Present:

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

STAFF:
Alice Dietz, Communication & Public Relations Manager
Casey Kalal, Director of Operations
Bob Essex, Director of Power Management
Rick Hughes, General Counsel
Gary Huhta, General Manager
Ray Johnson, Director of Engineering & Technology
Marisa Keeney, Manager of Employee Services
Jennifer Langdon, Energy Efficiency Specialist - Industrial
Trent Martin, Chief Financial Officer
Stacie Pederson, Contract Manager/Deputy Auditor
Heather Sorensen, Director of Customer Service & Compliance/Auditor
Barbara Taylor, Executive Assistant/Clerk of the Board
Steve Taylor, Director of Regulatory & Regional Affairs (Via Speaker Phone)
Doug Thomas, Senior Engineer

MEDIA:
Shawn Luhn, KLTE

PUBLIC:
Diane Dick
Norm Dick

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?

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DUANE DALGLEISH to change Steve Taylor’s legislative call in time from item number 9.2 on the agenda to item number 7, under the General Manager’s Report, in order to accommodate Mr. Taylor’s time schedule.

The MOTION CARRIED on a 3 to 0 margin.
3. APPROVAL OF AGENDA

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve the January 28, 2020 Board Meeting agenda as amended above.

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 January 14, 2020 Regular Board Meeting minutes as written.

The MOTION CARRIED on a 3 to 0 margin.

5. MOTION TO RATIFY AND APPROVE VOUCHERS/PAYROLL

Approval of Vouchers in the amount of $19,702,761.56. The Board reviewed expenditures of the District as required by RCW 42.24.180 for which checks were issued on January 16, 2020, January 23, 2020, and January 24, 2020 payroll, under the provisions of Resolution No. 2762.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Check Nos.</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Accounts Payable</td>
<td>69753 to 69979</td>
<td>$19,264,027.04</td>
</tr>
<tr>
<td>Payroll</td>
<td>January 24, 2020</td>
<td>$438,734.52</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.

Heather Sorensen, Director of Customer Service and Compliance/Auditor, 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

Diane Dick, Longview School District Resident, expressed how much she appreciates Cowlitz PUD and the fact that the District provides reliable, low-cost, clean power. She feels that the District is part of the climate crisis solution.

Ms. Dick stated her concern that the Kelso School District has committed to paying almost half million dollars to Cascade Natural Gas to extend a gas distribution line to the new Lexington Elementary School rather than the energy efficient, less costly electric option.

As Cowlitz PUD has, and continues to help industry in our areas achieve greater energy efficiency in their operations, with significant financial rebates, Ms. Dick wondered what the District could do to help school districts upgrade their buildings and plan new buildings with the most current and efficient technologies.

Ms. Dick distributed informational materials to the Board and Staff of the District for further review.

Norm Dick also spoke briefly on today's upcoming presentation on the Energy Efficiency Loan Program noting that it looks like an excellent program. Mr. Dick stated that Clark PUD has the program too and less than one percent of their loans go bad; it is the same with Lewis County PUD. To Mr. Dick’s understanding, the program is self-sustaining. The program increases the amount of energy efficiency programs when put into place.
7. GENERAL MANAGER REPORT

7.1 Calendar of Community/Legislative Events

Gary Huhta reviewed the District’s 2020 January and February calendars with the Commissioners noting that a series of meetings to review legislative priorities have been scheduled by Gordon Thomas Honeywell with Steve Taylor and Commissioner Diamond-Ott and local Representatives and Senators in Olympia.

Gary Huhta reported that he has been working on scheduling informational presentations for future Board meetings:

3/10/20: Northwest RiverPartners: Kurt Miller/Executive Director
3/24/20: WPUDA: George Caan/Executive Director
4/14/20: Northwest Gas Association: Dan Kirschner/Executive Director

Scott Simms, Executive Director of the Public Power Council (PPC) will be coming to a Board meeting sometime in May. Beyond what we already have scheduled, the CEDC will also be invited, along with others to provide briefings to keep the Commissioners informed on what these organizations are doing for the District and our community.

Mr. Huhta informed the Commissioners that “Clearing Up” has inquired about an interview from Cowlitz PUD regarding the Bonneville Power Administration (BPA) and our view on the 2028 contracts.

Mr. Huhta mentioned that there was a landslide on Ocean Beach Highway last week and another up at Swift No.2 Project site; both were cleared the same day.

Steve Taylor provided a legislative update by phone to the Commissioners. Mr. Taylor noted that this year, 2020, will be a short session which started on January 13, 2020 and will end on March 12, 2020. There were hundreds of bills introduced in the first week and there are still a lot of bills continued from 2019.

The following 2020 Legislative Priorities were discussed at this meeting:

- Postpone Consideration of New Clean Energy Initiatives in the Short Session
- B&O Tax Exemption for Funds Received from BPA Conservation Credit Program (HB 2505 / SB 6172)
- Tax Parity for Clean, Renewable Hydropower (SB 6012)
- Dig Law Workgroup Amendments (SB 6420 / HB 2694)
- Electric Grid System Reliability and Resource Adequacy (SB 6135)

Key bills and actions were reviewed.

The District is working with WPUDA and will follow their lead, sign in at hearings and testify as needed as a general outreach strategy. On a weekly basis, District Staff are participating in weekly check in calls to determine what actions need taken in the upcoming weeks.

With the help of the firm of Gordon Thomas Honeywell, Steve Taylor and Commissioner Diamond-Ott will be meeting this week with the following legislators: Representative Brian Blake, Representative Ed Orcutt, Representative Jim Walsh, Senator Dean Takko, Senator John Braun, and Representative Richard DeBolt.

8. ACTION ITEMS & COMMENTS FROM THE PUBLIC

8.1 Motion to Approve Staff Recommendation No. 4/1/28 RE: Transfer of Accounts to Reserve for Bad Debts

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to approve Staff Recommendation No. 4/1/28.
Heather Sorensen, Director of Customer Service & Compliance/Auditor, stated that authorization is requested to transfer 105 accounts totaling $22,171.10 to the Reserve for Bad Debts. The accounts presented are for terminated service and bankruptcies during the 3rd quarter of 2018. Appropriate collection action of these accounts will be continued through the District’s collection company.

The MOTION CARRIED on a 3 to 0 margin.

8.2 Motion to Approve Staff Recommendation No. 5/1/28 RE: 2020 Liability Insurance Renewal

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER QUINN to approve Staff Recommendation No. 5/1/28.

The District’s liability insurance coverage is due for renewal, effective February 1, 2020. This policy covers bodily injury and property damage, mobile equipment, autos, employee dishonesty, pollution, electromagnetic field liability, weatherization and shoreline work.

In 2018, the District marketed its liability program but limited markets responded and they all stated that they could not compete with Federated Rural Electric’s pricing and customized coverage for the District’s line of business.

Overall, liability premiums are up and access to coverage is limited due to one billion dollars in losses last year. The California wildfires have prohibited markets from insuring utilities west of the Mississippi, but because Federated has multi-year treaties in place, the District was able to obtain quotes for the same coverages as expiring ($45M excess liability).

Federated has provided a quote not to exceed $315,594, which is an increase of $18,159, or 6.1 percent from last year. Broker fees of $47,339 remain consistent with the industry standard of 15%.

Ms. Sorensen recommended that the District renew its existing liability policy with Federated Rural Electric at the quoted rate not to exceed $362,933, including broker fees.

The MOTION CARRIED on a 3 to 0 margin.

8.3 Motion to Approve Staff Recommendation No. 6/1/28 RE: 2020 Directors and Officers Insurance Renewal

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER QUINN to approve Staff Recommendation No. 6/1/28.

Ms. Sorensen noted that the District’s Directors and Officers (D&O) insurance coverage is due for renewal, effective February 1, 2020. Coverage provided under this policy includes Directors and Officers, Employment Practices Liability, and Fiduciary Liability.

It was reported that last year, the District’s broker reached out to 17 other carriers but received little interest due to its claim history. The District’s current carrier, Ironshore, is offering to provide coverage for 2020-2021 for a total cost of $220,000 which is a 10 percent increase, due to the recent claim and standard industry increases. After maintaining a clean loss history for the next few years, the District will re-market its program to obtain better pricing.

Ms. Sorensen recommended that the District renew the policy with Ironshore at the quoted rate of $224,824.20 including taxes and fees.

The MOTION CARRIED on a 3 to 0 margin.

8.4 Motion to Approve Staff Recommendation No. 7/1/28 RE: Surplus of Property
MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER QUINN to approve Staff Recommendation No. 7/1/28.

Ms. Sorensen stated that the City of Longview, in conjunction with the Washington State Department of Transportation, has requested to purchase a portion of the District's real property for additional right-of-way improvements.

The District's Material Survey and Surplus Committee has reviewed the request and recommends that the portion of property located at 726 3rd Avenue, Longview be declared surplus to the needs of the District.

Ms. Sorensen recommended that the District approves surplus of this item and that it is disposed of in accordance with RCW 54.16.180.

The MOTION CARRIED on a 3 to 0 margin.

8.5 Motion to Approve Resolution No. 2766: A RESOLUTION of the Commission of Public Utility District No. 1 of Cowlitz County, Washington, Declaring Certain Real Property Surplus to the Needs of the District and Authorizing the General Manager to Execute all Documents Necessary to Effect the Sale to City of Longview, pursuant to RCW 54.16.180

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER QUINN to approve Resolution No. 2766.

Senior Engineer, Doug Thomas, reported that the District's Material Survey Committee of the District has found that the certain portions of vacant real property Parcel No. 10095 at 726 3rd Avenue, Longview, are of no further use to the District, and has recommended that it be disposed of. The General Manager concurs with this finding and recommendation.

The City of Longview has provided a detailed evaluation report of the property and has made an offer of $12,280.00 for purchase of said property for the District's consideration. District staff have reviewed the evaluation report and finds the offer of $12,280.00 to be acceptable.

The MOTION CARRIED on a 3 to 0 margin.

9. STAFF REPORTS AND PRESENTATIONS

9.1 Energy Efficiency Loan Program Presentation

Jennifer Langdon, Energy Efficiency Specialist presented to the Board with an overview of options for the District to promote a loan program for residential energy efficiency improvements.

Ms. Langdon reviewed the following:
- Financing Program Goals
- Utility Comparison
- Third Party for Profit Loan Servicing
- District Internal Loan Servicing
- Third Party Non-Profit Loan Servicing
- Summary of Loan Program Options
- Potential Benefits
- Potential Challenges
- Conclusions

Cowlitz PUD's General Counsel, Rick Hughes, noted that there are no gift of funds issues on something like this program.
Ms. Langdon stated that staff has talked to several utilities that are currently providing an energy efficiency loan program, as well as those no longer providing one. The common thread is that the default rate is low.

When asked if the District has enough employees to staff the program, Director of Power Management, Bob Essex, stated that he would like to see the program outsourced.

Commissioner Diamond-Ott would like to see the District run the program for a couple of years and reevaluate, but wait until the District’s new software system is in place before starting the loan program. She also likes the idea of having the work outsourced and would like to see how we could eventually recoup the fees back.

General Manager, Gary Huhta, stated that if the District decides to move forward with an energy efficiency loan program, it would be reviewed annually.

The consensus of the Board at this time is to move ahead. Staff will investigate more details and will bring back a proposal focusing on outsourcing the work.

The Commissioners thanked Ms. Langdon for her presentation.

9.2 December Operational Reports

The following December Operational Reports were reviewed:

- 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
- Regulatory & Regional Affairs: Steve Taylor

Casey Kalal asked the Commissioners if there’s anything different that they would like to see in the monthly board reports; Commissioner Quinn asked for percentages between budget vs. actual. Commissioner Diamond-Ott would like to hear more about the District’s amount of work performed for customers out in the community.

10. COMMISSIONER REPORTS & UPCOMING EVENTS

Commissioner Diamond-Ott mentioned that she and Steve Taylor will continue meeting with our legislators this week.

Commissioner Diamond-Ott asked the Board to authorize her to be Cowlitz PUD’s legislative representative for 2020. There was consensus amongst Commissioner Quinn and Commissioner Dagleish that Commissioner Diamond-Ott be the District’s legislative representative for 2020.

Commissioner Dagleish had nothing to report on at this time.

Commissioner Quinn had nothing to report on at this time.

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

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

The next Regular meeting of the PUD Board of Commissioners will be held on Tuesday, February 11, 2020 at 2:00 p.m. in the PUD Board Room.

13. COMMISSIONERS TO EXECUTE AGREEMENTS BEFORE ADJOURNING THE MEETING

The Commissioners signed off on all necessary paperwork.

14. EXECUTIVE SESSION

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

MOTION: It was MOVED by COMMISSIONER DIAMOND-OTT and SECONDED by COMMISSIONER DALGLEISH to adjourn this meeting at 4:43 p.m.

The MOTION CARRIED on a 3 to 0 margin.

Attest:                        
President

Vice-President

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