The Cowlitz PUD Board of Commissioners meets on the 2nd and 4th Tuesday of every month and meetings have been temporarily moved to the PUD Board Room located at the PUD's main office at 961, 12 Avenue, Longview, WA 98632. To attend a meeting in our temporary location, please check in at the front desk area. 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 (360-301-9575) 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 Today's Board Agenda (Tab 1)

4. Motion to Approve the Regular Board Meeting Minutes of August 27, 2019 (Tab 2)

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

6. New Employee Introduction

6.1 Bob Essex to Introduce New Sr. Power Resources Engineer, Chris Allen
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

MOTION TO OPEN PUBLIC HEARING

9.1 Statutory Budget Hearing to Determine Whether it Will be Necessary to Request a Property Tax Levy for the Year 2020

Introduction: Trent Martin

The Commission has set the Regular meeting of September 10, 2019 at 2:00 p.m. in the PUD Board Room as the time and place to hold a Public Hearing to determine whether it will be necessary to request a property tax levy for the year 2020, at which time any Taxpayer may appear and be heard regarding the whole or any part thereof.

MOTION: The proposed 2020 budget does not include a request for a tax levy. Staff is, at this time, requesting the Board approve a motion authorizing notice be sent to the Cowlitz County Commissioners that no tax levy will be requested and that the General Manager or his designee be authorized to sign the notice.

MOTION TO CLOSE PUBLIC HEARING

9.2 MOTION to Adopt the Final Budget for 2020: Trent Martin (Tab 4)

9.3 Staff Recommendation No. 24/9/10 to Increase the General Manager’s Signature Authority: Stacie Pederson (Tab 5)

10. Staff Reports and Presentations

10.1 Facilities Inspection Program Update: Gary Pardue (Tab 6)
11. Commissioner Reports & Upcoming Events

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

13. Confirmation of Next Meeting: Tuesday, September 24, 2019 – 2:00 p.m. in the PUD Board Room

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 September 24, 2019

- August Operational Reports
- 401k Committee – Board Approval of Committee Members
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.
PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF BOARD MEETING OF COMMISSIONERS
August 27, 2019
PUD Board Room

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
Rick Hughes, General Counsel
Gary Huhta, General Manager
Casey Kalal, Director of Operations
Marisa Keeney, Manager of Employee Services
Trent Martin, Director of Accounting & Finance
Heather Sorensen, Director of Customer Service and Compliance
Doug Thomas, Senior Engineer
Barbara Taylor, Executive Assistant/Clerk of the Board

MEDIA:
Shawn Luhn, KLTV

PUBLIC:
Diane Dick
Diana Marsyla
Sophia Moormeier
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. ANY CHANGES TO TODAY’S BOARD AGENDA?

There were no changes to this meeting's agenda.

3. APPROVAL OF AGENDA

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the August 27, 2019 Board Meeting Agenda as presented.

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 of August 13, 2019 and the Special Meeting Minutes of August 20, 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 $32,833,633.84. 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 August 15, 2019 and August 22, 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>66803 to 67058</td>
<td>$32,451,682.86</td>
</tr>
<tr>
<td>Payroll</td>
<td>August 23, 2019</td>
<td>$381,950.98</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 as presented on August 27, 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. AWARDS

Alice Dietz, the District’s Communication & Public Relations Manager, presented an award to the winner of the District’s Zero Cost Customer promotion drawing, Sophia Moormeier. Customers that signed up for electronic bill and automatic withdrawal payments were given the option to receive a $10 credit to their account or donate the $10 to the Warm Neighbor Fund and be entered into a drawing to win an iPad. Ms. Moormeier won the Zero Cost Customer drawing and received the iPad.

To raise money for the Warm Neighbor Fund during this year’s Concerts at the Lake events, the District sold raffle tickets for a Yeti Cooler, tent, and lantern. Diana Marsyla’s name was drawn and she was presented with the prizes. This raffle raised $661 for the Warm Neighbor Fund.

7. PUBLIC COMMENT ON NON-AGENDA ITEMS

Diana Dick reported that she’d recently heard a presentation by the District’s Sr. Energy Efficiency Specialist, Colleen Neel, at a group meeting the other night with the LCC Stewardship Council. Ms. Neel explained very simply and efficiently about the programs that were free to low-income residents and she did a great job.

8. GENERAL MANAGER REPORT

8.1 Calendar of Community/Legislative Events

General Manager, Gary Huhta, reviewed community and legislative events that the PUD is participating in over the rest of August, September and October and highlighted a few items:
This year's Annual Eat for Heat event will take place on Sunday, September 8, 2019. Last year, our goal was to sell 60 tickets; this year's goal is to sell 75 tickets at $100 each. All proceeds go directly to the Warm Neighbor Fund.

On Wednesday, September 11, 2019, Cowlitz PUD will again be participating in this area’s Day of Caring. This year, PUD staff will work on a Habitat for Humanity House.

During the afternoon of September 20, 2019 and the morning of October 7, 2019, Cowlitz PUD will be meeting with our legislators at the District's Operations Facility. The District’s Director of Regulatory and Regional Affairs, Steve Taylor, will provide more details at the September 10, 2019 Board Meeting.

Gary asked the Commissioners if they would like to review the monthly Operational reports on their own each month and then come to the Board meetings with questions, or, if they would prefer to go through each report during the second meeting of the month. All three Commissioners were interested in at least reviewing the highlights of each business unit, which will allow the public to see the information as well.

9. ACTION ITEMS & COMMENTS FROM THE PUBLIC

9.1 Motion to Approve Staff Recommendation No. 22/8/27 RE: Evaluation and Recommendation – Lobby Renovation Project – Contract UC1725

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Staff Recommendation No. 22/8/27.

Marisa Keeney shared with the Commissioners that on July 19, 2019, the District initiated a public works bid process for the main office Lobby Renovation Project. This project will provide updates to the main office Customer Service and lobby areas that will assure compliance with ADA (Americans with Disabilities Act) in our restrooms, teller area and reception desk; improve efficiency by moving business units that commonly work together into the same vicinity; and improve the safety and security of our employees. Funding was previously approved for this project in the 2019 capital budget.

JH Kelly, LLC submitted the lowest, responsive bid, which, after review by the District’s Employee Services business unit, was found to meet the criteria for the project.

The District’s architect, Craig Collins, will be working as the District’s project manager on this project, along with Marisa Keeney and Mark Kirby.

The Commissioners were happy to see that staff had really done their due diligence on this project.

The MOTION CARRIED on a 3 to 0 margin.

9.2 Motion to Approve Staff Recommendation No. 23/8/27 RE: Property Insurance Renewal

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Staff Recommendation No. 23/8/27.

Heather Sorensen, the District’s Director of Customer Service and Compliance, reported that the District’s property insurance coverage is due for renewal, effective August 30, 2019. This policy covers the District’s property and equipment from loss or damage and acts of terrorism.

The Total Insurable Values increased by $7.4 million, with the primary driver being substation upgrades and warehouse inventory update. Although the Total Insurable Values increased, the flexibility of the ARGUS program allowed the District to change out participants to obtain the most competitive pricing.
This, along with our clean loss history, up to date appraisal and proactive loss mitigation, resulted in an overall premium increase of less than three percent.

Ms. Sorensen recommended that the District renew its property insurance program at the quoted rate of $802,223.74, including taxes and fees.

The Board thanked Ms. Sorensen for all of her hard work on the property insurance renewal.

The MOTION CARRIED on a 3 to 0 margin.

10. STAFF REPORTS AND PRESENTATIONS

10.1 July Operational Reports

The following July Operational Reports were reviewed at this meeting:

- Power Management: Bob Essex
- Accounting & Finance: Trent Martin
- Operations: Casey Kalal
- Engineering & Technology: Doug Thomas for Ray Johnson
- Customer Service: Heather Sorensen
- Employee Services: Marisa Keeney
- Public Relations & Communications: Alice Dietz
- 9/8/19 – 2nd Annual Eat for Heat Event (Fundraiser for Warm Neighbor Fund)
- 9/11/19 – Day of Caring 2019 (Habitat for Humanity House)
- 9/21/19 – Extreme Machines – 10 a.m. to 3 p.m. at the Cowlitz Event Center
- 10/6/19 – 10/12/19 Public Power Week
- Mid-October: Parade Sign Ups Begin for the 12/7/19 Christmas Parade

11. COMMISSIONER REPORTS & UPCOMING EVENTS

Commissioner Diamond-Ott thanked staff for their hard work on this year’s budgeting process; she noted that it took a lot of time to go through the Budget Workshops but the information presented was clear. Commissioner Diamond-Ott will be out of town and on vacation tomorrow, August 28, 2019, through September 7, 2019.

Commissioner Dalgleish seconded Commissioner Diamond-Ott’s comments regarding this year’s budgeting process.

Commissioner Dalgleish attended a recent chamber meeting as well as the Longview City Council meeting; he also plans on attending this year’s Eat for Heat event and the upcoming Legislative Tours in September and October.

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

General Manager, Gary Huhta, will be on vacation during the Eat for Heat event and will not be able to attend.

13. NEXT MEETING

The next Regular meeting of the PUD Board of Commissioners will be held on Tuesday, September 10, 2019 at 2:00 p.m. in the PUD Board Room.
14. COMMISSIONERS TO EXECUTE AGREEMENTS BEFORE ADJOURNING THE MEETING

The Commissioners signed off on necessary paperwork.

15. EXECUTIVE SESSION

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

16. ADJOURNMENT

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to adjourn this meeting at 3:42 p.m.

The MOTION CARRIED on a 3 to 0 margin.

Attest: 

President 

Vice-President 

Secretary

Prepared by: Barbara A. Taylor
Executive Assistant/Clerk of the Board
# September 2019 Calendar

<table>
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<tr>
<th>SUNDAY</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
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<td>29</td>
<td>30</td>
<td>Oct 1</td>
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<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**Community Events/Legislative**

- **Sep 1**: 8:00am Labor Day - PUD is Closed
- **Sep 8**: 6:00pm 2nd Annual Eat for Heat at Roland Wines, 1106 Florida St., Longview, WA. 100% of this
- **Sep 10**: 2:00pm PUD Board Meeting in PUD Board Room (Community Events/Legislative)
- **Sep 11**: 8:00am FYI: Day of Caring - Exact Time & Locale TBD (Community Events/Legislative)
- **Sep 12**: 8:30am Dave Quinn Attending the Castle Rock Chamber of Commerce Mtg. at the Castle Rock
- **Sep 15**: 8:00am September WPUDA Association Meetings - Suquamish (Community)
- **Sep 16**: 8:00am September WPUDA Association Meetings - Suquamish (Community)
- **Sep 22**: 8:00am FYI: Extreme Machine (Safety) - Exact Time and Locale TBD (Community)
- **Sep 24**: 2:00pm PUD Board Meeting (Board Room) - Barbara Taylor

*9/3/2019 4:39 PM*
<table>
<thead>
<tr>
<th>SUNDAY</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
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<td>Sep 29</td>
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<td>29</td>
<td>30</td>
<td>31</td>
<td>Nov 1</td>
<td>2</td>
</tr>
</tbody>
</table>

Community Events/Legislative
COWLITZ PUD MEMORANDUM

DATE: September 10, 2019
TO: Gary Huhta
FROM: Amanda Froberg
SUBJECT: SEPA Review of 2020 Budget

The District has reviewed the proposed Budgets for the Electric and Production systems and the requirements of the Washington State Environmental Policy Act (SEPA).

The District finds that adoption of the annual Budget for its Electric and Production systems is categorically exempt from the Threshold Determination and Environmental Impact Statement under WAC-197-11-800 (14)(c), unless the budget includes final decisions to undertake a “major action”. While the Budget provides funds for proposed construction activities related to improvements, extensions and additions to the District’s systems, the adoption of the Budget does not constitute approval or final decision by the Board to undertake these activities.

Should new project proposals, design alterations or unexpected project conditions result in an action that is not categorically exempt and requires environmental review under SEPA, the project will be reviewed and a Threshold Determination will be made prior to final project approval.

Table 1. summarizes SEPA’s Categorical Exemptions related to District activities.
<table>
<thead>
<tr>
<th>District Action</th>
<th>Summary of the Categorical Exemption</th>
<th>WAC Ref.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>All budgets except final decisions to undertake &quot;major actions&quot;</td>
<td>WAC-197-11-800 (14)(c)</td>
</tr>
<tr>
<td>Repair, Maintenance</td>
<td>Existing structures, facilities or equipment, involving no material expansions or changes in use</td>
<td>WAC-197-11-800 (3)</td>
</tr>
</tbody>
</table>
| Real Property   | - purchase or acquisition  
                  - sale, transfer, exchange if property not subject to authorized public use  
                  - lease when use will remain the same | WAC-197-11-800 (5) |
| General District Business | - procurement and distribution of supplies, equipment and services  
                           - financial tools (borrowing, bonds, etc)  
                           - vouchers and claims  
                           - service billings  
                           - personnel  
                           - rates | WAC-197-11-800 (14) |
| Information     | - data collection, research, resource evaluation | WAC-197-11-800 (17) |
| Procedures      | - adoption of resolutions | WAC-197-11-800 (19) |
| Utilities (except on lands covered by water) | - installation, construction, relocation, replacement of electric facilities, lines equipment associated with 55,000 volts or less  
                                            - overbuilding of existing distribution lines with transmission lines  
                                            - undergrounding all electric facilities  
                                            - development within confines of existing substations and reservoirs  
                                            - periodic use of chemicals to maintain rights-of-way (ROWs) (with restrictions)  
                                            - grants of ROWs to utilities  
                                            - grants of franchises to utilities  
                                            - disposal of ROWs | WAC-197-11-800 (23) |
| Natural Resources | - issuance of ROWs, easements, use permits to use existing roads in non-residential areas. | WAC-197-11-800 (24)(i) |
| NEPA Review     | State EIS not required when EIS has been prepared under NEPA | RCW 43.21C.150 |

1 See Washington Administrative Code and Revised Code of Washington for exact language and applicability.
Cowlitz PUD

Board Budget Adoption

September 10, 2019
Agenda

• Present Staff’s Final 2020 Budget
• Questions from the Board and Public
• Recommendations
Key Budget Assumptions

• Revenues
  • Residential, General Service and Industrial
    • Rates held constant
    • Slight load reduction – updated weather normalization and anticipated industrial load that did not materialize
  • Major Industrial
    • Pass-Through Power Costs
    • Prior load reduction assumption partially reversed in 2020 (results in increased load)

• Net Power Costs
  • Expected Generation Assumptions
    • At P50, equal chances of being above or below
  • BPA Rates
    • Impact of 2019 BPA Rate Decision: Power -5% ; Transmission +7% (2019 Budget +5%, +10%) 
    • Included Financial Reserves Surcharge: 2020 Non-Major Industrial Impact ~ $486,000
  • Wholesale Power Prices – Impacts secondary revenues; reduces net power costs
    • $25 mwh for 2020 vs. $21 mwh for 2019
Key Budget Assumptions

• Labor & Benefits
  • Up 2.25 FTEs from 2019
  • 3% annual increase for union and step increases
  • 3.3% increase for staff; Some promotion and market adjustments
  • Added overtime for projects and current trend

• Capital
  • Down slightly from 2019
  • Continued efforts to maintain the safety and reliability of the system

• No New Debt

• Other Operating Expenses – Based on known projects/efforts and normal escalation rates
## Proposed Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Revenue, net of taxes</td>
<td>$217,216,498</td>
<td>$235,776,610</td>
<td>$18,560,112</td>
<td>8.54%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>4,154,008</td>
<td>4,175,000</td>
<td>20,992</td>
<td>0.51%</td>
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<tr>
<td><strong>Total Retail and Other Revenue</strong></td>
<td>221,370,506</td>
<td>239,951,610</td>
<td>18,581,104</td>
<td>8.39%</td>
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<tr>
<td>Net Power Costs</td>
<td>167,617,877</td>
<td>180,941,591</td>
<td>13,323,715</td>
<td>7.95%</td>
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<tr>
<td>Labor &amp; Benefits</td>
<td>23,902,498</td>
<td>25,645,138</td>
<td>1,742,640</td>
<td>7.29%</td>
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<tr>
<td>Operating Expenses (Excl. Conservation)</td>
<td>9,710,716</td>
<td>10,116,825</td>
<td>406,109</td>
<td>4.18%</td>
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<td>BPA Conservation Performance Payment</td>
<td>(660,000)</td>
<td>(1,570,838)</td>
<td>(910,838)</td>
<td>138.01%</td>
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<tr>
<td>Capital</td>
<td>11,037,304</td>
<td>10,105,513</td>
<td>(931,791)</td>
<td>-8.44%</td>
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<td>Debt Service</td>
<td>15,847,768</td>
<td>15,819,207</td>
<td>(28,561)</td>
<td>-0.18%</td>
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<tr>
<td><strong>Total Costs and Expenses</strong></td>
<td>227,456,162</td>
<td>241,057,436</td>
<td>13,601,274</td>
<td>5.98%</td>
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<tr>
<td>Cash Surplus (Deficit)</td>
<td>$(6,085,656)</td>
<td>$(1,105,827)</td>
<td>$4,979,830</td>
<td>81.83%</td>
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# Proposed Revenue Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Residential</td>
<td>$59,119,136</td>
<td>$58,615,487</td>
<td>$(503,649)</td>
<td>-0.85%</td>
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<td>General Service</td>
<td>$31,539,757</td>
<td>$31,367,789</td>
<td>$(171,968)</td>
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<td>Industrial</td>
<td>$25,285,130</td>
<td>$25,374,369</td>
<td>$89,240</td>
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<tr>
<td>Major Industrial</td>
<td>$100,751,650</td>
<td>$119,898,139</td>
<td>$19,146,489</td>
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</tr>
<tr>
<td>Public St &amp; Hwy Lights/Other</td>
<td>$520,826</td>
<td>$520,826</td>
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<tr>
<td><strong>Total Retail Revenue</strong></td>
<td><strong>$217,216,498</strong></td>
<td><strong>$235,776,610</strong></td>
<td><strong>$18,560,112</strong></td>
<td><strong>8.54%</strong></td>
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<td>Rents</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$500,000</td>
<td>$500,000</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>Prepay</td>
<td>$154,008</td>
<td>$175,000</td>
<td>$20,992</td>
<td>13.63%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Revenue</strong></td>
<td><strong>$4,154,008</strong></td>
<td><strong>$4,175,000</strong></td>
<td><strong>$20,992</strong></td>
<td><strong>0.51%</strong></td>
</tr>
</tbody>
</table>
Proposed 2020 Budgeted Costs

- Debt Service: $15,819,207, 6%
- Capital: $10,105,513, 4%
- Operating Expenses: $10,116,825, 4%
- Labor & Benefits: $25,645,138, 11%
- Net Power Costs: $180,941,591, 75%
# Proposed Net Power Costs Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPA</td>
<td>$161,422,270</td>
<td>$175,486,719</td>
<td>$14,064,449</td>
<td>8.71%</td>
</tr>
<tr>
<td>Swift</td>
<td>6,183,191</td>
<td>6,495,168</td>
<td>311,977</td>
<td>5.05%</td>
</tr>
<tr>
<td>Harvest Wind</td>
<td>2,973,710</td>
<td>3,028,770</td>
<td>55,060</td>
<td>1.85%</td>
</tr>
<tr>
<td>White Creek</td>
<td>8,986,818</td>
<td>9,070,518</td>
<td>83,700</td>
<td>0.93%</td>
</tr>
<tr>
<td>Nine Canyon</td>
<td>425,202</td>
<td>433,942</td>
<td>8,740</td>
<td>2.06%</td>
</tr>
<tr>
<td>Grant</td>
<td>329,045</td>
<td>338,917</td>
<td>9,871</td>
<td>3.00%</td>
</tr>
<tr>
<td>Other</td>
<td>2,323,500</td>
<td>2,393,205</td>
<td>69,705</td>
<td>3.00%</td>
</tr>
</tbody>
</table>

**Total Power Costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>182,643,735</td>
<td>197,247,238</td>
<td>14,603,503</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

**Wind Revenues**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,303,579</td>
<td>5,201,811</td>
<td>898,231</td>
<td>20.87%</td>
</tr>
</tbody>
</table>

**Wholesale Sales & Purchases**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,722,279</td>
<td>11,103,836</td>
<td>381,557</td>
<td>3.56%</td>
</tr>
</tbody>
</table>

**Total Wind & Net Wholesale**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,025,859</td>
<td>16,305,647</td>
<td>1,279,788</td>
<td>8.52%</td>
</tr>
</tbody>
</table>

**Net Power Costs**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
<th>Change</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$167,617,877</td>
<td>$180,941,591</td>
<td>$13,323,715</td>
<td>7.95%</td>
</tr>
</tbody>
</table>
Questions & Answers
Recommendations

- Request Adoption of 2020 Budget
- No Rate Action in 2019
DATE: September 4, 2019
TO: Board of Commissioners
FROM: Stacie Pederson, Contract Manager
SUBJECT: Business Operation Policies – Increase to GM Signature Authority

The District complies with the applicable laws and regulations of the State of Washington for all procurement activities. State law provides several methods of public bidding, depending on the expenditure amount and type of purchase. These methods are referenced in the District’s Procurement and Purchasing Policy within the Business Operation Policies volume.

This spring, Engrossed Substitute Senate Bill 5418 (ESSB 5418) was approved and went into effect as of July 28, 2019. ESSB 5418, among other things, changes the threshold amounts for the processes for public agencies to follow in making purchases and contracting work. The District’s Procurement and Purchasing Policy requires District employees to comply with the processes as set by statute, therefore, it is not necessary to revise the policy for the purpose of conforming to the recent legislation. However, ESSB 5418 increased the Small Works procedure limit from $300,000 to $350,000. Historically, the District has kept the General Manager’s signature authority level consistent with the threshold for a Small Works contract. This simplifies the District’s internal purchasing procedures by making a distinction between the Small Works process and the Advertised Bid process in that a Small Works contract is not required to go to the Board for approval.

The Procurement and Purchasing Policy section 4.6 sets the General Manager’s authority to approve expenditures and execute contracts up to $300,000. It is my recommendation the Board approve the increase of the General Manager’s signature authority to $350,000.

Sincerely,

[Signature]
Stacie Pederson
Contract Manager
4. Procurement and Purchasing Policy

4.1 Objective

It is the policy of the District in its procurement and purchasing functions to obtain its necessary supplies, material, and equipment and to enter into public works and other services contracts at the lowest total cost, with specific consideration given to the principles of quality, functionality, overall cost-effectiveness, and timeliness. Above all, District employees must act as good stewards of public funds.

All procurement activities by the District shall comply with the applicable laws and regulations of the State of Washington, this Policy and prudent utility practices. In the event of statutory or regulatory changes, this Policy shall be amended or revised by action of the Commissioners, as necessary. All procedures related to this Policy shall be approved by the General Manager and implemented in a manner to give effect to applicable legal requirements.

4.2 Procurement Processes

Through this Policy the Board of Commissioners authorize District employees to make purchases using the following methods:

4.2.1 Purchases less than the limits set forth by RCW 54.04.070(1) and (2) may be carried out without a contract or a competitive bid process.

4.2.2 Purchases above the limits set forth by RCW 54.04.070(1) and (2) may be accomplished by a competitive bid process where an advertisement for bids is published and bids are opened publicly, evaluated and awarded pursuant to RCW 54.04.080, subject to any exceptions provided by law.

4.2.3 The Small Works Process may be used to award contracts, as provided by RCW 54.04.070(4) and RCW 39.04.155.

4.2.4 The alternative bid procedure authorized by RCW 54.04.082 and RCW 39.04.190 requiring three quotes from vendors on the District’s existing vendor list may be used for purchases of the same kind of materials, equipment or supplies.

4.2.5 For obtaining Professional Services, the process described in RCW 39.80 shall be used.

4.2.6 Procurement of General Services shall be obtained by practices and procedures established by the District.
4.2.7 Purchases and contracts may also be accomplished through intergovernmental cooperative purchasing agreements. The District may enter into such cooperative purchasing agreements for this purpose.

4.2.8 Contracting for third-party administrator services for self-insurance programs shall comply with the requirements of WAC 200-110-100.

4.3 Single Source of Supply

Pursuant to RCW 39.04.280, the Board of Commissioners may waive competitive bidding by resolution. This is applicable when the purchase is clearly and legitimately limited to a single source of supply, such as but not limited to the following:

4.3.1 District employees have conducted a screening process whereby a purchase of a specific product is justified;

4.3.2 District employees can draft legitimate specifications to which only one vendor can successfully respond;

4.3.3 The product is available only through one manufacturer or distributor; or

4.3.4 The vendor certifies that the District is getting the lowest price it offers anyone.

4.4 Other Exceptions to Public Bidding

4.4.1 The District may also waive competitive bidding requirements under RCW 39.04.280 for purchases involving special facilities or market conditions, purchases in the event of an emergency, and purchases of insurance or bonds. Except in the case of an emergency, a waiver of competitive bidding shall be by a motion approved by the Board before the contract is awarded. The motion shall contain the factual basis of the proposed waiver.

4.4.2 If an emergency exists, the General Manager (or Acting General Manager) may declare that an emergency situation exists, waive competitive bidding requirements and award all necessary contracts on behalf of the District to address the emergency situation. If a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the General Manager and entered into record no later than two weeks following the award of the contract. For purposes of this section “emergency” means unforeseen circumstances beyond the control of the District that either: (a) presents a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. RCW 39.04.280(3).
4.5 Procedures

All procurement and the bidding/awarding of contracts shall be completed in accordance with this Policy and the District’s current Purchasing Procedures. Included in the Purchasing Procedures are step-by-step instructions for accomplishing purchases described in Section 4.2 above.

4.6 Financial Expenditure Authority

The General Manager or designee shall have the authority to approve expenditures and execute contracts up to $300,000 for budgeted items and $100,000 for unbudgeted items. Board authorization is required for expenditures and contracts above these limits. The General Manager shall review and set not less than annually the signature authority levels of District personnel up to the amount of $100,000. Each month, each business unit will provide actual year-to-date expenditures compared to budgeted amounts and/or annual forecasted expenditures compared to budgeted amounts for Board of Commissioner review.

4.7 Legal Review

When deviating from the normal purchasing procedures or when special circumstances occur, the District’s General Counsel shall be consulted to assure the District maintains compliance with applicable laws. Additionally, contracts, other than the District’s pre-approved contract forms, and all documents encumbering or conveying an interest in real property shall be provided to the District’s General Counsel for review and approval.

4.8 Bid Opening Process

At the time and place stated in the Advertisement for Bids or in the small works bid packet, the bids shall be opened, read aloud and recorded. This meeting shall be attended by an appropriate level of District staff members to witness and record the bids, preferably the District’s Sr. Accountant & Procurement Supervisor, Sr. Procurement Coordinator, Contract Manager, Project Manager, and any of the bidders or other members of the public that wish to attend. The Sr. Accountant & Procurement Supervisor shall be the official timekeeper for the bid opening and determine the timeliness of all bids. For bid processes not requiring sealed bids, quotes or bids may be obtained over the phone or by email.

4.9 District Credit Card Purchases

The preferred method of payment by the District is by Purchase Order/Invoice or expense reimbursement through the accounts payable process. However, whereas certain transactions are best executed by credit card, District credit cards will be issued to employees as determined necessary. The cardholder shall be empowered to make credit card purchases as authorized by an employee with the appropriate expenditure level for the purchase. The cardholder is responsible for matching the purchase receipts (each signed by an employee with the appropriate signature authority) to the credit card statement and coding each
purchase with the appropriate department and budget codes. District credit cards shall not be used for personal expenditures or purposes.
COWLITZ PUD FIP PROGRAM

- Field inspection program (FIP) of electrical services in Cowlitz County
FIP PROGRAM TIMELINE

• 2007 - First AMI meters deployed in the field
• 2010 - Deployment of AMI meters completed
• 2013 - AMI fully operational
• 2016 - Development and implementation of the FIP Program
• 2019 - Over 25,900 FIP inspections completed
• 2022 – Projected completion of inspections of 49,000 service points
  (Unknowns of a new AMI & ERP systems could impact this)
INSPECTION FAILS

• Of the 25,900 Field Inspections to date 2,427 failures were discovered
• 1,014 or 42% were safety related failures
  Examples: Hole in the meter base, connections needing new tape, bent service mast
• 1,413 or 58% were non-safety related failures
  Examples: Trees/bushes blocking access to meter, limbs/branches deflecting the service wires, structures built that block access to the meter base
FIP FAILURES ARE ROUTED TO THE RESPONSIBLE PARTY

- PUD Responsibility----------------PUD Meter Shop or Service Crew

- Customer Responsibility--------Letter from PUD
September 3, 2019

<NAME>
<MAILING ADDRESS>
<CITY>, <ST> <ZIP>

RE: Facilities Inspection Program (FIP): INSPECTION FAILURE - COMPLIANCE

Meter Number: <METER NUMBER>
Service Address: <SERVICE ADDRESS>

Dear PUD Customer:

Cowlitz PUD conducts regular inspections to ensure that electrical facilities comply with National Electric Code (NEC) and District standards and are in safe working order. During a recent inspection at the service address listed above, the account was determined to be out of compliance with those standards for the following reason(s):

- Items stacked in front of electric meter that limit or block access.

Recommended corrective action:

- Remove items in front of electric meter to allow PUD worker access. NEC and PUD standards require 3 feet clearance in front of meter base for PUD worker access.

This corrective action is the responsibility of the customer.

Customer safety is of top importance to Cowlitz PUD, so it is important that we notify you of this compliance concern. For any additional questions related to your electric service, please contact our Operations Team at (360) 501-9373 or email operationservicegroup@cowlitzpud.org. We are ready to assist you Monday through Friday from 7am to 3pm.

Sincerely,

Operations Team
Cowlitz PUD
EXAMPLE OF ADDITIONAL INFORMATION INCLUDED IN PUD LETTER

- Electric service mast is missing a support wire (guy wire)
- Electric meter base is separating from the side of the house.
- Mast is bent and separating from the electric meter base.
FIP PROGRAM BENEFITS FOR THE PUD

- Customer Service
- Improve reliability
- Revenue protection by looking for tampers/power diversion