

**REGULAR SESSION AGENDA**  
**NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT**  
Board Room, 2345 River Road, The Dalles, Oregon  
**DECEMBER 5, 2017 5:30 p.m.**

- A. Executive Session** – ORS 192.660(2)(g) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations.

**THE BOARD WILL RECONVENE INTO REGULAR SESSION UPON COMPLETION OF THE EXECUTIVE SESSION, WHICH IS ESTIMATED TO BE AT 6:00 P.M.**

- B. Public Comment Period**
- C. Adoption of 2018 Budget**
- D. Consideration of Tariff Rates**
- E. Recommendation to approve Conservation Potential Study Contract with EES Consulting**
- F. Recommendation to approve Telecom Upgrade Contract with Class 5 Technologies**
- G. Retirement Program Update**
- H. Approval of future meetings/travel/or related matters.**  
Future Meeting Dates:  
1. January 2: PUD Board Meeting, 6 p.m.  
2. January 3: PPC Forum, 3-5 pm, Sheraton Inn @ PDX  
3. January 4: PPC Executive Committee, 8 am-12 pm, Sheraton Inn @ PDX  
4. January 19: OPUDA Meeting, 8:30 am, SDAO Office in Salem  
5. January 31: NRU Board Meeting, 9 am-2:30 pm @ Shilo Inn @ PDX  
6. January 31: PPC Forum, 3-5 pm, Sheraton Inn @ PDX

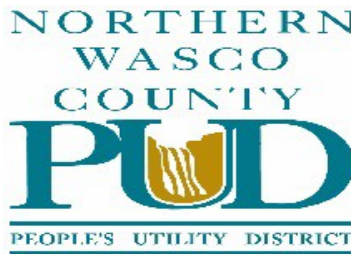
***This Agenda is subject to last minute changes.***  
***Meetings are ADA accessible. For special accommodations please contact the Northern Wasco County PUD Office in advance, (541) 296-2226. TDD 1-800-735-2900.***

## Read before entering into Executive Session:

*The Northern Wasco County PUD will now meet in Executive Session.*

*The Executive Session is being held pursuant to ORS 192.660(2)(g) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations.*

*Representatives of the news media and designated staff shall be allowed to attend the Executive Session. All other staff and members of the audience are asked to leave the room. **Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced.** No decision may be made in Executive Session. At the end of the Executive Session, we will return to open session and you are welcome to return back into the room.”*



## MEMORANDUM

DATE: December 5, 2017  
TO: Board of Directors  
FROM: Harvey Hall, CFO  
SUBJECT: 2018 Operations and Maintenance Budget Proposal for Adoption

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**Background:**

Last year the Board approved a 2017 Operating and Maintenance Budget that forecasted a \$1.6M shortfall. In the Spring of this year the Board approved an average of 11% rate increase effective May 1, 2017 to address part of this shortfall and looked to use Rate Stabilization funds to bridge to 2018.

With a combination of the rate action, strong load weather, better than expected commercial and industrial load and other good news the District will looking at a breakeven cashflow year.

**Recommended Action:**

Staff recommends that the Board adopt the following proposed 2018 Year Budget:

<b>Revenue:</b>	<b>\$42,601,080</b>
<b><u>Expenses:</u></b>	<b><u>\$42,453,050</u></b>
<b>Net Income:</b>	<b>\$ 148,030</b>

Harvey Hall  
CFO

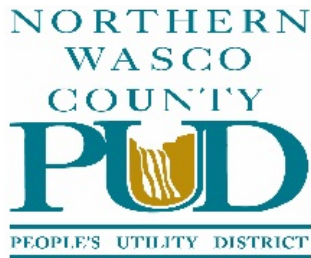
**NORTHERN WASCO COUNTY PUD  
2018 BUDGET**

	BUDGET
REVENUE/REIMBURSEMENTS	(42,601,080)
EXEPENSES	42,453,050
O&M LABOR	3,667,722
O&M NON-LABOR	38,785,327
TOTAL LOSS / (GAIN)	(148,030)

<b>REVENUE/REIMBURSEMENTS</b>	<b>(42,601,080)</b>
OPERATING REVENUE	(40,887,338)
OTHER OPERATING REVENUES	(261,002)
NON-OPERATING INCOME	(755,391)
ADMINISTRATION CREDITS	(688,848)
REIMBURSEMENTS	(3,500)
GAIN/LOSS ON SALE OF GENERAL PLANT	(5,000)

<b>TOTAL EXPENSES</b>	<b>42,453,050</b>
<b>O&amp;M LABOR</b>	<b>3,667,722</b>
LABOR & MISCELLANEOUS EARNINGS	3,667,722

<b>O&amp;M NON-LABOR</b>	<b>38,785,327</b>
COMPUTER SUPPORT & SUPPLIES	241,807
DEPRECIATION, AMORTIZATION & INTEREST EXPENSE	2,907,674
DUES, MEMBERSHIPS & SUBSCRIPTIONS	242,039
EDUCATION, TRAINING & TRAVEL	255,600
EMPLOYER PAID BENEFITS	2,359,065
FACILITIES MAINTENANCE	90,700
FLEET MAINTENANCE	291,600
FEES, LICENSES & PERMITS	160,050
MISCELLANEOUS EXPENSES	175,006
OUTSIDE SERVICES EMPLOYED	1,710,856
OVERHEADS & BENEFITS APPLIED	2,634,979
POSTAGE	49,237
PROPERTY & LIABILITY INSURANCE	201,105
PROPERTY RENT	3,550
POWER PURCHASED	24,707,001
PUBLIC RELATIONS & MARKETING	147,500
REBATE PROGRAMS	1,015,992
SAFETY PROGRAM	139,400
SUPPLIES, MATERIALS AND TOOLS	175,422
TAXES	1,694,000
TRANSMISSION COSTS	3,067,186
UTILITIES	41,205
OVERHEAD & BENEFITS SPREAD	(3,525,646)



**MEMORANDUM**

DATE: December 5, 2017  
 TO: Board of Directors  
 FROM: Harvey Hall, CFO  
 SUBJECT: 2018 Rate Proposal for Adoption

**Background:**

- Rates 110 & 135 are a 10% and 35% temporary reduction for eligible disabled and senior customers each year from November to March. At an estimated cost of \$40,000 per year the District could offer the discount year-round to customers.
- The District has two rates that have not been updated since 2013 – Rate 20 and Rate 21. These are flat monthly rates. The financial impact of this rate will be about \$10,000 annually.

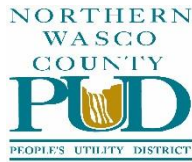
**Recommended Action:**

The Board adopt the following staff rate proposed changes:  
 Amend Rates 110 and 135 to be year-round rates effective January 1, 2018

- Amend Rates 20 and 21 to the following proposed monthly rates:

<u>LIGHTS RATE 20</u>	<u>CURRENT</u>	<u>PROPOSED</u>
FL1 FLASHING	\$12.58	\$ 21.37
FL2 FLASHING	\$12.68	\$ 21.48
FL3 FLASHING	\$15.07	\$ 23.95
QUINTON SCOREBOARD	\$11.25	\$ 20.00
RED BEACON LIGHT	\$13.90	\$ 22.75
Rc1 RECTIFER	\$12.05	\$ 20.82
Rec RECTIFER	\$20.79	\$ 29.88
TRAFFIC LIGHTS	\$56.04	\$ 66.39
<u>TV Amp RATE 21</u>	<u>CURRENT</u>	<u>PROPOSED</u>
T27	\$16.07	\$ 25.00
T36	\$24.18	\$ 33.40
T37	\$41.20	\$ 51.02
T38	\$16.18	\$ 25.11
T49	\$27.95	\$ 37.29
T54	\$24.02	\$ 33.23
T59	\$28.21	\$ 37.57
T60	\$46.07	\$ 56.07

Harvey Hall  
 CFO



**MEMORANDUM**  
DIRECTOR OF CORPORATE SERVICES  
NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT

DATE: December 5, 2017  
TO: PUD Board of Directors  
FROM: Cyndi Gentry  
SUBJECT: Contract Approval: Conservation Potential Study

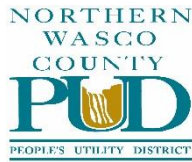
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Approximately every 10 years, the PUD conducts a Conservation Potential Study for use in updating and adjusting our programs. It is time to complete one, in advance of BPA requesting our program plan in 2018. We budgeted \$30,000 for a consultant to complete the study.

We went out for three bids.

- One company failed to submit a bid
- One company simply stated that they are unable to complete the study within our budget
- EES Consulting submitted a bid of \$28,340

The recommendation is to proceed with EES Consulting on the Conservation Potential Study, pending General Counsel approval of the contract.



**MEMORANDUM**  
DIRECTOR OF CORPORATE SERVICES  
NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT

DATE: December 5, 2017  
TO: PUD Board of Directors  
FROM: Cyndi Gentry  
SUBJECT: Contract Approval: Telecom Upgrade

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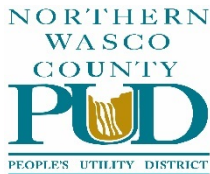
Our phone system is past due for an upgrade. The software is outdated, and Toshiba (current system/phones) no longer has a phone division to support customers. The budget for this upgrade was estimated at \$40,000.

Our telecom vendor is Class 5 Technologies, formerly NW Communications, out of Bingen & Vancouver, WA. They are an approved State of Oregon vendor, ORPIN supplier #86327.

The quote for the upgrade is approximately \$35,213. The final cost will depend on a final determination of how many and what types of phones and hands-free headsets we need. The current breakdown follows, and includes hardware and software.

- Products      \$28,360
- Labor          \$ 4,444
- Warranty      \$ 2,409

The terms are on-half down, and balance paid on completion. The recommendation is to proceed with the telecom upgrade, pending General Counsel approval of the contract.



**MEMORANDUM**  
OFFICE OF THE GENERAL MANAGER  
NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT

DATE: November 28, 2017

TO: Directors Gonser, Howe, Karp, Smith & Williams. Plan Trustees Paul Titus & Kathy McBride

FROM: Roger M. Kline, General Manager

SUBJECT: Employee Retirement Program – Status and Recommendation

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**Background**

As part of its overall benefits program Northern Wasco County PUD (NWCPUD) offers both 401(k) and 457(b) retirement savings opportunities for employees. Directors are afforded the opportunity to participate in the 457(b) on a non-matching basis as well. These opportunities are currently represented by *Nationwide*, a nationally recognized provider of insurance and other financial instruments. Particular investment decisions, for the overall organization, are approved by the Board of Directors and two plan participants, structurally identified as the *Plan Trustees*. The current employee participants/trustees are Kathy McBride and Paul Titus.

In 2016 General Manager (GM) Kline questioned the current structure of the retirement plan options, and discussions with our assigned Nationwide representative commenced. The concern stemmed from the ability to participate in a 401(k) as a public, not-for-profit entity and the associated governance of that type of plan and its management by Nationwide. Little progress was made in those discussions and they were tabled until a future time as there were higher risk areas to be addressed on behalf of the organization.

In October of 2017 an opportunity presented itself to have this discussion again with an independent third party more versed in Financial Planning and retirement investment that was also local to the community, and more readily available to support the organization. GM Kline met with Mr. Doug Kirchhofer of Northwestern Mutual Wealth Management Company to discuss the needs of NWCPUD, and if Mr. Kirchhofer would be available to provide financial management training to the PUD employees as part of its *Wellness Program*. As part of this discussion, Mr. Kirchhofer asked for some basic information to best prepare for the training and a review of current NWCPUD retirement products.

**Issue**

One result of Mr. Kirchhofer's review, and subsequent conversation with Nationwide, was the discovery that the District currently has no formal plan advisor, nor was there any sort of structure put in place by Nationwide when the organization was identified as a public, not-for-profit entity, as opposed to a private entity. This finding was the basis of GM Kline's concern in 2016. Through further discussion and investigation, it is apparent District participants have not been receiving the most efficient or value effective management of the employee retirement program options.



## **Recommendation**

The General Manager recommends that the Board of Directors and Plan Trustees authorize Mr. Doug Kirchhofer and his firm to coordinate with Nationwide on providing interim local advisor services to the PUD while a formal Request for Proposal (RFP) is developed and considered for distribution. This recommendation is predicated that no additional costs be incurred by the District by this action. Neither this recommendation nor its approval is intended to endorse or provide preferential treatment to any future RFP process or outcome.

## **Other**

The General Manager is currently a plan participant in both the 401(k) and 457(b) plan. The General Manager has no current financial relationship with Mr. Kirchhofer or Northwestern Mutual Wealth Management Company. Mr. Kirchhofer is a customer of Northern Wasco County PUD.