PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF BOARD MEETING OF COMMISSIONERS
February 25, 2020
PUD Board Room

Present:

COMMISSIONERS:
Dave Quinn, President
Duane Dalgleish, Secretary

STAFF:
Alice Dietz, Communication & Public Relations Manager
Bob Essex, Director of Power Management
Rick Hughes, General Counsel
Gary Huhta, General Manager
Ray Johnson, Director of Engineering & Technology
Casey Kalal, Director of Operations
Marisa Keeney, Manager of Employee Services
Trent Martin, Chief Financial Officer
Heather Sorensen, Director of Customer Service & Compliance/Auditor
Barbara Taylor, Executive Assistant/Clerk of the Board

MEDIA:
Charles Douglas, KLTV

PUBLIC:
Diane Dick
Bruce Pollock

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 made to this meeting's agenda.

3. APPROVAL OF AGENDA

MOTION: It was MOVED by COMMISSIONER DALGLEISH and SECONDED by COMMISSIONER QUINN to approve the February 25, 2020 Board Meeting agenda.

The MOTION CARRIED on a 2 to 0 margin.

4. APPROVAL OF BOARD MINUTES

MOTION: It was MOVED by COMMISSIONER DALGLEISH and SECONDED by COMMISSIONER QUINN to approve the February 11, 2020 Regular Board Meeting minutes as written.
The MOTION CARRIED on a 2 to 0 margin.

5. MOTION TO RATIFY AND APPROVE VOUCHERS/PAYROLL

Approval of Vouchers in the amount of $28,167,038.77. The Board reviewed expenditures of the District as required by RCW 42.24.180 for which checks were issued on February 13, 2020, February 20, 2020, and February 21, 2020, under the provisions of Resolution No. 2762.

MOTION: It was MOVED by COMMISSIONER DALGLEISH and SECONDED by COMMISSIONER QUINN 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. There were no questions.

The MOTION CARRIED on a 2 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

Gary Huhta reminded everyone that Commissioner Diamond-Ott is currently in Washington DC attending the 2020 APPA Legislative Rally on behalf of Cowlitz PUD.

This year’s Home & Garden Show will take place over the weekend of March 21 and 22, 2020 at the Cowlitz County Event Center.

Mr. Huhta asked Chief Financial Officer, Trent Martin, to go over a few items with the Commissioners:

Audit: Mr. Martin noted that the annual audit by the State Auditor’s Office (SAO) will start of next week. Commissioner Quinn will be invited to attend the Entrance Conference with the auditors once a date has been set. The auditors plan to perform portions of the I-937 audit while they are here.

COSA: Mr. Martin mentioned that the cost of service model has been updated and that there will be one more meeting internally before meeting with the Board and the ERAC Committee.

Lewis River RV Park Update: A hearing took place on February 19, 2020 and it was indicated at that time that another hearing will be needed. The judge determined at the February 19th hearing that electric service needs to be continued. A “Receiver” has also been established to collect the rent and pay the bills. Services are up and running until the District hears differently.

401k Update: The transfer to the new 401k platform is complete and was largely successful. There were a few issues reported by employees, which have been resolved.

Clean Hydro: Mr. Huhta reported that Clean Hydro is a key resource to achieving the objectives of the Clean Energy Transformation Act (CETA). Hydro generation provides the flexibility to integrate non-dispatchable renewables such as wind and solar; hydro generation fills in the gaps. The District feels that hydro generation is critical to maintaining electric system reliability. Wind and solar produce renewable energy, but they are not available 24/7 to meet customer electricity needs.

There is a key milestone coming up this week for the Columbia River Federal Hydro System, which is the release of the draft Environmental Impact Statement (EIS) by the Action Agencies (BPA, BOR, USCOE); these agencies started this EIS process in September of 2016.
The draft of the EIS will focus on how the Federal Hydro System should operate to meet its multiple objectives like flood control, navigation power, and environmental objectives, including operations for endangered fish (salmon and steelhead), all while taking into account the environmental, social, and economic impacts.

The draft EIS should be published by the end of the week and it will be open for a 45-day comment period. The final EIS is expected to be published in July of 2020 with the final record of decision in September of 2020. Mr. Huhta noted that the District plans to submit comments and inform District customers on this issue.

The Executive Director of Northwest RiverPartners, Kurt Miller, will be attending the March 10, 2020 Cowlitz PUD Board Meeting as a guest speaker to talk more about the Environmental Impact Statement and answer questions.

The Public Power Council (PPC) will be heavily involved in the process and there will be someone from BPA’s Fish & Wildlife attending next Wednesday’s PPC Members Forum.

A recent Daily News article was discussed citing that utilities want change in the Lewis River salmon restoration strategy to save $160M. Mr. Huhta noted that FERC is also involved in the process and that license applications will be filed later in the spring.

Gary Huhta and Bob Essex will check in with the District’s Environmental Compliance Manager, Amanda Froberg, to schedule a presentation on fish passage on the Lewis River. The Commissioners were reminded that if they receive inquiries from the public, to contact Alice Dietz, the District’s Communications and Public Relations Manager, who will coordinate a response with Amanda Froberg. Commissioners were asked to write down any questions so appropriate responses can be coordinated.

8. ACTION ITEMS & COMMENTS FROM THE PUBLIC

8.1 Motion to Approve Staff Recommendation No. 9/2/25 RE: Acceptance of Work for the Lobby Renovation Project Completed by JH Kelly

MOTION: It was MOVED by COMMISSIONER DALGLEISH and SECONDED by COMMISSIONER QUINN to approve Staff Recommendation No. 9/2/25.

Marisa Keeney, Manager of Employee Services, reported that the District entered into an agreement with JH Kelly, LLC on August 21, 2019, to provide updates to the main office Customer Service and lobby areas that assured compliance with the Americans with Disabilities Act in our restrooms, teller area and reception desk, improved efficiency by moving business units that commonly work together into the same vicinity, and improved safety and security of the District’s employees.

Ms. Keeney expressed kudos to JH Kelley, to Mark Kirby, the District’s Facilities Manager/Physical Security Coordinator, to Susan Everett, the District’s Utility Helper, and to the District’s IT group for all of their hard work and help with this project.

Diane Dick asked if the District incorporated energy efficiency standards and if everything is electric. Ms. Keeney reported that Cowlitz PUD did incorporate energy efficiency standards and that all new lighting is LED.

The MOTION CARRIED on a 2 to 0 margin.

8.2 Motion to Approve Resolution No. 2767 RE: BP (British Petroleum Energy Company) ISDA Agreement

MOTION: It was MOVED by COMMISSIONER DALGLEISH and SECONDED by COMMISSIONER QUINN to approve Resolution No. 2767.

Bob Essex, Director of Power Management, reported that the District has been in the process of negotiating the terms of the International Swaps and Derivatives (ISDA) Agreement with British Petroleum (BP) for a number of months. ISDA agreements are important to the District because they allow the District to enter into
financial risk management transactions with the counterparty (in this case, BP). Without these underlying ISDA agreements, the District would not be able to enter into Swaps or other instruments to financially "hedge" or limit our electric market price risk exposure.

The District currently has nine existing ISDAs with other counterparties. Four of those counterparties are actively trading in the market. Mr. Essex noted that the agreements are pretty standard across the board and are all in the benefit of the District. In order to maintain competition and liquidity, it is in the District’s best interest to maintain ISDAs with several counterparties. This newest ISDA with BP will be a welcome addition to the existing Agreements, as BP is also an active market participant and will add another entity to the District’s list of authorized counterparties.

The proposed ISDA Agreement, and each of its attachments, incorporate the advice, recommendations and edits suggested by The Energy Authority (TEA) as they have significant experience in negotiating ISDAs for each of their Members and Partners, as well as the recommendations from Stacey Lewis, attorney at Pacifica Law Group, who is acting as our outside counsel on matters related to ISDAs.

Mr. Essex recommended that the Board approve Resolution No. 2767 approving an International Swaps and Derivatives Association Agreement (ISDA) with BP Energy Company.

Longview resident, Diane Dick, asked the Commissioners to not pass this motion noting that BP is in the petroleum and gas industry; she felt that they are bad actors and mentioned that their last three quarters of financials have been terrible. Ms. Dick wondered why the District would choose BP if there are other options.

Bob Essex stated that there are a limited number of counterparties we can do business with. He added that without the ISDA, we would not be able to sell ahead and manage our risk.

Diane Dick stated that she would prefer that Cowlitz PUD not do any business with British Petroleum as she does not think they are a good partner.

Gary Huhta reported that the District is dealing with players that are acting in the electricity markets and the District does not trade in gas. Today, the market activity and the players are changing. These agreements take a long time to develop and there is a lot of work involved. Mr. Huhta suggested that we pass today’s proposed Resolution as it is all electric trading.

The MOTION CARRIED on a 2 to 0 margin.

9. STAFF REPORTS AND PRESENTATIONS

9.1 January Operational Reports

The following January 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 Keene
- Public Relations & Communications: Alice Dietz

10. COMMISSIONER REPORTS & UPCOMING EVENTS

Commissioner Dalgleish 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, March 10, 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.

15. MOTION TO ADJOURN MEETING

MOTION: It was MOVED by COMMISSIONER DALGLEISH and SECONDED by COMMISSIONER QUINN to adjourn this meeting at 4:05 p.m.

The MOTION CARRIED on a 2 to 0 margin.

[Signatures]

Attest:

President

Vice-President

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