NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT
REGULAR SESSION
MAY 5, 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 being conducted by webinar:

Counsel: James Foster

NWCPUD Staff: General Manager Roger Kline; Assistant General Manager/Director of Power Resources Kurt Conger; Principal Engineer/Chief Innovation Officer Paul Titus; Operations & Engineering Manager Pat Morehart; Asset/Program Manager Steve Horzynek; Operations Supervisor Ed Ortega; Energy Management Program Manager Travis Hardy; Corporate Services Director Cyndi Gentry; CFO/Director of Finance & Enterprise Risk Harvey Hall; Key Accounts Manager Justin Brock; Senior Financial Analyst Lana Egbert; Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers; Joint Use & Regulatory Compliance Manager Tom McGowan; Senior Financial Analyst Amy Augustus; System Administrator Jon Schellinger; and Executive Assistant Kathy McBride

Registered Participant/Attendees: Keith Simovic, Moss Adams; John Amery; and Matthew Klebes.

President Howe turned the meeting over to General Manager Roger Kline.

PUBLIC COMMENT PERIOD

General Manager Roger Kline stated that the Board of Directors received public comments, by email, from the following individuals regarding the District’s Economic Development Grant Program: Steve Lawrence, Philip Mascher, Serena Smith, Kathleen Kelsay, Jenny Loughmiller, City of The Dalles Mayor Rich Mays, Ryan Rooper, Matthew Klebes, Brian Lauterbach, and Dan Durow. Copies of these public comments are hereto attached and marked as Exhibit 1.
Director Gonser asked a question regarding the public comments received.

Kline stated that he will be requesting that his recommendation to suspend the award of the District's 2020 Economic Development Grants be moved under New Business. His recommendation and the public comments received can be considered by the Board of Directors at that time.

**REQUESTS FOR ADDITIONS OR DELETIONS TO AGENDA**

General Manager Roger Kline requested that the Board relocate on the Agenda Items F. Consideration of General Manager's recommendation to discontinue the award of 2020 Economic Development Grants, and G. Consideration and approval of Resolution #05-2020 declaring its intention to draw down $4 million from the line of credit with Cashmere Valley Bank, and that these two items be moved under Item J. New Business.

There were no other suggested changes to tonight's Agenda.

President Howe agreed that Items F. and G. be relocated to Item J. New Business.

**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 March 3, 2020
- Special Session Minutes of April 1, 2020
- February Outage Report
- March Outage Report
- February Energy Management/Marketing Report
- March Energy Management/Marketing Report
- February Checks/Vouchers
- March Checks/Vouchers
- Revised January KWH Report
- February Financial Report
- March Financial Report
The Board considered the approval of the May 5, 2020 Consent Agenda.

```
{{Director Gonser moved to approve the May 5, 2020 Consent Agenda as presented. Director Karp seconded the motion; it was then passed unanimously.}}
```

### 2019 AUDIT REPORT BY MOSS ADAMS

Keith Simovic from Moss Adams, District Auditor, presented a PowerPoint Presentation entitled “Northern Wasco County People’s Utility District, Fiscal Year 2019 Audit Results”. A copy of the PowerPoint Presentation is hereto attached and marked as Exhibit 2.

Some of the highlights from Simovic's presentation are as follows:

- The Independent Auditors’ Report on the financial statements of the District includes the 401(k) Plan. Said inclusion is a requirement under GASB 84 Fiduciary Activities, which became effective this year.
- Compliance Reports are included in the Audited Financial Statements for different items which are required by the State of Oregon.
- One of the areas that the auditors spend a lot of time on is public procurement. The District’s auditor needs to state in the audit whether the District is compliant with state procurement requirements.
- The other area is the summary of revenues and expenditures.
- The critical audit areas included:
  - Cash and investments
  - Plant assets
  - Fiduciary Fund – 401(k) Plan
  - IT security and access
  - Industrial revenues including hand-billed calculations
- The District received an unmodified (clean) opinion by Moss Adams on its financial statements; free of material misstatements.
- There were no findings in the Oregon Minimum Audit Standards Report; no instance where the District was not following state requirements.
- No audit adjustments were made to the District’s 2019 financials.
- Representatives from Moss Adams had no disagreements with management, nor any difficulty in performing the audit.
- No material weaknesses were noted.
- Moss Adams has several best practices recommendations for the District. They are as follows:
  - Plant Assets
    - Review listings of open work orders that haven’t had charges in more than 60-90 days.
IT User Access Reviews

- Establish and document periodic review of system user access.
- Implement controls to review audit logs of changes made by users with privileged system access.

- These best practices recommendations have been shared with the District’s Audit/Risk Committee.
- New accounting standard GASB 84 addresses accounting and financial reporting for fiduciary activities. GASB 84 is effective for the 2019 financial statements; changes are expected for 2020 financial statements.
- New accounting standard GASB 87 addresses account and financial reporting for leases. GASB 87 will be effective for the 2020 financial statements; the requirements are likely to be delayed until 2021.

Simovic noted in closing that the audit progressed on time. Requested schedules and draft financial statements were received on a timely basis. All District personnel across all departments were courteous, responsive, and fulfilled all of Moss Adams requests. Director Gonser stated that he appreciates Simovic’s comments; great report.

CFO/Director of Finance & Enterprise Risk Harvey Hall stated that staff has prepared for the Board’s consideration Resolution #07-2020 in the matter of accepting the 2019 Financial Audit prepared by Moss Adams on behalf of Northern Wasco County People’s Utility District. Hall is recommending that the Board approve the Resolution which adopts the 2019 Financial Audit Report as presented.

General Counsel James Foster recommended, since there is no visual view of the Board, that President Howe go through each Board Member by name to hear their vote when the Board is voting to be sure that the record is reflected appropriately.

```
{{Director Williams moved to approve Resolution #07-2020 in the matter of accepting the 2019 Financial Audit prepared by Moss Adams on behalf of Northern Wasco County People’s Utility District. Director Jacobson seconded the motion; it was then passed unanimously.}}
```

General Manager Roger Kline stated that the Audit was well done. He appreciates staff’s hard work.

CONSIDERATION AND ADOPTION OF POLE CONTACT RATES

CFO/Director of Finance & Enterprise Risk Harvey Hall stated that staff is recommending that the Board consider amending and establishing rates for Wireline (Communication Conductor Attached to Pole), and Wireless (Communication Antenna Attached to Pole). Hall noted that Joint Use & Regulatory Compliance Manager Tom McGowan furnished a lot of data to the Finance Department and Senior Financial
Analyst Lana Egbert put together the calculation and formula to establish the proposed rates which are before the Board at this time.

Hall noted that the calculations show, as follows, an annual rate decrease for the Pole Attachment Rental Rates, formerly known as Pole Contact Rates, effective July 1, 2020:

- Compliant Rate from $15.10 to $14.37 per contact
- Non-Complaint Rate from $17.88 to $16.80 per contact

Hall stated that the proposed new rate is the Wireless Rate. This rate is unlike the Wireline Rate. The Wireless Rate does not have a prescribed methodology to establish the rate. Staff is proposing that the Wireless Rate of $1,341.95 be established.

Hall informed the Board that McGowan and Egbert worked together to develop the Wireless Rate. There were some back and forth conversations with the Oregon Public Utility Commission (PUC).

Joint Use & Regulatory Compliance Manager Tom McGowan stated that the District has developed wireless standards and specifications. An agreement has been developed and finalized. A rate now needs to be established. There is no prescribed methodology to establish such a rate.

McGowan informed the Board on how the Wireless Rate was developed to come up with a proposed rate of $1,341.95 per year, per antenna. He noted that the District's specifications and standards allow for one antenna on a pole. All other equipment will be placed in the right-of-way, which requires permission from the City of The Dalles.

{{Director Gonser moved to approve Resolution #06-2020 in the matter of adopting an Amended Pole Attachment Rental Rate Schedule, formerly known as Pole Contact Rate Schedule; said Schedule to become effective on July 1, 2020. Director Jacobson seconded the motion; it was then passed unanimously.}}

2020 QUARTER 1 REPORT

General Manager Roger Kline stated that Executive Assistant Kathy McBride included in the Board Packet the various dashboards that are mentioned in his 2020 Organizational Performance Update and Quarter 1 Results memorandum. A copy of Kline's memorandum is hereto attached and marked as Exhibit 3.
Kline noted that it was his intention to get the Board use to clicking on the attached links within his memorandum to find all of the available data within the dashboards and the tools that are being used.

Kline took a moment to click on the various links within his memorandum to show the Board the information that they can obtain from these dashboard links.

Kline provided the following report for 2020 Quarter 1:

- The District’s Key Performance Indicators (KPIs) are all moving in the right direction.
- Management acknowledges that our safety training completion rate is not where we want it to be.
- During the first quarter the COVID-19 Pandemic happened which changed how a lot of businesses perform. Safety training was previously provided onsite but is now being done remotely.
- Kline feels staff has performed admirably during this Pandemic.
- The 3% Pilot/CILT (payment in lieu of taxes/contribution in lieu of taxes) KPI will now be reported as a dollar figure rather than saying we are going to provide the 3% as part of our franchise agreement to the various cities (The Dalles and Dufur).
- The graph shown in Kline’s memorandum illustrates the amount of Contract (Franchise) Fees paid to the City of The Dalles from 2009 through 2019.

Some discussion occurred regarding the franchise fee, which is paid to the City of The Dalles, after a comment was made by Director Gonser regarding the franchise fee information being provided to District customers.

Kline will work with the Board to determine how best to share the amount of money that is paid to the cities under the Franchise Fee Agreements.

General Counsel James Foster stated that the amount paid to the City of The Dalles by the District represents 2% of the City’s annual budget.

Director Jacobson pointed out that the District has customers who do not live within the City of The Dalles and who do not see the benefit of this franchise fee payment.

Kline noted that the District also makes a franchise fee payment to the City of Dufur, which is much smaller than the payment made to the City of The Dalles.

In response to Director Jacobson’s comment; Kline stated that he has had a similar conversation with Director Williams since Williams does not live within the city either.
Kline noted that the District elevated our Pandemic Management Plan to Phase 3 closing the office to the public on March 15, 2020. The closure changed how our customers interact with staff.

Kline stated that since his memorandum and the Board Packet were prepared the data shows that the number of customers coming to the office has decreased since the office was closed to the public. While the District’s mobile app, web portal, and the Interactive Voice Response System (IVR) use has increased. Kline feels this is a good reminder of the positive response to the infrastructure and technology investments that have been made in the District.

Kline stated in closing that a lot of good work is happening in support of our customers and the community.

NEW BUSINESS

ERM Top 10 Risk Inventory:

CFO/Director of Finance & Enterprise Risk Harvey Hall presented a PowerPoint Presentation entitled “2020 Risk Inventory Review”. A copy of Hall’s PowerPoint Presentation is hereto attached and marked as Exhibit 4.

Highlights of Hall’s presentation are as follows:

- Hall, Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers, and Senior Financial Analyst Lana Egbert went out and inventoried what risks the District has. Risks were identified, assessed, and then ranked. A questionnaire and an interview process with the General Manager and Department Managers were used in the risk inventory process.
- Each Department Manager was asked to identify what their top three to five risks were within their Department. The questionnaire asked a series of questions to identify the likelihood of the risk occurring, the probability of it occurring, and the time frame when it would occur.
- The impact of the risk was looked at as follows:
  - Minor event - $0 to $50,000
  - Significant event – $50,000 to 500,000
  - Critical event - $500,000 to $1,000,000
  - Catastrophic event – over $1,000,000
- A report will be provided to the Board showing the identified risks, how significant the risks are to the District, and what staff is doing to manage those risks.
- The top 10 risks were provided to the Board in the PowerPoint Presentation. Hall noted that these are not all of the risks that have been identified by staff.
The District’s Audit/Risk Committee consists of Director Roger Howe, Director Connie Karp, General Counsel James Foster, Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers, Senior Financial Analyst Lana Egbert, and CFO/Director of Finance & Enterprise Risk Harvey Hall.

The Audit/Risk Committee, at their recent meeting, heard an audit presentation from Keith Simovic, Moss Adams. At this meeting the Committee went through in detail the questionnaires and the description of the identified risks.

Questions were raised during the meeting by Audit/Risk Committee members. A reassessment of Identified Risk #9 Employee Complaint was suggested. Risk #9 was reevaluated down after determining that the impact to the District would be lower since a lot of the risk is covered by the Special Districts Association of Oregon (SDAO), District Insurance Carrier.

A heat map illustrating the top 10 identified risks was provided in the presentation. The heat map was created by Key Accounts Manager Justin Brock.

Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers stated that these risks are in a mitigated state. There are some mitigated activities in place. The Board needs to look at whether there is additional mitigation that is needed. Director Gonser felt staff did a really good job, especially for the first time of going through this risk assessment process. He feels it is only going to get better as you further refine the process.

Some discussion occurred after questions were raised by Directors Gonser and Howe.

Hall responded by stating that this is staff’s first cut. The risk assessment will be refreshed and reviewed annually. More processes will be implemented to better manage the risk. During this fall’s budget process, the risk assessment will be refreshed and brought back before the Board of Directors.

The Board was encouraged to provide staff with any risk that they have identified that should be included in the District’s Risk Inventory.

General Counsel James Foster stated that it is important to let the Board know that there were about 20 risks identified. Out of these 20 risks, the top 10 risks were then identified. Foster stated that these 10 risks were not the only risks considered by staff and looked at by the District’s Audit/Risk Committee.

Powers will put together a document on how the identified risks were evaluated and ranked.

CONSIDERATION AND APPROVAL OF RESOLUTION #05-2020 DECLARING ITS INTENTION TO DRAW DOWN $4 MILLION FROM THE LINE OF CREDIT WITH CASHMERE VALLEY BANK
CFO/Director of Finance & Enterprise Risk Harvey Hall discussed staff's recommendation for the Board to authorize the General Manager and Chief Financial Officer to draw on the balance of the $4 million of the credit facility with Cashmere Valley Bank to help fund capital improvement projects over the next two years.

Some highlights of Hall's presentation are as follows:

- The District will utilize reserves and borrowed funding to support the identified capital improvement projects.
- The District currently has a $2.6 million balance of funds for capital work.
- Staff forecasts that the $2.6 million in funds will not be enough to cover the required capital work in 2020.
- To fund the required capital work in 2020 and into 2021, will require the District to draw on the balance of the $4 million left in the line of credit with Cashmere Valley Bank.
- To fund capital work beyond the required work listed would require another line of credit or borrowing facility.
- To have a second additional facility ready for 2021, staff would need to begin work this summer.

To better understand what funding level is required, the PowerPoint slide was referred to which is entitled "Capital Asset Risk Scoring". A copy of said PowerPoint slide is hereto attached and marked as Exhibit 5.

Hall stated that the District is looking at the current Capital Improvement Plan; a total of $11.7 million in capital projects are included in the plan. There is a little over $7 million in project costs beyond what has been saved.

Hall noted that Engineering, Operations, Finance, and the General Manager have reviewed the Capital Improvement Plan. Principal Engineer/Chief Innovation Officer Paul Titus was the lead on scoring the listing of capital projects.

Principal Engineer/Chief Innovation Officer Paul Titus stated that the spreadsheet, as shown on the PowerPoint slide, indicates the capital improvement projects within the plan over the next two years. Staff looked at the health of the asset, the probability of failure, consequences of failure, safety, and compliance.

Titus went over and discussed with the Board the capital projects as shown on the PowerPoint slide and how the projects were ranked. He noted that some projects can be deferred, but the need for the projects will not go away.
General Manager Roger Kline stated that the deferment of a capital project is a choice. Staff defers the projects that we feel the most comfortable with. The project does not go away even if the project does not make the funding list.

Kline noted that if he brought up the Ten-Year Capital Improvement Plan it would list over $60 million in projects. Staff reviews the plan each year to determine what projects can we execute, and what projects has the highest need. We try to construe it as to what we can afford to do. We use our professional staff to help determine the projects that must be completed.

Kline stated that it is not easy to see over $11.6 million in need but know that there is not that much in resources. Staff is making priority and risk-based decisions on the District’s infrastructure.

Hall stated that the District has listed $11.6 million in capital improvements over the next two years; $6.3 million in required work in 2020 and 2021, $2.6 million in possible work, and $2.7 million in work to be deferred beyond 2021. The work being deferred is still required.

Hall stated possible ways to cover these expenses would be to borrow money, use District reserves, or utilize funding from the District’s current spending. The first three months of the year the District is just breaking even. The District is facing a rate deferral, and a slowdown in revenue and capital work. The District will need to depend upon borrowed funds to maintain the spending pace to meet our capital expenditure needs.

Hall noted that the District has $3.8 million in required work that needs to be done this year with only $2.6 million left from the $6 million borrowed from the $10 million line of credit with Cashmere Valley Bank. The District will run out of funds for capital projects by summer.

Hall informed the Board that the District was able to refinance the interest rate on our existing $6 million draw, which closed on April 30th. Staff was able to save $80,000 over the life of the loan for the next nine years. It cost the District $9,000 to get that done. A net savings of $71,000 is being realized over the next nine years. Within the next four years the District will realize $50,000 of the savings. The interest rate went from 2.75% to 2.45% in the first five years. That is the current rate that is available. First 5 years would be 2.45% and the second five years would be 2.75%

Hall noted that funding right now is very accessible and low cost. If the Board approves drawing down the remaining $4 million from the line of credit with Cashmere Valley Bank the annual debt service would average an additional $460,000 per year over the next ten years to cover that obligation. The added debt would increase the District’s
Debt to Asset Ratio from a current 30.8% to an estimated 34.8% as compared to the American Public Power Association (APPA) average of 43.3% for comparable utilities. The District’s Debt Service Coverage Ratio would decrease from a current 6.2 to an estimated 5.4 compared to the District target of 1.75.

Hall stated that the District continues to do quite well. The District is well in excess of our target measures, and bond and debt obligations. Staff is able to manage and service that debt effectively and efficiently.

{{Director Jacobson moved to approve Resolution #05-2020 in the matter of declaring its intention to draw down $4 million from the Line of Credit with Cashmere Valley Bank. Director Gonser seconded the motion; it was then passed unanimously.}}

Hall noted in closing, that drawing down the $4 million from the line of credit will provide the District with funding to cover the $6.6 million which is enough to cover the required work. There is, however, additional work that is needed, which staff will continue to monitor. In the future, Hall will bring before the Board the financial position of the District and how the identified work can be funded.

CONSIDERATION OF GENERAL MANAGER’S RECOMMENDATION TO DISCONTINUE THE AWARD OF 2020 ECONOMIC DEVELOPMENT GRANTS

General Manager Roger Kline stated that his recommendation to discontinue the award of the 2020 Economic Development Grant Program is not a simple recommendation to make.

Kline referred the Board to his memorandum regarding the 2020 Economic Development Grants. A copy of said memorandum is hereto attached and marked as Exhibit 6.

Kline stated that the Board has been generous providing Economic Development Grants to the community for bricks and mortar type projects. The District did receive three Economic Development Grant Applications from organizations with a need that Northern Wasco County People’s Utility District wants to support.

Kline noted that the Board and staff at the Special Session in April talked about what are the economics of the community and what they are expected to be. Due to the COVID-19 Pandemic, and the sudden financial hardships being realized in our community, the Board postponed the planned 3.8% rate action for one-year reducing the District’s retail revenue budget by $650,000. Staff is reassessing the Capital Improvement Plan for 2020 and 2021 as a result of the Board’s action to postpone the
rate action. Staff is also reviewing and reprioritizing all Operations & Maintenance (O&M) budgets.

Kline stated from his perspective is that the District’s primary duty is to support our customers for safe and reliable electrical service. There is a need on the resource side for capital projects. His recommendation is to use the $50,000 in funding, originally budgeted for the Economic Development Grant Program, for customer supported programs.

Kline noted that the Board already approved a funding request from The Dalles Riverfront Trail Committee for $50,000 in funding to repair and reseal the Riverfront Trail.

Kline felt it was important to have the Board consider his recommendation in light of the other conversations that the Board has heard tonight, and to recognize the financial position of the District and the community.

Kline noted that Director of Corporate Services Cyndi Gentry prepared a chart showing the dollar amount of customer accounts in arrears from this time last year, three months ago, and then today. It is not a huge sum of money. However, it is a drastic change in the numbers over a month’s time, from February to March 2020.

Kline noted that the District has only been through one billing cycle. Kline stated that our concern is for our customers to be able to pay for their electric service when it becomes due. After this Pandemic subsides, Kline’s concern is whether this is an early indicator of what is to come. Kline is appreciative of the Board’s support for the District saying we are not going to disconnect electric service or assess late fees.

Director Williams stated that we are just seeing the tip of the iceberg. The District’s revenue has been reduced by $650,000 by the Board delaying the date when the rate increase would become effective. We have no clue on how much more the District’s revenue is going to decrease due to the financial condition of our ratepayers. The current amount of money in account arrears could increase drastically by the end of the month.

Director Williams stated that he feels it is necessary that the District minimize our expenses as much as possible. He sees the suspension of the 2020 Economic Development Grant Program fitting right in with what the District is doing with capital expenditures and O&M (Operations & Maintenance) expenses.

Director Jacobson moved to approve Resolution #08-2020 in the matter of accepting the recommendation of the General Manager to suspend the Economic Development Grant Award for 2020. Director Williams seconded the motion.
Discussion occurred.

Director Jacobson stated as a consumer owned utility the Board of Directors’ duties are to our consumers. The funds allocated to the Economic Development Grant Program can be better spent on some of the District programs that assist our customers.

Director Gonser stated that he does not think there is any question on what needs to be done. He feels terrible that the District had already advertised for this year’s grant applications. No one knew that the COVID-19 Pandemic would strike. We need to look at the bigger picture. Director Gonser stated that he hates to do this, but he does not feel the Board has a choice.

Director Karp agreed with the comments made. It was unfortunate that we went through this process; the timing was not good for us to know what was coming.

President Howe stated that he agrees with the rest of the Board. He does not like making this decision, but it needs to be made.

The vote was called for. The motion passed unanimously.}}}

Kline stated it was not an easy recommendation to make; but it seemed like the best course of action.

Other

General Manager Roger Kline stated that this is Operations & Engineering Manager Pat Morehart’s last Board Meeting before his retirement in ten days. Kline asked Morehart if he was interested in having one last opportunity to address the Board before his retirement. He was interested, but unfortunately Morehart has no audio to participate in this webinar meeting.

President Howe stated that the Board will miss his shining and smiling face.

Kline stated that the District is a better organization for the time Morehart spent here.

Director Williams commented that the Board is as well.

Director Gonser stated that Morehart has been a great addition to our entire staff; he really cares. Director Gonser wished Morehart the best of luck in the next chapter of his life.

Kline noted that Morehart was just shy of working 42 years in the electric business.
BOARD REPORTS / ITEMS FROM BOARD MEMBERS

May PPC (Public Power Council) Meetings:

General Manager Roger Kline informed the Board that he and Director of Corporate Services Cyndi Gentry will be attending this week's regional meetings by electronic means. The District has only two log-in numbers available for the May meetings.

President Howe felt it was appropriate for Kline and Gentry to be the District representatives attending these meetings.

MISCELLANEOUS

General Manager Kline informed the Board that there is no need for the Board to conduct one of the two Executive Sessions scheduled this evening. The Executive Session as authorized by ORS 192.660(2)(g) to consider preliminary negotiations involving matters of trade or commence in which the governing body is in competition with governing bodies in other states or nations is not needed.

Kline noted that the Board may get a request later in the month for the Board to meet as the Contract Review Board; staff is waiting on some approval processes.

Some discussion occurred, after a question was raised by Director Gonser, regarding the possibility of Governor Kate Brown beginning to reopen the state since she issued the Stay at Home Executive Order in March 2020, due to the COVID-19 Pandemic.

Kline noted that rural counties are projected to open sooner assuming that the specific county's infrastructure meets the state requirements. Wasco County will be making a request to the State of Oregon soon to reopen. Wasco County may begin to reopen by mid-month.

Kline reminded the Board that staff has infrastructure and processes to review before we begin to look at reopening the office to the public. Staff is working with other organizations to ensure that we are doing it the right way.

CONTINUATION OF BOARD REPORTS / ITEMS FROM BOARD MEMBERS

Oregon People's Utility District Association:
Director Jacobson provided the following report on the recent Oregon People’s Utility District Association (OPUDA) Board Meeting conducted by webinar in April:

- Due to the COVID-19 Pandemic, Northwest Public Power Association (NWPPA) has cancelled their Annual Meeting, which was scheduled in May 2020, in Kennewick, Washington.
- Director Jacobson is curious whether the NRECA Board of Directors training, that he is scheduled to attend in Salt Lake City, Utah in July, will occur.

Public Power Council:

General Manager Roger Kline noted that there is nothing new to report on the Public Power Council. Something will be sent out to the Board of Directors if there is anything worthy to report on after Kline and Gentry participate in the electronic regional meetings this week.

Kline noted as to future meetings, it will probably be at least another month or two, if not longer, before the Board and staff begin to travel to meetings and trainings.

**APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS**

The regional meetings, Northwest Requirements Utilities (NRU) Board of Directors, Public Power Council (PPC) Forum and Executive Committee, Oregon People’s Utility District (OPUDA) Board of Directors, and NEMS, NESC & NIES Board of Directors, scheduled during May and June 2020, will be attended by electronic means, unless it is safe for the Board and staff to travel.

**EXECUTIVE SESSION**

At 7:53 p.m. President Howe 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 officers of any public body, a public officer, employee or staff member who does not request an open hearing.

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

At 8:00 p.m. the Board adjourned from Executive Session to return to Regular Session.
There being no further business the meeting adjourned at 8:01 p.m.

[Signature]
President

ATTEST:

[Signature]
Secretary
I would like to ask that the board consider just our first two small requests which would total only $2,455.35 and would allow us to take two steps toward bringing the Civic back and ready for reopening. I would like to suggest that a compromise would be for a reduction of the grant total to half what was scheduled and only fund the smaller requests like that above. Thank you for this opportunity to provide thoughts to the board. Steve Lawrence

On Mon, May 4, 2020 at 10:12 AM Steve Lawrence <selawrence1963@gmail.com> wrote:
Obviously, I don’t want to get into a difficulty over this but the only email I have found is yours of April 23rd telling me that I would have an opportunity to attend through internet connection and that I would receive more later. The only other communication I have is the notice of the Executives recommendation not to do grant.

On Mon, May 4, 2020 at 9:42 AM Kathy McBride <kathy-mcbride@nwascopud.org> wrote:

The purpose of communicating to you several times, prior to the grant submittal deadline and after, was to let you know that a recommendation was going to be bought before the Board of Directors at our May meeting. Notification to grant applicants, regarding said recommendation to be discussed, provided them with an opportunity to provide the Board with their written comments. I have already received a number of comments from grant supporters. The email that you sent me could have provided your comments as well, and there is still time to provide comments. All written comments received by today’s deadline will be provided to the Board prior to the meeting. Any written comment received after the deadline will be mentioned to the Board during their consideration of the recommendation. Just for your information, I provided you all with the written recommendation in my email which the Board was just seeing on Friday as well.

We encourage you to provide the District with any written comments that you may have.

Be safe and well.

Kathy McBride

Executive Assistant

Northern Wasco County People’s Utility District

(541) 298-3302 (Direct)

(541) 298-3320 (Fax)
From: Steve Lawrence <selawrence1963@gmail.com>
Sent: Friday, May 1, 2020 4:25 PM
To: Kathy McBride <kathy-mcbride@nwascopud.org>
Subject: Re: BOARD OF DIRECTORS MEETING ON TUESDAY, MAY 5, 2020

Kathy, Nothing in what I read indicate the PUD's interest in hearing from applicants. I must say I am very disappointed this recommendation was made and given to the applicants with only 5 days before the board meeting. Steve Lawrence

On Fri, May 1, 2020 at 1:00 PM Kathy McBride <kathy-mcbride@nwascopud.org> wrote:

The Board of Directors will be considering at next week’s Regular Session Meeting, which is being conducted by webinar at 6 p.m., the recommendation from General Manager Roger Kline to suspend the 2020 Economic Development Grant Program. A copy of his recommendation is hereto attached for your information.

I’m also attaching a copy of next week’s Agenda. Public comments are being accepted until Monday, May 4th at 5 p.m. for Tuesday’s Board Meeting. Written comments can by sent to publiccomments@nwascopud.org or by US Mail to Northern Wasco County People’s Utility District, 2345 River Road, The Dalles, Oregon. If comments are sent by mail the comments must be received by no later than Monday, May 4th.

All grant applicants will be notified on Wednesday, May 6th whether the Board accepts the recommendation to suspend the District’s Economic Development Grant Program for calendar year 2020.

Please feel free to contact me if you have any questions.

Be safe and well.
Kathy McBride

Executive Assistant

Northern Wasco County People's Utility District

(541) 298-3302 (Direct)

(541) 980-2572 (Cell)

(541) 298-3320 (Fax)
To whom it may concern,

My name is Philip Mascher, I'm a resident of The Dalles, and work as a real estate broker work with Sotheby's International Realty as well as Blue Zones Project The Dalles. I am writing to express my support for the 2020 Economic Development Grant Program in general, and for the grant submitted by the The Dalles Art Center specifically.

The PUD Economic Development Grant has been an integral part of the support for non-profit organizations in The Dalles and Wasco County for many years. During this health crisis the economic strain has been particularly challenging for non-profits that provide economic benefits for the community at a secondary level of support, i.e. through the support and services provided by the non-profits.

Please bring in to consideration the very important secondary position of support for the community via the non-profit organizations. Your continued support of these organizations is a great service to the community during this period of economic uncertainty.

The Dalles Art Center is one organization in particular that has been striving to enrich the community through projects that engage with the community such as the mural project All Together The Dalles, a collaboration with The City of The Dalles, The Dalles Mural Society and the Chronicle to create a 41.5 x 13 foot mural at the Eastern end of Second Street. The center also brings 10,000 visitors to view art created by the over 150 artists from the region.

I very much hope that the board will decide to continue the important support this grant offers our community.

Respectfully, Philip Mascher

Philip Mascher
Licensed Broker in OR & WA | 503.853.4695
Cascade Sotheby’s International Realty
Welcome to my website
I would like to ask the PUD board to please fund The Dalles Art Center to get new HVAC equipment. In the last 15 or so years I have been a volunteer working in the gallery at the Art Center and now serve on the board. I have seen the development of the Art Center and how it serves our community, and am impressed with the leadership of our new director to bring in more people and more activities into the space. Having said that, I also know what it is like to host an event, a show opening or class for kids, in the middle of a summer heat wave, or in a freezing winter. The HVAC system is failing and it needs to be replaced. I don't want to think about what it will be like to schedule kids classes in August for Art Camp, and have the a/c go out just when the classes start.

The PUD grant is a real asset in our area and very much appreciated as a resource for non-profit organizations like The Dalles Art Center. I know this year is different because of the virus, but it also means that our organization is even more at financial risk. It's important to us that we keep ourselves in shape so we can be there for our community as soon as life goes back to normal, and essential to our ability to open the doors again will be a sound structural foundation including the HVAC system.

Thank you,
Serena Smith
The Dalles
I am writing to you as a member of the extended community, from Maupin, who enjoys visiting The Dalles Art Center when I am in town. I find it inspiring and enriching. I bring friends to it who are from out of town and who look forward to visiting it again. It is also the go to place for finding gifts. I understand that is a peripheral involvement, but I know of all the ways The Dalles Art Center supports the community. I appreciate the classes for children that are held in the summer and other events held all year long. The comfort of the students, artists, and visitors is very important to the financial success of the center. I hope that your contribution can keep one of the jewels of Wasco County shining for us all. Kathleen Kelsay
Dear PUD Board Members,

As an artist and board member of the The Dalles Art Center, I would like to add my voice of support for the continuation of the Economic Development Grant Program. Our organization is one of many that would benefit from grant monies, especially during this time of upheaval. Art is a critical outlet of expression during times of crisis and some of the richest work comes from times of turmoil. The Art Center provides a space for connection, inspiration and community engagement - all things our community needs right now. Please consider keeping the grant monies available for non-profits in our community. We need you now more than ever.

With gratitude for your place in our community,

Jenny Loughmiller

--

Jenny Loughmiller, Artist and Gratitude Advocate
Gratitude changes everything.
www.jennyloughmiller.com
Dear PUD Board of Directors:

As Mayor for the City of The Dalles, I sincerely appreciate that the Northern Wasco PUD has provided such integral support for non-profit organizations in The Dalles and Wasco County for many years through your annual grant program. I have also appreciated the community involvement and spirit shown by the PUD board and staff that I have personally experienced since I was elected Mayor.

I am writing to encourage you to continue supporting our local non-profits who provide such outstanding service to our community. One such organization is The Dalles Art Center who I have worked closely with on a project to develop, paint and install a new mural on the south wall of The Dalles Chronicle building on the north side of East 2nd Street. As many of you know, this mural will feature many of our town’s historic and cultural icons and has been painted by local artist Chris Pothier. We expect to unveil this 540 square foot artwork at a special event as soon as we can allow a few hundred citizens to congregate in one place.

During this challenging period of economic uncertainty, the Art Center is one organization that has been striving to enrich our community through projects that engage with local citizens and bring them together. Examples include their Elementary School Art Exhibition, the Middle and High School Art Exhibition, their Summer Art Camp that provides support for working parents (50% of the students receive scholarships to attend) and providing gallery and exhibition space for more than 150 regional artists. Art Center staff has also been involved in actively planning for the 2021 Walldogs event scheduled for September of 2021.

Thank you very much for your consideration and your community service.

Rich Mays
Mayor
City of The Dalles

Sent from Mail for Windows 10
The PUD Economic Development Grant has been an integral part of the support for non-profit organization in The Dalles and Wasco County for many years. During this health crisis the economic strain has been particularly challenging for non-profits that provide economic benefits for the community at a secondary level of support, ie through the support and services provided by the non-profits. Please bring in to consideration the very important secondary position of support for the community via the non-profit organizations. Your continued support of these organizations is a great service to the community during this period of economic uncertainty. The Dalles Art Center is one organization in particular that has been striving to enrich the community through projects that engage with the community such as the mural project All Together The Dalles, a collaboration with The City of The Dalles, The Dalles Mural Society and the Chronicle to create a 41.5 x 13 foot mural at the Eastern end of Second Street. The center also brings 10,000 visitors to view art created by the over 150 artists from the region.

Ryan Rooper
Head Alpine Ski Coach
St. Mary's Academy
rlrooper@gmail.com
541 300 1213 cell
Mt. Hood League: https://sites.google.com/site/mounthoodskileague/home
Dear Board of Directors,

I am writing to add my support to the NWCPUD 2020 Economic Development grant program and beyond. I have been involved with several organizations that have received support from the program and believe it has a tremendous impact, in particular, by focusing on "brick and mortar" type projects. Furthermore, during these challenging times, the support this program provides is even more in need.

As President of The Dalles Art Center I am obviously in support of our submitted application but also want to stress my support for the positive impact this program has had for numerous local non-profits and for the whole community. Thank you to NWCPUD staff and Board Members for your service to our community

Matthew Klebes  
The Dalles Art Center  
President
Dear PUD Board of Directors,

The PUD Economic Development Grant has been an integral part of the support for non-profit organization in The Dalles and Wasco County for many years. During this health crisis the economic strain has been particularly challenging for non-profits that provide economic benefits for the community at a secondary level of support, ie through the support and services provided by the non-profits. Please bring in to consideration the very important secondary position of support for the community via the non-profit organizations. Your continued support of these organizations is a great service to the community during this period of economic uncertainty. The Dalles Art Center is one organization in particular that has been striving to enrich the community through projects that engage with the community such as the mural project All Together The Dalles, a collaboration with The City of The Dalles, The Dalles Mural Society and the Chronicle to create a 41.5 x 13 foot mural at the Eastern end of Second Street. The center also brings 10,000 visitors to view art created by the over 150 artists from the region. I am really hoping that you will consider not suspending grant monies for 2020 as these amazing local non-profits like our Art Center are in continued need of community support.

Kindest Regards,

Brian

Brian Lauterbach
Windermere Real Estate
503.858.5010 cell
541.370.2544 direct
541.386.3444 office
blauterbach@windermere.com email
www.blauterbach.withwre.com
I was sorry to hear that the PUD Board is considering suspending the grant program for this year. Please try to keep it in place as the need this year is greater than ever. If there is a income issue with the PUD, perhaps reducing the total amount available would be an option.

It is going to take everyone pulling together to restart our US economy, so the PUD grant program can help stimulate our local economy where every dollar will count.

Thank you for the opportunity to comment.

Dan Durow.
Northern Wasco County People’s Utility District

Fiscal Year 2019 Audit Results

May 5, 2020
Agenda

• Nature of Services Provided
• Critical Audit Areas
• Auditor’s Opinion & Reports
• Required Communications
• Best Practices
• Upcoming Accounting Standards
Nature of Services Provided

- Independent Auditors' Report on the financial statements of the District – includes the District’s 401(k) plan

- Report of Independent Auditors’ on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Audit Standards

- Summary of Revenues and Expenditures – Secretary of State Audits Division
Critical Audit Areas

- Cash & Investments
- Plant Assets
- Fiduciary Fund – 401(k) Plan
- IT Security & Access
- Industrial Revenues including hand-billed calculations
Audit Opinion/ Reports

Financial Statements
Unmodified (clean) opinion on financial statements

Oregon Minimum Audit Standards Report
No findings
Required Communication

• Auditor’s responsibility under auditing standards
• Significant accounting policies
• Management judgments & accounting estimates
• Audit adjustments – None
• Passed adjustments - None
• Management’s consultation with other accountants
• No disagreements with management
• No difficulties in performing the audit
• Audit observations and recommendations – No material weaknesses noted
Findings and Best Practices

BEST PRACTICES

• Plant assets
  • Review listings of open work orders that haven’t had charges in more than 60-90 days to ensure projects placed into commercial operation are recorded timely as plant assets in service in the general ledger.

• IT user access reviews
  • Establish and document periodic review of system user access to ensure it is appropriately updated and segregation of duties are adequate
  • Implement controls to review audit logs of changes made by users with privileged system access ("super users")
New Accounting Pronouncements

**GASB 84 – Fiduciary Activities**
- Addresses accounting and financial reporting for fiduciary activities
- Effective for 2019 financial statements
- Changes expected for 2020 financial statements

**GASB 87 - Leases**
- Addresses accounting and financial reporting for leases recognizing that leases are financings of the right to use an underlying asset.
- Effective for 2020 financial statements
- Likely to be delayed until 2021
The audit progressed on time and in an orderly fashion; requested schedules and draft financial statements were received on a timely basis.

All District personnel across all departments were courteous, responsive, and fulfilled all of our requests in a timely manner.

‘Tone at the Top’ and attitude from management was one of helpfulness and openness in response to audit requests and discussion points.

Thank you!
Questions?
DATE: April 29, 2020
TO: Directors Gonser, Howe, Jacobson, Karp, & Williams
FROM: Roger M. Kline, General Manager
SUBJECT: 2020 Organizational Performance Update & Q1 Results

Background

Early in 2016, The Board of Directors approved the organizational dashboard quarterly reporting methodology, comparing the stated values of the organization to the operational and strategic work the PUD was to accomplish throughout the year. In 2017 the Board and executive management team (EMT) agreed that a transition to the Key Performance Area (KPA) and their associated Key Performance Indicators (KPI) would be even more beneficial for the Board’s understanding and monitoring of the PUD’s functional areas. Furthermore, in 2019 and into 2020 the District continues to embrace technological advancements which ease the monitoring of KPA’s and KPI’s for transparency and continuous improvement across all business units. Please consider the following comments in conjunction with the linked organizational performance dashboard. Selecting (clicking) the current KPI will offer trend information where available as well.

Key Performance Area – Workforce

There is no greater importance to employees, the community, or our customer-owners than to accomplish all our work safely. The District, along with the rest of the world, was impacted by the COVID-19 Pandemic which necessitated the transition to remote work and stopping of larger in-person work meetings, which did not allow for the completion of some scheduled safety meetings. As such, the District did not meet the scheduled Safety Training objective. To mitigate this, NWCPUD has transitioned to electronic computer-based training which will support this KPI and the dissemination of safety-themed materials and learnings going forward.

The Lost Workdays KPI is greater than the desired target as one employee is recovering from surgery from a pre-2016 recordable, repetitive-motion injury. Safe work practices, stretching and strengthening training, as well as modern equipment use, and utilization have been put in place to mitigate other future occurrences to the best extent possible. Exposure to this type of injury is inherent to the class of work and all efforts are being made to reduce hazards as applicable.

Competitive compensation and a market-based pay structure continues to be updated as positions are recruited for and/or reviewed. Our overall position as related to market mid-points has improved to 97%. A separate memorandum is provided on this topic as well.
Key Performance Area – Finance

Budget execution was very successful during Q1. The ability to effectively forecast and utilize our budget to actuals tools will further aid in this process going forward.

The field work by our external auditor Moss-Adams was completed during Q1 with an expectation for a clean audit to be delivered to the Board of Directors in May. The Risk Committee met during the performance period as well and will provide information to the Board separate from this performance report.

All Finance KPI’s are well within tolerances and have been expanded for transparency and appropriate emphasis. For example, previously, the District reported 3% Pilot/CILT (payment in lieu of taxes/contribution in lieu of taxes) each quarter which did not necessarily provide the granularity that the Board desired. The KPI will now be reported as a dollar figure in order to support the message that NWCPUD provides resources to the community in proportion of total sales. The better that the District performs, the more it provides to the cities in which it serves. Other KPI’s have been updated similarly.
Key Performance Area – Customer

The District elevated its Pandemic Management Plan to Phase 3 on March 15, 2020. As such, the main office was closed to all non-staff which impacted our customer’s ability to pay their bill or interact with us in person. Staff, Board and community have all been very supportive of the efforts taken by the District to ensure the safe and reliable provision of electric services during this unique time. Enhanced social media outreach, news releases, and other traditional media outreach such as radio continued through Q1 with positive results ensuring our customers know we are here and providing the essential services of which they depend.

The District’s investments in technology such as the Advanced Meter Infrastructure (AMI), Interactive Voice Response (IVR), NWCPUD mobile application, and upcoming improvements to the web-portal are proving very fruitful currently. Other technology and tool investments that are not necessarily customer-facing, but support employee’s ability to work remotely have been very productive and integral to our success as well.

The Energy Management Department (EMD) performed admirably, helping customers conserve 287 kWh of energy through residential and commercial projects, weatherization, rebates, and other excellent work during Q1. This is very similar to the Q1 conservation measures realized during first quarters of 2016-2019. The Energy Efficiency Upgrade Program (EEUP) and Income Qualified Energy Efficiency Upgrade Program (IQEEUP) that the Board of Directors approved in recent years continue to be helpful to our community, especially in times such as these. The EMD is also working towards solutions to keep this important work progressing in a world where physical separation and the ability to enter customer residences for inspections or similar may not be safe or practical.
Key Performance Area – Power Supply

Annual maintenance outages were completed at both McNary and The Dalles Fishway projects during Q1. Separate dashboards are linked herein for both McNary and The Dalles Fishway Hydroelectric Projects. Staff at our hydroelectric facilities are being very judicious regarding good health and hygiene practices as they keep the facilities operating safely.

New Large Single Load (NLSL) integration and power supply resourcing continues to increase in workload, tool integration and expanding skill sets required of the District. This is substantial and critical work going forward.

Key Performance Area – Electric Service Delivery

In the area of Electric Service Delivery, the first quarter of 2020 was very successful with much infrastructure work accomplished. A separate reliability summary report from the American Public Power Association (APPA) is being provided as part of the May Board packet.

Our Tree Trimming & Vegetation Management Contractor continues to perform exceptionally in support of our customers and community.

Large capital planning continues to improve and evolve as infrastructure needs are better understood. The electric service delivery system’s replacement, refurbishment, and reinvestment needs continue to grow and are being prioritized based on risk. Thank you to the Board for supporting these efforts as we ensure reliability, reduce risk and ensure safety for our community and customers.

Key Performance Area – Enterprise Operations

The Project Management Office (PMO) Portfolio Dashboard is linked herein. All projects are progressing as per their approved scope, schedules and budgets with appropriate project controls in place.

Further emphasis on utilization of advanced enterprise tools such as the Interfacing platform, mobile-work and electronic records retention and management continues.

Summary

Q1 has provided opportunities on many fronts. Staff’s ability to respond to the challenges of COVID-19 has been nothing less than exceptional. Responding to emergent needs while working remotely or on standby really emphasizes the values of our public power workforce and its desire to support our communities. We will continue to provide exceptional service and improve our work processes as we seek to find the opportunities in the challenges before us.
Background of Inventory

• What is it?
• Why do it?
• How is it done?
• What does it tell you?
### TOP TEN ASSESSED RISKS

#### RANKING OF TOP TEN RISK EVENTS - MAR 10, 2020

<table>
<thead>
<tr>
<th>Rank</th>
<th>Dept.</th>
<th>Event Description</th>
<th>Impact</th>
<th>Likelihood</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IT</td>
<td>physical damage to computer system</td>
<td>3.5</td>
<td>3</td>
<td>6.50</td>
</tr>
<tr>
<td>2</td>
<td>PR</td>
<td>contract disagreement</td>
<td>3.5</td>
<td>2.75</td>
<td>6.25</td>
</tr>
<tr>
<td>3</td>
<td>Admin</td>
<td>emergency response</td>
<td>3.5</td>
<td>2.5</td>
<td>6.00</td>
</tr>
<tr>
<td>4</td>
<td>Admin</td>
<td>key resource loss</td>
<td>2.5</td>
<td>3.5</td>
<td>6.00</td>
</tr>
<tr>
<td>5</td>
<td>PMO</td>
<td>project delays</td>
<td>2</td>
<td>4</td>
<td>6.00</td>
</tr>
<tr>
<td>6</td>
<td>Admin</td>
<td>loss of major cust</td>
<td>3</td>
<td>2.5</td>
<td>5.50</td>
</tr>
<tr>
<td>7</td>
<td>O &amp; E</td>
<td>regulatory changes</td>
<td>2</td>
<td>3.5</td>
<td>5.50</td>
</tr>
<tr>
<td>8</td>
<td>Finance</td>
<td>loss of insurance</td>
<td>2</td>
<td>3.5</td>
<td>5.50</td>
</tr>
<tr>
<td>9</td>
<td>Corp Services</td>
<td>employee complaint</td>
<td>1.5</td>
<td>4</td>
<td>5.50</td>
</tr>
<tr>
<td>10</td>
<td>IT</td>
<td>business continuity risk from loss of data access</td>
<td>1.5</td>
<td>3.75</td>
<td>5.25</td>
</tr>
</tbody>
</table>
TOP TEN ASSESSED RISKS

Risk Profile

- Regulatory changes
- Project delays
- Key resource loss
- Physical damage to computer system
- Contract disagreement
- Emergency response
- Loss of major cust
- Loss of insurance
- Business continuity risk from loss of data access
- Employee complaint

Likelihood

Impact

0.00 0.50 1.00 1.50 2.00 2.50 3.00 3.50 4.00

Northern Wasco County PUD

4 of 17
1. **Physical Damage to Computer Systems** - physical access to the server room by someone with malicious intent could result in damage to server and/or drives.
   - Objectives at risk: Operations, Financial
   - Impact: $500,000 to over $1,000,000
   - Likelihood: less than 3% within a year
   - Mitigation Plan
     - In place: *Visitor sign-in process and key-lock on server room door.*
     - Could be in place: *More rigid procedures regarding visitor access and escorts. Off-site storage, back-up server, cloud storage.*
   - Risk Owner: *Director of IT*
     - *Mitigation is a joint effort between IT and Operations*
2. Contract Disagreement resulting in Delayed Recovery of Costs – For large, formula rate retail customers, it is possible that parties disagree on contract interpretation and objectives which could lead to dispute in charges and payment delays. Our contract gives right of consent on Power Purchase Agreement and we have an obligation to serve; even if they don’t consent, we still must serve. The individuals we work with now are different than who we originally negotiated the contract with.

- Objectives at risk: Financial, Operational, Legal/Regulatory
- Impact: $500,000 to over $1,000,000
- Likelihood: 10% to 50% in 3 to 10 years (correlating to resource adequacy concerns for power supply sourcing)

- Mitigation Plan
  - In place: Contracts, termination clauses, and continued communications with customer. Service deposits and Letters of Credit cover some exposure.
  - Could be in place: could do more in terms of contract amendments and continued customer engagement; and what-if risk analysis.

- Risk Owner: Director of Power Resources
  - Special Legal Counsel for power is key in mitigation strategy.
3. **Emergency Response** - The “big, scary stuff”; an all-hazards event such as a natural disaster like an earthquake, a pandemic, a dam breach, or an active shooter.
   - Objectives at risk: All objectives - Safety, Operational, Financial, Employee Retention, and District Reputation
   - Impact: $500,000 to over $1,000,000
   - Likelihood: 3% to 10% in the next 3 to 5 years
   - Mitigation Plan
     - Could be in place: Ongoing refining and updating the Emergency Response Plan as a living document and imbedding the Pandemic Response into this document.
   - **Risk Owner: General Manager**
TOP TEN ASSESSED RISKS

4. Loss of Key Resource - The loss of key personnel/human resource, an event which creates disruption to any and/or all areas.
   • Objectives at risk: Operations, HR, could be all objectives
   • Impact: $50,000 to $1,000,000
   • Likelihood: 3% to 10% in the next year
   • Mitigation Plan
     • In place: Some succession plans are in place, we have identified single points of failure, job descriptions in place, SOPs and documentation.
     • Could be in place: Further development and refinement of SOPs, succession plans, and job descriptions; need more clarity on what each job takes and how to get there. Flexibility of working hours and other retention/attraction tools, and total compensation.
   • Risk Owners: All Department Heads
     • Mitigation handled by department heads and the board.
5. **Project Delays** – A project delays and increases in cost. A project that fails to deliver on time or on spec will cost money and if we don’t have systems in place to track the progress, we may repeat the problem.
   - Objectives at risk: Financial and Operational efficiency
   - Impact: $50,000 to $500,000
   - Likelihood: 10% to 50% in the next year
   - Mitigation Plan
     - In place: *Project Management Office (PMO).*
     - Could be in place: *Standardized project processes for execution and tracking, and training. Standards provide a basis for evaluation and will make successes repeatable.*
   - Risk Owners: *Individual Project owners.*
     - *PMO helps in the mitigation*
6. **Loss of Major Customer** - The loss of a major customer would be a financial risk with loss of business revenues.
   - Objectives at risk: Financial stability, Regulatory (our obligation to serve)
   - Impact: $500,000 to $1,000,000
   - Likelihood: up to 10% in the next 1 to 5 years
   - Mitigation Plan
     - In place: *Rates, reserves, contracts, and participation in regional regulatory conversations.*
     - Could be in place: *Broader diversification in revenue stream; i.e. water, telecom, generation.*
   - Risk Owners: **General Manager, the Board, and Executive Management Team**
     - **Mitigation managed by GM and Board.**
7. **Regulatory Changes** – A change in regulations or laws with adverse impact to operations. Changes that are difficult to comply with will have consequences (such as difficulty in hiring contractors).
   - Objectives at risk: Operational efficiency, Financial.
   - Impact: $50,000 to $500,000
   - Likelihood: 10% to 50% in the next 1 to 3 years
   - Mitigation Plan
     - In place: *Board and GM participation in advocacy groups such as OPUDA and Public Power Council.*
     - Could be in place: *More regional discussions on what-if scenarios, more education about the issues and impact on rates.*
   - Risk Owner: *General Manager and the Board.*
     - Government Affairs handles the mitigation.
8. **Loss of Insurance** – If District assets and/or liability exposures are not covered by a third party, we must self-insure and assemble together various carriers with higher costs and higher deductibles.

- Objectives at risk: Financial and Operational
- Impact: $50,000 to $500,000
- Likelihood: 10% to 50% in the next 1 to 3 years
- Mitigation Plan
  - In place: *Financial reserves (to self insure and/or take a large deductible), strong relationships with insurance broker and carrier.*
  - Could be in place: *Knowledge of insurance coverage alternatives and an alternative coverage plan.*
- Risk Owner: *Chief Financial Officer*
9. **Employee Complaint** - The event will start with an employee complaint and may be from dissatisfaction with management and/or a lack of consistency and/or accountability. It could be delivered to any member of management and may be investigated by HR, and/or an external investigation.

- Objectives at risk: Employee Retention & District Reputation
- Impact: up to could be up to $500,000; our deductible is $15,000
- Likelihood: 50% to 90% in the next 1 to 3 years
- Mitigation Plan
  - In place: *Training, current harassment policy, other policies, experienced HR professional on staff.*
  - Could be in place: *Training should be annual and/or on-going, need updated job descriptions and clarity of expectations, need better written policies that are clearer; and policies should be separate from employee handbook, and need to outline our reporting structure.*
- Risk Owner: *Corporate Services Director*
10. **Business Continuity Risk from Loss of Data Access** – Loss of data access could be from server or other infrastructure failure, loss of network, or loss of internet provider. This would impact our ability to transact and create a business continuity risk.

- **Objectives at risk:** Operational for all departments, Cybersecurity, Financial.
- **Impact:** up to $500,000
- **Likelihood:** 10% to 90% in the next 1 to 3 years (“probably a 50/50% chance”)
- **Mitigation Plan**
  - In place: *Currently assessing the risk of our server and working on a replacement schedule.*
  - Could be in place: Active monitoring server condition and performance. Continuing the investigation of a new system in terms of need and cost.
- **Risk Owner:** *IT Director*
## Incident History 2009-19
Public Utilities-NWC PUD Compare

### Auto Liability

<table>
<thead>
<tr>
<th></th>
<th>Pub Utilities</th>
<th>Pub Util. avg per Util.</th>
<th>NWC PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td>78.00</td>
<td>11.14</td>
<td>9.00</td>
</tr>
<tr>
<td><strong>Claims $</strong></td>
<td>408,337</td>
<td>58,334</td>
<td>26,534</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Avg. Per Year</th>
<th>Avg. Per Year</th>
<th>Avg. Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td>7.80</td>
<td>1.11</td>
<td>0.90</td>
</tr>
<tr>
<td><strong>Claims $</strong></td>
<td>40,834</td>
<td>5,833</td>
<td>2,653</td>
</tr>
</tbody>
</table>

### Auto Physical Damage

<table>
<thead>
<tr>
<th></th>
<th>Pub Utilities</th>
<th>Pub Util. avg per Util.</th>
<th>NWC PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td>96.00</td>
<td>13.71</td>
<td>12.00</td>
</tr>
<tr>
<td><strong>Claims $</strong></td>
<td>333,323</td>
<td>47,618</td>
<td>12,025</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Avg. Per Year</th>
<th>Avg. Per Year</th>
<th>Avg. Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td>9.60</td>
<td>1.37</td>
<td>1.20</td>
</tr>
<tr>
<td><strong>Claims $</strong></td>
<td>33,332</td>
<td>4,762</td>
<td>1,203</td>
</tr>
</tbody>
</table>

Source: SDAO
## Incident History 2009-19
### Public Utilities-NWC PUD Compare

<table>
<thead>
<tr>
<th>General Liability</th>
<th>Pub Utilities</th>
<th>Pub Util. avg per Util.</th>
<th>NWC PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>527.00</td>
<td>75.29</td>
<td>34.00</td>
</tr>
<tr>
<td>Claims $</td>
<td>6,583,928</td>
<td>940,561</td>
<td>91,813</td>
</tr>
<tr>
<td><strong>Avg. Per Year</strong></td>
<td><strong>52.70</strong></td>
<td><strong>7.53</strong></td>
<td><strong>3.40</strong></td>
</tr>
<tr>
<td>Claims $</td>
<td>658,393</td>
<td>94,056</td>
<td>9,181</td>
</tr>
</tbody>
</table>

### Property

<table>
<thead>
<tr>
<th>Pub Utilities</th>
<th>Pub Util. avg per Util.</th>
<th>NWC PUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>31.00</td>
<td>4.43</td>
</tr>
<tr>
<td>Claims $</td>
<td>2,431,268</td>
<td>347,324</td>
</tr>
<tr>
<td><strong>Avg. Per Year</strong></td>
<td><strong>3.10</strong></td>
<td><strong>0.44</strong></td>
</tr>
<tr>
<td>Claims $</td>
<td>243,127</td>
<td>34,732</td>
</tr>
</tbody>
</table>

Note: $500K Claim - Fire in truck barn in 2012.

Source: SDAO
QUESTIONS & COMMENTS
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250,000</td>
<td>750,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>McNary Elevator and Stairs - NWCPUD Portion</td>
<td>1,000,000</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>2,000,000</td>
<td></td>
<td></td>
<td>750,000</td>
<td></td>
<td></td>
<td>NWCPUD - TVGH VALLEY SUB - CY-20</td>
<td>2,000,000</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td>1,000,000</td>
<td></td>
<td>Control building for Columbia Heights - CY 20</td>
<td>100,000</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>1,000,000</td>
<td>750,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>OLD MOODY ROAD REBUILD - CY21</td>
<td>1,000,000</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>750,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NORTHERN WASCO COUNTY PUD TDF Fish Sampling - CY21</td>
<td>750,000</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>1,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Change out 10th Street Substation 20/27/33 MVA with LTC - CY21</td>
<td>1,500,000</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>1,500,000</td>
<td></td>
<td></td>
<td></td>
<td>ROWENA FEEDER - CY21</td>
<td></td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>20,000</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>IT CY20-21</td>
<td>70,000</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Control building for Three Mile Sub - CY20</td>
<td>100,000</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>200,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>New Truck - CY20</td>
<td>200,000</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>E 15TH UG RECONDUCTOR - CY20</td>
<td>1,000</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>75,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Replace URD Cable - E 21st Lewis/View Court CY21</td>
<td>75,000</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Replace URD Cable - 1400 Block E 21st CY21</td>
<td>50,000</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>65,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Replace URD Cable - Pomona Meadows - CY21</td>
<td>65,000</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Replace URD Cable - Tillicum Apartments CY20</td>
<td>20,000</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Underground Overhead facilities located in downtown - CY21</td>
<td>1,000,000</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>17</td>
<td>150,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AMI Installation - CY20</td>
<td>150,000</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>18</td>
<td>150,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lone Pine Village - I-84 Freeway Undercrossing CY20</td>
<td>150,000</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>19</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Shilo Inns - Replace UG wire and replace transformers CY20</td>
<td>50,000</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>20</td>
<td>140,000</td>
<td>140,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>LED Light Conversions CY20-21</td>
<td>280,000</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>21</td>
<td>35,000</td>
<td>35,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Installation of coordination devices and switches CY20-21</td>
<td>70,000</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>22</td>
<td>150,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NWCPUD - RT SUB TEMP GETAWAY - CY20</td>
<td>150,000</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>23</td>
<td>400,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Distribution upgrades (contractor) CY20-21</td>
<td>800,000</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>24</td>
<td>130,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Purchase new transformers CY20-21</td>
<td>260,000</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>25</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Building Improvements CY20-21</td>
<td>40,000</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>26</td>
<td>200,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EastSide Substation Engineering - CY20</td>
<td>200,000</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>27</td>
<td>7,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>TDF MISC CY20-21</td>
<td>15,000</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>28</td>
<td>16,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tools FY20-21</td>
<td>32,000</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>29</td>
<td>7,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MNF MISC CY20-21 NWCPUD Share</td>
<td>15,000</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

**Total Costs:** $11,643,000

### Capital Asset Risk Scoring

#### Scoring Key
- **Scores:** 1 through 5
- **Asset Health:**
  - Excellent = 1
  - Very Good = 2
  - Good = 3
  - Fair = 4
  - Poor = 5
- **Probability of Failure:**
  - Very unlikely = 1
  - Low = 2
  - Moderate = 3
  - High = 4
  - Imminent = 5
- **Consequence of Failure:**
  - Minor = 1
  - Slight = 2
  - Moderate = 3
  - Severe = 4
  - Large System Failure = 5
- **Safety:**
  - Minor Safety Risk = 1
  - Significant Safety Risk = 5
- **Compliance:**
  - No Compliance Risk = 1
  - Significant Compliance Risk = 5
DATE: April 30, 2020

TO: Directors Gonser, Howe, Jacobson, Karp, & Williams

FROM: Roger M. Kline, General Manager

SUBJECT: 2020 Economic Development Grants – recommendation to suspend

Background

To promote economic growth and the expansion of existing businesses within its service territory, the Board of Directors adopted an Economic Development Policy that, among other things, provides financial grants each year to the community. For 2020, fifty-thousand dollars were allocated for these grants as part of the annual budget process. Another part of the annual budget process was a planned rate increase of 3.8% to take effect in May of 2020. Due to the COVID-19 global pandemic and sudden financial hardships realized in our community, the Board of Directors met in special session on April 1, 2020 and postponed the planned rate action for one-year. District retail revenue budget was reduced by six-hundred and fifty-thousand dollars by this postponement.

The proposed next steps for staff as a result of that action included:

### PROPOSED RATES NEXT STEPS

- Revise rate funded Capital Improvement Plan for 2020-2021.
- Manage O&M spending in 2020 reducing spending reduction action as needed.
- Perform Cost of Service Analysis this fall to determine rate action needs in 2021 and beyond.

Staff continues to reassess the Capital Improvement Plan (CIP) for 2020 and 2021 and will present same to the Board outside of this recommendation.

All Operations & Maintenance (O&M) budgets are being reviewed and reprioritized as appropriate. This recommendation is based on that review.
Other Data for Consideration:

NWCPUD provided fifty-thousand dollars ($50k) to the River Front Trail as a special request in 2019/2020 (requested in 2019, will expend in 2020).

NWCPUD will transfer approximately one-million, four-hundred thousand dollars ($1.4M) in franchise fees to City of The Dalles in 2020.

There are direct support needs to electric service customers struggling financially that would benefit from these financial resources.

There are critical infrastructure needs that are being postponed or delayed that would benefit from these financial resources.

Recommendation:

As the District’s mission states, we are “to provide reliable, competitively-priced energy and related services that benefit our customers in the tradition of public power”. Economic Development Grants are a wonderful community benefit, but one that should be considered discretionary in nature at this time. As such, the General Manager recommends not awarding Economic Development Grants in 2020 and repurposing those budget dollars to the Neighbor to Neighbor, or other direct customer support programs.