NORTHERN WASCO COUNTY PEOPLE’S UTILITY DISTRICT
REGULAR SESSION
MARCH 6, 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 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; Senior
Financial Analyst Becky Holce; Engineer Ed Ortega; Power Resources Analyst Justin
Brock; Contracts & Risk Specialist Sue Powers; Asset Manager Steve Horzynek; Senior
Financial Analyst Lana Egbert.

Visitors: Jim Slusher, Amy Krol, Yasmin Fernandez and Francisco Garcia, Mid-
Columbia Community Action Council Representatives; and Scott Taylor

PUBLIC COMMENT

Jim Slusher, Executive Director of Mid-Columbia Community Action Council (CAP),
stated that he and other CAP Representatives are here to provide information to the
Board of Directors on CAP’s Energy Assistance Program, how it operates, the funding
for the program and the Neighbor to Neighbor Program.

Highlights of Slusher’s presentation and the answers to several members of the Board
of Directors questions are as follows:

• The Low Income Home Energy Assistance Program (LIHEAP) was started back in
  1981 by Speaker Tip O’Neill to assist low income households that pay a high
  proportion of their household income to meet their immediate home energy needs.
• LIHEAP targets the most vulnerable (the disabled, elderly and families with
  preschool children).
In November of each year, CAP provides energy assistance to seniors and individuals with disabilities. On December 1st, CAP opens the energy assistance program to the public, on a first come first serve basis.

Over the past five plus years, the State of Oregon has recalculated the formula for the Low Income Energy Assistance Program resulting in a loss of over 28% of CAP’s energy assistance funding. The loss in funding means that CAP is not able to assist as many people as they have in past years.

LIHEAP Funding is a one-time payment to assist households during the winter months.

People living in subsidized housing use to receive half a payment, that has now changed. They are now eligible to receive a full payment, which means that CAP will be helping fewer people under the program.

The LIHEAP Program is a federal program. Funding goes to all states. The State of Oregon receives $33 million, which is divided up amongst 18 Community Action Agencies.

CAP also has an Oregon Energy Assistance Program, which is only for Portland General Electric (PGE) and Pacific Power customers.

The last couple of years, CAP has run out of funding for the Energy Assistance Program. CAP was able to receive some additional funding when another Energy Assistance Program in the state had funding that they would not be utilizing.

CAP is usually able to assist 1,500 households annually.

There are 120 people in Wasco County that need energy assistance, but there are no available funds to serve them. Around 110 of those 120 people are PUD customers. About 70% of the Low Income Energy Assistance Program funding goes to Northern Wasco County PUD customers.

Slusher estimated that there is around 27,000 people who receive energy assistance from the $33 million allocated by the State of Oregon to energy assistance providers. The poverty population is around 20%.

Slusher stated that people who do not come in to request assistance the first two weeks when the program first opens will probably not receive any funding.

President Trump has zeroed out the LIHEAP funding in his proposed budget.

Amy Krol, Mid-Columbia Community Action Council Energy Intake Specialist, made a presentation on the energy assistance requests that are received by CAP.

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

Every Thursday, throughout the Energy Assistance Program period, they allow walk-ins for people who are in jeopardy of having their power shutoff.

CAP works with these individuals to help prevent the shutoff of power to their homes.

It is not easy for people to ask for help. People come to CAP because they are told to ask for help.
• CAP sees a variety of people needing assistance; individuals who don't have jobs, are on social security, are disabled, or need assistance with moving fees.
• Monthly, CAP is only working with $700 for the District's Neighbor to Neighbor Program. CAP has a household cap of $125.
• The Energy Assistance Program is open from 10 a.m. to 4 p.m. on a first come first serve basis.
• Krol stated that people in the community want to help. CAP needs organizations like the District to help bridge the gap in funding and to help facilitate individuals investing in the Neighbor to Neighbor Program.

Francisco Garcia, Mid-Columbia Community Action Council Energy Coordinator, distributed to the Board a handout on CAP's Energy Assistance Program. A copy of Garcia's handout is hereto attached and marked as Exhibit 1.

Garcia went over his two-page handout on payments received from various vendors for CAP's Energy Assistance Program and Local Funds to MCCAC. He noted that from October 1, 2016 through September 30, 2017 PUD customers received 62% of their LIHEAP Funding and 61% from October 1, 2017 through 2018. Garcia also pointed out that Hood River Electric contributes twice as much in emergency contributions to their low-income customers as compared to the District.

Garcia stated that there is still a high need in Wasco County for energy assistance. They are still getting 20 to 40 calls per week for assistance. There are no more resources. Every church in Wasco, Sherman and Hood River Counties have no more energy assistance funding available.

Garcia stated that they are here to see if the District can assist them. Garcia asked if there is anything more that the District can do to raise more funding for those in need.

Garcia pointed out that Wasco Electric Cooperate sends out every month a brochure regarding donating to their energy assistance program. Wasco Electric Cooperative allocates something every year. Wasco Electric recently added $4,000 into their LIHEAP Program funding. Garcia wonders if the District could do something similar.

Garcia stated that he comes from a low-income family. As a child, he was always hungry and worried about his home's electricity being shut off. People are scared. If an individual's electricity is shut off they can lose their Housing Urban Development (HUD) Funding.

Garcia is hopeful that the agencies can come together to identify other resources that can be used to aid those in need. Garcia stated that they have almost gone to every business seeking funding assistance.
Mid-Columbia Community Action Council Representatives thanked the Board for their time and any assistance that they can provide.

A lengthy discussion occurred regarding additional funding raised by CAP and on questions raised by members of the Board of Directors.

General Manager Kline thanked Slusher, Krol and Garcia for being here today.

Kline noted from his observation on what was presented here today is that the Neighbor to Neighbor Program helps, but the challenge for District customers is that the funding runs out too quickly. The data presented today from CAP Representatives show how the District stacks up to other consumer owned utilities in the region. Kline’s observation is that there is a big discrepancy from the number of customers served versus the dollars in the program.

Kline stated that the District represents all customers, from low income to major industrial, to everyone in the middle. He wished to provide the District’s perspective on what has been going on and where the District is from a financial perspective.

Some of the points made in Kline’s presentation are as follows:

- Kline referred to the Electric Utility Rate Analysis dated November 2017 from the Oregon Citizens’ Utility Board on Consumer Owned Utilities (COUs) versus Investor Owned Utilities (IOUs). He noted that District staff recognizes that within the residential sector that there are a percentage of customers that are low income.
- The Public Utility Commission (PUC) mandates that a certain percentage of Portland General Electric (PGE) and Pacific Corp funding be set aside for low income program funding.
- On a per rate basis, the District has the lowest cost for electricity in the region, one of the lowest in the nation and the lowest here in the Mid-Columbia Area.
- The District’s Low Income Weatherization Program has spent $275,000 in the fiscal year.
- The District’s monthly bill is substantially lower than the average, or the utility with the next highest rate.
- District staff looks at the affordability of our community. The 2015 Census Median Household Income Data reflects that the clients that CAP represents are in a much lower income level.
- A rate comparison for other local utilities, as compared to the District’s rates, and a cost comparison for those other utility services, such as phone, internet, etc. were shown at this time.
• All mentioned factors are taken into consideration when the District prepares the budget. The Board of Directors approved a whole year of reduction in Rate Schedules 110 and 135 for the District’s low-income customers. This action is estimated to cost the District around $40,000 this year.

Further discussion occurred. It was noted that CAP has a $50,000 deficit in their Energy Assistance Program funding.

Kline requested that CAP consider making an annual presentation before the Board of Directors on their Energy Assistance Program.

Staff will discuss what the District can do to assist CAP in raising additional funding for their Energy Assistance Program.

CONVENE AS CONTRACT REVIEW BOARD

Notice of Intent to Award the Tygh Valley Distribution Line Rebuild Contract

Engineer Ed Ortega went over staff’s recommendation on awarding the Tygh Valley Distribution Line Rebuild Contract to International Line Builders for a cost of $571,491.51. Staff’s recommendation is included in Ortega’s memorandum to the Board of Directors. A copy of said memorandum is hereto attached and marked as Exhibit 2.

Some discussion occurred after several questions were raised by the Board regarding the high bid amount and if the District has worked with International Line Builders in the past.

The Board was informed by staff that the high bid was just over $1 million; the District did not get an engineer estimate; one bid was rejected since it did not include the required addendum; and that the three lowest bids were within $30,000 of each other.

Principal Engineer & Strategic Asset Planner Paul Titus estimated the project cost at $750,000; said amount includes materials. The District will be providing the materials for the project.

Asset Planner Steve Horzynek noted that International Line Builders did some work for the District about 10 years ago.

Further discussion occurred regarding the project completion date and the easements required to be acquired by the District for said project.
Director Gonser moved to accept staff’s recommendation to award the Tygh Valley Distribution Line Rebuild Project Bid to International Line Builders for the cost of $571,491.51. Director Howe seconded the motion; it was then passed unanimously.

CONSENT AGENDA

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

- Regular Session Minutes of February 6, 2018
- January Outage Report
- Energy Management/Marketing Report
- January Checks/Vouchers
- January Financial Report
- January Write Offs

The Board considered the approval of the February 6, 2018 Consent Agenda.

Director Smith moved to approve the February 6, 2018 Consent Agenda as presented. Director Karp seconded the motion; it was then passed unanimously.

DIVISION UPDATES

Engineering/Operations:

Operations & Engineering Manager Pat Morehart reported as follows:

Michael Powers, District Contractor

- During January 2018, Michael Powers, District Contractor, successfully completed the block of distribution support projects as assigned. Their work was accomplished with the help and support of the District’s crew.
- Staff has identified an additional project that Michael Powers could accomplish for the District. An agreement was finalized after review by General Counsel where Michael Powers will rebuild a section of the scenic feeder in the 1800 block of Scenic Drive.

The Dalles Marina Rebuild Project

- Staff has met with the Marina Manager regarding The Dalles Marina Rebuild Project.
The District has contracted with Electrical Consultants Inc. (ECI) to design the new marine electrical system. ECI will design dock modifications, electrical system, estimated construction costs and invitation to bid documents.

The District is working with a local inside electrical contractor who has experience in marine electrical applications, gathering information to calculate past electrical load, and inventory individual service connections.

Tenants at the marina have been cooperative in allowing the electrician access.

A number of tenants at the marina have made inquiries into energy conservation improvements for their boat houses.

District Energy Specialists have already met with some of those tenants.

Staff will have a part in the project reconfiguring the shore side distribution circuit feeding the marina, and assisting with outages and some decommissioning of the existing dock side system.

Morehart is hopeful that the project will begin in May or June and be completed in November 2018.

**Engineering and Operations**

District staff has identified 10 more rebuild projects. Principal Engineer and Strategic Asset Planner Paul Titus and Morehart are currently considering the rebuild projects in order of importance and execution. Engineering and Operations will be working with Finance on the plan.

The crew has been busy with the typical operation and maintenance of the District's electrical system.

The District is catching up on Public Utility Commission (PUC) compliance corrections, pole change outs, and reconductoring projects.

Outages during the months of January and February were practically nonexistent. Even with the high wind event during the middle of February, the District only experienced one tree versus powerline incident.

The crew continues to convert the high-pressure sodium area lights to LED in an accelerated pace.

The District did not have any lost time injuries during January and February 2018.

The District received a call from the maintenance manager of The Springs at Mill Creek reporting the smell of burnt plastic in their electrical switch. Upon investigation it was determined that the transformer bank serving the facility had started to fail and the burning smell traveled from the transformers through the conduit housing the service conductors and into the facility switch room.

Arrangements were quickly made to take the individual transformers bank configuration out of service and retrofit a new three-phrase, single pad mounted transformer in their place.

Titus quickly calculated the load on the facility and the properly sized transformer was prepped for installation.
• After patients were made comfortable and consolidated into a group, the District crew effected an outage and began the transfer of the old transformer bank to the new pad mounted transformer. The total outage time was two and a half hours. Power was restored before The Springs building began to chill.
• The District recorded their highest peak load the morning of February 23rd with temperatures at or below nineteen degrees.

Staff Training

• Staff has been attending training put on by regional associations.
• This past two months the District had a Lineman attend the first two in a series of four Foreman Leadership Skills training courses; one Lineman and an Associate Engineer attended Voltage Regulator Maintenance and Programming training; Asset Planner Steve Horzynek attended the Western Energy Institute Engineering Round Table; and the District’s two Associate Engineers have attended the first in the series of Staking Engineer Certification classes entitled National Electrical Safety Code and Permits.
• The District’s second-year Apprentice Lineman Tucker McCabe has volunteered to represent the District at the American Public Power Association (APPA) Lineworker Rodeo on April 27th-28th, 2018 in Raleigh, North Carolina. Besides performing tasks climbing poles that involve skill with rope, certain construction techniques and hurt man rescue, McCabe will also compete academically by being tested on the APPA Safety Manual.

During Morehart’s report on The Dalles Marina Rebuild Project, Director Gonser stated that the Marina Rebuild Project is a high priority project.

Kline informed the Board that Asset Planner Steve Horzynek will represent the District at the American Public Power Association (APPA) Engineering and Operations (E&O) Conference to accept the District’s APPA RP3 Award.

Finance and Risk:

Chief Financial Officer/Director of Finance & Enterprise Risk Harvey Hall reported as follows:

Financial Statement

• The District’s net income for the month of January 2018, is $38,000.
• The District’s primary customer’s load continues to grow.
• Retail revenues did not change much.
Audit

- Moss Adams, District Auditor, came out in January to begin the audit process.
- The audit is going well.
- Staff has been pulling together other documentation that has been requested by the auditor.
- One thing noted by the auditor last year was regarding the District’s purchasing agreements and contracts. The documentation within the files were not consistent.

Public Contracting Rules

- One way the District is addressing the inconsistency of the documentation was in the hiring of Contracts and Risk Specialist Sue Powers.
- Powers has pulled together all contracts and has reviewed those files to discover any lacking documentation. Powers noticed that there are some gaps in the files when exceptions were made.
- The District’s Public Contracting Rules, adopted by Resolution #02-2014, has been reviewed as to compliance with current state laws. Changes are being proposed to standardize procedures on how staff document contracts, including exhibits on how to document allowable exceptions.
- A process and procedure document has been developed as a companion document to the Public Contracting Rules.
- More review of the draft documents is underway before bringing it to the Board for their consideration.

General Counsel James Foster stated that he has spent some time with Hall and Powers. Foster feels the quality of the work that staff is doing is good for the District, not just on an audit and compliance basis, but on setting up a system that staff will be able to look at a project from beginning to end.

Hall presented to the Board a copy of his handout entitled “Electric LTFP – Projected Debt Service Ratio and Reserves & Cash”. Hall noted that the handout was included in the Board Packet but the sides of the graph were cut off. A copy of said handout is hereto attached and marked as Exhibit 3.

Hall reviewed and discussed with the Board the information in this graph. Hall noted that this graph reflects the cash that the District has on hand to fund our reserves, meet our debt service requirements, and our financial metrics. This assumes no future rate changes and no future load growth for large primary customers beyond 2020.

Assistant General Manager/Director of Power Resources Kurt Conger stated that the graph does include a BPA rate change.
Hall went over his second handout in the Board Packet, which is entitled "Funding Available for Capital Spending 2018 – 2022". Copies of this handout is hereto attached and marked as Exhibit 4.

Hall noted that the information in the gray bar area of the document does not include depreciation. These amounts reflect a reduction to the District’s Reserves to fund capital spending.

Discussion occurred after questions were raised by members of the Board on funding available for capital projects.

Hall noted that the District may end up with a short-term borrowing need by the end of next year, before the new load is fully realized. He reminded the Board that the District has not touched the Rate Stabilization Fund.

Hall discussed with the Board the credit opportunity for the District to borrow short term RUS Electric Loan Program Funds, which are inexpensive and short term in nature. The District could use these funds for short term borrowing and pay them off quickly. Short term is within two years or less.

Hall stated that it takes a long time to set up this credit opportunity. He plans to move forward to do the homework on what a short-term solution would be for the District. Hall just wanted to mention this to the Board; no action is being requested.

Director Gonser commented that this is good projection information to give the Board.

The next handout in the Board Packet to be reviewed and discussed is entitled "Reserves as of January 2018". A copy of said handout is hereto attached and marked as Exhibit 5.

Some discussion occurred regarding the Reserves and the cost and process to set up a short-term borrowing opportunity for the District.

Hall stated that the District can fund around $2.5 million without touching the Reserves. The cost to set up the mechanism for the short-term borrowing is not much and takes around six to eight months. Hall noted that Tillamook PUD uses RUS Electric Loan Program Funding exclusively. The rate is a little less than 4%. It is significantly less expensive than bond borrowing.

Foster stated that if it does not commit the District to use the funding mechanism, then he feels that the Board should authorize staff to establish the credit opportunity.
***It was the consensus of the Board of Directors to authorize staff to set up the funding mechanism under the RUS Electric Loan Program***.

Director Smith had a question regarding Exhibit 2 of the February 6, 2018 Regular Session Minutes, which pertains to the generation at The Dalles and McNary Fishway Plants.

Some discussion occurred regarding these two graphs illustrating The Dalles and McNary Fishways’ Generation vs. Net Head.

Assistant General Manager/Director of Power Resources Kurt Conger stated that he does not believe the data is synced right.

Power Resource Analyst Justin Brock stated that this may be a scaling error. He will get back with Director Smith on his question.

Power Resources:

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

**Hydro Plants**

- The Dalles and McNary Fishway Plants have returned to service after the winter outage.
- Favorable weather conditions existed during the winter outages.
- Work was generally completed ahead of schedule.
- No delays were created by the U.S. Army Corps of Engineers.
- An outage at both plants is being scheduled in May to install the new generator exciters. Most of the work will be done by Hydro Electrician Mike Church.
- During the outages, the District will be hiring a contractor to come in to do the final commissioning on the exciters, and additional electrical and maintenance work.
- LED lighting change outs were big at both plants. LEDs do not shatter and the light is 10 times brighter.
- Conger showed some photographs of the ring around the turbine runner at the McNary Fishway Plant. The photos show rust around the edge of the turbine runner from paint failure, as well as the newly repainted surface. McMillen, District Contractor, acknowledged their error for the paint failure.
- Conger showed a photograph of the Draft Tube Gate at the McNary Fishway Plant. This area has not been visited for over 12 years since it is very difficult to access due to the water level.
Conger received a call from Hydro Chief Operator Greg Hendricks on January 6th to come and view the area where the Draft Tube Gate is located.

Sometime in the future a ladder will be installed to allow better access for the inspection of the Draft Tube Gate.

The initial assessment is that the Draft Tube Gate is in excellent condition.

Engineering work on The Dalles Fishway Juvenile Fish Sampling Project is continuing. Conger visited with Bonneville Power Administration (BPA) today to discuss design ideas.

A new website is being developed for the McNary Fisheries Compensation Committee. A link to the website will be sent to the Board of Directors.

A link to the McNary Fisheries Compensation Committee’s website will be included on the District’s website.

One of the purposes for setting up the new website is to promote the work that the McNary Fisheries Compensation Committee has done, including the projects that have been funded which benefit fish.

230 kV Tie Project

The 230 kV Tie Project started on January 9, 2018 with a deadline for completion on February 23, 2018.

The District completed the 230 kV Tie Project with Contractors Crestline Construction and Michaels Power on February 22, 2018.

The line was energized by Bonneville Power Administration (BPA) on March 2, 2018. Now that the Project has been energized BPA can begin construction on the Quenett Creek Substation.

Work on RiverTrail Completion Projects, Tracts A and B, are proceeding.

Crestline Construction is laying feeder get away conduits on Tract B for the District.

The parking lot work on Tract A will be issued for bids by the end of this week. This is the work that was agreed upon for the exchange of property from the Port of The Dalles.

Director Smith asked staff several questions pertaining to the District’s solar panels.

Staff will provide the Board with information pertaining to the solar panels located on the roof of the District’s vehicle garage sometime in the near future.

Corporate Services:

General Manager Kline reported that Director of Corporate Services Cyndi Gentry is attending the Western Energy Institute (WEI) CIO Meeting and Customer Services Conference. Gentry is looking forward to sharing with the Board the results of the Employee Satisfaction Survey at next month’s Board Meeting.
Kline stated that the District is continuing to work with Mid-Columbia Community Action Council (CAP). District staff talks to CAP on a daily, if not weekly basis. CAP is a community partner.

General Manager:

General Manager Roger Kline reported as follows:

District Retirement Program

- Iris Tilly from Barran Liebman LLP has initiated a Request for Proposals (RFP) process with various plan representatives intending to provide the Board, Trustees and plan participants similar information to what was presented previously by the representatives from Northwestern Mutual.

District Governance

- Draft Policy updates are in progress throughout the organization with a more concise and appropriate level of policy oversight recommended for the District. General Counsel has participated in the initial review.

Strategic Planning

- Kline is reaching out to other regional partners and trade associations for the various scenarios that they considered in their strategic plans. The District can adjust them to meet our service territory and business needs; the regional and national perspective, will be similar.

Economic Development Grants

- Last year the Board was provided with the American Public Power Association (APPA) “Building Community, Public Power Economic Development Best Practices” book. Kline feels it would be a good time to review some community best practices when the Board considers Economic Development Grant requests in May 2018.
- Kline has met with Mid-Columbia Economic Development District (MCEDD) to make them aware of the District’s Economic Grant Program and for distribution amongst the communities that they represent. MCEDD provided Kline with a list of organizations that are seeking funding.
- Staff has recently met with MCEDD staff to discuss future electrification of the “Link” transportation system that they now manage.
General Counsel:

General Counsel Foster informed the Board of the lawsuit that has been filed in Federal District Court in Spokane, Washington against the manufacture of the crane which failed at the McNary Fishway Plant. The District has been listed as a co-plaintiff along with Klickitat Public Utility District and the insurance company.

Foster stated that one issue is that the crane was installed 20 years ago. The statutory limitation is 12 years unless you can rebut the presumption that the crane was already past its useful life. The District’s legal counsel out of Minnesota feels that they have appropriate expert testimony to suggest that there was substantial useful life left in that crane.

Foster noted that the Energy Supplier Assessment (ESA) lawsuit is in a holding pattern right now.

Some discussion occurred.

NEW BUSINESS

Consideration and Adoption of Resolution #01-2018 in the matter of approving/reaffirming the HRA VEBA Policy and Operating Procedures for Northern Wasco County PUD

General Manager Kline informed the Board that health benefits for employees start the first of the month after they begin their employment with the District. The existing policy and operating procedures state that Health Reimbursement Arrangement (HRA) Voluntary Employees’ Beneficiary Association (VEBA) contributions do not begin for 90 days after the start of employment. The language within the existing HRA VEBA agreement talks about employee contributions and the annual vote. Staff is recommending that the language be amended to just address the annual vote. There is no cost to the District in making this language change.

General Counsel Foster stated that he approved Resolution #01-2018 as to form.

Director Smith had a question.

Kline responded by stating that benefits begin the first of the month following the new employee’s hire date.
Director Smith moved to adopt Resolution #01-2018 in the matter of approving/reaffirming the HRA VEBA Policy and Operating Procedures for Northern Wasco County PUD. Director Gonser seconded the motion; it was then passed unanimously.

**OLD BUSINESS**

There was no old business to discuss.

**ITEMS FROM BOARD MEMBERS**

President Williams stated that he needs to appoint a Board Member to be the Voting Delegate representing the District for the Northwest Public Power Association's Annual Meeting.

President Williams appointed Director Clay Smith to be the District’s Voting Delegate at the Northwest Public Power Association’s Annual Meeting in May 2018.

Kline informed the Board that he added the Items from Board Members Section to the Agenda, which provides a monthly opportunity for individual Board members to raise issues.

Director Howe stated that four of the five Directors will be attending training in Eugene this month.

Hall informed the Board of the progress being made by an employee who was recently injured in an accident.

Director Williams asked if there is anything that this employee could do for the District while he recovers from his injury?

Kline stated that staff is going through that process.

**BOARD REPORTS / ITEMS FROM BOARD MEMBERS**

Oregon People’s Utility Districts Association (OPUDA):

Director Howe provided the following report on the recent Oregon People’s Utility Districts Association Meeting in Salem on February 16th:
• Cap and Trade was discussed, as well as the impact to utilities, transportation and the industry.
• The proposed Cap and Trade legislation did not go very far. There is another group that wants to fight it.
• Oregon Department of Energy bills are dead.
• The diesel idling compromise bill, SB 1509, is dead. We can expect both of those issues to come back in 2019.
• OPUDA wanted to articulate that they support the broadband concept for rural Oregon.
• The OPUDA Board wants to review and change the Association’s Bylaws.

Director Gonser stated that the Oregon People’s Utility Districts Association (OPUDA) is an Association of elected Directors and not staff. The OPUDA Board has changed the Bylaws in the past and Director Gonser does not want the Bylaws to be changed back.

Director Howe stated that before changes are finalized to the Association’s Bylaws, the proposed changes will be brought back to the whole Association.

President Williams commented on the proposal that the Association needs a Strategic Plan. He noted that OPUDA’s Mission Statement is to influence state legislative issues.

Director Gonser stated that another thing that should not change is the Association’s lobbyist, The Romain Group.

Northwest Public Power Association:

Director Smith had nothing to report this evening.

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

March 7, NEMS, NESC & NIES Meeting - Dan Williams, Connie Karp and Roger Howe
March 7, PPC Forum - Dan Williams, Connie Karp and Roger Howe
March 8, PPC Executive Committee Meeting - Dan Williams, Connie Karp and Roger Howe
March 16 - OPUDA Meeting – Clay Smith, Dan Williams and Roger Howe
April 4, PPC Forum - Dan Williams, Howard Gonser and Clay Smith
April 5, PPC Executive Committee Meeting - Dan Williams, Connie Karp, Howard Gonser and Clay Smith
April 20, OPUDA Meeting – Dan Williams, Howard Gonser, Clay Smith and Roger Howe
EXECUTIVE SESSION

At 8:26 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; and Justin Brock, Power Resources Analyst.

At 9:20 p.m. the Board adjourned from Executive Session to return to Regular Session.

The Board then commenced a discussion with General Counsel James Foster regarding compensation. Foster advised the Board based on increasing time demands for the District that he would prefer a monthly retainer fee of $12,500 for up to 40 hours of his time per month on behalf of the District. Hours in excess of the 40 hours will be billed at the rate of $250 per hour.

The Board discussed General Counsel Foster’s contribution to the District over the last 31 years and their appreciation for his work for the Board of Directors and on behalf of the District.

{{Director Howe moved that General Counsel James Foster’s compensation, commencing on April 1, 2018, be based on a monthly retainer of $12,500 where General Counsel will provide up to 40 hours per month of legal services; hours in excess of those hours will be billed at the rate of $250 per hour. Director Gonser seconded the motion; it was then passed unanimously.}}

There being no further business the meeting adjourned at 9:40 p.m.

[Signature]
President

ATTEST:

[Signature]
Secretary
## Local Funds to MCCAC

### 10/1/2017 - 2/28/2018

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### 10/1/2016 - 9/30/2017

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<td>HOOD RIVER</td>
<td>64</td>
<td>$15,242.03</td>
</tr>
<tr>
<td>CITY OF CASCADE LOCKS - CLEP</td>
<td>CASCADE LOCKS</td>
<td>44</td>
<td>$7,500.00</td>
</tr>
</tbody>
</table>

### Waitlist as of 3/6/18

<table>
<thead>
<tr>
<th>Households</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Dalles</td>
<td>120</td>
</tr>
<tr>
<td>PUD Clients</td>
<td>110</td>
</tr>
<tr>
<td>Hood River</td>
<td>205</td>
</tr>
</tbody>
</table>

### 10/1/2016 - 9/30/2017

<table>
<thead>
<tr>
<th>Local Funds</th>
<th>LIHEAP</th>
<th>% to CAP for Emergency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUD</td>
<td>$8,976.63</td>
<td>$286,370.00</td>
</tr>
<tr>
<td>HRE</td>
<td>$15,245.03</td>
<td>$40,410.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Households</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUD</td>
<td>767</td>
</tr>
<tr>
<td>HRE</td>
<td>96</td>
</tr>
</tbody>
</table>

*or 8x # Households of HRE*
## Vendor Payment Summary

### Intake Date from 10/01/2016 to 09/30/2017

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>City</th>
<th>Num of Clients</th>
<th>Num of Households</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUD NORTHERN WASCO PUD</td>
<td>THE DALLES</td>
<td>1,771</td>
<td>746</td>
<td>$278,385.00</td>
</tr>
<tr>
<td>HRE-HOOD RIVER ELECTRIC COOP</td>
<td>ODELL</td>
<td>374</td>
<td>101</td>
<td>$41,792.50</td>
</tr>
<tr>
<td>NORTHWEST NATURAL</td>
<td>PORTLAND</td>
<td>396</td>
<td>137</td>
<td>$35,350.00</td>
</tr>
<tr>
<td>WEC-WASCO ELECTRIC COOP</td>
<td>THE DALLES</td>
<td>164</td>
<td>80</td>
<td>$28,540.00</td>
</tr>
<tr>
<td>DIRECT</td>
<td></td>
<td>100</td>
<td>50</td>
<td>$18,182.00</td>
</tr>
<tr>
<td>CITY OF CASCADE LOCKS</td>
<td>CASCADE LOCKS</td>
<td>95</td>
<td>49</td>
<td>$17,470.00</td>
</tr>
<tr>
<td>PACIFIC POWER</td>
<td>PORTLAND</td>
<td>99</td>
<td>25</td>
<td>$10,530.00</td>
</tr>
<tr>
<td>PACER PROPANE (OTHER)</td>
<td>THE DALLES</td>
<td>32</td>
<td>23</td>
<td>$8,140.00</td>
</tr>
<tr>
<td>HOOD RIVER SUPPLY (OTHER)</td>
<td>HOOD RIVER</td>
<td>5</td>
<td>4</td>
<td>$1,815.00</td>
</tr>
<tr>
<td>MID COLUMBIA MOBILE PROPANE</td>
<td>HOOD RIVER</td>
<td>13</td>
<td>5</td>
<td>$1,757.50</td>
</tr>
<tr>
<td>HATTENHAUER (OTHER)</td>
<td>THE DALLES</td>
<td>7</td>
<td>3</td>
<td>$1,475.00</td>
</tr>
<tr>
<td>CARSON (OTHER)</td>
<td>HOOD RIVER</td>
<td>9</td>
<td>3</td>
<td>$1,375.00</td>
</tr>
<tr>
<td>MAUPIN STOVES &amp; SPA (OTHER)</td>
<td>THE DALLES</td>
<td>10</td>
<td>4</td>
<td>$1,150.00</td>
</tr>
<tr>
<td>CASCADE PROPANE (OTHER)</td>
<td>THE DALLES</td>
<td>3</td>
<td>2</td>
<td>$745.00</td>
</tr>
</tbody>
</table>

**GRAND TOTAL**                                    $446,707.00

## Vendor Payment Summary

### Intake Date from 10/01/2017 to 09/30/2018

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>City</th>
<th>Num of Clients</th>
<th>Num of Households</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUD NORTHERN WASCO PUD</td>
<td>THE DALLES</td>
<td>1,745</td>
<td>767</td>
<td>$286,370.00</td>
</tr>
<tr>
<td>HRE-HOOD RIVER ELECTRIC COOP</td>
<td>ODELL</td>
<td>346</td>
<td>96</td>
<td>$40,410.00</td>
</tr>
<tr>
<td>NORTHWEST NATURAL</td>
<td>PORTLAND</td>
<td>126</td>
<td>55</td>
<td>$36,449.82</td>
</tr>
<tr>
<td>WEC-WASCO ELECTRIC COOP</td>
<td>THE DALLES</td>
<td>154</td>
<td>81</td>
<td>$28,900.00</td>
</tr>
<tr>
<td>CITY OF CASCADE LOCKS</td>
<td>CASCADE LOCKS</td>
<td>138</td>
<td>62</td>
<td>$24,110.00</td>
</tr>
<tr>
<td>PACIFIC POWER</td>
<td>PORTLAND</td>
<td>119</td>
<td>63</td>
<td>$21,597.00</td>
</tr>
<tr>
<td>DIRECT</td>
<td></td>
<td>86</td>
<td>39</td>
<td>$13,705.00</td>
</tr>
<tr>
<td>PACER PROPANE (OTHER)</td>
<td>THE DALLES</td>
<td>32</td>
<td>28</td>
<td>$7,480.00</td>
</tr>
<tr>
<td>CARSON (OTHER)</td>
<td>HOOD RIVER</td>
<td>14</td>
<td>7</td>
<td>$2,568.00</td>
</tr>
<tr>
<td>MID COLUMBIA MOBILE PROPANE</td>
<td>HOOD RIVER</td>
<td>20</td>
<td>7</td>
<td>$2,050.00</td>
</tr>
<tr>
<td>HATTENHAUER (OTHER)</td>
<td>THE DALLES</td>
<td>5</td>
<td>3</td>
<td>$990.00</td>
</tr>
<tr>
<td>MAUPIN STOVES &amp; SPA (OTHER)</td>
<td>THE DALLES</td>
<td>4</td>
<td>3</td>
<td>$890.00</td>
</tr>
<tr>
<td>HOOD RIVER SUPPLY (OTHER)</td>
<td>HOOD RIVER</td>
<td>3</td>
<td>2</td>
<td>$695.00</td>
</tr>
<tr>
<td>MID COLUMBIA PRODUCERS</td>
<td>MORO</td>
<td>2</td>
<td>1</td>
<td>$545.00</td>
</tr>
<tr>
<td>CASCADE PROPANE (OTHER)</td>
<td>THE DALLES</td>
<td>1</td>
<td>1</td>
<td>$250.00</td>
</tr>
</tbody>
</table>

**GRAND TOTAL**                                    $467,009.82
Date: March 6, 2018
To: Northern Wasco County PUD Board of Directors
From: Ed Ortega, Engineer
CC: Roger Kline, General Manager, NWCPUD
    Kurt Conger, Assistant General Manager, NWCPUD
    Jim Foster, General Counsel, NWCPUD
Subject: Tygh Valley Distribution Line Rebuild Project

Northern Wasco County PUD (District) has been working on a project to rebuild a 5.5-mile section of the existing 1930’s distribution line from the Tygh Valley Substation. The section begins at the substation and continues west along Hwy 216, crossing US Hwy 197, through Tygh Valley and up to an ending point on Alice Lindell’s property in Tygh Valley.

The District had engaged D. Hittle & Associates, an engineering consulting firm from Kennewick, WA, to design the rebuild and bring the pole line up to current design standards. Engineering was completed in January 2018. The District advertised an Invitation to Bid in February 2018. A mandatory pre-bid meeting was held in Tygh Valley on February 15, 2018 and had 9 interested bidders. On March 2, 2018 the District received 7 competitive bids from Contractors.

After review of the bids, the low bidder was International Line Builders (ILB), Portland, OR, with a Bid Price of $571,491.51. Bids were then reviewed for contractor qualifications and references.

It is the recommendation of the District Engineering Staff to award the Tygh Valley Distribution Rebuild to International Line Builders after review and approval of the contract by the District’s General Counsel.

Respectfully submitted,

Ed Ortega
**Electric LTFP - Projected Debt Service Ratio and Reserves & Cash**

Assumes: 1. No future rate changes. 2. No future load growth for Primary customers beyond 2020.
Northern Wasco County PUD

Funding available for Capital Spending 2018 - 2022

<table>
<thead>
<tr>
<th>Capital Projections</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation</td>
<td>$800,000</td>
<td>$380,000</td>
<td>$30,000</td>
<td>$30,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Electric T &amp; D</td>
<td>$5,003,950</td>
<td>$3,128,627</td>
<td>$2,180,540</td>
<td>$2,634,283</td>
<td>$2,590,720</td>
</tr>
<tr>
<td>Information Technology</td>
<td>$431,400</td>
<td>$175,000</td>
<td>$83,400</td>
<td>$113,400</td>
<td>$100,000</td>
</tr>
<tr>
<td>General Admin</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Facilities &amp; Equipment</td>
<td>$406,500</td>
<td>$408,500</td>
<td>$310,500</td>
<td>$312,500</td>
<td>$314,500</td>
</tr>
<tr>
<td>Fleet</td>
<td>$135,000</td>
<td>$365,000</td>
<td>$385,000</td>
<td>$50,000</td>
<td>$85,000</td>
</tr>
<tr>
<td></td>
<td>$6,776,850</td>
<td>$4,457,127</td>
<td>$2,989,440</td>
<td>$3,140,183</td>
<td>$3,120,220</td>
</tr>
<tr>
<td>Rates Funding</td>
<td>$2,854,690</td>
<td>$3,984,627</td>
<td>$2,493,315</td>
<td>$2,619,252</td>
<td>$2,573,242</td>
</tr>
</tbody>
</table>

Reduction to Reserves to fund Capital Spending

(275,000)  (1,644,000)  200,000  (132,000)  (587,000)
Northern Wasco County PUD
Reserves as of January 2018

RESTRICTED RESERVES:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Stabilization Fund</td>
<td>$4,600,000</td>
</tr>
<tr>
<td>2016 Bond Reserve Fund</td>
<td>$796,175</td>
</tr>
<tr>
<td>Construction Funds-2016 Bonds</td>
<td>$3,794,253</td>
</tr>
</tbody>
</table>

TOTAL RESTRICTED RESERVES $9,190,428

COMMITTED RESERVES:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Contingency &amp; Emergency Preparedness</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Hydro</td>
<td>$578,987</td>
</tr>
<tr>
<td>Capital Imprv &amp; Major Capital Projects</td>
<td>$500,000</td>
</tr>
<tr>
<td>Market Security &amp; Collateral</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>OPEB Liability Reserve Fund</td>
<td>$285,440</td>
</tr>
<tr>
<td>Customer Deposits and Interest</td>
<td>$5,323,782</td>
</tr>
</tbody>
</table>

TOTAL COMMITTED RESERVES $13,188,209

UNCOMMITTED RESERVES $3,156,399

TOTAL INVESTMENTS $25,535,036