NORTHERN WASCO COUNTY PEOPLE’S UTILITY DISTRICT
REGULAR SESSION
DECEMBER 4, 2018

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

President Williams called the Regular Session to order at 3:00 p.m.

The following individuals were present during this portion of the Regular Session:

Counsel: James Foster

NWCPUD Staff: General Manager Roger Kline; Executive Assistant Kathy McBride;
and Director of Corporate Service Cyndi Gentry.

Visitors: None

DISCUSSION ON THE DISTRICT’S ECONOMIC DEVELOPMENT POLICY

General Manager Roger Kline presented to the Board the following documents: United States Department of Agriculture (USDA) Rural Economic Development Loan & Grant Program Flyer and the December 3, 2018, Volume 20, No. 24 CFC Solutions News Bulletin. A copy of these two documents are hereto attached and marked as Exhibits 1 and 2.

Kline stated that John Huffman would like to come and present information to the Board of Directors on the USDA’s Rural Economic Development Loan & Grant Program.

Kline noted that the reason Mid-Columbia Economic Development District (MCEDD) reached out to Northern Wasco County People’s Utility District is because the Rural Economic Development Loan (REDL) and Grant (REDG) Program provide funding to rural projects through local utility organizations.

Kline asked if the Board is interested in hearing a presentation from Huffman. This program is one way to provide economic development opportunities without using customer monies.

Kline read the Core Values & Beliefs section entitled Sustainability in the District’s Strategic Plan 2018-2028, which states "Maintaining financial integrity, minimizing our environmental impact, and supporting responsible economic development in our
communities ensures the long-term viability of the organization and the communities we serve.”

Kline stated that he recognizes and appreciates that the District has a piece of economic development in our core business and that we are hesitant to expose rate payer dollars to areas that are not in direct alignment. This USDA Rural Economic Development Loan and Grant Program could be one way to provide those resources with federal dollars.

Some discussion occurred regarding this USDA Loan and Grant Program after questions were raised by members of the Board.

Kline noted that MCEDD and John Huffman will provide the Board with more information on the loan and grant program offered through the United States Department of Agriculture in February.

Kline referred the Board to the December 2018, CFC Solutions News Bulletin, which shows an example from another utility provider on how they loaned USDA Rural Economic Development dollars and assisted a business in their service territory.

Kline left the meeting at 3:12 p.m.

The Board discussed, at this time, the District’s economic development grant program.

General Counsel James Foster reminded the Board that the concept of the economic development grants does not originate from this Board, but from the Oregon Revised Statutes. The economic development grant program is not a required act; it is an authorized power. The Board could choose to say as a policy that we are not going to support awarding economic development grants.

Director Gonser does not feel that the Board should make any type of decision on the economic development program until listening to John Huffman’s presentation.

Director Howe stated that one reason for him bringing this matter up for discussion was due to the need to clarify what constitutes “bricks and mortar” type projects. The Board needs to define that term to make it very clear to applicants.

Director Howe noted that the second reason was that the District went from helping the Wasco County Search & Rescue, a non-profit organization, to helping the Wasco County Sheriff’s Office, a local taxing jurisdiction. Director Howe is concerned that the District may have opened the pandora box.

President Williams pointed out the economic development benefits from the economic development grant award to the Dufur Parks & Recreation District for the community swimming pool.
Some discussion occurred regarding the District’s economic development grant program.

**EXECUTIVE SESSION**

At 3:24 p.m. President Williams recessed the Regular Session to convene into Executive Session as authorized by ORS 192.660 (2)(i) to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing evaluation of chief executive officer.

Those present for the Executive Session included the Board of Directors; General Counsel James Foster; and Director of Corporate Services Cyndi Gentry.

At 3:55 p.m. the Board adjourned from Executive Session to return to Regular Session.

The Board recessed at 3:56 p.m. for dinner.

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

The following individuals were present during this portion of the Regular Session:

**Counsel:** James Foster

**NWCPUD Staff:** General Manager Roger Kline; Assistant General Manager/Director of Power Resources Kurt Conger; Asset/Program Manager Steve Horzynek; Principal Engineer/Strategic Asset Planner Paul Titus; Executive Assistant Kathy McBride; CFO/Director of Finance & Enterprise Risk Harvey Hall; Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers; Operations & Engineering Manager Pat Morehart; Key Accounts Manager Justin Brock; Director of Corporate Services Cyndi Gentry; and Energy Specialist Lance Kublick.

**Visitors:** Scott Taylor; and District Consultant Michael Midghall, Fusion MR, LLC,

**PUBLIC COMMENT**

There was no one present wishing to provide public comment.
CONSENT AGENDA

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

- Regular Session Minutes of November 6, 2018
- Work Session Minutes of November 9, 2018
- October Outage Report
- Energy Management/Marketing Report
- Checks/Vouchers
- October Financial Report
- October Write Offs

The Board considered the approval of the December 4, 2018 Consent Agenda.

{{Director Howe moved to approve the December 4, 2018 Consent Agenda as presented. Director Gonser seconded the motion; it was then passed unanimously.}}

Presentation on the results of the Customer Engagement Survey

Key Accounts Manager Justin Brock wished to thank the following individuals who helped him with the Customer Engagement Survey: Director of Corporate Services Cyndi Gentry, Energy Specialist Lance Kublick, Energy Management Specialist I Travis Hardy, Business Analyst Contractor Marijane Thompson, District management and the individuals who completed the survey.

Brock stated that in early April 2018, the District requested market research survey proposals from several entities. In June, Michael Midghall, owner of Fusion MR, was selected to develop, administer and report on the survey results for the District.

Brock noted that initially the idea was to run a survey and gauge the interest level of our customers regarding solar and electric vehicles. Staff made the decision to incorporate energy conservation into the survey after the Conservation Potential Assessment was completed.

Over the course of several months, Midghall worked with District staff to develop the content and questions that comprised the survey. The survey ran from September 4, 2018 to October 16, 2018.
Brock turned the meeting over to Michael Midghall from Fusion, MR. to present some key findings from the Customer Engagement Survey.

Midghall presented a PowerPoint Presentation summarizing key findings obtained from the Customer Engagement Survey. A copy of Midghall’s PowerPoint Presentation is hereto attached and marked as Exhibit 3.

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

- The results of the Customer Engagement Survey showed that customer awareness of community solar programs and Advance Metering Infrastructure (AMI) was extremely low.
- Community Solar Program appears promising:
  - @ 6.5¢/kWh Participation Rate – 72%
  - @ 8.3¢/kWh Participation Rate – 30%
- A total of 216 surveys were completed, with 131 incomplete surveys.
- The fielding period for the survey was from September 4, 2018 to October 15, 2018.
- The survey resulted in a +/- 6.6% sample error.
- Most inclined to make changes are 35-64 year old.
- 48% of respondents were unaware of the District’s energy audit program
- Comparison of Multiple Items:
  - Overall Satisfaction – 8.4
  - Energy Efficiency & Conservation Awareness – 7.4
  - Price Satisfaction – 7.3
  - Community Solar Program Awareness – 1.9
  - AMI Awareness – 1.1
- Type of customer completing survey:
  - Residential – 95%
  - Commercial – 3%
  - Agriculture – 2%
- Does the customer rent or own home/building:
  - Own – 76%
  - Rent – 24%
- Gender of individuals completing survey: Female – 65%; Male – 35%
- How long the respondents have been a customer of the PUD:
  - Less than 2 years – 9%
  - 2-5 years – 20%
  - 6-15 years – 25%
  - 16-25 years – 17%
  - 26-35 years – 12%
  - More than 35 years – 17%

Midghall asked if the Board had any questions regarding the results of the survey.
Director Gonser asked what the District is intending to do with the data collected from the survey.

Energy Specialist Lance Kublick stated that the data collected will be used to roll out new marketing for the Energy Conservation Department.

Brock stated that he will be responsible for rebranding and marketing District services.

Some discussion occurred.

Director Gonser commented that he feels this was a good survey. He was surprised with some of the findings pertaining to the age of the home, solar power and AMI. Director Gonser feels that the District has a lot of work to do to educate our customers.

Kline stated that this is great information to use to build the District’s marketing plan.

Director Smith stated that his only disappointment with the survey was the low numbers of respondents.

Midghall stated that there are other methods that could be utilized to get more customers to respond to a survey.

Brock noted that the District had a few customers that wrote in requesting a paper copy of the survey.

**DIVISION UPDATES**

**Operations & Engineering:**

Operations and Engineering Manager Pat Morehart reported as follows:

**Transmission Electrical Services Project:**

- Titan Electric, District Contractor, started the Transmission Electrical Services Project the first week of October, and completed the project before the end of October.
- The project replaced the 69 kV transmission poles burnt by the wildfires and those found in decaying condition by the pole testing contractor last summer.
- Trees Inc., District Vegetation Control Contractor, is about two-thirds of the way through clearing vegetation and spraying to create a fire barrier around District power poles most vulnerable to future wildfire.
Columbia Heights Substation:

- In early November, it was discovered that the Columbia Heights Substation transformer had a malfunction of the component within the transformer that adjusts the voltage delivered to the customer automatically as load increases or decreases.
- In order to repair the load tap changer (LTC) the District crew had to perform an extensive switching order to shift load to two other substations so that the Columbia Heights Substation could be completely deenergized and repairs made.
- The manufacturer of the LTC coordinated with Specialty Engineering and the District’s Engineering Department and repairs were successfully made and the system was returned to normal operation.

Operations:

- The District received a call for assistance, the middle of October, from the Oregon Cherry Growers. The Oregon Cherry Growers had one of their 7,200-volt phases fail due to heated connections. The District’s crew responded promptly to deenergize the Oregon Cherry Grower’s circuit and to make necessary repairs. The District has been and continues to be the emergency resource for several of the large industrial customers on the system that have their own primary voltage systems. The heated connections were shown to the Board at this time.
- The District crew scheduled a coordinated outage in the middle of October in the area of the MCMC (Mid-Columbia Medical Center) Medical Building Complex to make repairs to the underground cable which failed. The underground cable was replaced. A portion of the failed cable was shown to the Board.
- A dump truck driver lost control of their vehicle yesterday at around 11:30 a.m. on Crates Way and slammed into a distribution junction box and a main feeder switch. The accident caused a high amperage ground fault operation on the serving feeder relays at the Second Street Substation. The operation duration lasted long enough to activate the emergency generator at the District’s Office. The District’s crew responded immediately and discovered the damaged equipment. The feeder switch and distribution junction box were replaced. Final repairs were made, and customers returned to service at around 7:30 p.m., Monday night. The damaged distribution junction box was shown to the Board.

The Dalles Marina Rebuild Project:

- The Dalles Marina Rebuild Contract has been reviewed by General Counsel and is waiting for signatures.
- Hage Electric, District Electrical Contractor, is considering some design changes and is reviewing the Contract.
- The District is waiting for project materials to arrive around the end of December.
The Dalles Marina Rebuild Project is scheduled to begin the first of January.

Engineering:

- D Hittle, District Engineering Consultant, is engineering the distribution line rebuild for the downtown The Dalles feeder, along Dike Road and the Mill Creek feeder on Mill Creek Road.
- Staff hopes to have those projects out to bid by the end of January 2019.

Safety:

- The District is on track for another year with no lost time accidents.
- The District’s continued emphasis on our culture of safety is keeping the employees safe.
- Operations Support & Safety Analyst Jimmy Wells has successfully secured a $5,000 grant through the Special Districts Association of Oregon to have ADA (American Disability Act) compliant ramps installed in the front entrance sidewalks of the District’s office complex and ADA compliant entrance doors.
- Wells has integrated a new computerized maintenance management system known as CGZ into the District’s maintenance processes.
- All maintenance of District fleet vehicles, equipment, facilities, substations, and hydro operation, just to name a few, are being tracked, scheduled and recorded automatically.

Finance:

CFO/Director of Finance & Enterprise Risk Harvey Hall provided the following report:

Financials:

- The District’s year-to-date net income for October 2018, was a positive $191,000; and a year-to-date positive net income of $1.4 million. By the end of year, Hall estimates that the District will be $1.9 to $2.0 million to the positive.
- The District has over $4 million in uncommitted reserves through October 2018.
- Hall will be recalculating the District’s reserves based on the reserve policy that has been set by the Board of Directors. This matter will be brought before the Board the first of the year.

Enterprise Risk Management:

- The Board of Directors adopted the Enterprise Risk Management Policy at the November Board Meeting.
- Hall will discuss Enterprise Risk Management at the January Board Meeting.
- The first meeting of the Audit/Risk Committee will be established in February when the field financial audit is being conducted by Moss Adams. This will
provide direct feedback to members of the Audit/Risk Committee from the District’s Auditor.

Some discussion occurred after several questions were raised by Directors Smith and Gonser pertaining to the increase in interest rates and the timing to borrow.

Hall noted that he anticipates that the interest rates will move between now and the time the District borrows. Right now, the cost to borrow is reasonably low. The District currently has no need to borrow.

Kline mentioned that the borrowing instrument being considered by the District does not have a prepay penalty.

Hall stated that the Ordinance, being considered this evening by the Board, authorizes up to $10 million in borrowing. He anticipates that the District will borrow at two different times. The District would be paying on what was only borrowed.

**Power Resources:**

Assistant General Manager/Director of Power Resources Kurt Conger reported as follows:

**Hydro Plants:**

- The McNary Hydroelectric Fishway Plant will begin its winter outage on January 2, 2019. This year’s workload is substantially less than last year and more driven by the U.S. Army Corps of Engineers’ work on the fish ladder. The unit should return to service on January 22, 2019.
- The Dalles Hydroelectric Fishway Plant will be taken off-line on January 22, 2019. Exciter replacement will be the critical path activity during this winter outage. The unit is expected to return to service by February 28, 2019.
- The Dalles Fishway Chief Operator Jay Bonogofsky will be retiring in April 2019. A vacancy will be posted for a Hydro Plant Operator.

**Quenett Creek Substation:**

- Bonneville Power Administration (BPA) continues to estimate an energization date in April 2019.
- The District has a short list of critical tasks to complete as the energization date approaches.

**Power Prices:**

- Mid-C Power Prices remain extremely volatile. December 2018, on-peak prices exceeded $100/MWh last week but settled at $65 today.
- Forward prices for CY 2019 at $35/MWh continue to exceed the prices for CY 2020 through CY 2024 but have declined from the high of $37 last week.
Mid-C Daily Index came out strong at the close yesterday around $90 on-peak. Revenues for The Dalles Fishway output in November reflect these strong prices.

The Board was shown three PowerPoint Slides, which reflect power prices. Copies of these PowerPoint Slides are hereto attached and marked as Exhibit 4.

A brief discussion occurred after a question was raised regarding the upcoming retirement of The Dalles Fishway Plant Chief Hydro Operator.

**Corporate Services:**

Director of Corporate Services Cyndi Gentry reported as follows:

**Pledge System:**

- The UPN System comes with a module called “Pledge”.
- When the District receives a pledge from Mid-Columbia Community Action Council (CAP) staff must track the pledge manually.
- Staff is setting up the testing for the Pledge module.
- There are several things that benefit the customers and the District:
  - The UPN System immediately applies the pledge to the account where the customer will see it on their next bill.
  - The system allows staff to generate a report and to apply the pledge.
  - When the pledge amount is received it can be tracked.
- Pledges are received from CAP, the Yakima Tribe and the Neighbor to Neighbor Program.

**Check Scanner:**

- Testing is proceeding with the check payment scanning process.
- The biggest hurdle that staff has encountered is getting the scanned file from the check scanner into UPN and to apply the payment appropriately.
- IT Help Desk Analyst Keith Michaels is working on programming which will automate some processes.

**IVR (Auto Que):**

- Staff is starting to write a test plan for the IVR. This allows customers to make a payment over the phone without talking to a Customer Service Representative (CSR).
- As the IVR is rolled out, the District is offering three options: account information; make a payment; or talk to a person.
- In the future the District would like to have outage management in our system, which gives the ability for customers to report outages.
UPN UPDATES:

- Staff is in the process of testing updated UPN Service Packs, prior to year-end closing.

Bank Card Readers:

- The District has received five new bank card readers.
- Two bank card readers will be installed at the front counter, and one at each of the three Customer Service Representative’s desk.
- The bank card readers provide PCI compliance and security for the information being obtained.
- Once the bank card readers are installed the kiosk will be removed from the office.
- Staff had to purchase and install a network switch. Systems Administrator Jon Schellinger is working on the configuration of the network switch. This network switch must be separate from the rest of the District’s network.

Gentry told the Board that Energy Specialist Lance Kublick is here to share information on the Space Planning Project Contract. The District needs to replace office furniture and to add more work stations to the existing layout.

Gentry stated that it is the goal of staff to add the work stations without any building remodeling. The District has three interns that were budgeted for next year. This last summer District interns were using folding tables for their work station.

Gentry noted that in 2019 the District is anticipating seven new positions; some are actual new FTEs. Staff is anticipating new jobs for existing positions. Gentry stated that it is anticipated that within three to five years that another three work stations will be needed.

Gentry stated that another reason for the project is that staff’s current work stations are not ergonomically sound. The last reason for the space planning project is for collaboration and planning purposes. The District needs to get all teams together so that they can work together.

Energy Specialist Lance Kublick informed the Board that when he first got this project it was suggested that the District use the State of Oregon’s Procurement Information Network (ORPIN) and another state agency that have gone out for competitive bids. Staff contacted three bidders and received two responses back. Staff has started the preliminary design; initial cost has been developed, and the project cost has been budgeted for expenditure in 2019.
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Kublick stated that the first stage of the project will include engineering, the hoteling area, and Gentry and Kline's offices. There are spaces where there will be no changes in personnel. The first stage is estimated to cost between $80,000 to $90,000. The vendor chosen will have a much better idea of cost by the end of the week. The overall project cost is estimated at $300,000. The project could stretch out to March 2019.

Some discussion occurred regarding the modular office furniture to be installed and the reorganization of the office to make room for more work stations.

Asset/Program Manager Steve Horzynek stated that the process is going well. The selected vendor is very knowledgeable. Staff has requested some design changes. There are a lot of storage options available. A good traffic flow has been created with increased visibility. Old paperwork is being cleaned out, which is impacting staff's work load.

Kublick reported that the proposed contract has been sent to the vendor. Staff is hoping to have something to present to the Board between now and the next Board meeting.

Gentry stated that it will take six weeks to get the furniture delivered.

The Board is willing to meet prior to the next meeting to approve the Contract if necessary.

Transfer of IT Department Oversight:

General Manager Kline informed the Board that as of January 1, 2019 there will be a formal hand off for the oversight of the IT Department from Cyndi Gentry to Paul Titus. Titus has agreed to take on the role of Chief Innovation Officer. Gentry will refocus on the people part of the job.

Kline thanked both Titus and Gentry for their work.

Advanced Metering Infrastructure (AMI) Update:

Principal Engineering & Strategic Asset Planner Paul Titus provided the Board of Directors with an update on the Advanced Metering Infrastructure (AMI) Project. Titus reported as follows:

- The AMI Kickoff Meeting was held last week over a three-day period.
- Staff must learn many different acronyms for the AMI Project.
- It is projected, based on the schedule, that the District will receive end points the end of February, the first of March 2019.
- Director of Corporate Services Cyndi Gentry and Energy Specialist Lance Kublick will be working on communications for the AMI Project.
Some discussion occurred regarding the AMI Project and the capabilities of the meter when it comes to tampering.

Kublick stated that he has started writing the Communication Plan for the AMI Project. Staff will be utilizing Facebook, the District's website, the KODL Coffee Break Program, etc. to get the word out about the AMI Project.

Director Gonser requested that Titus provide the Board with a copy of the list of AMI acronyms.

President Williams congratulated staff for the AMI Project and the progress being made.

**General Manager:**

General Manager Roger Kline reported as follows:

**System Growth**

- The District continues to experience load growth and expansion requests.
- A new system peak was realized on November 9, 2018 of 127.8 MW.
- The average system load for November was 109.9 MW.
- December daily system average is currently 103.5 MW.

**Service Territory Boundary**

- The District has been notified by Wasco Electric Cooperative (WEC) that we have been inadvertently providing electric services to four of their member-customers. This was done sometime in 2014.
- Staff is working with WEC on a remedy.
- Kline is interested in correcting all boundary issues to ensure this isn't repeated in the future.
- There are "islands" within the District's service territory that may have an opportunity to be corrected to the mutual benefit of both utility service providers.

**Labor Negotiations**

- The District has received a letter from IBEW Local 125 indicating interest in bargaining the next labor contract.
- The last contract was approved back in 2016 and is scheduled to expire in March 2019.
- Kyle Abraham, Legal Counsel from Barron Liebman, and Cyndi Gentry, Director of Corporate Services, will serve as the District's primary negotiating team.
• A future discussion will occur where the Board will be requested to authorize the General Manager and negotiating team to negotiate the labor contract on behalf of the District.

Community Outreach Team

• Executive Management Team (EMT) Members and Kline continue to participate in the local Community Outreach Team (COT).
• CFO/Director of Finance & Enterprise Risk Harvey Hall participated in the November meeting where projects were discussed and ranked in order of importance to the group. The “City of The Dalles Downtown Core Utility Infrastructure Under-Grounding Project” was ranked in 5th Place. This is the project that the District is partnering with the City of The Dalles on.

In closing, Kline reported that both the Port of The Dalles Board and Executive Director have expressed much appreciation to the District for our work on completing The Dalles Marina Rebuild Project.

General Counsel:

General Counsel James Foster stated that the District has finally been presented with the filed easement that was approved by the Port of The Dalles back in February or March 2018. The easement had been sitting in a file in the County Courthouse for some time.

NEW BUSINESS

Consideration and approval of Ordinance #01-2018 authorizing the issuance of a revenue borrowing

CFO/Director of Finance & Enterprise Risk Harvey Hall stated that the Ordinance is a non-emergency ordinance authorizing the issuance of borrowing up to $10 million.

Hall noted that this is like what the Board did with the bond borrowing back in 2016. The adoption of this non-emergency Ordinance allows the public a 60-day period to object to the issuance of a revenue borrowing by the District. The matter could be referred to a vote.

Hall noted that the adoption of the Ordinance by the Board of Directors will kick off that 60-day period. The District will be able to borrow in February, after the 60-day period has expired.
President Williams stated that he had a long conversation with General Counsel James Foster. He told the Board not to get hung up on the word “bonds”; it is essentially talking about a loan.

Hall referred the Board to the third paragraph in the Ordinance. The word “bonds” is a broad term for borrowing.

General Counsel James Foster stated if the Ordinance is adopted, the question the Board should have is does it give the General Manager the authority to take the money any time it is appropriate.

Kline stated that is not going to be the process. No action will be taken by the General Manager or staff until it is brought before the Board at the appropriate time.

Foster stated that this is an Ordinance that authorizes $10 million in borrowing; the Board has heard that the borrowing will not be exercised without further action of the Board.

Hall stated that the borrowing could come in two parts. There might be initial borrowing in the spring of next year, and then a year or two later all fitting within that $10 million. The goal of staff is to pay back the amount borrowed within 10 years.

Foster noted that the Ordinance was prepared by the District’s Bond Counsel.

Director Smith asked General Counsel if the Board needed to include any type of wording regarding no action be taken until Board approval is received.

Foster suggested that given the comments made to the Board, should the General Manager or Chief Financial Officer borrow money without talking to the Board first, it would probably be breach in their employment agreement.

{{Director Smith moved to adopt Ordinance #01-2018, an Ordinance of the Northern Wasco County People’s Utility District, Oregon, authorizing the issuance of a revenue borrowing. Director Howe seconded the motion; it was then passed unanimously.}}

Adoption of 2019 O&M Budget

CFO/Director of Finance & Enterprise Risk Harvey Hall presented a PowerPoint Presentation. A copy of the PowerPoint Presentation is hereto attached and marked as Exhibit 5.

Highlights of Hall’s presentation are as follows:
• The net positive revenue is almost $3.4 million.
• The O&M Budget carries all the assumptions that have been previously discussed with members of the Board of Directors.
• The 2019 Budget is in line with the District’s Strategic Plan for 2018-2028.
• The District can support the Strategic Plan without any rate change in 2019.
• Staff will be looking at rates in 2020.

Director Smith stated that he would have like to have seen the breakdown of the PUD’s participation with various member organizations and the amounts for said participation.

Kline refreshed the Board that starting in 2016 the District purposely moved away from a line item review. All this information is readily available.

Hall will provide Kline with the District’s memberships which can be provided to the Board Members at their one on one meetings with Kline.

{{Director Smith moved to adopt Northern Wasco County People’s Utility District’s 2019 Budget as presented. Director Karp seconded the motion; it was then passed unanimously.}}

Consideration of Adopting Records Retention and Disposition Policy

CFO/Director of Finance & Enterprise Risk Harvey Hall stated that Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers has spent a lot of time researching and drafting up the Records Retention and Disposition Policy for General Counsel James Foster’s review and approval.

Hall is not seeking the Board’s approval of the retention schedule. The retention schedule will be a stand-alone document, which will be updated as the state’s document retention schedule changes.

The proposed Retention and Disposition Policy is up-to-date and in compliance with state statutes. The District’s Retention Committee will review the retention schedule to make changes in the schedule as needed and required.

Some discussion occurred after questions were raised by President Williams and General Counsel Foster.

Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers replied that the State of Oregon tries to update the retention schedule every five years. The schedule is expected to be updated mid-year in 2019. Unfortunately, there is no list serve that can be subscribed to for notification when updates are made to the state’s retention schedule.
Powers noted that there are procedures for when documents are destroyed.

{{Director Gonser moved to adopt the Records Retention and Disposition Policy. Director Smith seconded the motion; it was then passed unanimously.}}

Canvassing of November 6, 2018 Election Returns

{{Director Smith moved that the Northern Wasco County People’s Utility District Board of Directors has canvassed the election returns for November 6, 2018. Director Howe seconded the motion; it was then passed unanimously.}}

OLD BUSINESS

No discussion occurred on the 2019 OPUDA Conference, as listed under Old Business on the Board’s Agenda.

Kline requested that Executive Assistant Kathy McBride remove from the Agenda the item listed as 2019 OPUDA Conference.

BOARD REPORTS / ITEMS FROM BOARD MEMBERS

Oregon People’s Utility Districts Association (OPUDA):

Director Howe provided the following report on the recent OPUDA Board Meeting in Salem:

- The Romain Group invited Oregon State Senator Cliff Bentz as the guest speaker.
- Senator Bentz spoke about the carbon issue and cap and trade.
- Senator Bentz provided some facts, such as:
  - Oregon currently contributes 65 million tons of carbon per year; of that amount transportation is at 40%.
  - Oregon wants to drop that amount to 10 million tons of carbon per year starting in 2021 and being completed by 2051.
  - Globally there is 33 billion tons of carbon produced per year.
- Senator Bentz does not believe that cap and trade will save us from climate change.
- Bonneville Power Administration (BPA) approved the tariff rates resulting in a 4% rate increase.
- BPA is forecasting much drier and warmer weather this winter.
Director Gonser stated that Senator Bentz is the only Republican on the Joint interim Committee on Carbon Reduction; the rest are democrats. The Committee members highly value Senator Bentz’s opinion.

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

- December 5-7, WPUDA Annual Conference – Roger Howe
- December 12, NEMS, NESC & NIES Annual Meeting – Dan Williams, Connie Karp, Roger Howe, Clay Smith and Howard Gonser
- December 12, PPC Political Townhall – Dan Williams, Connie Karp, Roger Howe, Clay Smith and Howard Gonser
- December 13, PPC Annual Meeting – Dan Williams, Connie Karp, Roger Howe, Clay Smith and Howard Gonser
- December 21, OPUDA Board Meeting – Dan Williams, Connie Karp, Roger Howe, Clay Smith and Howard Gonser
- January 9, PPC Forum – Dan Williams, Connie Karp, Roger Howe, Clay Smith and Howard Gonser
- January 10, PPC Executive Committee – Dan Williams, Connie Karp, Roger Howe, Clay Smith and Howard Gonser
- January 18, OPUDA Board Meeting – Dan Williams, Connie Karp, Roger Howe, Clay Smith and Howard Gonser

The Board of Directors authorized General Counsel James Foster to attend the Law Seminars International Buying & Selling Electric Power in the West Conference on January 24-25, 2019 in Seattle, Washington.

At 8:33 p.m. the Board recessed.

At 8:44 p.m. the Board reconvened.

### EXECUTIVE SESSION

At 8:44 p.m. President Williams recessed the Regular Session to convene into Executive Session as authorized by 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.

Those present for the Executive Session included the Board of Directors; General Counsel James Foster; General Manager Roger Kline; Assistant General Manager/Director of Power Resources Kurt Conger; Principal Engineer/Chief Asset Planner Paul Titus; Chief Finance Officer/Director of Finance and Enterprise Risk
Harvey Hall; Key Accounts Manager Justin Brock; and Executive Assistant Kathy McBride.

At 9:03 p.m. the Board adjourned from Executive Session to return to Regular Session.

There being no further business the meeting adjourned at 9:04 p.m.

ATTEST:

President

Secretary
Rural Economic Development Loan & Grant Program

What does this program do?
The Rural Economic Development Loan (REDL) and Grant (REDG) programs provide funding to rural projects through local utility organizations. Under the REDLoan program, USDA provides zero interest loans to local utilities which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly. The utility is responsible for repayment to the Agency.

Under the REDGrant program, USDA provides grant funds to local utility organizations which use the funding to establish revolving loan funds (RLF). Loans are made from the revolving loan funds to projects that will create or retain rural jobs. When the revolving loan fund is terminated, the grant is repaid to the Agency.

Who may apply for this program?
To receive funding under the REDLG program (which will be forwarded to selected eligible projects) an entity must be described as:

- Any former Rural Utilities Service (RUS) borrower who borrowed, repaid or pre-paid an insured, direct, or guaranteed loan
- Nonprofit utilities that are eligible to receive assistance from the Rural Development Electric or Telecommunication Programs; or
- Current Rural Development Electric or Telecommunication Programs Borrowers

What is an eligible area?
Intermediaries may use Rural Economic Development Loan & Grant (REDLG) funds to lend for projects in rural areas or towns with a population of 50,000 or less.

How much funding is available to intermediaries?
- Up to $300,000 in grants may be requested for establishment of the RLF
- Up to 10% of grant funds may be applied toward operating expenses over the life of the RLF
- Up to $2 million in loans may be requested

The intermediary applies to USDA for funding support on behalf of specified local projects. Projects may commence after application submission, but there is no guarantee of approval. USDA funds are issued to the intermediary at project completion.

What are the terms for the intermediary?
- 10 years at 0%
- Grants require 20% match from the intermediary
- Grant funds must be repaid to USDA upon termination of the RLF

How may funds be used?
REDLG intermediaries pass the funding to ultimate recipients on to eligible projects. Examples of eligible projects include:

- Business incubators
- Community development assistance to nonprofits and public bodies (particularly job creation or enhancement)
- Facilities and equipment for education and training for rural residents to facilitate economic development
- Facilities and equipment for medical care to rural residents
- Start-up venture costs, including, but not limited to financing fixed assets such as real estate, buildings (new or existing), equipment, or working capital
- Business expansion
- Technical assistance

NOTE: 7 CFR, Part 4280.27 and 7 CFR, Part 4280.30 list ineligible uses
**Rural Economic Development Loan & Grant Program**

**How much funding is available to business and community borrowers (ultimate recipients) through the RLF?**

An ultimate recipient may request up to 80% of project cost using REDLG funds, with the remainder provided by the ultimate recipient or the intermediary.

**What are the terms on the RLF loan to the ultimate recipient?**

- Interest rate is 0%
- Maximum term is 10 years
- Up to 80% of project cost, with 20% from either the ultimate recipient or the intermediary
- The intermediary may incorporate interest rates or administrative loan fees after the funds have been loaned out and revolved once. First time around all loans are at zero interest.
- Repayment may be deferred up to two years

**How do we get started?**

Applications for this program are accepted through your local office year round. Program Resources are available online (includes forms needed, guidance, certifications etc.)

**Who can answer questions?**

Contact your local office.

**What governs this program?**

- Basic Program – 7 CFR, Part 4280
- Loan Servicing – 7 CFR, Part 4280 and 2 CFR Part 200
- This program is authorized by the Rural Electrification Act of 1936

**Why does USDA Rural Development do this?**

The REDLG programs provide financing to eligible RUS electric or telecommunications borrowers to promote rural economic development and job creation projects.
Three REDL&G Loans Help Major Prairie State Business Expand

Three times in the past six years, Shelby Electric Cooperative, based Shelbyville, Illinois, has secured interest-free loans through the USDA Rural Economic Development Loan and Grant (REDL&G) program to assist a major area employer, IHI Turbo America (ITA)—a subsidiary of Japanese industrial conglomerate IHI Corporation—with growth plans.

The most recent $2 million REDL&G loan will underpin a $40 million expansion, including construction of a 250,000-square-foot building and new factory lines, to assemble turbochargers for Honda North America. The effort will create an estimated 90 full-time jobs with about $5.6 million annually in wages and benefits.

In 2012, the cooperative supported a $2 million REDL&G loan for ITA as part of a $4.8 million project that added 30 positions; four years later it backed another $1 million loan for the company that made an approximately $3 million, 20-job production capacity improvement possible.

“Investing in the rural communities we serve lies at the core of why electric cooperatives were formed some 80 years ago,” explains Shelby Electric Cooperative President and CEO Josh Shallenberger.

REDL&G uses electric cooperatives... Continued on Page 2

Cowboy State Cooperative Joins 100 Percent CFC Borrower Ranks

High Plains Power, headquartered in Riverton, Wyoming, recently refinanced debt from other lenders and became the fifth cooperative from the state to join the roster of 100 percent CFC borrowers. The board and management team made the decision as a way to meet changing member needs more rapidly and achieve loan flexibility.

“One of the chief benefits is putting into place financing where a loan matches the life of an asset,” says High Plains Power CEO Marlene Morss. “We also will experience reduced staff time in completing forms and dealing with tedious procedures encountered in the past.”

Morss notes the 13,000-meter distribution cooperative has begun rolling out an automated metering infrastructure (AMI) system. “Since we serve 12,500 square miles of territory with varying terrain, we’re implementing AMI in three phases and should be completed in 2020. Thanks to CFC’s help in accomplishing this time-consuming and expensive deployment, we will greatly boost service reliability.”

She concludes: “High Plains Power appreciates the outstanding service we’ve always received from CFC. We see CFC as much more than a lending institution and have always made use of its value-added training programs, conferences and webinars. For example, we have utilized CFC staff for our strategic and risk management planning. The annual CFC Forum is second to none. Of course, CFC’s Key Ratio Trend Analysis remains one of the best tools to track our performance.”

High Plains Power was formed in 1998 from the consolidation of Riverton Valley Electric Association and Hot Springs Rural Electric Association. It maintains 4,800 miles of line across parts of eight counties in central and west-central parts of the state.
Electric Cooperatives Demonstrate Economic Punch in Latest ‘Co-op 100’

The Washington, D.C.-based National Cooperative Bank (NCB) recently released its annual Co-op 100, which ranks the nation’s top 100 cooperative enterprises by annual revenue. CFC, along with 18 generation and transmission cooperatives and four electric distribution systems, were among those making the list (see chart), accounting for a combined $21.5 billion in revenue in 2017.

Overall, the 100 largest U.S. cooperatives in 2017 posted revenue totaling $214.4 billion. Once again, agribusiness cooperative CHS, Inc., headquartered in Saint Paul, Minnesota, topped the chart with more than $31.9 billion. More than 30,000 cooperative businesses are currently operating in the United States, serving 120 million members, according to NCB.

You can read the full report and see all 100 co-ops online.

Federal Court Green Lights Nuclear Subsidies

The U.S. Circuit Court of Appeals for the Seventh District recently upheld Illinois’ zero-emission credits (ZECs) initiative designed to boost struggling nuclear plants in the state. Under ZECs, nuclear owners receive compensation for providing “clean” electricity. The three-judge panel unanimously ruled that although ZECs would keep otherwise uneconomical nuclear facilities operating and raise costs for competing generators, those outcomes merely posed indirect impacts to wholesale markets—rejecting arguments that ZECs interfered with wholesale electricity markets overseen by the Federal Energy Regulatory Commission. “Because states retain authority over power generation, a state policy that affects price only by increasing the quantity of power available for sale is not preempted by federal law,” Judge Frank Easterbrook, a Reagan appointee, wrote. The ruling also shot down claims that ZECs violated the “dormant” Commerce Clause of the U.S. Constitution by discriminating against interstate transactions. Last year, a federal judge ruled that New York’s ZEC program was “constitutional” and “of legitimate state concern.” In April, the New Jersey state legislature passed a law to provide a $300 million annual subsidy for the Garden State’s remaining nuclear power plants.

Federal Cybersecurity Efforts Get Overhaul

President Donald Trump last month signed a measure creating the Cybersecurity and Infrastructure Security Agency, a division within the U.S. Department of Homeland Security that will work to reduce physical and cybersecurity threats to the country’s infrastructure. The office will operate independently to speed up efforts to protect the energy grid and critical infrastructure. On that front, a new KPMG poll of utility CEOs finds 48 percent believe a cyber attack on their company is inevitable, with 58 percent feeling prepared to identify a cybersecurity threat and 59 percent seeing cybersecurity specialists as the most important new role in hiring. If a cyber attack were to occur, 68 percent thought their utilities were prepared to manage external stakeholders and 63 percent were confident they could contain any impact on strategic operations.

Three REDL&G Loans Help Major . . .

Continued from Page 1

as “pass-through” entities to make zero-interest loans and grants available for rural business development and job creation, with a loan payback of up to 10 years. Cooperatives guarantee repayment of REDL&G loans to the federal government.

CFC plays a critical role in preserving REDL&G through its participation in the USDA Guaranteed Underwriter Program. “Due to our unique partnership with USDA and REDL&G, CFC is able to help electric cooperatives make investments in essential community facilities,” says CFC Senior Vice President of Corporate Relations Brad Captain. “We pay a 30-basis-points [three-tenths of 1 percent] fee annually on USDA Guaranteed Underwriter Program loans—brokered through the Federal Financing Bank—as long as they remain outstanding. The fees—approximately $15 million annually; nearly $140 million total to date—flow into REDL&G, and provide a predictable source of budget enhancements to support the program.”

To date, REDL&G has awarded more than $800 million to roughly 1,600 local initiatives across rural America.
Consumer Credit Takes a Surprising Dip

Consumer credit rose by $10.92 billion in September—the smallest bump since June—to a seasonally adjusted $3.95 trillion and an annual growth rate of 3.3 percent. That marked a huge drop from August’s nearly $22.9 billion.

Nonrevolving debt—such as student loans and car loans—accelerated by $11.2 billion, although the 4.7 percent annual gain was the smallest since February. Nonrevolving balances have not shrunk since April 2011.

Revolving credit balances, notably credit cards, slipped by $312 million, a 0.4 percent year-over-year decline and the third in six months. Overall, credit climbed at a seasonally adjusted annual rate of 3.3 percent, compared with 7 percent the prior month; the 5.3 percent boost for the third quarter was the fastest since late 2017.

With interest rates rising, growth in consumer credit should slow going forward. Consumers will want to borrow less and not spend more money on debt servicing.

Industrial Production Rises in October

Industrial production has improved in eight of the past nine months and rests 4.1 percent higher on a year-ago basis. Manufacturing output increased 0.3 percent, supported by a bounce in the automobile sector. Utilities and mining production fell 0.5 percent and 0.3 percent, respectively, although logging healthy 1.7 percent and 13.1 percent gains from a year ago.

Retail Sales Rebound

Following two months of declines, retail sales grew by 0.8 percent in October and were up 4.6 percent from year-ago levels. The turnaround heading into the holiday season bodes well for the economy.

Growth in gasoline station sales was particularly strong, at 0.5 percent. Even when removing gasoline stations and car dealers, sales swelled 0.3 percent.

The main retail risk stems from trade tensions, notably if tariffs propel prices of consumer goods.

Consumer Prices Seem To Be Strengthening

The headline Consumer Price Index (CPI)—the most common inflation measure, which captures average prices for a common basket of goods and services—rose 0.3 percent in October, the most in nine months. On a year-ago basis, headline CPI came in 2.5 percent higher, slightly better than September’s 2.3 percent.

Gains in the cost of gasoline, rents and used-car prices led the way. The CPI for energy, in fact, surged 2.4 percent from the month before and 8.8 percent from a year ago. Core CPI, which excludes volatile food and energy components, jumped 0.2 percent and stands at 2.1 percent over the past 12 months.

With CPI trending where the Federal Reserve would like it to be, expect to see another 0.25 percent interest rate hike later this month.

—Nick Grabowski
Oil Prices Tumble on Worries About a Shaky World Economy

By John Suter, Vice President, Capital Markets Research & Analysis

Oil prices have sunk recently due to a planet-wide supply glut. In early October, crude prices hit a yearly high of $76.41 per barrel. But they retreated to the mid-$50s by mid-November and low-$50s by the end of the month.

Compounding the collapse has been crumbling confidence in the global economy. Among the G-7 nations (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) plus China, only the United States will show positive growth in 2018, according to the most recent survey by the International Monetary Fund. In turn, projections for 2019 oil demand are being revised downward, with the still-escalating U.S.-China trade war raising fears of a sharp slowdown in economic activity across the Asia-Pacific region.

Oil’s supply-demand imbalance stems largely from the U.S. shale boom. In a turnaround unthinkable a decade ago, the United States has emerged as the world’s top oil producer, pumping out 13 percent of global crude, nearly twice what rigs kicked out in June 2008—an amount that is projected to keep going up. Moreover, Saudi Arabia, the de facto leader of the 15-nation Organization of the Petroleum Exporting Countries, has signaled it may cut output in 2019.

Oil prices can be a double-edged sword, of course. If they climb too fast, consumers get squeezed by rising gasoline prices. But if they fall too far, drillers need to cap wells, which slashes employment.

Earlier this year, expectations that supplies would drop off after President Trump reimposed sanctions on Iran sparked predictions of $100-per-barrel oil. However, waivers granted to eight governments to purchase Iranian oil were implemented before the restrictions took full effect, easing concerns about shortages.

Over the long term, energy experts still believe that oil consumption—and prices—will advance. As it has so many times in the past, the oil industry will respond by reversing gears and opening the spigots.
COMMUNITY ENGAGEMENT SURVEY
on ENERGY EFFICIENCY, COMMUNITY SOLAR & OTHER PROGRAMS
FOR
NORTHERN WASCO COUNTY PEOPLE’S UTILITY DISTRICT

Michael Midghall
Principal
Fusion MR, LLC
Summary & Findings

- Benefits of EE Audits are Demonstrated
- Awareness on CSP & AMI is extremely low
- CSP appears promising
  - @ 6.5¢/kWh Participation Rate → 72%
  - @ 8.3¢/kWh Participation Rate → 30%
- N=216 completed online surveys; 131 incomplete
- Fielding: 9/4 – 10/15
- Sample Error: +/- 6.6%
Which, if any, of the following types of changes have you made at your home/building? Check all that apply.

- EFFICIENT LIGHT BULBS (CFL OR LED) [83%]
- ENERGY STAR® [59%]
- MORE EFFICIENT WINDOWS [38%]
- INCREASED INSULATION LEVELS [31%]
- PROGRAMMABLE THERMOSTAT [29%]
- MORE EFFICIENT WATER HEATER [29%]
- MORE EFFICIENT COOLING SYSTEM [28%]
- MORE EFFICIENT HEATING SYSTEM [28%]
- MOTION SENSOR FIXTURES/SWITCHES [12%]
- OTHER [9%]
- NONE OF THE ABOVE [8%]
- SMART DEVICE (NEST, ECOBEE, ETC.) [4%]

Older, Audited, Home Owners & High EE Awareness Segments Indicate the Most Changes
To make your home more energy efficient, and thereby reduce your bill, how important is each of the following?

- ALWAYS TURN DOWN THE HEAT/AC WHEN YOU… 8.7
- ALWAYS TURN OFF THE LIGHTS AND NON-… 8.6
- CHANGE TO MORE EFFICIENT LED LIGHT BULBS 8.2
- USE CAULKING TO SEAL CRACKS IN WALLS… 8.1
- BUY ENERGY STAR® APPLIANCES AND… 8
- BUY A MORE EFFICIENT SPACE HEATING OR… 7.8
- CHANGE TO MORE EFFICIENT WINDOWS (E.G… 7.7
- INCREASE WALL, FLOOR AND ATTIC/CEILING… 7.6
- BUY A MORE EFFICIENT WATER HEATER 7.6
- ELIMINATE VAMPIRE POWER BY PLUGGING ALL… 6.5
- BUY SENSORS TO TURN OFF LIGHTS/DEVICES… 5.1

Women & High EE Awareness Segments Consistently Rate Items the Highest
How likely are you to make each of these changes within the next two years?

- Always turn down the heat/AC when you…
- Change to more efficient LED light bulbs
- Always turn off the lights and non...
- Use caulkking to seal cracks in walls and...
- Eliminate using power that isn’t capable...
- Buy Energy Star® appliances and...
- Buy a more efficient water heater (e.g…
- Buy a more efficient space heating or...
- Buy sensors to turn off lights/devices...
- Increase wall, floor and attic/ceiling...
- Change to more efficient windows (e.g…

35-64 Year Olds Most Inclined to Make Changes
FINDING: Items at Top Require the Most Incentive to Increase Energy Efficiency
In your opinion, which is the best reason to reduce your electricity usage?

- Reduces my bill, saves me money: 63%
- Reduces CO2 greenhouse gas, makes me feel good: 16%
- More efficient home: comfortable, quiet: 15%
- Other: 6%

Low Price Sat(78%), Low EE Awareness(76%), ROI<3yrs(74%) – “Saves Money” Reason
Has your home/building ever had an energy audit?

- 42% Yes, within 3 yrs
- 23% Yes, 3-5 yrs ago
- 14% Yes, >5 yrs ago
- 11% No
- 10% DK/not sure

94% of Renters & <35yrs Say No/DK | 3-10yr ROI(49%), >64yrs(37%) Highest Audit Rate
Why have you not had an energy audit for your home/building? N=50

- 46% Unaware of the program
- 16% Ineligible - heating source
- 16% Rent
- 8% Not interested
- 8% No time
- 4% No money for upgrades
- 4% Other

Low EE Awareness (88%) & Low Price Sat (70%) Most Likely to Be Unaware
When purchasing appliances and heating/cooling equipment, how much of a premium would you be willing to pay for an Energy Star® branded product that meets all of your requirements?

- **NOTHING**: 9%
- **LESS THAN 5%**: 14%
- **5% TO 9%**: 24%
- **10% TO 14%**: 28%
- **15% TO 19%**: 6%
- **20% TO 24%**: 5%
- **25% OR MORE**: 14%

Low Sat (24%) and Renter (17%) Segments Most Likely to Say “Nothing”
If the price were the same, would you prefer to have solar panels on your roof or receive electricity from “virtual” solar panels that are located nearby but somewhere else?

- Panels on my own home/building’s roof: 59%
- Panels located somewhere else: 41%

No Statistically Significant Variations Between Any of the Segments
Which of the following attributes of a Community Solar Program might be beneficial to you? Check all that apply.

- 100% RENEWABLE: 71%
- LOWER OR ZERO INVESTMENT COST: 66%
- SITE IS IDEAL FOR SUN EXPOSURE: 60%
- MORE CONVENIENT THAN ROOF INSTALLATION: 56%
- ZERO CO2 EMISSIONS: 51%
- LOCAL JOBS (FOR INSTALLATION): 50%
- SUPPORTS OREGON’S RPS LAW: 39%
- AVAILABLE TO RENTERS: 39%
Please review the above electricity price rates for various utilities. For a potential PUD developed Community Solar Program, what amount is ...

Choices:
5
6
7
8
9
10
11
12
13
14
15
¢/kWh

- TOO EXPENSIVE
- EXPENSIVE, BUT YOU’D STILL CONSIDER PARTICIPATION
- A BARGAIN – A GREAT BUY
- TOO CHEAP, WHERE’D YOU DOUBT THE RELIABILITY

Mean Values

Highest ‘Expensive’: ROI>10yrs & Overall Sat @ 8.7; Price Sat & Energy Audited @ 8.6

Highest ‘Bargain’: Male(6.8), Low Elec Usage(6.8)
How likely would you be to participate in a PUD Community Solar Program if it were available for [expensive price]?
How likely would you be to participate in a PUD Community Solar Program if it were available for [bargain price]?

<table>
<thead>
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<th>Choices:</th>
<th>5</th>
<th>6</th>
<th>6.5</th>
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<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
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</table>

Would Participate: Lo Price Sat(86%), Lo EE Aware(80%), ‘77-00 Home Owners(79%)
COMPARISON OF MULTIPLE ITEMS

- Awareness: AMI
  - Quantity: 1.1

- Awareness: CSP
  - Quantity: 1.9

- Satisfaction: Price
  - Quantity: 7.3

- Awareness: EE & Conservation
  - Quantity: 7.4

- Satisfaction: Overall
  - Quantity: 8.4
DEMOGRAPHICS
What type of customer are you?

- Residential: 95%
- Commercial: 3%
- Agriculture: 2%
Do you rent or own your home/building?

- Rent: 24%
- Own: 76%
How many kilowatt-hours of electricity did you use on your latest bill?

Kilowatt-hours: Median=975, Mean=4597
In which category is your age?

- 18 to 24 years: 2%
- 25 to 34 years: 10%
- 35 to 44 years: 17%
- 45 to 54 years: 26%
- 55 to 64 years: 10%
- 65 to 74 years: 12%
- 75 to 84 years: 23%
- 85 or more years: 1%
How do you describe your gender?

- 65% Female
- 35% Male
- 0% Transgender / other
What is the highest level of education you’ve had the opportunity to complete?

- Less than high school: 2%
- High school diploma: 18%
- Some college / 2-year degree: 25%
- College degree / 4-year degree: 37%
- Graduate / professional school: 18%
For how long have you been a customer of the PUD?
THE END & BACK-UPS
CROSSTABS ANALYSIS TOOL

- Create categories from responses to see how different population slices answer the questions
- Look for statistically significant differences that can add more meaning to the results

<table>
<thead>
<tr>
<th>#</th>
<th>Question</th>
<th>LABEL</th>
<th>DEFINITION</th>
<th>NOTES</th>
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<td>2 or 3</td>
<td>&lt;35</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td></td>
<td>4-6</td>
<td>35sX64</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td>7-9</td>
<td>&gt;64</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>D6 Gender</td>
<td>1</td>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td></td>
<td>2</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>D7 Education</td>
<td>1-3</td>
<td>&lt; Col Deg (4yr)</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td></td>
<td>4-5</td>
<td>Col Deg (4yr) or +</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>CSP2 Panel Location</td>
<td>1</td>
<td>My roof</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td></td>
<td>2</td>
<td>Somewhere else</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Q1 Satisfaction</td>
<td>&lt;8</td>
<td>Lo Sat</td>
<td>On survey scale: 0-6</td>
</tr>
<tr>
<td>33</td>
<td></td>
<td>8&lt;X&lt;9</td>
<td>Med Sat</td>
<td>On survey scale: 7-8</td>
</tr>
</tbody>
</table>
# Fielding Details

<table>
<thead>
<tr>
<th>BILL MAIL DATE</th>
<th>Completes as of Bill Date</th>
<th>Incompletes as of Bill Date</th>
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</thead>
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<tr>
<td>08/31/18</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>09/07/18</td>
<td>39</td>
<td>30</td>
</tr>
<tr>
<td>09/14/18</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>09/21/18</td>
<td>39</td>
<td>28</td>
</tr>
<tr>
<td>9/28/2018</td>
<td>61</td>
<td>36</td>
</tr>
<tr>
<td>10/5/2018</td>
<td>31</td>
<td>4</td>
</tr>
<tr>
<td>10/15/2018</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>216</td>
<td>122</td>
</tr>
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</table>
Q3A-Q3K. How likely are you to make each of these changes within the next 2 years: 
(Mean Table)

<table>
<thead>
<tr>
<th>Panel</th>
<th>Education</th>
<th>Location</th>
<th>Some-</th>
<th>Where</th>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>&lt; 1400 &lt; 35</td>
<td>Medium</td>
<td>&lt;64</td>
<td>&gt;64</td>
</tr>
<tr>
<td></td>
<td>Square Footage</td>
<td>Energy Audit</td>
<td>Age</td>
<td>Gender</td>
<td>Gender</td>
</tr>
<tr>
<td>-------</td>
<td>--------------</td>
<td>---------------</td>
<td>------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>(B)</td>
<td>(C)</td>
<td>(D)</td>
<td>(E)</td>
<td>(F)</td>
<td>(G)</td>
</tr>
<tr>
<td>(O)</td>
<td>(P)</td>
<td>(Q)</td>
<td>(R)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q3J-Always turn down the heat (or up for AC) when you leave home for an extended period
7.8  7.8  7.9  8.0  7.4  8.0  7.6  8.0  7.7  7.6  7.9  7.8  7.8  7.8  7.2  7.8  8.0

Q3A-Change to more efficient LED light bulbs
7.5  7.8  7.1  7.6  6.6  7.9  7.2  8.2  8.1  7.4  7.6  7.5  7.6  8.1  7.0  7.5  7.2  7.8

Q3I-Always turn off the lights and non-essential appliances when leaving the room
7.5  7.8  7.8  7.0  7.6  7.5  6.7  8.3  8.1  7.7  7.7  7.4  7.2  8.0  7.2  6.7  8.1  7.4

Q3E-Use caulking to seal cracks in walls and around windows and door frames
6.3  5.9  7.2  6.0  6.5  6.3  5.8  6.9  5.7  6.0  6.5  6.4  6.3  6.7  6.1  6.9  6.4  6.1

Q3K-Eliminate vampire power by plugging all electronic & computer equipment into power strips that are switched off when devices aren't being used
5.8  6.5  5.5  5.1  5.7  5.8  5.8  5.9  5.5  5.1  6.2  5.9  5.6  6.4  5.3  6.5  5.5  5.7

Q3B-Buy Energy Star appliances and electronics
5.7  5.7  5.4  6.6  6.6  5.4  5.0  6.4  5.1  5.9  5.7  5.3  6.2  5.8  5.7  5.3  5.5  6.0

Q3G-Buy a more efficient water heater
5.0  5.1  5.2  5.1  6.3  4.5  3.5  5.6  4.9  5.0  5.0  4.8  5.3  4.9  5.1  4.0  4.8  5.4

Q3H-Buy a more efficient space heating or cooling system
4.5  4.5  5.1  4.3  4.7  4.4  3.8  5.2  4.0  4.4  4.6  4.0  5.1  4.8  4.3  4.1  4.4  4.7

Q3F-Buy sensors to turn off lights/devices when no one in room
4.4  4.7  4.1  4.6  4.3  4.5  4.2  4.6  4.2  4.1  4.7  4.6  4.3  4.5  4.4  4.7  4.0  4.6

Q3D-Change to more efficient windows
4.3  4.6  5.0  3.6  4.8  4.2  4.1  4.7  3.9  4.0  4.5  4.3  4.3  5.0  3.7  4.8  4.3  4.1

Q3C-Increase wall, floor and attic/ceiling insulation
4.3  4.1  4.5  4.6  4.9  4.1  4.2  4.7  3.7  5.0  3.9  4.3  4.2  4.8  3.9  5.3  4.1  4.1
<table>
<thead>
<tr>
<th>Last Question Seen</th>
<th>Incompletes</th>
<th>% of Respondents</th>
</tr>
</thead>
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<tr>
<td>D1</td>
<td>26</td>
<td>7%</td>
</tr>
<tr>
<td>D3</td>
<td>41</td>
<td>12%</td>
</tr>
<tr>
<td>OverallSat</td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td>EEG2</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>EEG3</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>UOV2</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>UOV3</td>
<td>7</td>
<td>2%</td>
</tr>
<tr>
<td>EOV4</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>EOV5</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>EES1</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>EEE1</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>EEE2</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>EEB1</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>CSP1</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>CSP3</td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td>Rates</td>
<td>8</td>
<td>2%</td>
</tr>
<tr>
<td>PIHigh2LowAcceptExpen</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>EVB1</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>EEB2</td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td>ThankYou</td>
<td>6</td>
<td>1%</td>
</tr>
</tbody>
</table>
## 2019 PROPOSED BUDGET

<table>
<thead>
<tr>
<th>NWCPUD</th>
<th>2019 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE/REIMBURSEMENTS</strong></td>
<td>(53,167,140)</td>
</tr>
<tr>
<td>O&amp;M LABOR</td>
<td>4,337,660</td>
</tr>
<tr>
<td>O&amp;M NON-LABOR</td>
<td>49,137,017</td>
</tr>
<tr>
<td>OVERHEAD &amp; BENEFIT TO SPREAD</td>
<td>(3,665,892)</td>
</tr>
<tr>
<td><strong>TOTAL LOSS / (GAIN)</strong></td>
<td><strong>(3,358,355)</strong></td>
</tr>
</tbody>
</table>
## 2019 PROPOSED BUDGET

### Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Act</th>
<th>% of Total</th>
<th>2018 Proj</th>
<th>% of Total</th>
<th>2019 Bud</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Phase</td>
<td>10,305,413</td>
<td>28.3%</td>
<td>10,066,815</td>
<td>23.7%</td>
<td>10,071,909</td>
<td>20.0%</td>
</tr>
<tr>
<td>Three Phase</td>
<td>1,199,829</td>
<td>3.3%</td>
<td>1,205,243</td>
<td>2.8%</td>
<td>1,208,297</td>
<td>2.4%</td>
</tr>
<tr>
<td>Demand</td>
<td>3,807,394</td>
<td>10.5%</td>
<td>4,078,715</td>
<td>9.6%</td>
<td>4,085,999</td>
<td>8.1%</td>
</tr>
<tr>
<td>Primary</td>
<td>20,505,103</td>
<td>56.4%</td>
<td>26,443,054</td>
<td>62.3%</td>
<td>34,404,055</td>
<td>68.2%</td>
</tr>
<tr>
<td>Irrigation</td>
<td>179,898</td>
<td>0.5%</td>
<td>216,513</td>
<td>0.5%</td>
<td>219,211</td>
<td>0.4%</td>
</tr>
<tr>
<td>Street/Yard Light</td>
<td>360,569</td>
<td>1.0%</td>
<td>445,566</td>
<td>1.0%</td>
<td>446,003</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Total Retail Sales</strong></td>
<td><strong>36,358,206</strong></td>
<td></td>
<td><strong>42,455,906</strong></td>
<td></td>
<td><strong>50,435,474</strong></td>
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</tbody>
</table>

### Expense

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Actuals</th>
<th>% of Total</th>
<th>2018 Projected</th>
<th>% of Total</th>
<th>2019 Bud</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;M Labor</td>
<td>5,951,859</td>
<td>15.1%</td>
<td>6,184,668</td>
<td>14.2%</td>
<td>7,270,977</td>
<td>14.6%</td>
</tr>
<tr>
<td>O&amp;M Non Labor</td>
<td>3,000,023</td>
<td>7.6%</td>
<td>2,603,340</td>
<td>6.0%</td>
<td>2,419,416</td>
<td>4.9%</td>
</tr>
<tr>
<td>Outside Service</td>
<td>1,744,869</td>
<td>4.4%</td>
<td>1,480,992</td>
<td>3.4%</td>
<td>1,232,154</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total Cost to Manage Work</strong></td>
<td><strong>10,696,751</strong></td>
<td><strong>27%</strong></td>
<td><strong>10,269,000</strong></td>
<td><strong>24%</strong></td>
<td><strong>10,922,547</strong></td>
<td><strong>22%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Actuals</th>
<th>% of Total</th>
<th>2018 Projected</th>
<th>% of Total</th>
<th>2019 Bud</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased Power</td>
<td>22,745,672</td>
<td>57.5%</td>
<td>26,134,780</td>
<td>60.0%</td>
<td>30,495,644</td>
<td>61.2%</td>
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<tr>
<td>External Trans</td>
<td>2,787,873</td>
<td>7.0%</td>
<td>3,359,158</td>
<td>7.7%</td>
<td>4,229,235</td>
<td>8.5%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,286,824</td>
<td>5.8%</td>
<td>2,594,144</td>
<td>6.0%</td>
<td>2,639,359</td>
<td>5.3%</td>
</tr>
<tr>
<td>City Fees</td>
<td>1,029,478</td>
<td>2.6%</td>
<td>1,211,510</td>
<td>2.8%</td>
<td>1,522,000</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Total Cost to Serve</strong></td>
<td><strong>28,849,846</strong></td>
<td><strong>73%</strong></td>
<td><strong>33,299,592</strong></td>
<td><strong>76%</strong></td>
<td><strong>38,886,238</strong></td>
<td><strong>78%</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>2017 Actuals</th>
<th>% of Total</th>
<th>2018 Projected</th>
<th>% of Total</th>
<th>2019 Bud</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expense</strong></td>
<td><strong>$39,546,597</strong></td>
<td></td>
<td><strong>$43,568,591</strong></td>
<td></td>
<td><strong>$49,808,785</strong></td>
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2019 PROPOSED BUDGET

QUESTIONS