NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT
REGULAR SESSION
FEBRUARY 4, 2020

PRESENT: Roger Howe, President
Howard Gonser, Vice President
Dan Williams, Secretary
Wayne Jacobson, Treasurer
Connie Karp, Director

President Howe called the Regular Session to order at 6:00 p.m.

The following individuals were present during the Regular Session:

Counsel: James Foster

NWCPUD Staff: General Manager Roger Kline; Principal Engineer/Chief Innovation Officer Paul Titus; Operations & Engineering Manager Pat Morehart; Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall; Corporate Services Director Cyndi Gentry; Key Accounts Manager Justin Brock; Executive Assistant Kathy McBride; Asset/Program Manager Steve Horzynek; Senior Financial Analyst Lana Egbert; Operations Supervisor Ed Ortega; Energy Management Program Manager Travis Hardy; and Network Administrator Robert Casaubon

Visitors: Scott Taylor and John Amery

PUBLIC COMMENT PERIOD

There was no one present wishing to provide public comment.

REQUESTS FOR ADDITIONS OR DELETIONS TO AGENDA

There were no requests to add or delete items from this evening's Regular Session Agenda.

OLD BUSINESS

There was no Old Business to discuss.
CONSENT AGENDA

Items contained in the consent portion of the Agenda includes the following:

- Regular Session Minutes of January 7, 2020
- December Outage Report
- Energy Management/Marketing Report
- Checks/Vouchers
- December Financial Report
- December Write Offs
- Resolution #02-2020 Adopting Rates for Northern Wasco County People’s Utility District, effective on January 1, and May 1, 2020

The Board considered the approval of the February 4, 2020 Consent Agenda.

{{Director Williams moved that the February 4, 2020 Consent Agenda be approved as presented. Director Jacobson second the motion; it was then passed unanimously.}}

2019 QUARTER 4 REPORT

General Manager Roger Kline stated that his memorandum in the Board Packet summarizes the performance of the organization for Quarter 4 and the entire year. The majority of Key Performance Indicators (KPIs) on the Performance Dashboard are shown in green. The few red KPIs are known and understood regarding subsystem performance, which is primarily from a big power outage occurring in Quarter 4 that drove the numbers up.

Kline noted that the big take away for him was the vehicle accidents; a total of two. The dollar figure is small, but it is still something that staff takes seriously. Kline stated that the things that matter are safety, efficiency, and effectiveness.

Kline stated that he is also proud of the completion of work orders, service orders, and tree orders, which Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall will be addressing. These all continue to be outstanding.

Hall called on Senior Financial Analyst Lana Egbert to update the Board on Clearing Images Services.
Clearing Images Services:

Senior Financial Analyst Lana Egbert provided the Board with an update on the services that the District is receiving from Clearing Images Services. The following are some of the highlights of her presentation:

- The District began using a portion of this service last year when customer service began processing checks.
- The process created the ability for staff to scan customer checks received by mail and in the District’s drop box.
- The new process updated the customers’ accounts as being paid and would create a spreadsheet of the scanned checks.
- Finance would then manually verify that all checks were correct. Staff would then process the checks for depositing.
- Prior to this process, Customer Service Representatives would enter the checks manually into the customer’s account. Finance would add the received checks using a 10-key calculator, a reconciliation would then be completed prior to having the money deposited into the District’s bank account.
- On Monday, February 6th the District went live giving staff the ability to transmit our files electronically. All checks are now scanned, which creates one file that is electronically sent to the District’s bank for deposit. Customer Service Representatives who open the mail will now scan the check, which gets posted to the customer’s account.
- All checks that are scanned are endorsed on the back.
- The scanned checks are then stored in the vault for 60 days to ensure that staff has paper documentation to review and to adjust the deposit, if necessary.
- The electronic images are also being saved onsite.
- The scanned checks will be destroyed 60 days after processing.
- Last week staff processed a total of 750 checks.
- The last two days, staff has processed 319 checks electronically.
- The new process is saving staff significant time.
- The Federal Reserve will verify the checks that are being sent electronically to them; it takes the local bank out of the process.
- Staff feels this has resulted in a huge process improvement for the Finance and Customer Services Departments.

Some discussion occurred regarding the scanning and electronic transfer of customer checks after questions were raised by members of the Board of Director and General Counsel.
General Manager Roger Kline noted that the software service is hosted elsewhere; the check images do not live within the District’s system.

Hall stated that Loomis is now only picking up cash for deposit into the District’s bank account.

**Financial Review of 2019:**

Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall presented a PowerPoint Presentation entitled “2019 Financial Review”. A copy of said PowerPoint Presentation is hereto attached and marked as Exhibit 1.

Some highlights of Hall’s presentation are as follows:

- A 10 year, $10 million borrowing credit facility with Cashmere Valley Bank.
- In July 2019, the District drew down $6 million of the credit facility at 2.75% in the first five years and 3.05% in the second five years.
- In 2019, the District used $3.4 million of the $6 million loan.
- The District carried over to 2019, $2.5 million from the 2016 Bond. The District used that $2.5 million in addition to the $3.4 million for capital expenditures in 2019.
- A new Financial Policy was adopted in 2019.
- The District updated our Cost of Service by implementing a 3.8% rate increase effective in May 2020, and an updated District Delivery Charge effective on January 1, 2020, all of which was passed by the Board of Directors. The rates will be finalized this evening.
- The District’s Net Income in 2019 is $1,393,703. A total of $538,000 was charged against our revenue due to two assets; the Electric Vehicle Charging Station ($12,000), and the Upgrade of the Electrical System at The Dalles Marina, ($526,000). These expenses come as a deduction to the District’s income. The District needed to recognize those expenses.
- Total capital expenses during 2019 was $6,419,094.

Director Williams raised a question regarding who is required to do maintenance of the new electrical system at The Dalles Marina.

General Manager Roger Kline replied that the conversation and decision that was made is that the District upgrade the electrical system to code to ensure safety, and then transfer those assets to the Port of The Dalles who will then be required to maintain those assets. The District will manage the system as we do in the rest of the electrical system.
Director Williams asked another question regarding the unbilled revenue in December that was not included in the December financials. He asked if the unbilled revenue will change the net income during the audit process.

Hall stated that it will. Staff is waiting on some information from the month of January to make that calculation.

Hall continue with his 2019 Financial Review.

- Hall went over the pie graphs shown in his PowerPoint Presentation, which shows the sources of revenues from 2018 and 2019. The actual revenues received in 2018 is $36,358,206 of which 56% represents retail revenues received from the District’s primary customer; and $49,339,470 in 2019 of which 67% was from our primary customer.
- Hall then showed the difference in the pie graphs for the actual revenues received in 2018, as compared to the 2020 Budget Retail Revenue at $58,765,625 of which 75% represents revenues received from the District’s primary customer.
- The revenue growth over the last couple of years is beginning to grow due to the District’s primary customer. They are becoming a bigger part of the District’s revenue pie. That is something that we need to be aware of, something to keep in mind. We manage the risk; it is referred to as customer concentration. Staff manages it through our contracts, agreements, reserves, and through our rates.

Some discussion occurred regarding the projected growth in revenue and load after several questions were raised by members of the Board of Directors.

Staff is anticipating growth going up through 2021 and then flattening out. This has been built into the District’s Long-Term Financial Plan.

The expense pie charts shown in the PowerPoint Presentation were reviewed and discussed at this time.

Hall noted the following during the remainder of his presentation:

- As the District’s retail revenue grows, so does the cost of purchased power.
- City fees are around $1.3 million in 2018; $1.4 million in 2019; and staff is forecasting $1.8 million in fees during 2020. The City of Dufur get about $30,000 of the anticipated fee during 2020, with the balance going to the City of The Dalles.
- Work orders are opened when a job is in process. When the job has been completed, the work order is closed out.
The following shows the number of work orders closed in the specified year:
> 2019, 270 work orders.
> 2018, 236 work orders.
> 2012, 164 work orders.

As of today, there are approximately 99 work orders that are still open.

Back in 2012 there were a total of 1,421 work orders still opened. In 2016 a lot of these work orders were closed out.

In 2019 a total of $4.6 million in assets were put on the District’s books; $3.1 million in assets were added in 2018; and $226,000 in assets were added in 2012.

Major projects that were accomplished included:
> Mill Creek Rebuild - $1,368,561
> Downtown Feeder - $893,779
> The Dalles Marina - $974,669 ($528,000 to the Port of The Dalles)
> AMI (Automated Metering Infrastructure - $258,941.18 (A portion of this project was closed in 2019; there is still ongoing work into 2020.)

In 2009, the District had 52.2% of useful life left in its assets.
In 2015, the District had 43.2% of useful life left in its assets.
In 2019, there is now 53.6% of useful life in the District’s assets.
The average benchmark for useful life is 50% bottom line, and 70% top line.
The District has made a lot of investments over the last four years.

Some discussion occurred upon the conclusion of Hall’s presentation.

NEW BUSINESS

Review and Discussion of the Reserve Section of the Financial Policy:

Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall presented a PowerPoint Presentation entitled “2020 Reserve Review”. A copy of said PowerPoint Presentation is hereto attached and marked as Exhibit 2.

Some highlights from Hall’s presentation are as follows:

- As per the District’s policy, staff does a recalculation on District reserves.
- Reserves that are reviewed and recalculated annually includes the following:
  > Working Capital
  > Contingency & Emergency
  > Hydro
  > Rate Stabilization
  > Capital
Market Security

- Working Capital Reserve:
  - The Working Capital Reserve is 16% of the budgeted operations expenses, not including purchased power.
  - There is currently $3 million in the Working Capital Reserve.
- Contingency & Emergency Reserve:
  - There is currently $1 million in the Contingency & Emergency Reserve.
- Hydro Reserve:
  - The Hydro Reserve is budgeted at 100% of the hydro’s operating budget.
  - The District’s operating expense comes to about $2 million.
  - There is currently $1 million in the Hydro Reserve.
- Rate Stabilization Reserve:
  - The Rate Stabilization Reserve is set for $3 million.
  - There currently is $4.6 million in the reserve.
- Capital Reserve:
  - District staff measures for 2% of the current year plant and service, which is about $2 million.
  - The Capital Reserve currently has $1 million in the reserve.
- Market Security Reserve:
  - There currently is $3.5 million in the Market Security Reserve.
- The District would need an additional $1.1 million more for the recalculation of our policy than what we currently have in our reserves.
- The District’s policy drives what is budgeted in the reserves. The reserve levels could be amended by the Board through an amendment of the Financial Policy.
- The District’s total reserves are at $19,986,706.
- The total reserves do not include the funds in the District’s checking accounts; General Fund and McNary accounts.
- The District’s checking accounts amounted to $6 million at year end. This included $1.6 million in matured securities, which needed to be moved over to the Local Government Investment Pool (LGIP).
- Hall is recommending that the District hold off on sweeping over any funds from the checking accounts since a chunk of load that staff was anticipating was not realized. The District has sufficient cash and reserves on hand.
- Hall is not recommending any change in District reserves until funds are available.
- Once the funds are available, staff recommends increasing the Working Capital Reserve from $3 million to $3.6 million, and the Capital Reserve from $1 million to $2 million.
- The District is currently spending around $2.5 million per month on purchased power.
- The District needs to maintain enough working cash to cover the cost of purchasing power.
- This fall Hall would like the Board to consider a Purchased Power Reserve.
Currently the Working Capital Reserve does not include purchased power. It may be something for the District to consider.

Discussion occurred throughout Hall’s presentation after questions were raised by members of the Board of Directors and General Counsel. Questions raised pertained to the use of the Rate Stabilization, and Contingency and Emergency Reserve funds, the effect to the reserves if a significant amount of assets were added to the District’s books, and when does the District get to a point when we have enough reserves to begin buying down debt and not borrowing any additional money.

Hall stated that the reserves are recalculated every year. When the District’s financial conditions change in the future, a discussion can occur to determine how well we can fund our debt, and what is the capacity for the District to carry debt and meet our obligations. The District carries very little debt from what we make.

Hall noted that we do not want the District’s debt to be too high. The District’s debt to equity ratio is still around 30%; like size utilities that have generation assets are usually around 45% to 50%.

Director Williams commented that in 2012 the District defeased some debt when we should have been paying the debt off on schedule and investing in our capital assets.

Hall noted in closing that the District has insurance coverage for both The Dalles and McNary Hydroelectric Fishway Plants. The District’s current insurance carrier, Liberty, extended the insurance policy through February 15, 2020. The insurance policy from Marsh becomes effective on February 15th. The premium was around $180,000, which is an additional cost of $45,000. The amount of coverage is the same; the sub limits are close; the property deductible went from $25,000 to $250,000; and the business interruption went from 20 day to 30 days.

Hall stated that the coverage is for one year. In the meantime, staff will be looking at other ways to make it a smoother process; it is a chance to shop around. Jeff Griffin from Wilson-Heigood Associates worked very hard to assist the District in obtaining this insurance.

Director Williams requested that Executive Assistant Kathy McBride prepare a letter of appreciation for the Board of Director’s signature to be sent to Jeff Griffin thanking him for all his work on assisting the District in obtaining insurance for the hydro plants.
Presentation on Hybrid/Heat Pump Water Heater (HPWH) Purchase & Installation Program:

Energy Management Program Manager Travis Hardy presented information pertaining to the District’s Hybrid/Heat Pump Water Heater (HPWH) Purchase & Installation Program. A flyer was shown to the Board which advertises the program. A copy of said Flyer is hereto attached and marked as "Exhibit 3.

Some highlights of Hardy’s presentation are as follows:

- The District is partnering with General Pacific and Great Northwest Installations on the Hybrid/Heat Pump Water Heater Project.
- General Pacific is offering a program where they will sell the Hybrid/Heat Pump Water Heaters to District customers for the cost of $475.
- The District will receive a monthly invoice from General Pacific with a list of installed units and customer names.
- The District will pay the water heater rebates directly to General Pacific at $600 per unit installed, eliminating customer paperwork.
- A radio ad for the District’s Hybrid/Heat Pump Water Heater Program began running today. A Spanish ad will also run. The ad was played for members of the Board at this time.
- In addition to flyers, bill inserts and radio ads, a half page ad will be published in The Dalles Chronicle promoting the program.
- The Hybrid/Heat Pump Water Heater has a 10-year warranty.
- The installation of the heat pump water heater can run between $500 to $1,000.
- District staff is not promoting Great Northwest Installations as the only company able to install the hybrid/heat pump water heaters.
- A total of 43 heat pumps have been installed since the District began the rebate program.

BOARD REPORTS / ITEMS FROM BOARD MEMBERS

Oregon People’s Utility District Association:

There was no report for the January Oregon People’s Utility District Association Board Meeting since the meeting was cancelled due to weather conditions.

Miscellaneous:

General Manager Roger Kline stated that there are several additional documents provided in the Board Packet, which are the Automated Metering Infrastructure (AMI) Update, an article from The Wall Street Journal entitled “PG&E: Wired to Fail”, and a memorandum from Kline regarding income qualified expenditures. Director Gonser
inquired about the District’s income qualified expenditures at his one-on-one meeting with Kline. Kline’s memorandum addresses the benefits that are offered to the community.

Director Gonser had one comment regarding the income qualified information provided in Kline’s memorandum. He felt it would be helpful to include the total amount budgeted for the year for income qualified programs.

November 2020, Board Meeting Date:

***It was the consensus of the Board of Directors to reschedule the November Regular Session Board Meeting from Tuesday, November 3, 2020 until Tuesday, November 10, 2020 due to the NEMS, NESC, NIES Annual Board Meeting.***

Report from General Counsel:

General Counsel James Foster reported on the Law Seminar International Conference entitled “Annual Electric Power in the West”, which he recently attended in Seattle, Washington. Foster stated that it was an excellent conference. The conference addressed electric vehicles, the energy imbalance market, wind power and pump storage.

APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS

February 5, NRU Board Meeting – Connie Karp, Howard Gonser, Roger Howe, Dan Williams and Wayne Jacobson

February 5, PPC Forum – Connie Karp, Howard Gonser, Roger Howe, Dan Williams and Wayne Jacobson

February 6, PPC Executive Committee – Connie Karp, Howard Gonser, Roger Howe, Dan Williams and Wayne Jacobson

February 20, Lobby Day – Connie Karp, Howard Gonser, Roger Howe, and Dan Williams

February 21, OPUDA Board Meeting – Connie Karp, Howard Gonser, Roger Howe, Dan Williams and Wayne Jacobson

March 4, PPC Forum – Howard Gonser, Roger Howe, Dan Williams and Wayne Jacobson

March 5, PPC Executive Committee – Connie Karp, Howard Gonser, Roger Howe, and Dan Williams

March 20, OPUDA Board Meeting – Connie Karp, Howard Gonser, Roger Howe, Dan Williams and Wayne Jacobson

May 17-20, NWPPA Annual Conference – Connie Karp, Howard Gonser, Roger Howe, Dan Williams and Wayne Jacobson

There being no further business the meeting adjourned at 7:37 p.m.

[Signature]
President

ATTEST:

[Signature]
Secretary
2019 FINANCIAL REVIEW

Highlights: Financial Operations –

• New $10M 10 Year Borrowing Credit Facility with Cashmere Valley Bank
  • $6M Draw at 2.75% in first 5 years and 3.05% in second 5 years
  • $3.4M used in 2019

• New Financial Policy

• Updated Cost of Service with a 3.8% Rate update and an updated District Delivery Charge update passed by the Board

• 2019 Net Income of $1,393,703

• 2019 Capital Expenses $6,419,094
2019 FINANCIAL REVIEW


2018 Actual Retail Revenue
- Primary: $20,505,103 (56%)
- Irrigation: $179,898 (1%)
- Street/Yard Light: $360,569 (1%)
- Single Phase: $10,305,413 (28%)
- Three Phase: $1,199,829 (3%)
- Demand: $3,807,394 (11%)

2019 Actual Retail Revenue
- Primary: $33,282,142 (67%)
- Irrigation: $174,420 (0%)
- Street/Yard Light: $411,313 (1%)
- Single Phase: $10,392,703 (21%)
- Three Phase: $1,314,394 (3%)
- Demand: $3,764,497 (8%)

2018 Retail Rev. $36,358,206
2019 Retail Rev. $49,339,470
2019 FINANCIAL REVIEW


2019 Actual Retail Revenue

- Primary, $33,282,142, 67%
- Single Phase, $10,392,703, 21%
- Three Phase, $1,314,394, 3%
- Demand, $3,764,497, 8%
- Irrigation, $174,420, 0%

2020 Budget Retail Revenue

- Primary, $44,278,817, 75%
- Single Phase, $1,187,094, 2%
- Three Phase, $551,659, 1%
- Demand, $3,381,441, 6%
- Street/Yard Light, $551,659, 1%

2019 Retail Rev. $49,339,470

2020 Retail Rev. $58,765,625

2018 Actual Expense

- Other O&M, $8,864,034, 20%
- Depreciation, $2,623,330, 6%
- Debt Service, $476,313, 1%
- External Trans, $3,522,947, 8%
- City Fees, $1,259,602, 3%
- Outside Services, $1,449,988, 3%

Total 2018 Expenses $44,912,377

2019 Actual Expense

- Other O&M, $9,595,535, 19%
- Depreciation, $2,867,425, 6%
- Debt Service, $541,612, 1%
- City Fees, $1,413,569, 3%
- Outside Services, $1,557,796, 3%
- Transmission, $3,792,273, 7%
- Purchased Power, $30,550,181, 61%

Total 2019 Expenses $50,118,391
2019 FINANCIAL REVIEW


2019 Actual Expense

- Other O&M, $9,595,535, 19%
- City Fees, $1,413,569, 3%
- Depreciation, $2,867,425, 6%
- Debt Service, $541,612, 1%
- Transmission, $3,792,273, 7%
- Outside Services, $1,357,796, 3%

2019 Expenses $50,118,391

2020 Budget Expense

- Other O&M, $10,272,617, 17%
- City Fees, $1,800,000, 3%
- Depreciation, $2,686,426, 4%
- Debt Service, $614,150, 1%
- External Trans, $5,867,098, 10%
- Outside Services, $1,330,786, 2%
- Purchased Power, $30,550,181, 61%
- Purchased Power, $37,873,608, 63%

2020 Expenses $60,444,686
2019 FINANCIAL REVIEW

Highlights: Capital Investment in 2019

• Work Orders closed –
  • 2019: 270 work orders vs. 2018: 236 and 2012: 164
  • 2019: $4.6M vs. 2018: $3.1M and 2012: $226K
• Major Projects
  • Mill Creek Rebuild - $1,368,561
  • Downtown Feeder - $893,779
  • Marina - $974,669 + ($528,000 to the Port of TD)
  • AMI - $258,941.18
    • Portion closed in 2019 – still ongoing work into 2020
2019 FINANCIAL REVIEW

Highlights: Capital Investments in 2019

- Net Asset = Percent of useful life left of Assets.

### Net Asset

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets</th>
<th>Net Assets</th>
<th>% Not Depreciated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$60,264,489</td>
<td>$31,456,729</td>
<td>52.2%</td>
</tr>
<tr>
<td>2010</td>
<td>$61,763,951</td>
<td>$31,383,667</td>
<td>50.8%</td>
</tr>
<tr>
<td>2011</td>
<td>$62,531,211</td>
<td>$30,377,234</td>
<td>48.6%</td>
</tr>
<tr>
<td>2012</td>
<td>$63,543,464</td>
<td>$29,536,363</td>
<td>46.5%</td>
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<tr>
<td>2013</td>
<td>$64,366,355</td>
<td>$28,715,490</td>
<td>44.6%</td>
</tr>
<tr>
<td>2014</td>
<td>$63,623,928</td>
<td>$28,095,284</td>
<td>44.2%</td>
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<tr>
<td>2015</td>
<td>$66,272,657</td>
<td>$28,602,522</td>
<td>43.2%</td>
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<td>2016</td>
<td>$84,620,047</td>
<td>$43,287,000</td>
<td>51.2%</td>
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<tr>
<td>2017</td>
<td>$86,196,580</td>
<td>$44,167,985</td>
<td>51.2%</td>
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<tr>
<td>2018</td>
<td>$90,550,031</td>
<td>$46,618,782</td>
<td>51.5%</td>
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<tr>
<td>2019</td>
<td>$98,866,930</td>
<td>$53,039,290</td>
<td>53.6%</td>
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Questions
## 2020 Reserve Review

### Reserve Policy Calculations

<table>
<thead>
<tr>
<th></th>
<th>Proposed Policy</th>
<th>Currently in Reserve</th>
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</thead>
<tbody>
<tr>
<td><strong>Working Capital</strong></td>
<td>3,600,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>16% of Budgeted Ops Ex less Purchased Power</td>
<td>3,611,373</td>
<td></td>
</tr>
<tr>
<td><strong>Contingency &amp; Emergency</strong></td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Set at $1,000,000</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Hydro</strong></td>
<td>2,100,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Hydro O&amp;M (TD) 2020 Budget</td>
<td>1,235,586</td>
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<tr>
<td>Hydro O&amp;M (MCN) 2020 Budget</td>
<td>829,483</td>
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<tr>
<td><strong>Rate Stabilization</strong></td>
<td>3,000,000</td>
<td>4,600,000</td>
</tr>
<tr>
<td>Set Minimum at $3,000,000</td>
<td>3,000,000</td>
<td></td>
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<tr>
<td><strong>Capital</strong></td>
<td>2,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2% of Current Year Plant in Service</td>
<td>1,977,339</td>
<td></td>
</tr>
<tr>
<td><strong>Market Security</strong></td>
<td>3,500,000</td>
<td>3,500,000</td>
</tr>
</tbody>
</table>

**Total Committed Reserves**  

|                                | $ 15,200,000 | $ 14,100,000 |
| Policy vs. Current             | $ (1,100,000) |            |
## 2020 Reserve Review

### Restricted Reserves:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Total Current Reserves</th>
<th>Staff Recommended</th>
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</thead>
<tbody>
<tr>
<td>Rate Stabilization Fund</td>
<td>4,600,000</td>
<td>4,600,000</td>
</tr>
<tr>
<td>2016 Bond Reserve Fund</td>
<td>796,175</td>
<td>796,175</td>
</tr>
<tr>
<td>Construction Funds - Borrowed</td>
<td>2,815,371</td>
<td>2,815,371</td>
</tr>
<tr>
<td><strong>Total Restricted Reserves</strong></td>
<td><strong>$ 8,211,546</strong></td>
<td><strong>$ 8,211,546</strong></td>
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</tbody>
</table>

### Committed Reserves:

<table>
<thead>
<tr>
<th>Reserve</th>
<th>Total Current Reserves</th>
<th>Staff Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>3,000,000</td>
<td>3,600,000</td>
</tr>
<tr>
<td>Contingency</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Hydro Operations</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Capital</td>
<td>1,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Market Security</td>
<td>3,500,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td>OPEB Liability</td>
<td>303,676</td>
<td>303,676</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>3,899,444</td>
<td>3,841,634</td>
</tr>
<tr>
<td>2016 Bond Debt Service</td>
<td>342,500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Committed Reserves</strong></td>
<td><strong>$ 14,045,620</strong></td>
<td><strong>$ 15,245,310</strong></td>
</tr>
</tbody>
</table>

**Total Reserves:** $22,257,166 $23,456,856

**Uncommitted Reserves:** $(2,270,460) $(3,470,150)

**Committed Reserve changes** $ $(9,289,706) $ (8,307,506)

Source: Uncommitted Reserves
No Change to Reserves until funds available

• Staff will follow up with the Board when funds for reserve changes are available.

• Once Funds available Staff proposes the following changes to Reserves
  • Increase Working Capital Reserve to $3,600,000
  • Increase Capital Reserve to $2,000,000
Consideration for a Purchased Power Reserve this Fall

- Working Capital only provides for funding operations excluding purchased power.

- Currently the District spends about $2.5M per month on purchased power.

- From the time the District pays for the power to the time it collects is about 25 days.

- In 2020 the District is budgeting $3.2M per month on purchased power.

- The District needs to be able to fund this purchase out of working cash for at least 25 days before customers pay for it.

- As customer energy usage increases the cost of purchased power that the District will cover over that 25 days will increase. (we just hit a new record of 138.9aMW on 1/15/20)

- The District will need to consider a Reserve mechanism that will cover funding needs as purchased power costs increase in the future.

- Staff will be bringing a proposal this Fall to consider a Purchased Power Reserve.
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