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

The following individuals were present during the Regular Session:

Counsel: James Foster

NWCPUD Staff: General Manager Roger Kline; Assistant General Manager/Director of Power Resources Kurt Conger; Principal Engineer & Strategic Asset Planner Paul Titus; Executive Assistant Kathy McBride; Operations & Engineering Manager Pat Morehart; Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall; Emergency Management & Special Project Kevin McCarthy; and Senior Financial Analyst Becky Holce

Visitors: Jeff Griffin, Wilson Heirgood Associates

PUBLIC COMMENT

There was no public comment.

ELECTION OF OFFICERS

{{Director Smith moved to approve the following rotation of Officers on the Northern Wasco County People’s Utility District Board of Directors: President Dan Williams; Vice President Connie Karp; Secretary Roger Howe; Treasurer Clay Smith; and Director Howard Gonser. Director Karp seconded the motion; it was then passed unanimously.}}}

Newly Elected President Dan Williams thanked Director Howard Gonser for his service as the Board’s President during 2017.
Jeff Griffin, Wilson-Heirgood Associates (WHA), presented to the Board a copy of Northern Wasco County People’s Utility District’s Insurance Summary for 2018. He made a short presentation on the State of the District from an insurance perspective.

Some of the highlights from Griffin’s presentation are as follows:

- The District’s property deductible was recently reviewed. It was concluded that higher deductibles do not make sense at this time. The property deductible is currently at $1,000 per occurrence. The deductible amount will be looked at again sometime in the future.
- District buildings and substations are insured on a true blanket; they are placed in a replacement value category. The total value, at any one loss, is the total coverage of all properties combined.
- Scheduled equipment is the most expensive part of the property section. Staff has done a great job in reevaluating the equipment. This is looked at each year.
- Under the Auto Schedule there are various deductibles. On the higher valued apparatus there are higher deductibles as compared to the smaller valued apparatus with lower deductibles.
- WHA has requested quotes to verify what the cost would be with higher deductibles. The District is currently paying around $6,000 for physical damage. WHA estimates that the higher deductible quotes will come in with an approximate 10% savings.
- Griffin noted some of the benefits received under the Special Districts Association of Oregon (SDAO) Insurance program.
- The District has $10 million in liability coverage. The Oregon Tort limits the maximum amount that the District could be sued for to just under $2 million.
- Under the District’s insurance policy there is some coverage for ethic defense, as well as $250,000 in crime coverage.
- SDAO’s rates went up 3% this last year; the District’s rates went up by 5.26%. Part of the increase is contributed to the District increasing property values by $4.5 million. The value of the District’s substations, buildings and equipment was increased by $5.5 million.
- The District’s insurance premium increased from $90,645 to $95,416, which represents a 5.2% rate change.
- The Dalles Fishway Plant’s premium changed from $68,000 to $69,000, which represents a 2% increase.
- McNary Fishway Plant’s premium increased from $90,000 to $95,000; a 5% rate increase.
- The District’s flood insurance was increased to a $10 million limit.
General Counsel James Foster pointed out that the Insurance Summary lists McNary Dam Washington Shore Fishway Hydroelectric Project as the insured when it should be listed as Northern Wasco County People's Utility District and Klickitat Public Utility District.

Griffin stated that he will make sure that the document is corrected to reflect that the District and Klickitat PUD are the insured.

Some discussion occurred after several questions were raised by Foster regarding cyber security coverage and why the Insurance Summary Document under the “Terms and Conditions” Section states that one Fishway Plant’s Liberty Mutual Powergen Policy is expiring and the other is not.

Griffin responded by stating that both policies expired on December 31, 2017 and renewed January 1, 2018.

During the discussion Griffin was unable to point out exactly where in the Insurance Summary Document cyber security coverage is listed since the definition page is missing from the summary. Cyber security coverage is not included under the computer fraud coverage.

Griffin will send to the Board, by the next meeting, information to clarify the District’s cyber security coverage.

Some discussion occurred regarding the District’s cyber security coverage in the amount of $250,000 and whether it is adequate to cover the District.

Griffin stated that cyber liability is a big issue with the insurers. They are seeing unbelievable claims. Griffin is not sure that $250,000 in coverage is adequate for long term.

General Manager Roger Kline stated that the District has a third-party vendor who is responsible for the controls and oversight of some of the District’s information.

Griffin stated outsourcing is a good thing. The District needs to ensure that the contractor is as sound as possible.

Director Williams asked if the $95,000 premium for the McNary Fishway Plant is the total premium or has that number been split with Klickitat PUD?

Griffin stated that is the total premium for McNary, as split.
Other items pointed out by Griffin during his presentation are as follows:

- The District qualified for a 10% credit under the SDAO Best Practices Program.
- Each year SDAO tailors the Best Practices Program to address areas where there have been losses to their insurers.
- The last several years the losses have been around civil right issues.
- SDAO will conduct a training this spring where the District can qualify for a 2% Board Training Credit.
- The District received around a $7,036 longevity credit, which means that the District’s loss ratio is below SDAO’s benchmark.
- Last year there were some unusual national disasters; hurricanes Erma, Harvey and Maria and fires in the State of California.
- Due to these billion dollar losses, Griffin anticipates significant changes within 10 years. He expects that property reinsurance will increase anywhere from 10% to 40%.
- In the District’s case, the property part of the annual insurance package is less than half of the premium.
- Griffin does not expect changes in the liability and auto rates. He does believe that the District’s property rates could increase around 8% to 10% next year.
- Griffin recommends that the District focus on risk management. Today’s losses will be scrutinized more than they have in the past.

Some discussion occurred.

**APPOINTMENTS**

The Board reviewed the proposed appointments of the following individuals to the following organizations:

Northwest Requirements Utilities (NRU) Appointment and Alternate – Roger Kline and Kurt Conger

Northwest Energy Management Services (NEMS) Appointment and Alternate – Kurt Conger and Roger Kline

Oregon People’s Utility Districts Association (OPUDA) Appointments and Alternate – Clay Smith, Roger Howe and Connie Karp
Director Gonser moved to approve the following appointments as recommended:

Northwest Requirements Utilities (NRU) Appointment and Alternate – Roger Kline and Kurt Conger

Northwest Energy Management Services (NEMS) Appointment and Alternate – Kurt Conger and Roger Kline

Oregon People’s Utility Districts Association (OPUDA) Appointments and Alternate – Clay Smith, Roger Howe and Connie Karp

Director Smith seconded the motion.

General Counsel James Foster informed the Board that it is the Board President’s discretion to make these appointments.

Director Gonser withdrew his motion and Director Smith withdrew his second.

President Williams appointed these individuals to the listed organizations at this time.

CONSENT AGENDA

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

- Special Session Minutes of November 14, 2017
- Work Session Minutes of November 15, 2017
- Regular Session Minutes of November 28, 2017
- Regular Session Minutes of December 5, 2017
- November Outage Report
- November Energy Management/Marketing Report
- November Checks/Vouchers
- November Financial Report
- November Write Offs
- Approve 2018 IRS Mileage Reimbursement Rate of $0.545 per mile

The Board considered the approval of the January 2, 2018 Consent Agenda.

Director Karp moved to approve the January 2, 2018 Consent Agenda as presented. Director Smith seconded the motion; it was then passed unanimously.
DIVISION UPDATES

Engineering/Operations:

Operations & Engineering Manager Pat Morehart presented a year-end review for 2017 as follows:

- The District arranged for training and hosted several joint Mid-Columbia utility training sessions.
- Staff has been attending training sponsored by industry associations and organizations.
- Last year a new position entitled Utility Worker was opened and filled by an existing Meter Reader employee. The Utility Worker is assisting the Warehouseman and has assumed some of the safety inspection and facilities duties.
- The Utility Worker will have his Commercial Driver’s License (CDL) by the end of January 2018.
- The District has no lost time accidents during 2017.
- Engineering and Operations staff have been issued a combination of fire retardant (FR) and Hi-Viz personnel equipment. All employees are clearly identifiable as District employees.
- Staff’s work on fleet maintenance scheduling and addressing repairs has proven to increase the efficiencies in Operations.
- A side by side All-Terrain Vehicle (ATV) was added to the District’s fleet to improve staff’s ability to patrol the 69 kV line to the south through remote mountainous areas.
- Osmose, the District’s Pole Inspection Contractor, was employed last spring to inspect 10% of the District’s distribution system poles.
- Staff organized a plan to address the Public Utility Commission’s (PUC) violations discovered with the pole inspections. Operations is making good progress in addressing those corrections and replacing poles as needed.
- Trees Inc, the District’s Tree Trimming Contractor, is completing their first full year of vegetation maintenance of the transmission and distribution system.
- Dave Taphouse, former Journeyman Tree Trimmer, was moved to the position of District Arborist. Taphouse became certified by the International Society of Arboriculture.
- Taphouse has done an excellent job of organizing the tree work and work flow to address the most critical areas in need of tree trimming. With the progress made in vegetation control last year there has been a reduction in tree related system outages.
- The Monday morning Operations Briefing has developed into a valuable communications venue. Engineering, meter readers, warehousing, safety
operations support, Arborist and Assistant General Manager/Director of Power Resources staff all attend and participate in these briefings.

- The Engineering and Operations Department has undertaken changing out the high-pressure sodium lights when they are reported as malfunctioning. These street lights are now changed out to LED lights.
- A block of distribution support projects has been put together by staff and contracted out to Michels Power for completion. Michels Power’s is accomplishing the projects in rapid succession. Staff has done an excellent job of coordinating and planning the projects with the contractor.
- The work flow between the Engineering and Operations Departments have improved since the reorganization of said departments. Communication and the flow of information between Engineering and Operations has also improved.
- Staking technician projects and joint use issues are being addressed or are in the queue.
- Principal Engineer Paul Titus’s direct focus on system design and technical system development provides the specific technical guidance to Engineering and Operations’ daily tasks.
- Titus’ engineering expertise and knowledge of the technical aspects of the District’s electrical system is a resource for the successful development of the new Associate Engineers.

Some discussion occurred on the use of drones. Titus noted that a FFA License is required to use a drone to perform commercial work.

Finance and Risk:

Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall presented a PowerPoint Presentation entitled “2017 Year to Date Overview through November 2017”. A copy of said PowerPoint is hereto attached and marked as Exhibit 1.

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

- The District has done some things over the last couple of years that have impacted the District financially, such as:
  - The settlement of the McNary Fishway Crane Failure Insurance Claim;
  - McNary Fishway being put back online;
  - Significant work with the District’s major primary customer, Design LLC, in terms of rates and the review and realignment of the contract with them;
  - Significant rate action in May 2017;
  - The District borrowed $13 million for capital projects;
  - The completion of significant projects during 2017, such as the RiverTrail Substation;
In October 2017, the District had some early retirement of McNary Fishway assets, which accelerated the depreciation of said assets. A total of $476,000 of assets were retired; which is a non-cash event; The District’s budget reflects conservative load assumptions; and Staff does not plan to recommend any rate action this year.

Director Gonser stated that this is excellent information. It gives the Board a bird eyes view or a snapshot of the District. He felt that this type of presentation done periodically would be helpful for the Board of Directors.

Director Smith commented that this means that the District’s Reserve Policy is in better shape than anticipated.

Hall responded by stating that the District may not have to touch the Rate Stabilization funds.

Consideration and adoption of Per Diem Policy:

Hall stated that the Board was presented with the proposed Per Diem Policy at the December Board Meeting. No conditions in the Policy have been changed. Staff is recommending that the Per Diem Policy be adopted effective February 1, 2018.

Hall noted that the proposed Policy was sent out to District staff for their review and comments.

{{Director Gonser moved to adopt the Per Diem Policy as presented, effective February 1, 2018. Director Karp seconded the motion.

Some discussion occurred after a question was raised by Director Smith regarding the first and last day of travel being reimbursed at 75% of the qualified per diem rate.

Hall stated that the Per Diem Policy follows the Federal guidelines.

General Counsel James Foster stated that historically he has taken the position to follow the same expense procedures as other District employees follow. Foster suggested that he should be subject to this policy as well.

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

}}
Power Resources:

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

**McNary Fishway:**

- Hydro outages at The Dalles Fishway and McNary Fishway are beginning this month.
- The outage at the McNary Plant started this morning.
- The unit is scheduled to return to service by the end of January 2018.
- Work includes painting, improvements to the bearing seals, inspection of the draft tube gate and diffuser bypass, baffles, and replacement of all hydraulic control relays.
- McMillen Engineering and HCMS are assisting District staff with the McNary outage.
- The McNary Fishway unit was removed this morning and tagged out.
- A lot of this year’s work was work that was not completed during the Runner Replacement Project, which was identified as work that could be deferred until the next outage.

**The Dalles Fishway:**

- The outage at The Dalles Fishway begins on January 15th.
- The unit is scheduled to return to service by the end of January 2018.
- Scheduled work includes fish screen sieve replacements, installation of a new programmable logic controller interface control software; and electrical testing will be performed on relays, breakers, cables, generator stator and power transformer.

Some discussion occurred after a question was raised by President Williams regarding fish sampling improvements at The Dalles Fishway Plant.

Conger responded that no fish sampling improvements are being made at The Dalles Fishway during the January 2018 outage. An engineering proposal to complete the initial design and scoping work was just given to General Counsel James Foster for his review. Conger anticipates that it will be the middle of 2018 before the District has the project scope together with the approximate cost.

Conger is not sure that the District will start construction to improve fish sampling at The Dalles Fishway during 2018. When construction does begin, Conger anticipates it will take three to four months to complete.
Director Smith had a question regarding the emergency generator at The Dalles Fishway.

Conger responded by stating that the emergency generator is reliable and is functioning properly.

Conger further reported as follows:

230 kV Tie:

- The District is responsible to construct a 230 kV tie facility from the proposed Bonneville Power Administration (BPA) Quenette Creek Substation to the Google Taylor Lake Facility.
- The Taylor Lake Facility is currently being served by the District’s RiverTrail Substation.
- The load levels through December and into this week have been increasing.
- The construction of the 230 kV tie facility needs to begin early in 2018.
- The District has contracts in place with Michels Power and Crestline Construction, however the District is still waiting for BPA to allow mobilization onsite.

Cryptocurrency:

- Back in early December 2017, there was quite a buzz regarding cryptocurrency due to bitcoin prices shooting up to almost $20,000 per bitcoin.
- Before Christmas, the prices had dropped down to $13,000 per bitcoin.
- Prices are now around $15,000, with interest in cryptocurrency building back up.
- The District has one Facility Site Evaluation Request, which has been signed and paid for.
- The Facility Site Evaluation Request process is a process that the District goes through for loads over 1 MW. The process evaluates what facility requirements may be required by the customer’s proposed installation.
- The District has had one Facility Site Evaluation Request withdrawn, while there is still one pending for finalization and payment.
- District staff is talking to an engineering firm about building a base system analytical model for the District’s distribution system that will allow staff to efficiently evaluate these requests for capacity.
- The load capacity at the District’s existing Substation is limited. The cost of increasing capacity needs to be determined and assigned to the customer who causes that cost.

Some discussion occurred regarding these inquiries and the procedures that the District has in place to address these cryptocurrency inquiries.
Corporate Services:

Kline noted that Corporate Director Cyndi Gentry had a vehicle problem so she will not be in attendance this evening. Gentry had nothing specific to report.

Kline stated that the Board will be presented with the 2017 Quarter 4 Report at the February Board Meeting.

AMI Project:

Principal Engineer & Strategic Asset Planner Paul Titus reported to the Board that AMI Proposals were due back by December 8, 2017. A total of eight (8) proposals were received. Staff decided to expand the live presentations from three to four proposals.

Titus stated that two hour presentations are scheduled the morning of January 17th and January 18th. An invitation to attend these live AMI presentations will be sent to members of the Board of Directors.

The following companies will be making presentations on their AMI proposal: Landis & GYR; Eaton; General Pacific-Itron; and Anixter.

Some discussion occurred regarding the proposals received, the difference in hardware and the presentations that will be made to Board and staff.

General Manager:

General Manager Roger Kline reported as follows:

- Operations Support Analyst/Designated Safety Professional Jimmy Wells was able to go back in the District's records to determine that 2017 was the first year in seven years that the District did not have a reportable injury. (This is actually the first year in nine years that the District has not had a reportable injury.)
- The District should be hearing back from the American Public Power Association (APPA) by the end of January on the status of the District's RP3 Designation.
- The Board will see a continued focus on enterprise risk during 2018.
- 2018 is the year for technology. Staff will continue the work on the UPN Reset, Futura and Standard Operating Procedures (SOPs) Projects.
- As previously pointed out by Hall, the District will finish out December 2017, financially strong.
- The District hit our peak load at 98.9 MWs on December 6, 2017 between 7 a.m. and 8 a.m.
Kline reported in closing that Emergency Management & Special Project Kevin McCarthy has announced his resignation. He has accepted a position with Grant Public Utility District as Senior Manager of Internal Services. McCarthy’s last day will be January 31, 2018.

Kline thanked McCarthy for his service to the District.

Kevin McCarthy responded to Kline’s comments. McCarthy thanked Kline for calling him almost two years ago. McCarthy feels that the District is in better shape than when he arrived. He thanked the Board for their patience and support for what has been accomplished over these past two years.

The Board of Directors thanked McCarthy for his service to the District.

**General Counsel:**

General Counsel James Foster provided the Board with an update on the conversation held last month regarding the District’s Retirement Plan. The District has an agreement in place with Iris Tilly, an ERISA (Employee Retirement Income Security Act) attorney, to work with General Manager Kline to provide the District with independent advice on the District’s Retirement Plan.

**NEW BUSINESS**

**Consideration of eliminating Credit Card & E-Check Fees**

Kline informed the Board that this matter has been discussed with the Board multiple times but no motion was made last month to eliminate the Credit Card and E-Check Fees.

Hall noted that the Board Packet includes both the current and proposed Credit Card & E-Check Fees Schedules. Staff is recommending that the Credit Card & E-Check Fees and maximum payment amount be eliminated. The maximum credit card payment amount will be managed under the District’s Customer Service Policy.

Hall noted that the intent is to make this change for the District’s residential customers. The maximum payment amount is subject to further evaluation since staff would like to see if the District’s small commercial customers could be included.

Some discussion occurred.
Kline noted that the District has other tools that can be used to work with commercial customers.

Director Smith stated that he has some reservations with eliminating the credit card payment limit. He feels that some type of limit should be maintained.

Director Gonser feels the elimination of the fee and payment amount is a great idea.

{{{{Director Gonser moved to accept staff's recommendation to amend the Check Card and E-Check Fee from $2.15 per transaction to $0.00 and that the Maximum Payment Amount of $300 is amended to read that the Maximum Payment Amount will be subject to future card usage evaluation by Customer Service. Director Karp seconded the motion; it was then passed unanimously.}}}}

OLD BUSINESS

There was no old business to discuss.

BOARD REPORTS / ITEMS FROM BOARD MEMBERS

Oregon People's Utility Districts Association (OPUDA):

President Williams noted that there will be no Oregon People's Utility Districts Association (OPUDA) Board Report since Director Howe is not in attendance due to having surgery.

Northwest Public Power Association:

Director Smith had nothing to report this evening.

APPROVAL OF FUTURE MEETINGS/TRAVEL/RELATED MATTERS

January 3, PPC Forum – Clay Smith, Howard Gonser, Dan Williams and Connie Karp

January 4, PPC Executive Committee - Clay Smith, Howard Gonser, Dan Williams and Connie Karp

January 4, Customer Owned Utilities (COU) Meeting - Clay Smith, Howard Gonser, Dan Williams and Connie Karp
January 19 - OPUDA Meeting – Clay Smith, Howard Gonser, Dan Williams and Connie Karp

Some discussion occurred regarding the scheduled Work Session on January 29th at 4:00 p.m. after Director Clay Smith indicated that he would be unable to attend on that date.

The Board decided to move the Board's Work Session from January 29th to February 6th at 4 p.m., prior to the scheduled Regular Session Meeting at 6 p.m.

January 31, NRU Board Meeting - Clay Smith, Howard Gonser, Dan Williams and Connie Karp
January 31, PPC Forum - Clay Smith, Howard Gonser, Dan Williams and Connie Karp
February 1, PPC Executive Committee – Clay Smith, Howard Gonser, Dan Williams and Connie Karp
February 16 – OPUDA Board Meeting - Clay Smith, Howard Gonser, Dan Williams and Connie Karp

**EXECUTIVE SESSION**

At 8:17 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 General Manager Roger Kline.

At 8:41 p.m. the Board adjourned from Executive Session to return to Regular Session.
There being no further business the meeting adjourned at 8:42 p.m.

\[Signature\]
President

**ATTEST:**

\[Signature\]
Secretary
2017 Year to Date Overview

Through November 2017

January 2, 2018
## NET INCOME 2016 TO 2017 COMPARE

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## FINANCIAL KEY PERFORMANCE INDICATORS
### 2017 YTD TO 2016 AND APPA COMPARISON

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