NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT
REGULAR SESSION
FEBRUARY 5, 2019

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

President Karp called the Regular Session to order at 4:00 p.m.

**EXECUTIVE SESSION**

At 4:01 p.m. President Karp recessed the Regular Session to convene into Executive Session as authorized by ORS 192.660 (2)(i) to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing evaluation of chief executive officer.

Those present for the Executive Session included the Board of Directors; General Counsel James Foster; Director of Corporate Services Cyndi Gentry; and Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall.

At 5:02 p.m. the Board adjourned from Executive Session to return to Regular Session.

{{Director Williams moved to offer General Manager Roger Kline $275,000 in salary compensation for 2019, effective January 1, 2019. Director Smith seconded the motion; it was then passed unanimously.}}}

At 5:05 p.m. the Board recessed the Regular Session until 6 p.m.

At 6 p.m. President Karp reconvened the Regular Session Board Meeting.

The following individuals were present during the Regular Session:

**Counsel:** James Foster

**NWCPUD Staff:** General Manager Roger Kline; Assistant General Manager/Director of Power Resources Kurt Conger; Chief Innovation Officer Paul Titus; Executive Assistant Kathy McBride; CFO/Director of Finance & Enterprise Risk Harvey Hall; Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers; Operations & Engineering Manager Pat Morehart; Key Accounts Manager Justin Brock; Director of Corporate Services Cyndi Gentry; and Asset/Program Manager Steve Horzynek
Visitors: Scott Taylor; Linda Quackenbush; Kathy Ursprung; Amanda Hoey and Marla Harvey, Mid-Columbia Economic Development District; Loyal Quackenbush and Elizabeth Wallis, The Dalles-Wasco County Fort Dalles Museum Commission Representatives; and John Huffman, USDA Rural Economic Development Loan and Grant Program Representative

PUBLIC COMMENT

There was no one present wishing to provide public comment.

CONSENT AGENDA

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

- Regular Session Minutes of January 8, 2019
- December Outage Report
- Energy Management/Marketing Report
- Checks/Vouchers
- December Financial Report
- December Write Offs

The Board considered the approval of the February 5, 2019 Consent Agenda.

{{Director Howe moved to approve the February 5, 2019 Consent Agenda as presented. Director Gonser seconded the motion; it was then passed unanimously.}}

2018 QUARTER 4 REPORT

General Manager Kline stated that his memorandum and the Quarter 4, 2018 Performance Dashboard are in the Board Packet.

Kline stated that 2018 was successful in many aspects, from performance measures and safety; the second year without a loss time accident. Kline noted that the District is ensuring that we are providing safe, reliable, affordable electricity to our customer owners and that we are meeting the objectives of the District as set by the Board and staff.
Kline thanked staff for the excellent work last year and for the Board’s support.

**NEW BUSINESS**

**USDA Rural Economic Development Loan and Grant Program:**

General Manager Kline stated that the Board has been provided previously with a brief outline on the USDA Rural Economic Development Loan and Grant Program (REDLG). The Board has expressed interest in partnering in the community. This is one possible way to do so.

John Huffman, USDA Rural Economic Development Loan and Grant Program Representative, presented to the Board a handout entitled “Rural Economic Development Loan and Grant Program (REDLG)”. A copy of said handout is hereto attached and marked as Exhibit 1.

Huffman provided the Board with an overview of the REDLG Program.

Some of the highlights of Huffman’s presentation are as follows:

- The USDA Rural Economic Development Loan and Grant Program (REDLG) is specifically designed, dating back to 1936, for not-for-profits, rural electric providers, municipalities that provide electric services, and rural telecommunication providers.
- Utilities can borrow at 0% interest, up to $2 million.
- Initially there needs to be a community facility grant partner who will develop a community facility. Beyond that, the balance of the money is put into a revolving loan fund.
- Financing to eligible intermediaries are granted to promote rural economic development and job creation projects.
- Grants establish revolving loan funds, which pass through to businesses.
- Funding can be loaned to entities within the District’s boundaries, or to areas as determined by the District.
- Loan terms include:
  - Maximum 10-year loan
  - 0% interest rate
  - 20% matching requirement
  - Maximum loan amount is $2,000,000
- The maximum grant amount under the REDLG Program is $300,000.
- The sponsoring utility would be required to sign a promissory note for the money borrowed.
A lengthy discussion occurred after various questions were raised by members of the Board of Directors.
Huffman responded by stating that there are four electric cooperatives in the state who are involved in the REDLG Program. The District could partner with Mid-Columbia Economic Development District (MCEDD) to assist in administering the requirements of the REDLG Program. Having a lending or banking partner would not mean the District would be relinquishing all responsibilities under the program. The District would still need to be involved in lending decisions.

General Counsel Foster stated that electric cooperatives are different than People’s Utility Districts (PUDs). PUDs were created by a constitutional amendment to the Oregon Constitution. There is a provision under the statute that allows PUDs to do economic development. Northern Wasco County People’s Utility District has done economic development projects for nonprofits as opposed to profit making entities. The REDLG Program is for a broader scope of entities.

Foster asked if Huffman has talked to other public bodies regarding this program; have they analyzed it and said that they are eligible to participate in the program.

Huffman responded by stating that he has not personally spoken to other public bodies.

Huffman presented to Foster a sample letter, which can be submitted by the District to the USDA Rural Economic Development Loan and Grant Program to determine eligibility to participate as an intermediary under the program. Huffman believes that the District is eligible, but the District must formally ask for this determination.

Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall asked if Huffman could explain the difference between the loan and grant program?

Hall stated that he has spoken to Curt Dixson from the USDA Rural Economic Development Loan & Grant Program. The District would need to go through bond counsel to see if we are able to take on debt under the loan program. Hall feels that the grant program would be easier for the District to participate in.

Huffman stated that he is unable to explain the difference between the loan and grant program. He is mainly here to present to see if there is interest in the REDLG Program.

Mid-Columbia Economic Development District (MCEDD) Executive Director Amanda Hoey stated that MCEDD is a liaison to federal resources. Hoey noted that the REDLG Program is not being utilized locally. There are two pathways under the USDA REDLG Program. One of those paths help you take on some of the risk when looking at the community facility side. The other option is establishing a revolving loan fund that is specific to the business side.
Hoey stated that MCEDD has resources for access to capital through the Oregon Investment Board. The REDLG Program is an opportunity that other electric coops have pursued. What MCEDD has tried to look at under the REDLG Program is from the community facility side, which is more stable and less risk.

Hoey stated that the utility would need to repay the revolving loan fund grant after the grant is closed out.

Further discussion occurred.

Director Howe inquired as to whether the District could offer both programs; the District's current Economic Development Grant Program and the USDA REDLG Program.

Kline responded by stating that the Board of Directors can choose what they want the District to participate in.

Director Smith commented that he already has an issue with the District's current Economic Development Grant Program using customer funding.

Director Smith feels that as long as the REDLG Program does not get expensive it may be beneficial for the District to assist local businesses in economic development and job creation. However, some of the financing numbers Director Smith is seeing is way above what the District should be involved in. He is leery about the loan side of the program.

Kline suggested that staff obtain more information on the REDLG Program for the Board to consider.

Foster asked if there is statistical information on a nation-wide basis on non-repayment under this loan program?

Hoey is not aware of what type of data is available.

Huffman will investigate statistical information on non-repayment under the REDLG Program. Huffman encourages the District to submit the letter seeking the District's eligibility status to access the federal REDLG Program.

Director Gonser feels it is important for the District to get more information on the REDLG Program before making a decision. The District's focus has always been electricity. If this is something that the District can provide with little or no risk, this may be something that we may want to do.
***It was the consensus of the Board of Director to have staff continue to research the USDA Rural Economic Development Loan and Grant Program (REDLG)***.

Huffman will work with Hoey and Kline on providing additional information to the District on the loan and grant program.

**Asset Management Program Update:**

Asset/Program Manager and Engineering Team Lead Steve Horzynek presented a PowerPoint Presentation entitled “Asset Management Program, Our Journey So Far”. A copy of said PowerPoint Presentation is hereto attached and marked as Exhibit 2.

Some of the highlights of Horzynek’s presentation are as follows:

- The definition of Asset Management is “Asset management is the balance of performance, risk and cost to achieve an optimal solution with the goal of exceptional performance”.
- Tools and processes developed include:
  - **Finance**
    - Budget to Actuals Reporting
    - Capital Improvement Plan/Program (CIP)
    - Connection to Long Term Financial Plan (LTFP)
  - **Supply Chain**
    - Vendor Management
    - Warehouse Inventory Improvement/Cycle Counts
  - **Work Management**
    - Weekly Engineering & Operations (E&O) Coordination Meetings
    - Work Order & Service Order Improvements
    - Mobile Work Tools
    - Computerized Maintenance & Material Management (CMMS)
  - **Reporting Tools**
    - Key Performance Areas (KPA) & Indicators (KPI)
    - Dashboards (Report IQ & Quarterly)
- Asset management examples provided included the following:
  - Meter Replacement and AMI Project Launch
  - Pole Plant and Osmose Test/Treatment Program
  - RiverTrail Substation
  - Fleet Maintenance
  - Vegetation Management
  - Outage Management
  - Delivering Results
    - Safety Program
    - Reliable Public Power Provider (RP3)
Infrastructure Reinvestment

Some discussion occurred during Horzynek’s presentation after questions were raised by the Board of Directors and General Counsel Foster. The questions pertained to the District’s inventory process and if temperature is a factor of meter accuracy.

Chief Innovation Officer Titus provided the Board with several examples of infrastructure assets being tracked, which is improving the District’s ability to reduce losses on the electric system. The District has the ability, as needed, to add more specific fields to track a piece of infrastructure.

Director Gonser asked how many miles of underground transmission lines does the District have?

Titus stated that he will need to get back to the Board with that information. The information can be found in the District’s Annual Mile Wire Report.

Consideration and Adoption of Investment Policy and Portfolio Guidelines:

Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall stated that the Investment Policy and Portfolio Guidelines regulate the cash that the District has in reserves, both committed, restricted and uncommitted. The cash is invested in short term securities which are regulated by Oregon Revised Statutes. The District’s policy guides that in terms of our allocation of the investment, length of investment, and who the District does the investment with. Hall stated that periodically the policy is refreshed.

Hall has amended the policy to change who is the designated Portfolio Manager; from the Accounting and Customer Service Manager, a position that no longer exists, to the Chief Financial Officer (CFO), as shown in the first paragraph under the Authority Section. Hall noted that the only other change in the Policy is that the CFO is designated to manage the investment of funds, as shown in the fourth paragraph under the Authority Section.

Hall is recommending that the Board adopt the Investment Policy and Portfolio Guidelines as amended.

{}}

Consideration and Adoption of Revised Financial Reserve Levels:
Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall presented and discussed with the Board the PowerPoint Slide entitled “Electric LTFP – Projected Debt Service Ratio and Reserves & Cash”. A copy of said PowerPoint Slide is hereto attached and marked as Exhibit 3.

Some highlights of Hall’s presentation are as follows:

- Staff did a refresh of the Load Resource Expense (LRE) Model that governs all the District’s anticipated revenues from customer sales, retail sales, large customers, purchase power costs, assumption for BPA’s power costs, transmission costs, then it is layered into the Long Term Financial Plan (LTFP) Model where O&M (Operation & Maintenance) costs and capital spending are included.
- The PowerPoint Slide reflects a cash look and not an O&M look.
- It shows that the District is sitting above $24 million in reserves.
- The yellow line, as shown on the PowerPoint Slide, is the District’s debt service coverage ratio; the red line references what is the District’s debt service coverage as required by the bond covenant.
- The reason the line sags over time is because it assumes no rate increase over the next 10 years. This slide shows that the District’s costs are increasing for O&M and purchase power costs; no rate increase is reflected. This long-term planning tool will be used when the District begins looking at rates later this year.
- The District needs at least $1.75 of operating revenue or cash flow for every dollar of debt to meet the debt service ratio and to keep it at a Single A or better rating. Hall prefers to see that number north of $2.50 or better.
- The District’s debt service coverage ratio is only a reflection of our operating activity for that given year.
- The District’s reserves do not count towards that debt service coverage ratio.
- During the next three years, 2019-2021, the District will have almost $19.7 million of capital improvements as shown in the Capital Improvement Plan.
- Half of the District’s 10-year spending will occur in the first three years, after that it starts to level off which gives the reserves a chance to recover.

Some discussion occurred regarding the information provided in the Electric LTFP - Projected Debt Service Ratio and Reserves & Cash PowerPoint Slide.

Hall presented and explained the PowerPoint Slide entitled “2019 Reserve Review”. A copy of said PowerPoint Slide is hereto attached and marked as Exhibit 4.

Some of the highlights of Hall’s presentation are as follows:

- The District’s cash in hand is almost $4.3 million in uncommitted reserves, and about $2.2 million in positive net income was contributed to that amount in 2018.
This is the optimal time with the uncommitted reserves, before the District goes into a spending mode for capital, to refresh and to relook at our reserves and decide if the reserves should be increased. Since the District is starting to get positive cash flow this would be the time to look at reserves and to replenish them.

Staff has looked at the reserves and has done the recalculation as per the District’s Reserve Policy.

During Hall’s presentation several questions were raised by members of the Board of Directors regarding reserve levels and future borrowing.

Some discussion followed regarding future borrowing, the use of reserves for capital projects, and the potential to pay off debt in the future, sooner than scheduled.

Hall responded to a question from Director Williams by stating that the District would be looking at borrowing sooner if $1.9 million is taken out of uncommitted cash and put into the District’s reserves. The District has large capital outlay over the next three years for identified capital projects. Staff is looking at increasing the District’s reserves to handle any unforeseen event.

Further discussion occurred regarding the recommended reserve levels.

{{Director Howe moved to adopt Northern Wasco County People’s Utility District’s Financial Reserve Levels as presented and recommended by staff. Director Williams seconded the motion; it was then passed unanimously.}}

Consideration and Adoption of Customer Service Policy Amendment – Automated/Advanced Metering Infrastructure (AMI) Data:

Chief Innovation Officer Titus stated that the Board has been provided with his memorandum regarding the AMI deployment and customer data. One thing that has come forth is the fourth amendment regarding protecting the right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures.

Titus has included language within the proposed Policy as recommended by Cable Huston in a 2018 Northwest Public Power Association (NWPPA) Bulletin Magazine article which speaks to the Fourth Amendment of the United States Constitution. The District wants to ensure that we do not violate the Fourth Amendment for unreasonable searches and seizures.

General Counsel Foster stated that the proposed amendment to the Customer Service Policy was sent to him last week, but he was unable to review it fully until today. Foster’s only concern is in the third paragraph where it states, “Customer AMI
consumption data shall not be disclosed to third parties, other government entities, and law enforcement, except when such disclosure is required by law."

Foster stated as a result of the way in which this AMI consumption data will be received and put together, and then provided to the District; there will be third parties involved in that.

Foster recommends that the following language be added to Section (c) of the proposed policy after the words third parties: “unless such third parties have executed a non-disclosure or other like agreement with the District..."

Some discussion occurred regarding Foster’s suggestion to add language to acknowledge that third parties will have access to the consumption data under the AMI Project, but these third parties will be required to execute a non-disclosure or like agreement with the District.

Foster stated that the Board could by motion adopt the proposed amendment to the Customer Service Policy, including the suggested language.

{{Director Smith moved to adopt the amendments to the Customer Service Policy as discussed. Director Howe seconded the motion; it was then passed unanimously.}}

OLD BUSINESS

Director Gonser inquired as to what the District is doing in terms of Automated/Advanced Meter Infrastructure (AMI) installation.

General Manager Kline stated that the District received a registered letter from a customer, Abigail Roberts. Kline has seen that same letter, online, opposing AMI. It is worth noting that the individual had to hand write their customer number on the letter. There are a lot of mis-statements in Roberts’ letter.

Kline noted that staff was able to test the District’s AMI information sheet based on the statements in the customer letter. District customers are beginning to receive this AMI information.

Kline stated that staff does not recommend the adoption of an “opt out” policy, unless the Board recommends one.
Chief Innovation Officer Titus stated that the amendment to the Customer Service Policy, just passed by the Board of Directors, was to take care of some of the issues identified in the letter from Roberts.

Director Gonser does not support an opt out policy. Director Gonser had several people read the AMI information sheet; they thought it was well done and very informative.

Kline noted that the letter sent to the Board from Abigail Roberts becomes a part of the public record. Staff will continue our outreach and communications, which is a part of the District’s strategic objectives.

Director Smith asked for an update on the McNary Elevator Replacement Project.

Assistant General Manager/Director of Power Resources Kurt Conger responded by stating that there is nothing new on the McNary Elevator Replacement Project. The District will need to address both the elevator and stairs. The project is listed in the Capital Improvement Plan.

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**BOARD REPORTS / ITEMS FROM BOARD MEMBERS**

**Oregon People’s Utility Districts Association (OPUDA):**

Director Smith provided the following report on the recent Oregon People’s Utility Districts Association Board Meeting:

- Introductions were made for new Board Members.
- A discussion occurred regarding the upcoming Oregon Legislative Session.
- The discussion on “cap and trade” was very informative.

**Discussion on Board’s Involvement in Disconnects**

Chief Innovation Officer Titus provided to the Board a copy of a portion of Section 11 from the District’s Customer Service Policy entitled “Delinquent Accounts”. A copy of said Policy is hereto attached and marked as Exhibit 5.

Titus read a portion of the highlighted Policy. The question is what does “Board approval” mean.

Director Howe stated that he does not believe that the Board of Directors should be signing off on disconnects. He feels that it’s the General Manager or someone else’s job to do so.
General Manager Kline stated that he recognizes this past practice. The District considers excessive heat as well as cold weather when deciding to disconnect a customer's electricity. Kline noted that staff makes those decision; we talk about it collectively.

Some discussion occurred regarding the Board's involvement in disconnects.

Director Smith stated that he has signed off on disconnects in the past. If Director Smith sees something abnormal or a high bill, he'll refer it to someone on staff to investigate it. Director Smith has no problem with the Board's involvement in disconnects; he feels it is one of the Board's responsibilities.

President Karp has a question; "What is the Board supposed to be looking at when reviewing the disconnect listings?"

Director Gonser stated that the Board does not have criteria to sign off on disconnects. Director Gonser does not feel he has the background to do so.

General Counsel Foster commented that he does not feel this is at a policy level; the Board can delegate this responsibility to management.

Kline noted that from November to March and other times of the year, staff ensures that we do double checks when it's cold and/or hot. This is well with the preview of management.

Titus read a portion of the Oregon Administrative Rule (OAR) 860-021-0407 (1) which speaks to a moratorium on the disconnection of residential service for nonpayment on any day a high temperature of less than 32 degrees Fahrenheit is forecasted. This OAR applies to regulated utilities, which the District is not. The District could consider adopting similar language setting a standard of when disconnects could not be done.

Further discussion occurred.

Foster stated that he recommends the Board make a motion if the Board of Directors wishes to change the sign off requirements for delinquent accounts.

Director Gonser moved that the District is no longer required to have Board of Directors sign offs on disconnects. Director Howe seconded the motion.

Some discussion occurred.

Director Smith stated that he has no problem with the Board turning this responsibility over to staff.
The vote was called for. The motion passed unanimously.}

The Board is supportive of staff not shutting off customers’ electricity during extreme cold and/or hot weather.

President Karp asked why the Board votes on the check register.

Kline stated that there is a statutory provision under Oregon Revised Statutes that talks about the Board’s fiduciary responsibility.

Foster stated that historically this was an area in the Board Packet that sometimes took an hour. The Board, through their own discipline, decided that if a Board Member had a question, they would go to staff ahead of the meeting to have their questions answered.

Director Gonser stated that he likes to review the District’s checks and vouchers.

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<thead>
<tr>
<th>APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS</th>
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<tbody>
<tr>
<td>February 6, PPC Forum - Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams</td>
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<tr>
<td>February 7, PPC Executive Committee – Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams</td>
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<tr>
<td>February 15, OPUDA Board Meeting – Roger Howe, Clay Smith, Howard Gonser and Dan Williams</td>
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<tr>
<td>March 6, NRU Board Meeting - Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams</td>
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<tr>
<td>March 21, OPUDA Lobby Day – Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams</td>
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<td>March 22, OPUDA Board Meeting – Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams</td>
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<th>EXECUTIVE SESSION</th>
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<td>At 7:58 p.m. President Karp recessed the Regular Session to convene into Executive Session as authorized by ORS 192.660(2) (g) to consider preliminary negotiations</td>
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involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations.

Those present for the Executive Session included the Board of Directors; General Counsel James Foster; General Manager Roger Kline; Assistant General Manager/Director of Power Resources Kurt Conger; Chief Innovation Officer Paul Titus, Key Accounts Manager Justin Brock; and Executive Assistant Kathy McBride.

At 8:23 p.m. President Karp convened the Board into Executive Session as authorized by ORS 192.660 (2)(i) to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing evaluation of chief executive officer.

Those present for this portion of the Executive Session included the Board of Directors; General Counsel James Foster; General Manager Roger Kline; and Executive Assistant Kathy McBride

At 8:32 p.m. the Board adjourned from Executive Session to return to Regular Session.

There being no further business the meeting adjourned at 8:33 p.m.

ATTEST:

[Signature]
President

[Signature]
Secretary
Rural Economic Development Loan and Grant Program (REDLG)

Financing to eligible intermediaries to promote rural economic development and job creation projects.

Grants establish revolving loan funds

Loans passed through to businesses

ELIGIBLE APPLICANTS:
Approved Rural Electric Providers, Municipalities that provide electric services, and Rural Telecommunication Providers.

Contact the USDA Rural Development State Office for the State where the Project will be located. A list of the USDA Rural Development State Office contacts can be found at: http://www.rd.usda.gov/contact-us/state-offices

USDA Rural Development’s Rural Economic Development Loan and Grant Program promotes rural economic development projects which create and/or save jobs.

ELIGIBLE PROJECTS INCLUDE:
- Educational facilities and equipment including distance learning
- Facilities and equipment to provide medical care including upgrades to electronic medical record systems
- Community facility projects that create or save employment
- Business incubators
- Advanced telecommunications and computer networks for medical, educational and job training services
- Business expansions and start-ups, including real estate, buildings and equipment

LOAN TERMS:
- Maximum 10 Year Loans
- 0% Interest rate
- 20% Matching requirement

MAXIMUM LOAN: $2,000,000
MAMIMUM GRANT: $300,000
Asset Management Program
Our journey so far...
Steve Horzynek, Asset/Program Manager & Engineering Team Lead
Asset Management

Definition:
Asset management is the balance of performance, risk and cost to achieve an optimal solution with the goal of exceptional performance.
4 Questions:

• How do we interact with customers from an infrastructure perspective?
4 Questions:

• How do we interact with customers from an infrastructure perspective? Meters, Outages (planned, unplanned), buildings, bill presentment, vehicles, electronically
4 Questions:

• How do we interact with customers from an infrastructure perspective? Meters, Outages (planned, unplanned), buildings, bill presentment, vehicles, electronically

• What do we own?
4 Questions:

• How do we interact with customers from an infrastructure perspective? Meters, Outages (planned, unplanned), buildings, bill presentment, vehicles, electronically

• What do we own? Substations, Hydro Generators, Transmission/Distribution Equipment, Office Facilities, Information Technology and Mobile Equipment.
4 Questions:

• How do we interact with customers from an infrastructure perspective? Meters, Outages (planned, unplanned), buildings, bill presentment, vehicles, electronically

• What do we own? Substations, Hydro Generators, Transmission/Distribution Equipment, Office Facilities, Information Technology and Mobile Equipment.

• What are the cost/benefits of the decisions we make?
4 Questions:

- **How do we interact with customers from an infrastructure perspective?** Meters, Outages (planned, unplanned), buildings, bill presentment, vehicles, electronically

- **What do we own?** Substations, Hydro Generators, Transmission/Distribution Equipment, Office Facilities, Information Technology and Mobile Equipment.

- **What are the cost/benefits of the decisions we make?** Life-cycle, Extreme- replace everything & UG. Selective- Run-to-fail, Time-Based, Reliability-Centered (RCM)
4 Questions:

• **How do we interact with customers from an infrastructure perspective?** Meters, Outages (planned, unplanned), buildings, bill presentment, vehicles, electronically

• **What do we own?** Substations, Hydro Generators, Transmission/Distribution Equipment, Office Facilities, Information Technology and Mobile Equipment.

• **What are the cost/benefits of the decisions we make?** Life-cycle, Extreme- replace everything & UG. Selective-Run-to-fail, Time-Based, Reliability-Centered (RCM)

• **Do we have the right people, skills and attitudes?**
4 Questions:

• **How do we interact with customers from an infrastructure perspective?** Meters, Outages (planned, unplanned), buildings, bill presentment, vehicles, electronically.

• **What do we own?** Substations, Hydro Generators, Transmission/Distribution Equipment, Office Facilities, Information Technology and Mobile Equipment.

• **What are the cost/benefits of the decisions we make?** Life-cycle, Extreme- replace everything & UG. Selective-Run-to-fail, Time-Based, Reliability-Centered (RCM).

• **Do we have the right people, skills and attitudes?** Insourse/Outsource, Standard Operating Procedures (SOP’s), Training & Development Programs, Performance Management.
Tools & Processes Developed

• Finance
  – Budget to actuals reporting
  – Capital Improvement Plan/Program (CIP)
  – Connection to Long Term Financial Plan (LTFP)

• Supply Chain
  – Contract/Vender management
  – Warehouse Inventory Improvement/Cycle Counts

• Work Management
  – Weekly Engineering & Operations (E&O) coordination meetings
  – Work Order & Service Order improvements
  – Mobile Work tools
  – Computerized Maintenance & Material Management (CMMS)

• Reporting Tools
  – Key Performance Areas (KPA) & Indicators (KPI)
  – Dashboards (Report IQ & Quarterly)
Example #1

- Meter replacements and AMI Project launch
- Age of Meter Plant
- Accuracy of Meter Plant
- Recognition that Meter is point of contact to all interactions with NWCPUD (billing, outages, future technology opportunities)
“Age of meter does contribute to the decline of accuracy over time. Potential of not metering accurately and capturing the all of the energy consumption” P. Titus, 2017
Example #2

- Pole plant and Osmose Test/Treatment Program
- Age of Pole Plant
- Lack of data to support delayed replacement decisions
- Recognition that failed pole outages negatively impact NWCPUD in many ways (example joint-use = revenue)
Pole Plant
Example #3

- RiverTrail Substation
- Load growth in specific geographic area
- Ability to reduce load on other substations
- Economic development opportunity
Other Examples

- Fleet Maintenance
- Vegetation Management
- Outage Management
Delivering Results

- Safety Program
- Reliable Public Power Provider (RP3)
- Infrastructure Reinvestment
DART rate = Total number of recordable injuries and illnesses, or one or more Restricted Days that resulted in an employee transferring to a different job within the company x 200,000 / Total number of hours worked by all employees.
Incident rate = Total number of all cases x 200,000 / Total number of hours worked by all employees
What is the RP3 program?

RP3 is the regular operational check-up your utility needs in four critical areas.

- **Reliability**: Show that you provide reliable day-to-day service. Collect and analyze reliability data, have a mutual aid agreement, put in place a system-wide disaster management plan, and ensure the proper cyber and physical security measures are in place.

- **Safety**: Implement a safety culture that starts at the top and diffuses through all personnel and services. Benchmark safety metrics, focus on frontline workers, and implement rigorous safety training. Prove that you use an accepted safety manual and follow safe work practices throughout your

- **Workforce Development**: Offer staff training through workshops, college courses, and in-house programs. Give your team members opportunities to network with peers from across the nation and hear from experts. Encourage them to join state, regional, and national committees.

- **System Improvement**: Demonstrate stewardship of utility assets to maintain system integrity. Initiate programs for system improvement and future proofing. Participate in research and development, implement system planning and improvement projects, and focus on long-term utility financial health.
## Infrastructure Reinvestment

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets (in $)</th>
<th>Net Assets (in $)</th>
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<tbody>
<tr>
<td>2009</td>
<td>60,264,489</td>
<td>31,456,729</td>
</tr>
<tr>
<td>2010</td>
<td>61,763,951</td>
<td>31,383,667</td>
</tr>
<tr>
<td>2011</td>
<td>62,531,211</td>
<td>30,377,234</td>
</tr>
<tr>
<td>2012</td>
<td>63,543,464</td>
<td>29,536,363</td>
</tr>
<tr>
<td>2013</td>
<td>64,366,355</td>
<td>28,715,490</td>
</tr>
<tr>
<td>2014</td>
<td>63,623,928</td>
<td>28,095,284</td>
</tr>
<tr>
<td>2015</td>
<td>66,272,657</td>
<td>28,602,522</td>
</tr>
<tr>
<td>2016</td>
<td>84,620,047</td>
<td>43,287,000</td>
</tr>
<tr>
<td>2017</td>
<td>86,196,580</td>
<td>44,167,985</td>
</tr>
<tr>
<td>2018</td>
<td>90,550,031</td>
<td>46,618,782</td>
</tr>
</tbody>
</table>

% Not Depreciated:
- 2009: 52.2%
- 2010: 50.8%
- 2011: 48.6%
- 2012: 46.5%
- 2013: 44.6%
- 2014: 44.2%
- 2015: 43.2%
- 2016: 51.2%
- 2017: 51.2%
- 2018: 51.5%

**NOTE:** 2016 reflects an accounting correction to not net CIAC to Assets.
Questions?
Assumes: 1. No future Diversified rate changes. 2. No future NLSL load growth for Primary customers beyond 2021.
## 2019 Reserve Review

### Reserve Policy Calculations

<table>
<thead>
<tr>
<th>Per Proposed Policy Currently in Reserve</th>
<th>Restricted Reserves:</th>
<th>Total Actual Cash on hand</th>
<th>Staff Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>Rate Stabilization Fund</td>
<td>4,600,000</td>
<td>4,600,000</td>
</tr>
<tr>
<td></td>
<td>2016 Bond Reserve Fund</td>
<td>796,175</td>
<td>796,175</td>
</tr>
<tr>
<td></td>
<td>Construction Funds - 2016 Bond</td>
<td>2,617,277</td>
<td>2,617,277</td>
</tr>
<tr>
<td></td>
<td>Total Restricted Reserves</td>
<td>$8,013,452</td>
<td>$8,013,452</td>
</tr>
<tr>
<td>Contingency &amp; Emergency</td>
<td>Working Capital</td>
<td>2,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td></td>
<td>Contingency</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>Hydro Operations</td>
<td>578,987</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>Hydro O&amp;M (TD)</td>
<td>500,098</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>Hydro O&amp;M (MCN)</td>
<td>986,931</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>Capital</td>
<td>500,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>Market Security</td>
<td>3,500,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td></td>
<td>OPEB Liability</td>
<td>303,676</td>
<td>303,676</td>
</tr>
<tr>
<td></td>
<td>Customer Deposits</td>
<td>3,989,519</td>
<td>3,989,519</td>
</tr>
<tr>
<td></td>
<td>2016 Bond Debt Service</td>
<td>26,250</td>
<td>26,250</td>
</tr>
<tr>
<td></td>
<td>Total Committed Reserves</td>
<td>$11,898,432</td>
<td>$13,819,445</td>
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<tr>
<td>Capital</td>
<td>1,811,001</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Committed Reserves:</td>
<td>$19,911,884</td>
<td>$21,832,897</td>
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<tr>
<td>2% of Current Year Plant in Service</td>
<td>Hydro O&amp;M (TD)</td>
<td>500,098</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hydro O&amp;M (MCN)</td>
<td>986,931</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market Security</td>
<td>3,500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OPEB Liability</td>
<td>303,676</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer Deposits</td>
<td>3,989,519</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016 Bond Debt Service</td>
<td>26,250</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Uncommitted Reserves:</td>
<td>$4,294,653</td>
<td>$2,373,640</td>
</tr>
<tr>
<td></td>
<td>Total Reserves:</td>
<td>$24,206,537</td>
<td>$24,206,537</td>
</tr>
<tr>
<td>Market Security</td>
<td>3,500,000</td>
<td>3,500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Reserves:</td>
<td>$13,888,132</td>
<td>$12,178,987</td>
</tr>
</tbody>
</table>

### Actual vs. Recommended

- **Uncommitted Reserves:** $4,294,653 vs. $2,373,640
- **Total Reserves:** $24,206,537
C. **Time Payment Agreements – Single Phase and Three Phase Customers:**
A minimum time payment agreement shall require a monthly payment of at least $15.00 or 15% of the past due balance, whichever is greater, in addition to payment of the current bill by the due date. This agreement will be effective until the past due balance is paid in full.

Customers who fail to keep a signed agreement will be mailed a “3-Day Disconnect Notice,” will receive one collection point, and will be required to pay any balance by the third day after mailing of the notice. At the time of disconnect, an attempt will be made at the service location to contact the Customer. If contact is not made, a notice of the action will be left attached to the primary door of the residence, see Rate Schedule 700 for applicable collection charges. The District is required to offer the minimum time payment agreement only once.

11. **DELIQUENT ACCOUNTS**
An account is delinquent if unpaid 16 days after the date of billing. On the monthly billing, the District will show any past due balance. If a past due balance does appear, it must be paid within 4 business days of the billing date in order to avoid a “Notice of Intent to Disconnect” and one collection point.

Should the bill remain unpaid on the 4th business day after mailing of the Notice of Intent, the PUD may terminate the service. An attempt will be made to contact the customer at this time, but if contact is not made, a notice of the action will be left attached to the primary door of the residence, see Rate Schedule 700 for applicable collection charges. Said notice shall advise the customer of the payment necessary to reconnect service.

Service will not be disconnected for non-payment on the day before a weekend, State or Federal holiday, or the day prior to a District-observed holiday.

The period from November 1st to March 15th has been designated as the “cold weather period.” During the cold weather period, residential single phase and three phase customers will have service terminated only with Board approval. This rule and any other adopted by the District making allowances for cold weather periods will not apply to non-residential accounts.

If a check received for payment on a delinquent account is returned by the bank, the PUD will serve a door tag notice allowing (2) business days before disconnection. If the customer pays at the time of shut off with a check that is returned by the bank, electric service will be immediately terminated.

Acceptance of partial payments in the past shall not preclude the District’s right to require full payment upon demand in the future.