy resources, such as wind and solar, into the Pacific Northwest electrical grid and supply power during peak energy periods, including extreme weather events, making these resources an important element of the Pacific Northwest energy supply; and

WHEREAS, removing the four Lower Snake River Dams would significantly add to the PNUCC forecasted Pacific Northwest shortfall in energy and capacity, which could result in shortages of electricity; and

WHEREAS, the four Lower Snake River Dams are some of the least expensive to operate and provide some of the greatest value for Bonneville Power Administration (BPA) customers; and

WHEREAS, the hydro system is in large part responsible for the clean air, water and lands enjoyed by millions in the Pacific Northwest; and

WHEREAS, Substitute Senate Bill 5116 passed by the Washington State Legislature in 2019 requires 100% of all retail energy sales to come from carbon free generation resources by 2045, and includes existing hydropower as an eligible resource for utilities seeking compliance with this 100% clean requirement; and
WHEREAS, the 2016 Energy & Environmental Economics (E3) study found the cost of achieving 100% clean energy "leads to exponential cost increases and is impractical due to massive renewable overbuild"; and

WHEREAS, the clean and renewable energy generated by the hydro system has made Washington State a national and world leader in responsible environmental stewardship; and

WHEREAS, the removal of the four Lower Snake River Dams would do irreparable damage to Washington and the Pacific Northwest's role as a leader in clean, carbon free energy production and impact the District's ability to comply with Washington State's 100% clean energy requirement; and

WHEREAS, the Federal Agencies (Bonneville Power Administration, Army Corps of Engineers, and Bureau of Reclamation) responsible for the management of the FCRPS operate the hydroelectric system in compliance with the current Biological Opinion approved by the National Oceanic Atmospheric Administration (NOAA) Fisheries; and

WHEREAS, BPA has spent nearly $17-billion on infrastructure and fish mitigation projects since 1978 including projects that address hydroelectric operations, habitat, hatcheries, and harvest; and

WHEREAS, those investments, made in accordance with the Biological Opinion approved by NOAA Fisheries, have successfully improved fish runs resulting in greater than 96% of young salmon making it past each of the dams on their downstream migration to the Pacific Ocean; and

WHEREAS, in 2014, there were more Chinook, Sockeye, and Coho salmon that returned to Bonneville Dam than any year since the dam was built in 1938; and

WHEREAS, despite the significant value the four Lower Snake River Dams provide there continue to be requests to remove these dams; and

NOW THEREFORE BE IT RESOLVED the District supports the continued operation of the Federal Columbia River Power System in general and the four Lower Snake River Dams in particular.

BE IT FURTHER RESOLVED that the removal of elements of the Federal Columbia River Power System, including the Lower Snake River Dams, would negatively impact the District's responsibility to provide reliable, efficient, clean and affordable power to its customers.

BE IT FURTHER RESOLVED that based on studies and Biological Opinions carried out by NOAA Fisheries, the District endorses the position that hydroelectric dams and salmon can coexist.
ADOPTED by the Commission of Public Utility District No. 1 of Cowlitz County, Washington, at a regular meeting thereof this 9th day of July 2019.

________________________________________
President

________________________________________
Vice President

________________________________________
Secretary
Date: July 1, 2019

To: Ray Johnson

From: Doug Thomas


Advertised Bid Proposals were distributed to nine prospective transmission and distribution line contractors. Bids were submitted to the District by four of these contractors, but one of the bids was rejected due to significant errors on the bid form. The figures are tabulated below for labor and equipment only and exclude sales tax.

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Total Bid</th>
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<tbody>
<tr>
<td>1. Titan Electric</td>
<td>$ 448,999.99</td>
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<tr>
<td>2. Michels Power Construction Co.</td>
<td>$1,320,309.13</td>
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<tr>
<td>3. Potelco, Inc.</td>
<td>$1,824,310.02</td>
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<tr>
<td>4. Engineering Estimate</td>
<td>$ 600,000.00</td>
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</table>

As shown above, Titan Electric has submitted the lowest bid. I recommend that the “North Woodland Substation to Lewis River Substation - 115kV Transmission and Distribution Project” be awarded to Titan Electric.

Doug Thomas
Transmission & Distribution Manager

I concur with this recommendation.

Ray Johnson
Director of Engineering and Technology
In accordance with Cowiiz PUD’s Surplus Policy, effective June 2019, the Surplus Committee has reviewed the request received from staff and recommends that the item detailed in the attached memo be declared surplus to the needs to the District.

- Vehicles/Equipment – 6/5/2019

I recommend the District approves surplus of these items and that they are disposed of in the most cost effective legal manner that is in the best interest of the District.

Respectfully,

Heather Sorensen
Director of Customer Service & Compliance
To: Heather Sorensen

From: Surplus Committee

Subject: Surplus Items for Current Quarter

June 5, 2019

In accordance with Cowlitz PUD’s Surplus Policy, effective July 2018, the Surplus Committee has reviewed the requests received from staff and recommends that the items detailed in the attached memo(s), be declared surplus to the needs of the District:

- Vehicles/Equipment dated 05/31/2019

These items will be disposed of in consideration of the best interest of Cowlitz PUD and its rate payers, and in the most cost effective manner.

Committee:

Procurement Supervisor

Director of Operations

Director of Engineering

Auditor

Purchasing Dept. Surplus Items for Current Period 05-31-2019

cc: Accounting (Original)
Heather Sorensen
Ray Johnson
Casey Kalal
Purchasing Department
Steve Brack
Amanda Froberg
DATE: May 31, 2019
TO: Surplus Committee
FROM: Steve Brock
SUBJECT: Quarterly Surplus -

In accordance with the District's Surplus Policy, the following equipment is no longer suitable for further District use:

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<td>2006 Jeep passenger car</td>
<td>Vehicle Replacement Policy</td>
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<td>EQ38</td>
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<tr>
<td>EQ61</td>
<td>2006 Jeep passenger car</td>
<td>Vehicle Replacement Policy</td>
<td>$4,900</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ158</td>
<td>2008 Chevy SUV</td>
<td>Vehicle Replacement Policy</td>
<td>$4,000</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ162</td>
<td>2008 Ford van</td>
<td>Vehicle Replacement Policy</td>
<td>$5,100</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ163</td>
<td>2008 Ford van</td>
<td>Vehicle Replacement Policy</td>
<td>$6,050</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ164</td>
<td>2008 Ford van</td>
<td>Vehicle Replacement Policy</td>
<td>$7,350</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ191</td>
<td>2009 Chevy pickup</td>
<td>Vehicle Replacement Policy</td>
<td>$3,500</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ193</td>
<td>2009 Chevy pickup</td>
<td>Vehicle Replacement Policy</td>
<td>$3,500</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ205</td>
<td>2010 Ford SUV</td>
<td>Vehicle Replacement Policy</td>
<td>$3,650</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ221</td>
<td>2012 Chevy pickup</td>
<td>Vehicle Replacement Policy</td>
<td>$6,400</td>
<td>Auction</td>
</tr>
<tr>
<td>EQ8</td>
<td>1996 Hyster forklift</td>
<td>Vehicle Replacement Policy</td>
<td>$2,500</td>
<td>Auction</td>
</tr>
</tbody>
</table>

I recommend that these items be declared surplus to the needs of the District and disposed in the interest thereof.

Sincerely,

[Signature]
1. Rate Case

• BPA released its Draft Record of Decision (ROD) on June 13th, Final ROD will be released on July 25th

• BPA does not anticipate any increase to the base power rate

<table>
<thead>
<tr>
<th></th>
<th>Initial Proposal</th>
<th>Draft Record of Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Rate Increase</td>
<td>1.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Financial Reserves Surcharge ($30M/yr.)</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Total Rate Increase</strong></td>
<td><strong>2.9%</strong></td>
<td><strong>1.5%</strong></td>
</tr>
</tbody>
</table>

• Main drivers for eliminating the 1.4% base rate increase
  • Reduction in capital-related costs
  • Efforts on the trading floor to bring additional revenues from sales of surplus power
2. Energy Imbalance Market (EIM)

Letter to the Region

- On June 20th, BPA released its letter asking for customer comments of whether BPA should sign an Implementation Agreement to join the EIM

- The decision to sign the Implementation Agreement in September of 2019 will target a March 2022 Go-Live

What is included in the letter

- BPA’s EIM principles
- BPA’s legal authority to join the EIM
- Federal Generation Participation Model
- Transmission Usage
- Use of Reliability Tools
- Carbon Obligations
- Market Power
- Load Zone
- Resource Sufficiency of the Balancing Authority Area
3. Transmission

Loss Returns – Item will likely fall into Terms and Conditions 2022 Proceedings

• All transmission customers are required to return Real Power Losses associated with their transmission service
• Currently, BPA provides three ways to return losses
  1. In-Kind
  2. Financial
  3. Slice Output
• BPA is considering changing how it will accept loss returns
  • Financial only
  • Combination of financial or simultaneous in-kind loss returns
<table>
<thead>
<tr>
<th>Item/Issue</th>
<th>Priority</th>
<th>Status &amp; Timing</th>
<th>Strategic Approach/Next Steps:</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP-20 Rate Case</td>
<td>HIGH</td>
<td>ACTIVE – Exceptions – 7/12/19</td>
<td>Currently no Power Rate increase over the base case for BP-20. Decision on financial reserves is still pending and could result in up to a 1.5% rate increase for fiscal year 2020.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Final Record of Decision – 7/25/19</td>
<td></td>
</tr>
<tr>
<td>3rd Quarter BPA Business Review</td>
<td>HIGH</td>
<td>ACTIVE – Workshop – 7/16/19</td>
<td>BPA is holding a Financial Reserves Review Workshop to cover the results of the cash split model deep dive on the 16th of July.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Workshop – 7/30/19</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Record of Decision – Sept. 2019</td>
<td>• Go Live in Spring of 2022</td>
</tr>
<tr>
<td>TC-20 Implementation</td>
<td>MEDIUM</td>
<td>ACTIVE – Workshop - 8/6/19</td>
<td>BPA is looking to change the way in which transmission losses are returned and the Network Customer Group is collaborating to ensure this is done correctly.</td>
</tr>
<tr>
<td>Columbia River Treaty</td>
<td>LOW</td>
<td>ACTIVE – Town Hall – 7/16/19</td>
<td>The U.S. State Department and Canada began negotiations to modernize the Columbia River Treaty in May of 2018. Working with Columbia River Treaty Power Group on this process.</td>
</tr>
<tr>
<td>Last meeting between the U.S. Entities and Canadian Entities was June 19th – 20th</td>
<td></td>
<td>Round #8 – 9/10 – 9/11/19</td>
<td></td>
</tr>
</tbody>
</table>