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

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

President Williams called the Regular Session to order at 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; Key Accounts Manager Justin Brock; Director of Corporate Services Cyndi Gentry; Energy Specialist Lance Kublick; Engineering Intern Daniel Peters; Energy Management Technician Travis Hardy; Help Desk Analyst Keith Michaels; Engineering Associate Nathan Ericksen; and Chief Finance Officer/Director of Finance & Enterprise Risk Harvey Hall.

Visitors: None

PUBLIC COMMENT

There was no one wishing to provide public comment.

Director Gonser stated that the District has three Board Positions up for election this year. No one choose to run against the incumbents, Directors Gonser, Karp and Smith. Director Gonser stated that he thinks that speaks highly of what District staff does. Director Gonser wished to personally thank the staff. This is his 32 year on the Board and no one is running against him.

President Williams stated that District staff are the face of the PUD.

CONSENT AGENDA

Items contained in the consent portion of the Agenda includes the following:
• Regular Session Minutes of August 7, 2018
• July Outage Report
• Energy Management/Marketing Report
• Checks/Vouchers
• July Financial Report
• July Write Offs

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

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

At 6:02 p.m. the Board recessed to convene as the Contract Review Board.

**CONTRACT REVIEW BOARD**

Operations & Engineering Manager Pat Morehart presented staff’s recommendation to award the Electric Transmission System Services Project Bid to Titan Electric in the amount of $128,275.53 as outlined in his memorandum, which is hereto attached and marked as Exhibit 1.

Morehart informed the Board that there will be a correction to the bid amount, since Titan Electric listed two poles twice in their bid document. Morehart stated that the project will cost less than the bid amount.

Some discussion occurred after several questions were raised by members of the Board of Directors regarding the contract being reviewed by General Counsel James Foster and the schedule for the completion of the work.

The Board was informed that the contract has not been reviewed by General Counsel James Foster. Based on the performance schedule, contract negotiations and execution are anticipated by September 7th, with completion of the work being done by November 16, 2018.

{{Director Smith moved to award the Electric Transmission System Services Bid to Titan Electric in the amount of $128,275.53; and that the contract be reviewed and approved by the District’s General Counsel. Director Karp seconded the motion; it was then passed unanimously.}}

At 6:05 p.m. the Board adjourned as the Contract Review Board and returned to Regular Session.
Director of Corporate Services Cyndi Gentry introduced Keith Michaels, Help Desk Analyst, who joined the District through the IT Internship Program. Michaels will be working on some special projects, in addition to his help desk work duties.

Help Desk Analyst Keith Michaels stated that he previously lived in The Dalles, attending Columbia Gorge Community College, and graduating from Portland State University.

Operations & Engineering Manager Pat Morehart introduced Daniel Peters, Engineering Intern. Peters will be leaving to return to Oregon State University; his last day is September 13, 2018.

Engineering Intern Daniel Peters stated that he is from The Dalles. Peters is currently majoring in mechanical engineering; this will be his second year at college.

**DIVISION UPDATES**

**Engineering/Operations**

Operations & Engineering Manager Pat Morehart reported as follows:

**Tygh Valley Distribution Rebuild Project**

- International Line Builders (ILB), District Contractor, has completed the Tygh Valley Distribution Rebuild Project despite the dry conditions this summer.
- ILB went to great lengths to mitigate potential fire hazards by early morning starts and early afternoon shut downs.
- ILB had the Tygh Valley Volunteer Fire Department on stand-by at one point and ILB deployed their own fire suppression equipment as required by the Contract.
- The contractor’s crew had two non-injury, no equipment damage high voltage contact incidents that caused the Tygh Valley feeder to trip.
- Both incidents involved removing retired, de-energized conductors from between newly installed energized conductors.
- The incidents initiated incident investigations by the District and the contractor to investigate and prevent any further serious incidents.
- The findings of the incident investigations concluded the causes as communication break down between crews. Failure to follow the job plan as tailgated and working in a hurry.
- After the second incident the contractor reconfigured the crew’s makeup and increased onsite supervision. Work continued without any further incidents.
- The rebuild work by ILB was a success.
• The District has a new distribution circuit from the White River Substation to the meters, which is capable of handling increased loads and alternate feed configurations.

Some discussion occurred regarding the work performed by International Line Builders under the Tygh Valley Distribution Rebuild Project.

Morehart continued his report, as follows:

The Dalles Marina Project

• The Dalles Marina Project is progressing.
• The meter pedestals and transformers have been purchased with a delivery date of November 1, 2018.
• One of the transformer float manufacturers is scheduled to visit the Marina this week to inspect the existing docks prior to his bid, which is due by the end of this week.
• Staff expects to place the order on September 7th, with the delivery of the floats on November 1st.
• Staff expects a contractor start date of November 12th, beginning with the on-shore work, such as excavating for the pad mount transformer, switch gear and conduits to the dock.
• Staff is finishing up the details on the I-84 crossing work, which will be done by District staff.
• Staff hopes that work will start the week of September 10th, with a tentative completion date of January 18, 2019.
• The District has kept The Dalles Marina Manager informed during this process.

D Hittle & Associates

• This past week, D Hittle & Associates was tasked with engineering design to rebuild a section of the downtown feeder distribution circuit on the tie plant road bordering the south side of I-84.
• This section of circuit needs to be reconductored to handle increased capacity once the East Side Substation is built, and to add alternate switching capability to the electric system.
• D Hittle & Associates has also been tasked with engineering a section of the East Tenth Street Feeder on Mill Creek Road, which will be phase one to a complete rebuild on the feeder to its end at Wicks Reservoir.
Engineering Intern

- Daniel Peters, Engineering Intern, was instrumental in helping the District develop a revised edition of the Service Standards and Requirements (SSR) Guide.
- The SSR Guide is a guide for the Engineering Department for new and rebuilt electrical services.
- The SSR Guide can be picked up in hard copy at the District office or by viewing and/or downloading the Guide from the District’s website.

Engineering

- The Engineering Department has purchased and downloaded engineering design software known as PLS Cad that will check stress and strains on poles, conductors and hardware.
- This design software will allow the staff to do in-house engineering on small projects effectively.
- Principal Engineer/Strategic Asset Planner Paul Titus will be working with the District’s engineers to design some reconductoring projects and to implement PLS Cad in the port area.

Other

- The developer for the Lone Pine Housing Project has started installing electrical vaults and conduit.
- The District has been approached by developers seeking information on several small housing developments throughout The Dalles.

Apprentice Lineman

- Apprentice Lineman Tucker McCabe has been advanced to the status of Hot Apprentice.
- McCabe is in his fourth of six steps of progression in the Apprentice Lineman Program.
- The Mid-Columbia Joint Apprenticeship Training Committee voted unanimously to advance McCabe to the fourth step upon receiving the recommendation of the Journeyman Linemen that McCabe works with.
- McCabe is now allowed to train with Journeyman Linemen in live line construction and maintenance methods in all voltage level environments.
Operations

- The District’s line crew continues to keep a steady pace in changing out poles and transformers, installing new underground and overhead services, responding to customer electrical issues, house fires and outages.
- A large outage occurred on Saturday, August 25th at approximately 12:30 a.m.
- The outage was on the Celilo Feeder out of the Seufert Substation. The outage affected 1,119 meters.
- Some of the affected meters were at medical buildings in the Mid-Columbia Medical Center area, as well as residential customers on the east side of The Dalles.
- After some time, the crew was able to confirm that the cause was a failed underground primary cable.
- Once identified, the cable was isolated, and switching was performed to bring the power back on. The entire outage was restored by approximately 5:30 a.m.
- Two Journeyman Linemen, Gabe Red Cloud and Ryan Manciu, were the only two linemen available for the call out. They did an outstanding job of handling the outage in a methodic manner in accordance with safe work practices all the time keeping Morehart informed of their movements and locations around the system.
- New types of equipment are always being looked at to keep the Journeyman Linemen equipped to do their jobs of maintaining the electric system.
- Recently, Morehart arranged for the crew to be able to try out a specialized Digger Derrick for areas which are difficult to access.
- A video was shown of the operation of the Altec DB41 Digger Derrick by District crew members.

Some discussion occurred after several questions were raised by members of the Board of Directors regarding the cost of the equipment, the benefits to the District if this type of equipment was available to the crew for their use, and outages which are caused by birds and squirrels.

Morehart stated that this equipment could be used to do around 15% of the poles that the crew has restricted access to. If the crew had this machine, they could attack some of the back lot-line projects that the District has. The Digger Derrick has less impact to the area that it is sitting on.

As to the outages which are caused by birds and squirrels, Morehart stated that the District takes preventive measures to keep critters from climbing up the pole to get on the top of the transformers.

General Manager Roger Kline pointed out that outages caused by birds and squirrels are a common thing in the electric industry. The District is relocating lines when we can and are continually taking steps to reduce these occurrences.
Morehart continued his report as follows:

**Local Fires**

- Besides the usual operations and maintenance of the system, the District’s line crew and engineers rendered mutual aid to Wasco Electric Cooperative when their system was impacted by the Substation wild fire in mid-July.
- The District provided the engineering man power to field and assess the damage, and then redesign and stake for the rebuild.
- Titus lead the effort with Engineer Ed Ortega, Engineering Associate Nathan Ericksen and Engineering Associate Garrett Mauritson.
- The District also provided line construction equipment, material, and man power for the recovery effort. Foreman Shawn Brumley, Journeyman Linemen Gabe Red Cloud, Ted Rosenberg, Ryan Manciu and Jim Wilson, along with Apprentice Lineman Tucker McCabe lending their talents to restore our neighbor’s electric system.
- The District’s support personnel, Asset/Program Manager Steve Horzynek, Warehouseman/Purchasing Don Dowers, Utility Worker Jeff Handley, Operations Support Analyst/Designated Safety Professional Jimmy Wells, Right-of-Way Vegetation Program, I.S.A. Certified Arborist Dave Taphouse, and GIS Technician/Drafter Jacob Kellogg assisting with material and equipment delivery and other logistical details.
- A video of the Substation, Long Hollow, South Valley, Mile Post 90, Three Mile and Precision Lumber Fires was shown at this time.

Some discussion occurred regarding the local fires and the damage to the District’s electric facilities.

Morehart noted that the District had a total of six transmission poles damaged in the fires. The District will have OSMOSE go through the burned scarred area to determine if there are poles that need to be replaced.

Director Gonser requested that staff pass along the Board’s appreciation for staff’s efforts during the recent fires.

Morehart further reported as follows:

**Mutual Aid Debriefing**

- On August 23, 2018 the District hosted a mutual aid debriefing to go over the fire response and recovery efforts.
- The meeting was attended by managers, engineers, and operations supervisors representing Northern Wasco County People’s Utility District, Klickitat Public

- The group met for almost two hours discussing what worked in the mutual aid efforts, what could work better, communications, equipment, rest periods for line workers, food and water for crews, material, vegetation control for fire prevention, tracking vehicles in emergencies and the value of an AMI system in outage assessment in emergencies.
- The group agreed to meet again the first of December 2018.

**Finance**

CFO/Director of Finance and Enterprise Risk Harvey Hall reported as follows:

**Year-To-Date Performance**

- So far through July 2018, the District’s net income is $407,000 to the positive.
- Staff’s projection for year-end is $650,000 to the positive.
- The reasons for this projection are as follows:
  - Primary load continues to grow in a positive and strong sense.
  - Higher prices for the return of The Dalles Fishway output. In July, the District received $189,000 for the month, which is the highest amount since the contract changed back in October 2015.

**Preliminary Overview of the 2019 O&M Budget**

- The PowerPoint Slide entitled “Preliminary Overview 2019 O&M Budget” was reviewed and discussed at this time. A copy of said PowerPoint Slide is hereto attached and marked as Exhibit 1.
- Staff’s preliminary estimate is a positive gain of almost $3 million during 2019.
- This estimate has a lot to do with the primary customer load growth assumptions.
- Staff assumes that the District’s primary load growth will grow by 22 aMW over 2018.
- The District experienced a 121.2 aMW peak on August 8th.
- In the Load Resource Expense (LRE) Model there is no assumption for block chain load growth.
- The District has budgeted for the Bonneville Power Administration (BPA) rate change the fall of 2019. Staff assumed a 4% rate change for transmission and a 4% rate change for power.
- The Preliminary 2019 Budget assumes no rate change to customers’ rates.
- Staff does not anticipate any rate change in 2019.
- The Preliminary 2019 Budget will be looked at in more detail next month.

A brief discussion occurred regarding the Preliminary 2019 Budget.
Hall continued to report as follows:

**Public Record Request Policy**

- An updated Public Record Request Policy will be brought before the Board next month for their consideration.
- The current Public Record Request Policy has not been updated since 1997.

**Enterprise Risk Management Policy**

- Hall has drafted an Enterprise Risk Management Policy, which has been reviewed by General Manager Roger Kline and the District’s consultant.
- The Policy is intended so that the District is doing business in a structured and intentional way with risk as a consideration. Intentionally managing risk to reasonably insure that the District accomplishes its objectives.
- Risk will be discussed more at next month’s meeting.

**Oregon Ethics Law Training**

- The Oregon Ethics Commission will be providing the staff and Board with Oregon Ethics Law Training on Wednesday, November 14, 2018.
- Two training sessions will be provided: Session 1, 1 p.m. – 2:30 p.m.; Session 2, 3:00 p.m. – 4:30 p.m.

**Power Resources**

Assistant General Manager/Director of Power Resources Kurt Conger presented a PowerPoint Slide Presentation entitled “McNary Fishway Hydroelectric Plant”. A copy of said PowerPoint Slide Presentation is hereto attached as Exhibit 2.

Some discussion occurred upon the conclusion of the presentation.

Conger noted that McNary Fishway Chief Hydro Plant Operator Greg Hendricks and The Dalles Fishway Chief Hydro Plant Operator Jay Bonogofsky are working together since staff suspects there are similar points of failure at The Dalles Fishway Plant.

Conger further reported as follows:

**BPA Rate Period High Water Mark (RHWM) Process**

- The Rate Period High Water Mark (RHWM) amounts have been set by Bonneville Power Administration (BPA), which also sets the Above-RHWM amounts for their customers.
• The District's RHWM for the 2020 obligation is 19.948 aMW and the 2021 obligation is 26.6 aMW.
• The District has elected to use non-federal resources for all Above-RHWM obligations.
• A portion of the Above-RHWM is allocated directly to one customer through the Electric Service Agreement.
• BPA's RHWM process also lets staff know what the Firm Tier 1 System Critical Output is for 2020-2021 Rate Period, which is 6,955 aMW. That amount is 76 aMW higher than it was for BPA 2018.

Some discussion occurred after a question was raised by Director Smith regarding the District's power contracts and the RHWM amount established by BPA.

Conger responded by stating that none of the District's power resource contracts are based on what they call “flow risk” or “volumetric risk” on the Columbia River System. The District has bought flat blocks of power so far. The District has been offered slice contracts, which are variable energy firm capacity and firm storage type contracts. Those are very desirable for certain types of power supply operations. The District may consider them in the future.

Northwest Energy Management Services (NEMS)

• A Northwest Energy Management Services (NEMS) Board Meeting will be held tomorrow, September 5, 2018.
• The District will have a new A&G Cost Recovery Formula, which staff will be supporting. It will lower the District’s A&G allocation.
• In the NEMS formula, the District’s allocation is high because we have the highest Above-RHWM than other NEMS Members.
• The RHWM process will be on tomorrow's NEMS Agenda from the perspective of market purchases for members interested in meeting all or portions of their Above-RHWM amounts with non-federal purchases through NEMS for Fiscal Year 2020 and 2021, as well as future years 2022 to 2024.
• Conger has expressed an interest to NEMS Resources and Planning Director Blake Weathers for the District to participate in a Specific Resource Investigation for the Hayden Solar Project. The purpose is for gathering intelligence on how these resources may be deployed for load service going forward.
• There may be some interest from a District customer in the output of this solar project.

Power Resource Specialist Position

• The District is currently looking at hiring a Power Resources Specialist, who would perform similar work as the Power Resource Analyst Position.
• Key Accounts Manager Justin Brock is assisting Conger in scheduling interviews this week and into next week for the Power Resource Specialist Position.

**Tract A - Parking Lot**

• The District has completed the parking lot on Tract A of the Columbia Gorge Industrial Center.
• Northern Wasco County Parks and Recreation District and the Riverfront Trail Committee are happy with the project.
• The District needs to plant native plants as required by the permit from the City of The Dalles.
• Staff will be planting these native plants in October during the District’s Community Service Day.
• Crestline Construction will provide growing soil for the project.
• At some point, the Port of The Dalles may want to get together with the District’s Board of Directors to have a ribbon cutting ceremony.

**Corporate Services**

No report will be given tonight since the time has been given to Energy Management Technician Travis Hardy to present the Energy Efficiency Upgrade Program PowerPoint Presentation.

**General Manager**

General Manager Roger Kline noted that his GM Report has been included in the Board Packet regarding the BPA Transmission Open Access Tariff (TC-20) Settlement Process. A copy of Kline’s Report is hereto attached and marked as Exhibit 3.

It is General Manager Kline’s recommendation that the Board designate Northwest Requirements Utilities (NRU) Representatives Blake Weathers and Megan Stratman as the District’s representatives during the BPA Transmission Open Access Tariff (TC-20) Settlement Process.

***It was the consensus of the Board of Directors to support General Manager Roger Kline’s recommendation to designate Northwest Requirements Utilities (NRU) Representatives Blake Weathers and Megan Stratman as Northern Wasco County People’s Utility District’s representatives for the BPA Transmission Open Access Tariff (TC-20) Settlement Process***.

Kline noted that the Board should have received a notification from Key Accounts Manager Justin Brock on a survey that the District is conducting to determine how we can support our customers as it relates to conservation.
The Board was shown the survey, which has been posted on the District website: www.nwascopud.org

Each customer has an opportunity to complete the survey.

Some discussion occurred after a question was raised by Director Connie Karp.

Brock stated that the survey will be posted for a full 30 days.

Director Smith asked how many new staff members is management proposing to add during 2019?

Hall responded by stating a total of seven positions. Five of the seven positions are replacing vacated positions. One position has been filled, another position may be filled this year.

President Williams informed the Board that General Manager Roger Kline was interviewed by ‘Clearing Up’. The article has been posted to the District’s Facebook Page.

**General Counsel**

General Counsel James Foster reported as follows:

**Board Policy Manual**

- General Manager Kline continues to discuss and to share with Foster proposed Board Policies for the development of a Board Policy Manual.
- Foster is satisfied that there are examples of Board Policies that would be very beneficial to the District.
- Foster has begun the process of reviewing the District’s and other entities sample policies.
- Foster hopes to get to the Board, by late spring of next year, a working document for the Board’s consideration.
- The Policy Manual will specify the Board’s responsibilities, the Board’s relationship with the General Manager, other Board Members and staff.
- Foster feels that the Board Policy Manual will be a useful document.

**Insurance Settlement**

- Foster reminded the Board of the report from Paul Titus, three and a half years ago, on damage sustained to the District’s equipment and materials when
Interstate 84 (I-84) was being worked on. The contractor took out wires that crossed the freeway.

- The issue has been resolved with the payment of approximately $70,000 by Zurich Insurance.
- Titus did an excellent job in providing documentation to Zurich Insurance to settle the insurance claim.

A question was raised by Director Smith regarding other litigation.

Foster responded by stating that there is nothing new to report on either the Crane Failure Insurance Claim at the McNary Hydroelectric Fishway Plant, or the Energy Supplier Assessment (ESA) Lawsuit against the State of Oregon.

**NEW BUSINESS**

**Strategic Plan**

General Manager Roger Kline stated that comments he received back from members of the Board of Directors has been incorporated into the Draft Strategic Plan, which has been included in this evening’s Board Packet. Kline has received one additional comment today regarding formatting.

Kline noted that from a content perspective, he has heard nothing to the contrary on the Strengths, Weaknesses, Opportunities & Threats (SWOT) Analysis, and Core Values Sections of the Strategic Plan. He is wondering if the Board is comfortable with the current draft of the plan.

Kline is proposing to insert photos taken today of the Board and the Executive Management Team into the Strategic Plan. The Strategic Plan would then be included in the October Board Packet for the Board’s consideration and adoption.

Kline mentioned the American Public Power Association (APPA) Governing for Excellence-Raising the Bar on Public Power Governance Publication that was provided to the Board back in 2016, specifically Chapter 11, Set Strategic Direction. Kline noted that risk assessment and mitigation are addressed in this chapter.

Kline stated if the organization came together and recognized through our Enterprise Risk Management Program areas that are lacking or need improving, such as preventive maintenance. In recognition of this identified area needing improvement, the District will initiate through the Strategic Plan, under operational excellence, a preventive maintenance program with improvement goals.
President Williams commented on Kline's initial draft of the Strategic Plan versus the information obtained during an APPA Webinar on Strategic Planning. President Williams was positively surprised by the Strategic Plan put together by Kline versus the information he obtained during the webinar.

Kline will bring the Strategic Plan back before the Board at their October 2, 2018 Board Meeting.

**Update on District’s Energy Management/Conservation Program**

Energy Management Technician Travis Hardy presented a PowerPoint Presentation entitled "Energy Efficiency Upgrade Program (EEUP)". A copy of said PowerPoint Presentation is hereto attached and marked as Exhibit 4.

A lengthy discussion occurred throughout Hardy’s presentation after questions were raised by members of the Board of Directors.

Hardy noted that the Energy Efficiency Upgrade Program meets BPA requirements. Staff is recommending that the District’s conservation dollars be redirected; they are not asking for more money for the program.

Director Smith feels the Energy Efficiency Upgrade Program is worth a try.

General Counsel Foster suggested that staff contact other entities who are already offering this type of program to see if they have encountered any problems with landlords increasing rents after energy conservation work has been completed. Foster feels that language could be added to the contract to prevent this from happening.

Hardy will contact other entities to see if they have encountered any problems with their conservation program.

Energy Specialist Lance Kublick informed the Board that the District is the only utility our size offering this type of energy efficiency program.

**Update on Solar Station**

Key Accounts Manager Justin Brock presented a PowerPoint Presentation entitled "Northern Wasco County People's Utility District 8.4 KW Solar Installation". A copy of said PowerPoint Presentation is hereto attached and marked as Exhibit 5.

Some discussion occurred upon the conclusion of Brock’s Solar Station Presentation.
OLD BUSINESS

There was no old business to discuss.

BOARD REPORTS / ITEMS FROM BOARD MEMBERS

Oregon People’s Utility Districts Association (OPUDA):

Director Howe reported that the last Oregon People’s Utility Districts Association (OPUDA) Board Meeting was a good meeting.

Director Smith reported that the Board is still working on the Association’s Bylaws.

The Board recessed at 8:53 p.m.

The Board reconvened at 8:58 p.m.

APPROVAL OF FUTURE MEETINGS/TRAVEL/OR RELATED MATTERS

September 5, NEMS, NESC & NIES – Dan Williams, Howard Gonser, Connie Karp, Clay Smith and Roger Howe

September 5, PPC Forum – Dan Williams, Howard Gonser, Connie Karp, Clay Smith and Roger Howe

September 6, PPC Executive Committee Meeting – Dan Williams, Howard Gonser, Connie Karp, Clay Smith and Roger Howe

September 19-20, OPUDA Annual Conference – Dan Williams, Howard Gonser, Connie Karp, Clay Smith and Roger Howe

October 3, PPC Forum - Dan Williams, Howard Gonser, Roger Howe and Clay Smith (?)

October 4, PPC Executive Committee – Dan Williams, Howard Gonser, Connie Karp, Roger Howe and Clay Smith (?)

October 19, OPUDA Board Meeting - Dan Williams, Howard Gonser, Roger Howe and Clay Smith (?)

October 31, NRU Annual Board Meeting - Dan Williams, Howard Gonser, Connie Karp, Roger Howe and Clay Smith (?)

October 31, PPC Forum - Dan Williams, Howard Gonser, Connie Karp, Roger Howe and Clay Smith (?)
EXECUTIVE SESSION

At 8:58 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 officers of any public body, a public officer, employee or staff member who does not request an open hearing.

Those present for the Executive Session included the Board of Directors, General Counsel James Foster, and General Manager Roger Kline.

At 9:12 p.m. the Board adjourned from Executive Session to return to Regular Session.

There being no further business the meeting adjourned at 9:13 p.m.

[Signature]
President

ATTEST:

[Signature]
Secretary
## PRELIMINARY OVERVIEW

### 2019 O&M BUDGET

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<th>NWCPUD</th>
<th>2016 Year End ACTUALS</th>
<th>2017 Year End ACTUALS</th>
<th>2018 Budget</th>
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<th>2019 Preliminary BUDGET</th>
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McNary Fishway Hydroelectric Plant

Report on Abnormal Shutdown Event – August 22, 2018
Sequence of Events:

8/22/2018  At about 1830 staff was called to the project for a unit outage
8/23/2018  Failed Wicket gate operation isolated to a bad solenoid on the
            wicket gate Shutdown valve (65S). Brush damage – restart not possible.
8/24/2018  Brush Rigging Assembly and Thrust Bearing Pot inspected.
8/26/2018  MNF Operating Staff dewatered the unit and prepared it for
            inspection
8/27/2018  Representatives from Northern Wasco County PUD, Klickitat
            PUD and OS Engineering performed a detailed inspection of the unit
8/28/2018  Unit reassembled and systems checked
8/29/2018  Unit tested speed/no-load and restarted at 11:30 a.m.
Inspection Findings – Components Inspected

• Wicket Gate Servo Hydraulic Pressure Unit (HPU)
• Runner
• Turbine Bearing Pot
• Rotor, Stator, Lower Guide Bearing
• Brush Housing Inspection and Thrust Bearing
HPU valves and solenoids associated with wicket gate positioning
Clearance Between Runner and Head Cover Rim

Rust on Inner Head Cover Rim indicates no evidence of contact with Runner Hub

1.25 inches

Turbine Runner Hub
Clearance Between Turbine Bearing Pot Cover and Groove in Shaft

Turbine Bearing Pot Cover Plate

1.25 inches

Turbine Guide Bearing Shoe

Groove in Shaft
Lower Gen Guide Bearing, Rotor and Stator
Upper Bracket Assemblies
Exciter Brush Housing
Damage to Brush Rigging
Broken Brushes and Marred Slip Rings
Slip Rings and Speed Sensor – after disassembly and burnishing
Brush and Slip Ring – Critical Dimension

0.975 inches
Speed Sensor – Critical Dimension

1.25 inches
Brush Rigging ready for assembly and installation
Root Cause Analysis

• 65S Solenoid Failed
• Wicket Gates closed at abnormally fast rate – water flow stopped
• Runner continued rotation by inertia and reverse power
• Like a propeller, Runner lifted 100 ton Rotating Assembly between 0.975” to 1.25”
• Brush Rigging damaged
• Minor scuffing of Upper Guide Bearing Pot cover by slinger ring.
Recommendations (1)

Unit returned to service with the following provisions:

• Slip Rings checked for smoothness and dressed as needed.
• Brushes and Rigging reinstalled. New brushes to be ordered for spares.
• Wicket gate control timing verified to ensure no fast Wicket Gate closure.
• After restart, the following will be monitored closely:
  • Bearing temperatures,
  • Bearing oil samples to be taken several hours after startup and periodically thereafter to monitor for bearing material,
  • Any unusual vibrations, and
  • Wicket Gate timing and response during operations.
Recommendations (2)

Measures to minimize risk of future abnormal shutdown operations:

• Modifications to the Wicket Gate servo positioning controls.
• Scheduling preventative maintenance and replacement of control components with single point of failure risks.
• Installation of SCADA, Historian and Sequence of Event Recorder to assist in future fault detection and isolation.
• Installation of device to monitor abnormal shaft movements.
DATE: August 30, 2018

TO: Directors Gonser, Howe, Karp, Smith & Williams.

FROM: Roger M. Kline, General Manager

SUBJECT: GM Report, September 04, 2018

BPA Transmission Open Access Tariff (TC-20) Settlement Process

Background

The District received an email notification from its BPA Transmission Account Executive on August 24, 2018. The purpose of the email from BPA was twofold. First, it was to inform the District of the upcoming settlement process regarding the implementation of a new BPA Open Access Transmission Tariff ("Tariff"). This process has been coined as the "TC-20" process, and the reason for the settlement negotiations is to determine if BPA’s transmission customers can agree on an updated Tariff without having to resort to a prolonged litigation procedure.

The second reason for the BPA email was to request that the District formally identify a representative to negotiate on its behalf during the settlement process. This action must be completed by September 5.

Northern Wasco County PUD (NWCPUD) is a member of the Northwest Requirements Utilities (NRU) trade association, and NRU has offered to negotiate on its members behalf. NRU staff has been briefing the NRU Board on its progress and successes in the initial TC-20 deliberations and has been fully engaged in protecting and advocating for the network transmission (NT) transmission rights of the NRU membership. NRU is equipped and ready to represent each NRU member in this process. The NWCPUD Board and staff will receive much more information on this during the monthly trade association meetings starting later this week.

Recommendation

The General Manager recommends designating Northwest Requirements Utilities (NRU) representatives, Mr. Blake Weathers and Ms. Megan Stratman as our NWCPUD representatives for this process. Power Resources Division (PRD) staff and management will remain engaged as needed.
Energy Efficiency Upgrade Program (EEUP)

for property owners and renters of single-family, electrically-heated homes

NWCPUD EEUP Rental Pilot Proposal
Approximate Launch Date: January 1, 2019

Energy Management Department
Travis Hardy & Lance Kublick
As part of the 7th Plan, the Council lead the region in a study to identify any proportionally underserved markets or populations. The goal: improve the region’s ability to provide all cost-effective energy efficiency by ensuring programs reach all segments of the population in a proportional manner.
Thanks to YOUR continued support, the NWCPUD is so close to reaching all under-served, hard-to-reach sectors with our current line-up of targeted, balanced, and comprehensive energy efficiency programs:

✓ Low-income and mid-income households – 147 DHPs since 2015 (LI), Steady (Reg)
✓ Small industrial, commercial lighting –
  Oregon Veterans Home ~220K kWh ($30,730) / Polehn Farms ~56K kWh ($15,255)
✓ Rural communities (LI/Reg) – TV/Dufur/Wamic
✓ Communities of color (LI/Reg) – Hispanic families
✓ Manufactured housing (LI) – Decrease due to saturation and smart policy changes
✓ Tribes (LI) - Celilo HPWH/DHP Upgrade Program – full swing by Q4 2018
✓ Single-family or Multi-family Renters (LI) – SF – Q1 2019, MF – Q3 2019
Where we’ve been... where we’re at... where we need to go from here...

- Appliance Rebate Program
- Weatherization Rebate Program
- Heat Pump Rebate Program
- HPWH Rebate Program
- LI Weatherization Program (All)
- Celilo Village HPWH/DHP Upgrades
- LI EEUP for Renters

<table>
<thead>
<tr>
<th></th>
<th>High-Income</th>
<th>Mid-Income</th>
<th>Low-Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appliance</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Weatherization</td>
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<tr>
<td>Heat Pump</td>
<td>✔</td>
<td>✔</td>
<td></td>
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<tr>
<td>HPWH</td>
<td>✔</td>
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<tr>
<td>LI Weather</td>
<td>✔</td>
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<td>✔</td>
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<tr>
<td>Celilo Village</td>
<td>✔</td>
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<td>✔</td>
</tr>
<tr>
<td>LI EEUP</td>
<td>✔</td>
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<td>✔</td>
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</tbody>
</table>
Celilo Village Residents – New HPWH & DHP*

- Currently 5 of 15 are Past Due
- In past 6 years, 135 accumulated credit points:
  - 75 Delinquent Notices
  - 24 Broken Arrangements
  - 18 Cutoffs/Cutoff List

Many CSR Hours Spent for Very Small % of Hard-to-Reach Customers

This program is designed to reduce these expensive and costly burdens...
AT NO ADDITIONAL COST
Energy Efficiency Upgrade Program (EEUP)
for property owners and renters of single-family, electrically-heated homes

Enhanced Rebate Program for Low-Income Tenant Occupied, Single-Family Households
In addition to increasing the energy-efficiency of a rental property, these measures also have many proven, long-term benefits for both property owners and occupants of rental units including:

- Increased property value
- Higher tenant satisfaction and occupant retention (lower turnover)
- Improved health and safety in the residence
- Lower monthly electricity usage = Lower monthly bills
- Improved overall comfort of the occupants
Contrary to past assumptions, we are not ‘putting money into the pockets of building owners’... this program has a much more comprehensive impact on the public’s perception of the PUD and our energy efficiency goals by:

LIEE achieves cost-savings for the utility by reducing bad debt, arrearages (customer past dues/fees), and the administrative costs of collection and service termination... THIS IS A CRITICAL STEP!
Contrary to past assumptions, we are not ‘putting money into the pockets of building owners’… this program has a much more comprehensive impact on the public’s perception of the PUD and our energy efficiency goals by:

The efficiency and demand savings delivered by low-income programs reduce strain on the grid, which is particularly valuable during summer and winter peaks (NWCPUD highest winter/summer peak 109/121 MW – 2018)
Contrary to past assumptions, we are *not* ‘putting money into the pockets of building owners’... this program has a much more comprehensive impact on the public’s perception of the PUD and our energy efficiency goals by:

- Increasing the value/efficiency of residential buildings for decades to come... why penalize the building because of its occupants? **Incentivizing homeowners to increase the energy efficiency of their home has always been our goal.** The upgraded building will be more efficient, by default, for the life of the measures regardless of ownership/occupancy.
Contrary to past assumptions, we are not ‘putting money into the pockets of building owners’... this program has a much more comprehensive impact on the public’s perception of the PUD and our energy efficiency goals by:

Offering EE upgrade programs that target low-income customers, and specifically tenant-occupied housing... sectors that have been neglected for decades in our variety of programs... we’re making a dent, but we’ve got some catching up to do!
Sounds exciting... But what’s it going to cost?

Total PUD funds required for the EEUP for Renters = $0.00 / 100% Eligible for BPA EEI Credit

Approximate Cost for Property Owner = $1,500-$10,000

Mutually beneficial for PUD, owner, and tenant = Success!
## The Details... ‘Doubled Rebates’

<table>
<thead>
<tr>
<th>Item</th>
<th>Rebate</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>Ceiling Insulation</td>
<td>Rebate $1.50/SF from &lt; R-19 to R-38+</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>Wall Insulation</td>
<td>Rebate $2.50/SF from R-0 to R-11+</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>Knee Wall Insulation</td>
<td>Rebate $2.50/SF from R-0 to R-13</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>PTCS Duct Sealing</td>
<td>Rebate $500.00</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>Floor Insulation</td>
<td>Rebate $1.50/SF from R-0 to R-19+</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>All items above must be completed before a rebate is paid on windows or exterior doors.</td>
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<tr>
<td>Prime Window Replacements</td>
<td>Rebate $12.00/SF</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>Sliding Door Replacement</td>
<td>Rebate $12.00/SF</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>Exterior Door Replacement</td>
<td>Rebate $150.00/ea.</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>All items above must be completed before rebate is paid on HVAC or HPWH system upgrade.</td>
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<tr>
<td>Ductless Heat Pump Upgrade</td>
<td>Rebate $2,000 - $2,400</td>
<td>($ for $ - BPA Credit)</td>
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<td>High Efficiency Heat Pump Upgrade</td>
<td>Rebate $2,000 - $2,800</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>HPWH (Heat Pump Water Heater)</td>
<td>Rebate up to $1,000 (&lt; 80%)</td>
<td>($ for $ - BPA Credit)</td>
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<tr>
<td>Admin credits are calculated based on kWh saved</td>
<td>($0.04 / kWh)</td>
<td></td>
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</table>
Questions or comments?

Why did the engineer (not Kurt or Paul) bury a light bulb?

Because he thought he could grow a power plant!
Northern Wasco County People’s Utility District

8.4 KW Solar Installation
### PV Solar Installation Cost

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
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<tbody>
<tr>
<td>Solar Array Size (kW)</td>
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<tr>
<td>Amount (per kW)</td>
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<tr>
<td>Installation Cost</td>
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<tr>
<td>Business Partnership (BETC)</td>
<td>$(22,504.00)</td>
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<td>Net Cost</td>
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### To Date

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Average Capacity Factor</td>
<td>14.54%</td>
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<tr>
<td>Total Output kWh</td>
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<tr>
<td>Total Energy Savings</td>
<td>$3,591.78</td>
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Savings

<table>
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<td>2011</td>
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<td>2018</td>
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<td>Solar Array Size (kW)</td>
<td>Amount (per kW)</td>
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<td>----------------------</td>
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<tr>
<td>8.4</td>
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<tr>
<td>Installation Cost</td>
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<td>Net Cost</td>
<td>$30,240.00</td>
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