NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT
REGULAR SESSION
JANUARY 8, 2019

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

President Williams 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; Chief Innovation Officer Paul Titus; Executive Assistant
Kathy McBride; CFO/Director of Finance & Enterprise Risk Harvey Hall; Senior
Financial Analyst/Contracts, Risk and Supply Chain Sue Powers; Operations &
Engineering Manager Pat Morehart; Key Accounts Manager Justin Brock; Director of
Corporate Services Cyndi Gentry; Asset/Program Manager Steve Horzynek; and
Business Analyst Robert Casaubon

Visitors: Scott Taylor

OATH OF OFFICE

General Counsel James Foster administered the Oath of Office to newly elected Board
of Director Members Howard Gonser, Representing Subdivision #4; Clay Smith
representing Subdivision #3; and Connie Karp representing Subdivision #5. The newly
elected Board of Director's respective term of office will expire on December 31, 2022.

ELECTION OF OFFICERS

{{{{Director Howe moved to accept the slate of officers as set forth in the Agenda:
President Connie Karp, Vice President Roger Howe, Secretary Clay Smith,
Treasurer Howard Gonser and Director Dan Williams. Director Karp seconded the
motion; it was then passed unanimously.}}}}

Newly elected President Connie Karp took over the meeting from outgoing President
Dan Williams.
APPOINTMENTS

President Connie Karp appointed the following individuals to the following Committees:

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

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

Oregon People's Utility Districts Association (OPUDA) Appointment & Alternate – Clay Smith and Howard Gonser

PUBLIC COMMENT

There was no one present wishing to provide public comment.

Chief Innovation Officer Paul Titus introduced to the Board of Directors, Robert Casaubon, Business Analyst. Casaubon joined the District back on December 27, 2018.

CONSENT AGENDA

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

- Regular Session Minutes of December 4, 2018
- November Outage Report
- Energy Management/Marketing Report
- Checks/Vouchers
- November Financial Report
- November Write Offs
- Approval 2019 IRS Mileage Reimbursement Rate of $0.58 per mile

The Board considered the approval of the January 8, 2019 Consent Agenda.

{{Director Williams moved to approve the January 8, 2019 Consent Agenda as presented. Director Gonser seconded the motion; it was then passed unanimously.}}
CONVENE AS CONTRACT REVIEW BOARD

At approximately 6:05 p.m. the Board of Directors convened as the Contract Review Board for Northern Wasco County People’s Utility District.

Director of Corporate Services Cyndi Gentry went over her memorandum regarding the award and approval of the Construction/Public Improvement Contract between the District and Workpointe for the Space Utilization Planning and Workstation Furniture Replacement Project. The Contract is for an amount not to exceed $300,000. A copy of Gentry’s memorandum, with attachments, is hereto attached and marked as Exhibit 1.

Gentry noted the following during her presentation:

- The District is six or seven work stations short for the current year.
- The Space Utilization Planning and Workstation Furniture Replacement Project is included in the adopted 2019 Capital Budget.
- Staff is asking that the Board award the Contract to Workpointe for an amount not to exceed $300,000.
- The estimated cost is around $150,000 below what has been budgeted for the project.
- General Counsel James Foster has reviewed and approved of the proposed Contract, which is before the Board of Directors for approval.
- A public notice will be published in the local newspaper to allow for public comment for seven days after receiving Board approval.
- The first phase of the project will include:
  - Hoteling/Project Room
  - Engineering
  - IT Office
  - Cyndi Gentry’s Office
  - Roger Kline’s Office
  - Power Resources Office
  - And possibly Kurt Conger and Harvey Hall’s Offices

Discussion occurred after questions were raised by members of the Board of Directors regarding what the Space Utilization Planning and Workstation Furniture Project entails and the disposal of existing furniture.

The Board was informed that the project includes desks, file cabinets and bookshelves. Office chairs have already been purchased.
Several PowerPoint slides were shown of the proposed furniture layout for the following areas: hoteling/project room; engineering; and the offices of Roger Kline and Cyndi Gentry.

The project will bring more efficiencies to the organization, along with better utilization of space and ergonomically friendly workstations. Staff anticipates the project being completed in April or May 2019.

{{Director Smith moved to award the Construction/Public Improvement Contract for the Space Utilization Planning and Workstation Furniture Replacement Project to Workpointe for an amount not to exceed $300,000. Director Howe seconded the motion; it was then passed unanimously.}}

At 6:18 p.m. the Board of Directors adjourned as the Contract Review Board to return to Regular Session.

**DIVISION UPDATES**

**Operations & Engineering:**

Operations and Engineering Manager Pat Morehart reported as follows:

**The Dalles Marina Rebuild Project:**

- The Dalles Marina Rebuild Project is underway.
- The District has accomplished the shore side work that was required to get the project going.
- The marine transformers have been delivered; the floats that the transformers will sit on are being manufactured.
- Hage Electric, District Contractor, has started installing the brackets that will support the cable trays.

**Year End Review:**

- 2018 was a good year for capital improvements, maintenance and customer driven projects called contribution in aid of construction.
- Staff accomplished work on 217 work orders during 2018.
- Finance staff has currently closed 153 of those 217 work orders, totaling $1.27 million. There are another 64 work orders to close.
- Finance staff expects to add another $1.72 million, totaling $2.98 million in capital improvements for 2018.
- The depreciation of the District's electric system for 2018 is $2.6 million.
The largest single capital improvement project during 2018 was the Tygh Valley Rebuild Project.

Finance reports, for the operation and maintenance of the District's electric system, a total of $2.15 million so far with the month of December yet to be closed.

Vegetation Management:

In 2018, Tree's Inc., District Tree Trimming Contractor, trimmed a total of 32.6 miles of transmission and distribution line and in doing so accomplished the following:

- Three feeders were trimmed out in 2018 - #41 hospital; #11 Cascade Square; and #13 Riverfront.
- Extensive work has already been done on the following feeders: #12 Downtown; #22 West Tenth Street; #23 East 10th Street; #71 Tygh Valley; #32 Three Mile; and #17 Rowena. The work on all of these feeders will be completed in 2019.
- Areas that were also addressed during 2018 included: Wicks Reservoir circuits; the removal of two large dead trees on a rancher's property on Moody Road; the 115-kV transmission line on Skyline Road; removal of dead pine trees in Rowena, up Cherry Heights and out Mill Creek.
- The dead pine situation has gotten worse this past year.
- There were 532 tree trimming service orders completed in 2018.
- The District implemented a pole vegetation removal project because of the wildfire danger.
- Trees Inc. was able to furnish a crew to clear all vegetation in a 10-foot radius around each pole down to the dirt and spray chemical to control any vegetation from reappearing for a period of two years.
- The vegetation removal project went very well. The project was started on October 15, 2018 and concluded on December 28, 2018.
- The poles that were cleared were in the following areas: 69 kV transmission line from Three Mile Substation to Tygh Valley Substation; Seufert Substation to BPA Big Eddy Substation; and on Moody Road down to the Celilo Village and Deschutes River Park.
- A total of 562 poles were cleared; 465 transmission and 97 distribution.

Other:

- The District started an outdoor lighting high-pressure sodium to LED conversion project. In 2018, 254 lights were converted.
- The District received 1,375 requests for verification of buried electric facilities. Of those requests, District staff responded to 590 locates to trace out conductors in the field to protect the system and to ensure public safety.
- The District continues to recruit for a qualified Journeyman Lineman.
The District has been operating this past year with five Journeymen, one Apprentice Lineman, a Warehouseman, and a Utility Worker.

Operations employees are entitled to personal time off (PTO) in accordance with the Collective Bargaining Agreement. A calculation of the total PTO hours granted to the above-mentioned employees took 1,960-man hours away from the 2018 work force. With 2,080 work hours for one employee in a typical year, the District basically operated with one employee absent practically the entire year.

These same employees worked a combined total of 1,344.9 afterhours on call outs, extension of shift, and mutual aid overtime hours.

Training:

The District has invested heavily in employees’ professional betterment.

Two of the District’s Associate Engineers enrolled in the Northwest Public Power Association’s Staking Technician Program and will be receiving their certifications in 2019.

The District’s Apprentice Lineman has started his hot stick training and is within two-thousand hours of completing the apprenticeship program.

One District Journeyman Lineman has entered advanced meter certificate training in 2018 and will be finishing that weekly training this spring.

Other training provided this past year included Foreman Leadership Training, Distribution Transformer Training, and Warehouse and Purchasing Training.

Time Lost:

The District for the second consecutive year finished 2018, with no lost time injuries.

This is based on 40,265.30 hours worked by 30 employees (hydro, engineering and operations staff) who are continually exposed to electrical hazards while on the job at the District.

The entire District staff’s recordable hours is 87,220.96.

Outside Services:

The District has once again engaged Michels Power, Electrical Construction Contractor, to assist the District in completing work facing the Operations Department for an amount not to exceed $150,000.

Michels Power will provide a four-man crew, a bucket and digger derrick trucks to take on projects as assigned under the agreement with the District.

After the first couple of days of deployment, the District relinquished Michels Power to re-deploy up to Washington State to assist with storm damage restoration work.
The contract crew is available to the District should we experience weather related issues or extenuating operational circumstances.

Some discussion occurred after several questions were raised by members of the Board of Directors regarding the Journeyman Lineman opening and the close out of work orders.

**Finance:**

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

**Financials:**

- Year-to-date actuals are at $1.75 million positive net income for the year.
- Hall anticipates the District finishing the year at $2 million positive net income.
- The District has received good returns from The Dalles Fishway output.
- The Load Resource Expense (LRE) Model is being updated.
- Staff is reviewing the Capital Plan and the Long-Term Financial Plan to identify when the District will need to borrow money that the Board has approved for identified capital projects.
- Hall anticipates sometime during April and May the District will borrow between $5 million and $6 million.
- The capital work to be completed during 2019, 2020 and 2021 totals $20 million.

**Post-Employment Benefits:**

- In 2018, Governmental Accounting Standards Board (GASB) rules were changed. It is now mandated that the unfunded liability for the District’s post-employment benefits be included in the financial statements and not just in the note section.
- The liability from the District’s post-employment benefits must be visible and transparent in the financial statements.
- The District will be getting the final report on January 18th, which is being prepared by McMillen through the Special Districts Association of Oregon. The cost to the District for said report is $4,000.
- The final report will reflect a $1 million liability for the District’s Post-Retirement Health Allowance Program.

Some discussion occurred regarding the District’s post-retirement benefit and reserves. It was noted that the District has committed $300,000 in reserves to cover this unfunded liability.

Director Williams stated that he feels that the District needs to increase the reserves to cover this liability.
Hall informed the Board that the District currently has 12 employees/retirees under the Post-Retirement Health Allowance Program. The Post-Retirement Health Allowance Program is no longer being offered to new employees.

**Long Term Financial Plan:**

- The District’s Long-Term Financial Plan (LTFP) will be recalculated.
- The LTFP will be brought back before the Board next month for their review after the month of December 2018, has been closed out.

**Enterprise Risk Management:**

- District staff is currently gathering policies from different locations.
- Once all documents have been gathered into one area they will be organized into categories with a table of content.
- The identified policies will be reviewed and updated as needed.
- Staff who is and will be working on this project includes Executive Assistant Kathy McBride, Senior Financial Analyst/Contracts, Risk and Supply Chain Sue Powers, Senior Financial Analyst Lana Egbert, and CFO/Director of Finance & Enterprise Risk Harvey Hall.

**Record Management:**

- A meeting is scheduled next week on record management and retention.

**Audit Risk Committee:**

- The first meeting of the Audit Risk Committee is scheduled for March 18, 2019. The Committee will consist of President Karp, Director Howe, General Counsel James Foster, Sue Powers, Lana Egbert and Harvey Hall.
- A representative from the District’s Auditing Firm, Moss Adams, will be presenting to the Audit Risk Committee the draft findings from the draft audit.

**Power Resources:**

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

**McNary Fishway Project:**

- Shutdown for the annual fishway maintenance of the McNary Fishway Project began on January 2, 2019.
• There is a relatively minor list of tasks to be accomplished during the shutdown as compared to past years.
• The McNary Fishway Project will return to service on January 22, 2019.
• The District has received a check in an amount just over $70,000 for the settlement of the Crane Failure Lawsuit; the case is now closed. This settlement will be shared with co-owner Klickitat Public Utility District.

The Dalles Fishway Project:

• Shutdown for the annual fishway maintenance of The Dalles Fishway Project will begin on January 22, 2019.
• The replacement of the exciter is the primary task to be accomplished during the shutdown.
• The Dalles Fishway Project will return to service on February 28, 2019.
• The District is receiving applications for The Dalles Hydro Plant Operator position.
• The output from The Dalles Fishway Plant is exceeding budget numbers, which is mostly due to power prices and the summer of 2018.

Columbia Basin Hydro Outlook:

• The water supply report came out on January 3rd. Snowpack is adverse – most stations are reporting below normal.
• Seasonal precipitation is below normal. The 2019 Water Year is not shaping up well in any of the basins.
• Climate Outlook offers little reason for optimism; below normal precipitation and above normal temperatures.
• Snow water equivalent is below normal. River flows range from near or well below normal.

Conger presented several PowerPoint slides illustrating daily index prices and annual purchases of energy. A copy of these PowerPoint slides is hereto attached and marked as Exhibit 2.

Conger noted that he will be coming before the Board with power purchase agreements and a new large single load (NLSL) auction in early 2019 to make some forward power purchases.

Corporate Services:

Director of Corporate Services Cyndi Gentry reported as follows:

• New bank card readers have been installed.
• The bank card readers are much more secure with bank card information than the previous RPS station in the office lobby.
• The next phase of the project is IVR (Interactive Voice Response System). Testing will occur for one or two weeks prior to having the service turned on.
• Customers will be able to call in to get balance information, to make a payment, or to talk to a Customer Service Representative.
• A flyer will be distributed to District customers announcing the new IVR system. Flyers will be distributed with customer billings and through e-billing.
• The District is currently recruiting for four positions: Hydro Plant Operator, Journeyman Lineman, Substation-Wireman Technician, and Utility Joint Use & Reliability Compliance Specialist. Coming soon will be job announcements for a Corporate Services Coordinator, Operations Coordinator, and three Internships.

Key Accounts:

Key Accounts Manager Justin Brock reported as follows:

Sale of Oregon Clean Fuels Program Credits:

• On December 13th, the District entered into a purchase agreement with a local business for the sale of Oregon Clean Fuels Program Credits, which the Board recently declared as surplus property.
• Energy Specialist Lance Kublick was able to execute the contract for the sale of the 46 credits totaling $4,600. The $100 per credit is the average price as seen published from the Oregon Department of Environmental Quality’s website for the Clean Fuels Program.
• The revenue received from the sale of these Oregon Clean Fuels Program Credits can be used at the discretion of the utility, as per the Oregon Department of Environmental Quality.
• Other utilities have taken the money received and has invested it into some form of electric vehicle infrastructure, whether it be an electric vehicle fleet car or charging station.
• Brock recently received information from an electric vehicle charging vendor. He will be putting together an analysis that will be shared with the Board in the near future. The analysis will put into perspective the cost of the ownership either for the utility, or a community member that may be interested in partnering on locating a charging station somewhere in the District’s service area.

Key Accounts Program:

• A welcome letter will be sent to a list of commercial accounts announcing Northern Wasco County People’s Utility District’s Key Accounts Program.
• The letter will voice that the program is not about being a key account per say but that we are looking to grow our relationship with District customers.
• The relationship will enable a more direct line of communication from the District to the customer, and vice versa.
• This will also serve as an opportunity to assist our customers with account analysis and communicating energy saving ideas or programs that may potentially lower their bills.
• One of Brock’s first efforts will be to look at not only the top 15-20 customers in the primary and demand service classes, but also to the lower portion of the demand service customers that float in and out from three phase service.
• Key accounts are not just a segment of high usage customers, it’s also about customer engagement and responding to our customer’s needs in the effort of providing quality service to them.

Several locations for a possible electric vehicle charging station were mentioned by members of the Board.

**Innovation & Planning:**

Chief Innovation Officer Paul Titus reported as follows:

**AMI:**

• Weekly meetings continue with Itron to review technical specifications for endpoints and other items necessary for implementation.
• Titus currently is in the process of drafting a bid package for services to change out meters and audit existing CT installations.
• The Board will be asked to award the bid at the March Board Meeting.
• Titus expects delivery of the meters and routers by the end of March, early April.
• By mid-April the District may be looking at changing out meters.

**Network Upgrade:**

• IT Staff requested quotes from three IT service providers for upgrading the District’s computer network.
• The Computer Network Upgrade Project includes:
  ➢ Network switches
  ➢ Fiber Transceiver
  ➢ Wireless access points – WiFi
  ➢ Firewall; and
  ➢ Battery backup
• The Computer Network Upgrade Project is to replace the outdated network system (10 years old) that is limiting processes and efficiencies.
• The upgrade will also allow for maps, Mobile Workforce, field stake and inspections to be implemented for Engineering and Operations personnel, and improved laptop connectivity.

• The work under the Computer Network Upgrade Project has been awarded to Radcomp for approximately $35,251. Work is to be completed by February 8, 2019.

• Polar Systems and Burns & McDonnel were the other providers not selected.

• IT is in the process of ordering new iPads to run the programs mentioned and will be available for use at the completion of the project.

**General Manager:**

General Manager Roger Kline stated that staff has talked a lot about recruitments, technology upgrades, ergonomics, ensuring that staff can do their work, which is all a part of wellness. The District cares about our staff, both while at work and at home.

Kline stated that he is happy to report that the District has been designated as a Blue Zones Worksite. The District takes pride in this designation, which is in line with the District’s Strategic Plan.

Kline noted that the Board has been invited to participate in the upcoming celebration of the District’s Blue Zones designation.

Kline also reported on the following:

• The Consumer Electronic Show is this week in Las Vegas, Nevada. At the show they talk about the latest technology. Some of the latest technology requires broadband and power. Kline stated that it is a good time to be in the power business; ensuring that we can provide those products and services in a reliable and affordable manner.

• The District’s average daily load during the month of December 2018, was 105 MW; with a peak load of 121.6 MW. The average daily load so far in January is 108 MW; with a peak load of 124.3 MW.

• The Quarter 4 Report for 2018 will be presented at next month’s Board Meeting.

• The Board will hear a presentation next month from John Huffman on the United States Department of Agriculture Rural Economic Development Loan & Grant Program.

In closing, Kline stated from a General Manager perspective, 2018 was a great year.
General Counsel:

General Counsel James Foster stated that the Memorandum of Understanding (MOU) between General Manager Roger Kline and the District has been signed by Kline. Foster stated that the terms of the MOU is consistent with what has been discussed previously.

Foster requested that the Board authorize the President of the Board of Directors to execute the Memorandum of Understanding.

{{Director Williams moved to authorize the President of the Board of Directors to execute the Memorandum of Understanding between General Manager Roger Kline and Northern Wasco County People's Utility District. Director Gonser seconded the motion.

Some discussion occurred after a question was raised by Director Smith as to whether the MOU specifies a salary amount.

Foster responded by stating that the MOU calls for the Board of Directors to come to an agreement with the General Manager as to his base salary by March 15, 2019. The MOU is for three years; the base salary is established in the first year, with annual CPI adjustments during the next two years.

Foster read a portion of the agreement which speaks to the base salary being determined by the Board on or before March 15, 2019, retroactive to January 1, 2019.

General Manager Roger Kline stated that the Board has placed a lot of faith in him over the last three years. We have continued to do the work of the district in exemplary fashion. Kline is placing his faith in the Board to work through this process. He has interest of being here for a period of time. This is a three-year employment agreement to meet the objectives that have been set together. Kline stated that by signing the MOU he is showing his faith in the Board.

There being no further discussion the vote was called for. The motion passed unanimously.}}}

NEW BUSINESS
Consideration and adoption of the amendment to the Public Contracting Rules and Policy:

CFO/Director of Finance & Enterprise Risk Harvey Hall stated that the District's current Public Contracting Rules and Policy do not provide perimeters to define what surplus property is. This was discovered when a question arose on what to do with the disposal of the District's office furniture.

Staff is proposing revisions to Section 9 of the Public Contracting Rules & Policy to establish how surplus property is declared and how the surplus property is disposed of.

Hall noted that Section 9.1 defines surplus as being property of the District that the General Manager or designee determines to be of no use or value to the District. If it is estimated that the value of the property is over $100,000, the Board of Directors shall by Resolution declare such property as surplus and authorize the General Manager or designee discretion to dispose of the property according to Section 9.2.

Hall noted that the State of Washington's rules require action by the governing body for property valued over $50,000; the State of Oregon's dollar amount is not defined.

General Counsel James Foster stated, historically for the number of years he has represented the District, the Board has made the decision to dispose of surplus property. He does not believe that any property items that have been disposed of in the last 32 years had a value of $100,000 or more.

Foster stated that the language under Section 9.1 takes away a function that the Board has had. Foster does not feel it is inappropriate, he just wanted the Board to consider if they wanted to give away the right to declare property as surplus.

A lengthy discussion occurred regarding what the dollar amount of estimated value should be under Section 9.1 of the Public Contracting Rules & Policy which would require Board action.

Director Smith stated that he feels $100,000 is too much.

Director Howe asked if staff has any knowledge what other utilities use as an amount.

Hall responded by stating that the State of Washington is set at $50,000; the amount varies from one utility to another. Some policies state that all property proposed to be declared as surplus comes to the Board for approval.

Director Gonser stated that the District has had a threshold all along since he has been on the Board of Directors. Director Gonser agrees with Foster that the Board has some
responsible. He is comfortable with the amount being $50,000 instead of $100,000 and the Board being kept in the loop.

Hall stated that staff could keep the Board in the loop by providing them with a report on the items that are disposed of and the value of those items.

Foster noted, after a question was raised, that the Board can amend the Policy at any time.

{{Director Howe moved to adopt the Public Contracting Rules & Policy as presented with the exception that the estimated value of the property requiring Board action be listed at $75,000 rather than $100,000. The motion died due to the lack of a second.}}}

{{Director Smith moved to adopt the Public Contracting Rules & Policy as presented with the exception that the estimated value of the property requiring Board action be listed at $50,000 rather than $100,000. Director Gonser seconded the motion; it was then passed by a vote of three to two. Directors Smith, Gonser and Karp voted yes, while Directors Williams and Howe voted no.}}

Approval of the Cash Management Agreement with the Bank of the West:

CFO/Director of Finance & Enterprise Risk Harvey Hall stated that he is seeking Board approval of the Cash Management Agreement with the Bank of the West.

Hall informed the Board that the District has four bank accounts with the Bank of the West. The District usually maintains $1 million to $2 million with the bank at any given time. The District currently is only receiving 0.2% of interest on our funds. Hall has negotiated with the Bank of the West to raise the interest earned from 0.2% to 0.6%, and for any balance in excess of $1 million the District will receive a rate somewhere around 2%. The bank refers to this as an investment sweep arrangement.

Hall noted over a course of the year, instead of earning $3,000 in interest, the District will earn around $16,000. This type of arrangement meets the District’s investment criteria; it is secure and has a Triple A rating. There is little or no increase in risk to the District. There is a significant difference between the current earnings and what the District will earn on the money sitting in those Bank of the West accounts if the Cash Management Agreement is approved.

Hall stated that staff is proposing that the District add a feature called “Investment Sweep” under the current Cash Management Agreement with the Bank of the West.

Some discussion occurred.
Director Howe moved to approve the Authorization and Agreement for Cash Management Services between the Bank of the West and Northern Wasco County People’s Utility District. Director Smith seconded the motion; it was then passed unanimously.

OLD BUSINESS

General Counsel James Foster stated that it is his intent to distribute to the Board of Directors the evaluation document that the Board has used historically to evaluate the District’s General Manager. Foster is asking that the Board return the completed evaluation to his attention within two weeks.

Foster requested that Executive Assistant Kathy McBride set up an Executive Session after the February 5th Board meeting to go over the evaluation of the General Manager. The Board would then render a decision in respect to the General Manager’s salary.

Foster noted that he will be on vacation from February 14th through February 28th. Foster stated that it does not hurt anything if the Board is unable to make the final decision as to the General Manager’s salary prior to March 1st. The decision must be made by March 15th as prescribed in the agreement. The effective date for any pay increase will be January 1, 2019.

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:

- Thousands of legislative bills are being presented this month during the 2019 Oregon Legislative Session in Salem, Oregon. One of the bills is on cap and trade.
- It looks like the Oregon Department of Energy may be going away with a new climate entity taking its place.
- The State of Oregon may require more low-income reporting to Oregon Housing and Community Services (OHCS) since they want more data on disconnects.
- There are new bills for replacing and disposing of older mobile homes.
- Bonneville Power Administration (BPA) reported on the following:
  - The tariff rate settlement at 3.6%
  - The new flexible water spill agreements with the U.S. Army Corps of Engineers
It’s too early to predict what will happen with the water year
BPA is down 150 employees in 2019
Columbia River Treaty negotiations are continuing

Washington Public Utility Districts Association Annual Conference:

Director Howe provided the following report on the WPUDA Annual Conference:

- There were outstanding speakers at the Washington Public Utility Districts Association Annual Conference, one of which was Jody Sweet from XYZ University. Sweet spoke about the different generations. The baby boomers would stay at a job for 30 to 40 years, they had set skills and experience that kept them at their job. The new post-industrial are people that grew up with ideas, information and data. Millennials think in terms of data.
- The BPA speaker spoke about talking points when speaking to constituents on keeping the dams on the Snake River. The talking points are: flood control, navigation for river traffic, irrigation, recreation, fish mitigation and electrical power.
- The futurist speaker spoke about automation in the future; there will be co-bots, which are drones and robots. Air channel transistors will extend Moore’s law for decades. Block chain technology and broadband were also addressed. Key notes were as follows: the lower broadband travels further; there are 150,000 cell towers currently nation-wide, 800,000 towers are needed; Musk is building 16,000 satellites for earth’s orbit to basically try to get rid of cell towers.
- Broadband fiber is still the foundation for all broadband technology. Wireless technology will not replace fiber.

Director Smith provided the following report on the recent Energy Northwest Meeting that he attended:

- Columbia Generating Station has been on the power grid for 34 years.
- The Columbia Generating Station sent more than 9.7 million MWh of electricity to the grid in 2018 surpassing the previous generation record, which was set in 2016 at 9.6 million MWh.
- Columbia Generating Station’s five-year average cost is $0.0725/MWh.
- According to the U.S. Energy Administration, Washington State has the lowest cost for retail electricity in the United States. Director Smith feels that the District is right in there as well.
- Energy Northwest’s Columbia Generating Station’s power averages $0.042/kWh during 2018/2019; that is down from $0.063/kWh.
APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS

January 9, PPC Forum - Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams
January 10, PPC Executive Committee – Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams
January 10, COU Meeting – Connie Karp & Roger Howe
January 18, OPUDA Board Meeting – Connie Karp, Roger Howe, Clay Smith, Howard Gonser and Dan Williams

There being no further business the meeting adjourned at 8:30 p.m.

[Signature]
President

ATTEST:
[Signature]
Secretary
Date: January 7, 2019

To: Board of Directors

From: Cyndi Gentry, SPHR, SHRM-SCP

Subject: Space planning/workstation contract

As discussed in the December board meeting, attached is the contract proposed for the PUD’s Space Utilization Planning and Workstation Furniture Replacement project. This project is included in the 2019 Capital Budget. The vendor was selected from SourceWell, an approved national source for state agency contracts. The contract itself is an approved PUD template.

The cost for the contract is an estimate because true cost cannot be determined without finalizing all space plans and furniture orders. To determine the not-to-exceed, we asked the vendor to quote what we originally thought would be the first phase of installation. The quote is attached, as an example, though it is already out date. It includes the following rooms, and was projected out to determine the not-to-exceed value of $300,000.

- Hoteling/Project Room (six workstations and a meeting table with chairs)
- Engineering (seven workstations, does not include the two offices)
- IT office (two staff)
- Cyndi Gentry’s office
- Roger Kline’s office
- Power Resources office (two staff)

We have continued to work on the plans included in this estimate, as well as other plans that may be included in the first phase. The vendor has also met with three employees to narrow down the fabric and finish options that will be set out for all employees to view. All this early work has helped us determine the value on the contract.
Closing Price data as of 1-08-2019

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<thead>
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<th>Flat Forward Prices for Mid-C</th>
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</thead>
<tbody>
<tr>
<td>Feb-19</td>
<td>$ 28.48</td>
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<tr>
<td>Mar-19</td>
<td>$ 20.79</td>
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<tr>
<td>Apr-19</td>
<td>$ 18.75</td>
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<tr>
<td>Q2-2019</td>
<td>$ 18.57</td>
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<tr>
<td>Q3-2019</td>
<td>$ 40.60</td>
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<tr>
<td>Q4-2019</td>
<td>$ 26.65</td>
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<tr>
<td>CY-2020</td>
<td>$ 26.84</td>
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<tr>
<td>CY-2021</td>
<td>$ 29.80</td>
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