



**COWLITZ PUD BOARD OF COMMISSIONERS  
MEETING AGENDA  
February 11, 2025, 2:00 p.m.  
Cowlitz PUD Auditorium & Microsoft Teams**

Board of Commissioners: Dave Quinn, Duane Dalglish, Bruce Pollock

*The Cowlitz PUD Board of Commissioners meets on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of every month. Members of the public interested in participating via Microsoft Teams should contact Monica Petterson at [mpetterson@cowlitzpud.org](mailto:mpetterson@cowlitzpud.org) by 5:00 p.m. on Monday, February 10, 2025. To attend by phone, please call 1-323-484-8960 (Conference ID: 370 313 737#) at the time of the meeting. If you require a reasonable accommodation while in attendance at the Cowlitz PUD Board Meeting, please call Monica at (360) 501-9154 at least 72-hours prior to the meeting so that your needs can be addressed.*

***Please note that public comment is limited to three minutes per person.***

1. Call to Order: 2:00 p.m.
2. Changes/Additions to Agenda
3. **Motion to Approve** Today's Board Agenda: Dave Quinn
4. **Motion to Approve** the PUD Board Meeting Minutes of January 28, 2025:  
Dave Quinn
5. Public Comment on Agenda Items and Other District Business
6. **Motion to Ratify/Approve** Vouchers & Payroll: Heather Sorensen
7. New Employee Introduction
  - Chris Willie to introduce Groundman Ruben Celaya

8. General Manager Report: Gary Huhta
9. Action Items
  - 9.1 **Motion to Approve** Resolution No. 2820 – Purchase and transfer of Lakeview Green Energy, Inc.'s ownership share of the Harvest Wind Project to the District: Chris Velat
10. Staff Reports and Presentations
  - 10.1 Pole Contact Rate: Trent Martin
11. Commissioner Reports & Upcoming Events
12. Executive Session: If needed, the Presiding Officer will follow the Executive Session Procedure included with this agenda.
13. **Motion to Adjourn** the Meeting

## COWLITZ PUD EXECUTIVE SESSION PROCEDURE

The Board may meet in Executive Session for any reason authorized under the Open Public Meetings Act, RCW 42.30.110 (1), using the following procedure:

### 1. Announce the Executive Session

We will now adjourn into executive session pursuant to RCW 42.30.110 (1) for \_\_\_\_\_ minutes unless extended by the Presiding Officer. The purpose of the executive session is (choose one of the following):

- a. (i) To consider matters affecting national security;  
(ii) To consider, if in compliance with any required data security breach disclosure under RCW [19.255.010](#) and [42.56.590](#), and with legal counsel available, information regarding the infrastructure and security of computer and telecommunications networks, security and service recovery plans, security risk assessments and security test results to the extent that they identify specific system vulnerabilities, and other information that if made public may increase the risk to the confidentiality, integrity, or availability of agency security or to information technology infrastructure or assets;
- b. To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price;
- c. To consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price. However, final action selling or leasing public property shall be taken in a meeting open to the public;
- d. To review negotiations on the performance of publicly bid contracts when public knowledge regarding such consideration would cause a likelihood of increased costs;
- f. To receive and evaluate complaints or charges brought against a public officer or employee. However, upon the request of such officer or employee, a public hearing, or a meeting open to the public shall be conducted upon such complaint or charge;
- g. To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. However, subject to RCW [42.30.140\(4\)](#), discussion by a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public;
- i. To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency

### 2. Return to Open Public Meeting

- a. Once the session concludes, the board will return to open meeting.
- b. If any action is taken it must take place in open meeting.
- c. Action may not take place earlier than the time for which the executive session was to conclude, including any extensions announced by the Presiding Officer.

Note: The foregoing is not a complete list of allowed purposes to hold an executive session under RCW 42.30.110 (1) but represents the most likely purposes for Cowlitz PUD.

**PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON****MINUTES OF BOARD MEETING OF COMMISSIONERS**

Tuesday, January 28, 2025

John Searing Auditorium and Microsoft Teams

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**Present:****COMMISSIONERS**

Dave Quinn, President

Duane Dalgleish, Vice President

Bruce Pollock, Secretary

**STAFF**

Chris Velat, Director of Power Management

Dever Haffner-Ratliffe, Regulatory Affairs Coordinator

Gary Huhta, General Manager

Jen Langdon, Energy Efficiency Manager

Lance Larwick, Director of Engineering

Marisa Heard, Manager of Employee Services

Monica Petterson, Executive Assistant/Clerk of the Board

Richard Hughes, General Counsel

Stacie Pederson, Risk Compliance Manager/Deputy Auditor

Steve Taylor, Director of Regulatory &amp; Regional Affairs

Tim Kalimanis, Director of Technology

Trent Martin, Director of Accounting/CFO

**PUBLIC**

None

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**1. CALL TO ORDER**

Pursuant to published Notice, Commissioner Quinn called the Regular Board meeting of the Commissioners of Public Utility District No. 1 of Cowlitz County, Washington to order at 2:00 p.m.

**2. CHANGES/ADDITIONS TO BOARD AGENDA**

There were no changes to today's agenda.

**3. APPROVAL OF AGENDA**

It was moved by Commissioner Dalgleish and seconded by Commissioner Pollock to approve the January 28, 2025 Board Agenda.

The motion carried 3 to 0.

**4. APPROVAL OF BOARD MINUTES**

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to approve the January 14, 2025 Regular Board Meeting minutes as written.

The motion carried 3 to 0.

## 5. PUBLIC COMMENT ON AGENDA ITEMS AND OTHER DISTRICT BUSINESS

There was no public comment.

## 6. MOTION TO RATIFY AND APPROVE VOUCHERS/PAYROLL

Approval of Vouchers in the amount of \$20,687,434.22. The Board reviewed expenditures of the District as required by RCW 42.24.180 for which payments were issued between January 14, 2025 and January 23, 2025, under the provisions of Resolution No. 2762.

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to approve the ratification of the vouchers/payroll.

Stacie Pederson, in her role as Deputy Auditor for the District, explained that power supply, taxes, payroll, and materials and supplies made up the majority of expenses this period. Other items included Warm Neighbor contributions, and the release of retention to Voith Hydro for the completion of repair work at Swift No. 2.

The motion carried 3 to 0.

## 7. GENERAL MANAGER REPORT

**BPA Provider of Choice:** General Manager Gary Huhta reported BPA will be sending letters to customers requesting a product decision be made by June 1<sup>st</sup>. For utilities such as the District, the decision will be more involved, and BPA has been amenable to giving us a longer evaluation period. We are likely to advise BPA in September of the District's product choice. We will conduct workshops with the Board, as well as education to our larger customers regarding the evaluation process.

**BPA Rate Case (BP 26):** This rate case is for the last three years of this contract term, and rates will go into effect October 1<sup>st</sup> of this year. In prior rate cases there have been settlements on the transmission side of the case, and conversations in recent meetings have been about settlements. The value of a settlement is it saves a lot of administrative effort and staff time. If settlement is determined to be appropriate, it is likely to be in the very near future. We are not yet certain if it will be on the power or transmission side.

**Industrial Symbiosis:** A representative from a company called GreenLab out of Denmark was in Cowlitz County a few months ago to discuss an industrial park they have for industrial symbiosis, an energy system in which waste is utilized and reused. They discussed how it was working and the process involved in starting it up. There was a decent amount of interest from the local community at that meeting. Another meeting will be held this week at the Port of Kalama and Mr. Huhta was invited to participate in the conversation. The District is not looking to be an anchor tenant for this type of investment as a project of this kind can take substantial capital investment to start up. However, we would have interest in potential generation resources that develop. More information can be found at [greenlab.com](http://greenlab.com).

## 8. ACTION ITEMS

8.1. Motion to Approve Staff Recommendation No. 2/1/28 – D&O Insurance Renewal

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to approve Staff Recommendation No. 2/1/28.

Risk Compliance Manager Stacie Pederson explained the District's Directors and Officers liability insurance coverage is due for renewal effective February 1, 2025. The District bound its D&O program with AEGIS last year as their pricing for the District's level of coverage was much more competitive than other markets. AEGIS offered a flat renewal this year with no change in coverage. The District's broker did not approach any other carriers this year as the D&O market has held steady over the past year. Ms. Pederson recommends the Board approve binding coverage for the 2025 D&O program with AEGIS at the quoted price of \$153,150, including taxes and fees.

The motion carried 3 to 0.

#### **8.2. Motion to Approve Staff Recommendation No. 3/1/28 – Liability Insurance Renewal**

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to approve Staff Recommendation No. 3/1/28.

Stacie Pederson explained the District's liability insurance coverage is due for renewal effective February 1, 2025. The liability insurance market remains roughly the same as last year, however obtaining coverage that includes wildfire coverage has become increasingly challenging. The recent California wildfires have added to the challenge and have made it more difficult and costly to obtain wildfire coverage. Federated Rural Electric Insurance Exchange has quoted our primary coverage at \$392,678, which includes a \$20M umbrella, current sub limits with an exception to an increase in crime coverage to \$1M from \$500,000 per employee, and no wildfire exclusions. For wildfire coverage, our program was marketed to 53 carriers in the US, London, and Bermuda. Our broker secured quotes for only \$15M in excess liability that includes wildfire coverage with a premium of \$378,254. We were able to fill the remaining \$15M in excess liability with a premium of \$140,000, however it comes with a wildfire exclusion. Ms. Pederson recommends the Board approve renewal of the liability policy with Federated Rural Electric Insurance Exchange and the excess layers for a total not to exceed \$955,932, including broker fees and a Federated cash equity payment.

The motion carried 3 to 0.

### **9. STAFF REPORTS & PRESENTATIONS**

District staff provided highlights and answered Commissioner questions regarding the December 2024 Operational Reports which were included in the Board meeting materials.

### **10. COMMISSIONER REPORTS & UPCOMING EVENTS**

Commissioner Dalglish will participate in a visit with Congresswoman Marie Gluesenkamp-Perez and Southwest Washington PUD's next week.

Commissioner Pollock will attend the Gluesenkamp-Perez and Southwest Washington PUD's visit next week. Commissioner Pollock also provided an update from the recent Energy Northwest Board meeting.

### **11. EXECUTIVE SESSION**

None needed.

**12. MOTION TO ADJOURN MEETING**

It was moved by Commissioner Dagleish and seconded by Commissioner Pollock to adjourn the Regular Board Meeting at 3:20 p.m.

The motion carried 3 to 0.

Attest:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Prepared by Monica Petterson  
Executive Assistant/Clerk of the Board

DRAFT

**DATE:** February 11, 2025

**TO:** Board of Commissioners  
Gary Huhta, General Manager

**FROM:** Chris Velat, Director of Power Management

**SUBJECT:** Purchase of Lakeview Green Energy, Inc. Interest in the Harvest Wind Project

The Harvest Wind Project (HWP) is a 98.9 MW nameplate capacity wind project located in Klickitat County, Washington. The HWP is outfitted with 43, 2.3 MW Siemens wind turbines, which produce roughly 30 aMW of electricity annually. The HWP began commercial operation in 2009 and cost approximately \$140 million to construct after consideration of the U.S Treasury Grant received.

The District along with Lakeview Green Energy, Inc. (LGE), a wholly owned subsidiary of Lakeview Light & Power, Eugene Water & Electric Board (EWEB), and Peninsula Light Company (PenLight) jointly own and operate the HWP under a tenancy-in-common (TIC). The TIC is governed by the Amended and Restated Joint Ownership Agreement (JOA), effective October 30, 2009. The current ownership interest of the aforementioned entities are as follows; the District 30%, LGE 30%, EWEB 20%, PenLight 20%.

In 2024, LGE expressed interest in selling its ownership share of the HWP to the other project owners, as they no longer have a need for the resource. The District expressed interest in LGE's share and conducted discussions and analysis with LGE staff as well as an independent consultant, which eventually led to a decision by the District to purchase LGE's full interest in the HWP for the mutually agreed price in accordance with JOA provisions. Benefits and considerations included:

- The District is likely to have an enduring renewable energy compliance requirement for the foreseeable future, which could be met in part with additional shares of the HWP.
- Decreasing liquidity and increasing price volatility in the Washington State compliant renewable energy certificates (RECs) market has been observed over the last 3-5 years, which could make it difficult and expensive to secure RECs from the market for the foreseeable future.
- Ongoing supply chain issues continue to delay the construction of new generation assets.
- Transmission interconnection limitations coupled with long BPA ques for new transmission resources are expected to make it difficult to bring new generation assets online in a timely manner to meet growing regional loads.
- Regulatory agency requirements to permit and build new generation resources and transmission assets in Washington State remain a challenge.
- Securing LGE's shares of the HWP would provide the District with a controlling interest in the HWP.

- The HWP has a more favorable REC generation, as the HWP receives a 120% multiplier for the RECs the HWP generates due to an apprentice labor provision the HWP qualified for during construction (note this REC multiplier is only applicable to Washington State entities).
- The HWP has been maintained to a high operational and maintenance standard since commercial operation and has a good performance track record to date.

Based on the above as well as analysis and deliberation of market conditions and the costs and potential risks, District Staff recommends the purchase of LGE's 30% ownership interest in the HWP at the mutually agreed price under the terms in Tenancy-In-Common Interest Purchase Agreement.

I recommend the Commission approve Resolution No. 2820.

## **RESOLUTION NO. 2820**

**A RESOLUTION** of the Board of Commissioners of Public Utility District No. 1 of Cowlitz County, Washington (the "District") authorizing the General Manager to execute the Tenancy-In-Common Interest Purchase Agreement in substantially the same form as described herein, and all associated ancillary documents necessary to complete the purchase and transfer of Lakeview Green Energy, Inc's full 30% ownership interest in the Harvest Wind Project to the District.

**WHEREAS**, Lakeview Green Energy, Inc., a Washington corporation ("Lakeview") and wholly owned subsidiary of Lakeview Light & Power, a Washington nonprofit mutual corporation, and the District each owns and controls a 30% ownership share in the Harvest Wind Project (the "Project"), an approximate 98.9 MW nameplate capacity wind generation facility located in Klickitat County, Washington; and

**WHEREAS**, Lakeview and the District are both parties to a certain Amended and Restated Joint Ownership Agreement, dated as of October 30, 2009 (as amended, restated and supplemented from time to time, the "JOA"), by and between Lakeview, the District, Eugene Water & Electric Board, a municipal utility organized and existing under the laws of the State of Oregon ("EWEB") and Peninsula Light Company, a Washington nonprofit mutual corporation ("PenLight"); and

**WHEREAS**, the JOA governs the ownership, management and operation of the tenancy-in-common for the Project; and

**WHEREAS**, the ownership interests in the Project and the Project assets are established in the JOA for Lakeview, the District, EWEB, and PenLight, collectively totaling to 100 shares; and

**WHEREAS**, Lakeview owns 30 shares of the total 100 shares (the "TIC Interests"); and

**WHEREAS**, Lakeview wishes to sell to the District, and the District wishes to purchase from Lakeview, its 30% TIC Interests, as provided in the JOA, subject to the terms and conditions set forth in a Tenancy-In-Common Interest Purchase Agreement, establishing the District's ownership of TIC Interests free and clear of all encumbrances; and

**WHEREAS**, the Tenancy-In-Common Interest Purchase Agreement establishes the various conditions necessary to effect a complete transfer of TIC Interests to the District's ownership, including but not limited to, legal representations and warranties for both buyer and seller, cooperation and exchange of information, transfer of various agreements for lease, transmission, and generation interconnection into the District's name, title to assets, real property and information technology systems, and indemnification by both buyer and seller; and

**WHEREAS**, Lakeview's existing debt on the Project will be fully satisfied upon closing of the transaction, in part, by the District's payment of the mutually agreed purchase price to an escrow account at the Bank of New York Mellon Trust Company; and

**WHEREAS**, since July of 2024, both Lakeview and the District have jointly undertaken detailed analysis of the sale of Lakeview's TIC Interests to the District, including but not limited to review of land lease agreements, various project agreements, transmission risks and costs, capacity evaluation, wholesale market evaluation compared with other options, and analysis of transactions costs; and

**WHEREAS**, based on the aforementioned joint analysis, as well as the District staff's own independent analysis, purchase of Lakeview's 30% interest in the Project is both feasible and cost effective, and

**WHEREAS**, benefits to the District from the foregoing transaction include, but are not limited to, helping to meet the District's Renewable Energy Compliance requirements (RECs) in an assured manner, foregoing alternative costly and time-consuming development of other generation assets, avoiding transmission approval impediments, and securing a majority interest in the Project; and

**WHEREAS**, RCW 54.16.040 provides "A district may purchase, within or without its limits, electric current for sale and distribution within or without its limits, and construct, condemn and purchase, purchase, acquire, add to, maintain, conduct, and operate works, plants, transmission and distribution lines and facilities for generating electric current..."; and

**NOW, THEREFORE BE IT RESOLVED** the Commission of Public Utility District No. 1 of Cowlitz County, Washington, herewith authorizes and directs the General Manager or his delegate to execute the Tenancy-In-Common Interest Purchase Agreement in substantially the same form as described, and all necessary ancillary documents to complete the purchase and transfer of Lakeview's full 30% ownership interest in the Project to the District, for the mutually agreed purchase price, plus any additional costs or expenses ancillary to the transaction, to close on or about February 25, 2025 provided all the conditions for closing are met.

**ADOPTED** by the Commission of Public Utility District No. 1 of Cowlitz County, Washington, this 11<sup>th</sup> day of February, 2025.

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

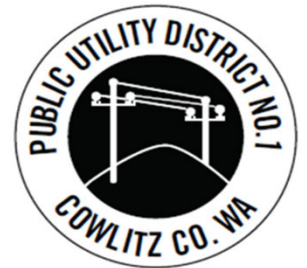
ATTEST:

\_\_\_\_\_  
Secretary

# Cowlitz PUD

## Pole Contact Rate

February 11, 2025



# Pole Contact Rate

- RCW 54.04.045 allows a locally regulated utility, such as the District, to set rates charged to other entities for attachment of their wire, cable, or other communications equipment to poles owned by the District - Amended in 2008 – Formula established
- After two trials and appeals, the Washington Court of Appeals in April 2019 issued a published decision providing the Court's interpretation of the statutory formula
- Noted courts should continue to defer to public utility districts and reiterating that the Legislature intended the 2008 amendments to RCW 54.04.045 “to recognize the value of the infrastructure of locally regulated utilities” and “to ensure that locally regulated utility customers do not subsidize licensees”

# Pole Contact Rate

- The District has approximately 25,000 attachments
  - 19,413 Poles (17,048 Distribution and 2,365 Transmission)
- The District last changed the rate in January 2023 and currently sits at \$39.77 per attachment per year
- The updated maximum rate, following the court-approved model is \$44.65 per attachment per year
- Based on responses from seven westside PUD's, their rates are a low of \$20.50, high of \$46.06 with an average of \$29.77 – One is charging \$36 but their calculated rate is \$43.28
  - Several had not updated in years and/or are in the process of re-evaluating their methodology

# Pole Contact Rate

- The model calculation considers:
  - Average Pole Cost
  - Average Number of Attachments per Pole
  - Space Factors
  - Carry Charge
    - Operations & Maintenance
    - Administrative & General
    - Deprecation
    - Taxes
    - Cost of Capital – Return on Equity

# Pole Contact Rate

- The calculation is based on invested, historical cost. Inflation has impacted pole prices – Example pricing we have experienced:

2021

45' \$688

50' \$796

2023

45' \$833

50' \$940

2024

45' \$1,863

50' \$2,230

# Pole Contact Rate

- The rate the District charges is not regulated by the Federal Communications Commission (FCC)
- There continues to be a push to expand FCC regulation of rates and protocols, especially with broadband build-out efforts
- The District has a contract with each attacher
- Staff will bring a recommendation to the next Board meeting either adopting the full calculated rate or implementing over a two-year period – 2025 and 2026
  - The rate calculation is updated every two years

# Questions/Feedback