



**COWLITZ PUD BOARD OF COMMISSIONERS  
MEETING AGENDA  
April 22, 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, April 21, 2025. To attend by phone, please call 1-323-484-8960 (Conference ID: 490 131 405#) 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 April 8, 2025: Dave Quinn
5. Public Comment on Agenda Items and Other District Business
6. **Motion to Ratify/Approve** Vouchers & Payroll: Heather Sorensen
7. General Manager Report: Gary Huhta
8. Action Items

8.1 Public Hearing for the Surplus of District Assets: Heather Sorensen

The Commission has set the Regular meeting of April 22, 2025 at 2:00 p.m. at the Cowlitz PUD John Searing Auditorium and remotely via Microsoft Teams as the time and place to hold a Public Hearing to take public comment regarding the surplus of District vehicles.

**Open Public Hearing**

Receive Public Comment

**Close Public Hearing**

8.2 **Motion to Approve** Staff Recommendation No. 10/4/22 – Surplus of District Assets: Heather Sorensen

8.3 **Motion to Approve** Resolution No. 2825 – Production System Revenue Refunding Bonds: Trent Martin

9. Staff Reports and Presentations

9.1 Safety Award Presentation: Jeremy Beck

9.2 March 2025 Operational Reports

- Power Management
  - Energy Efficiency Quarterly Report
- Accounting & Finance
- Operations
- Engineering
- Customer Service
- Employee Services
- Public Relations & Communications
- Regulatory & Regional Affairs

10. Commissioner Reports & Upcoming Events

11. **Executive Session:** If needed, the Presiding Officer will follow the Executive Session Procedure included with this agenda. Following the Executive Session, the Board may take action in public related to the Executive Session.

12. **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, April 8, 2025

John Searing Auditorium and Microsoft Teams

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**Present:****COMMISSIONERS**

Dave Quinn, President

Bruce Pollock, Secretary

**STAFF**

Casey Kalal, Director of Operations

Chris Velat, Director of Power Management

Chris Willie, Operations Superintendent

Dever Haffner-Ratliffe, Regulatory Affairs Coordinator

Gary Huhta, General Manager

Heather Sorensen, Director of Customer Service &amp; Compliance

Jacob Helton, Groundman

Marisa Heard, Manager of Employee Services

Monica Petterson, Executive Assistant/Clerk of the Board

Richard Hughes, General Counsel

Stacie Pederson, Risk Compliance Manager

Tim Kalimanis, Director of Technology

Trent Martin, Director of Accounting/CFO

**PUBLIC**

Steve Ferrell

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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**

It was moved by Commissioner Pollock and seconded by Commissioner Quinn to excuse Commissioner Dagleish from today's meeting due to illness.

The motion carried 2 to 0.

There were no changes to today's agenda.

**3. APPROVAL OF AGENDA**

It was moved by Commissioner Pollock and seconded by Commissioner Quinn to approve the April 8, 2025 Board Agenda.

The motion carried 2 to 0.

#### **4. APPROVAL OF BOARD MINUTES**

It was moved by Commissioner Pollock and seconded by Commissioner Quinn to approve the March 25, 2025 Regular Board Meeting minutes as written.

The motion carried 2 to 0.

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

There was no public comment.

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

Approval of Vouchers in the amount of \$7,999,980.25. The Board reviewed expenditures of the District as required by RCW 42.24.180 for which payments were issued between March 27, 2025 and April 3, 2025, under the provisions of Resolution No. 2762.

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

Risk Compliance Manager Stacie Pederson reported the majority of expenses this period was for power supply, materials and supplies, and taxes.

The motion carried 2 to 0.

#### **7. NEW EMPLOYEE INTRODUCTION**

Chris Willie introduced Groundman Jacob Helton.

#### **8. GENERAL MANAGER REPORT**

**BPA Rate Case:** General Manager Gary Huhta reported the BPA power rate case was settled a few weeks ago, and a settlement for the transmission rate case is imminent. BPA initially proposed a substantial increase in transmission rates, however with this settlement, the increase for the District will be a little less than expected at about 17.5%. BPA is asking parties to file by tomorrow any objections they may have in settling the case.

**BPA Staffing:** Another buyout offer is coming forth for federal employees, this time from the Department of Energy. One positive change with this offer is that BPA will have the ability to review the position of each employee who accepts the buyout and determine whether that position is of critical importance to the business. BPA will have more of a say in who stays and who goes. There was also a 90 day hiring freeze in late January that will expire later this month, though it is unclear if it will be extended. Several of the Northwest leadership groups have recently filed a letter with the Department of Energy requesting that BPA be excused from the hiring freeze so that BPA can get back to the business of connecting new power supply and expanding the transmission system.

**Bond Refunding:** Trent Martin previously addressed the opportunity to refund some of the District's outstanding bonds. We anticipated a resolution would be presented to the Board today, however we are postponing it until the next Board meeting as the review process is taking longer than expected. This will not affect the original bond sale schedule.

**Snowpack Update:** Swift No. 2 is doing well in this late season and is currently around 100% of normal. British Columbia is recovering slightly and is currently around 85% of normal; their April 1<sup>st</sup> official report will roll out in the next day or two. The Snake River basin is around 110% of normal. Based on these numbers, the Dalles is currently at 90% of normal for the January-July runoff period, which is an improvement over the last few years.

## **9. ACTION ITEMS**

### **9.1. Motion to Approve Resolution No. 2824 – Major Industrial Delivery Charge**

It was moved by Commissioner Pollock and seconded by Commissioner Quinn to approve Resolution No. 2824.

Director of Accounting and CFO Trent Martin explained the District currently has one Schedule 62 customer. The last rate adjustment for this rate class, a decrease, was in January 2023. Based on analysis of applicable costs, it was determined the Schedule 62 Demand Charge should be increased to recover increasing operating expenses and net costs associated with statewide clean energy requirements. In addition, the District currently has three Schedule 50 customers whose last rate increase was in January 2023. Based on analysis of applicable costs, it was determined the Schedule 50 Delivery Charge should be increased to recover costs including, but not limited to, power management, indirect transmission costs, customer service, energy efficiency, and administrative and general. Mr. Martin recommends the Board approve the proposed delivery charge rates as presented in Resolution No. 2824.

The motion carried 2 to 0.

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

Commissioner Pollock attended the Port of Kalama and Port of Woodland commissioner meetings last week, and will attend Energy Northwest meetings next week, and the WPUA annual conference the following week.

## **11. EXECUTIVE SESSION**

The Board convened into Executive Session at 2:39 p.m. pursuant to RCW 42.30.110 (1)(i) for 30 minutes 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. The Executive Session concluded at 3:09 p.m. and attendees reconvened into the Regular Board Meeting.

## **12. MOTION TO AMEND AGENDA**

It was moved by Commissioner Pollock and seconded by Commissioner Quinn to amend the agenda with the addition of the following action item:

Approval of Separation Agreement between an employee and the District.

Commissioner Quinn called for public comment. There was no public comment.

The motion carried 2 to 0.

**13. ACTION ITEM**

Motion to Approve Separation Agreement between an employee and the District.

It was moved by Commissioner Pollock and seconded by Commissioner Quinn that the Separation Agreement between an employee and the District dated March 28, 2025 be approved in accordance with the terms contained in the Agreement and that the General Manager be authorized to execute the Agreement.

Commissioner Quinn called for public comment. There was no public comment.

The motion carried 2 to 0.

**14. MOTION TO ADJOURN MEETING**

It was moved by Commissioner Pollock and seconded by Commissioner Quinn to adjourn the Regular Board Meeting at 3:11 p.m.

The motion carried 2 to 0.

Attest:

_____	_____
President	Secretary
_____	_____
Vice President	Prepared by Monica Petterson Executive Assistant/Clerk of the Board

**Staff Recommendation: 10/4/22**

Date: April 22, 2025  
To: Board of Commissioners  
Gary Huhta, General Manager  
From: Heather Sorensen, Auditor  
Subject: **Surplus Recommendation**

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In accordance with Cowlitz PUD's Surplus Policy, effective March 2025, the Surplus Committee has reviewed the requests received from staff and recommends that the items detailed in the attached memos be declared surplus to the needs of the District.

- Fleet Vehicles and Equipment
- IT Equipment

I recommend the District approves surplus of these items and that they are disposed of in accordance with RCW 54.16.180.

Respectfully,



Heather Sorensen  
Auditor

To: Heather Sorensen

03/25/2025

From: Surplus Committee

Subject: **Surplus Items for Current Quarter**

In accordance with Cowlitz PUD's Surplus Policy, the Surplus Committee has reviewed the requests received from staff and recommends that the items detailed in the attached memo(s), be declared surplus to the needs of the District:

- Fleet Equipment Surplus dated 03/20/2025
- IT Material Surplus dated 04/09/2025

These items will be disposed of in consideration of the best interest of Cowlitz PUD and its rate payers, and in the most cost effective manner.

**Committee:**

Purchasing Manager

DocuSigned by:  
*Jami Ingalls*  
7358FF81065647A...

Director of Operations

Signed by:  
*Casey Kalal*  
13B1015F065B74D2...

Director of Engineering

DocuSigned by:  
*Lance Larwick*  
20AAC9A0EA1445C...

Auditor

DocuSigned by:  
*Heather Sorensen*  
34FE9001E9E149B...

Purchasing Dept. Surplus Items for Current Period 04/09/2025


cc: Accounting (Original)  
Heather Sorensen  
Lance Larwick  
Casey Kalal  
Purchasing Department  
Amanda Froberg  
Cliff Hammons


DATE: 3/20/2025  
 TO: Surplus Committee  
 FROM: Joseph Furer  
 SUBJECT: Quarterly Surplus – Fleet Equipment – Vehicles

In accordance with the District's Surplus Policy, the following equipment is no longer suitable for further District use:

ASSET NUMBER	DESCRIPTION	REASON FOR SURPLUS	ESTIMATED VALUE	METHOD OF DISPOSAL
167	2009 International Digger	Replacement policy		Auction
192	2009 Ford F-350	Replacement policy		Auction
199	2009 Toyota prius	Replacement policy		Auction
201	2010 Ford Fusion	Replacement policy		Auction
206	2010 Ford Escape	Replacement policy		Auction
228	2013 Nissan Frontier	Replacement policy		Auction
230	2013 Nissan Frontier	Replacement policy		Auction
235	2013 F-550 bucket	Replacement policy		Auction
236	2013 Vactron Vac trailer	Replacement policy		Auction
240	2015 F-550 bucket	Replacement policy		Auction

I recommend that this item be declared surplus to the needs of the District and disposed in the interest thereof.

Sincerely,   
 Joseph Furer  
 Operations Superintendent

  
 I concur with this recommendation,  
 Casey Kalal  
 Director of Operations

DATE: April 9, 2025  
 TO: Surplus Committee  
 FROM: Wyatt McKay  
 SUBJECT: Surplus

In accordance with the District's Surplus Policy, the following equipment is no longer suitable for further District use:

Description	Serial No.	Reason for Surplus	Estimated Value	Method of Disposal
Cisco Switch	FXS1938Q1YJ	End of Life	\$200	State Surplus
Cisco Switch	FOC1832S32M	End of Life	\$0	State Surplus
Cisco Switch	FOC2110S1V0	End of Life	\$0	State Surplus
Cisco Switch	FD01746POYL	End of Life	\$0	State Surplus
Dell Desktop	53M6333	End of Life	\$0	State Surplus
Dell Desktop	53L5333	End of Life	\$0	State Surplus
Dell Desktop	53L8333	End of Life	\$0	State Surplus
Dell Desktop	53L0333	End of Life	\$0	State Surplus
Dell Desktop	53L4333	End of Life	\$0	State Surplus
Dell Desktop	53LZ233	End of Life	\$0	State Surplus
Dell Desktop	53L7333	End of Life	\$0	State Surplus
Dell Desktop	53L1333	End of Life	\$0	State Surplus
Dell Desktop	HZN3G73	End of Life	\$0	State Surplus
Dell Desktop	53M5333	End of Life	\$0	State Surplus
Dell Desktop	53L2333	End of Life	\$0	State Surplus
Dell Desktop	53L3333	End of Life	\$0	State Surplus
Dell Laptop	FYR53X2	End of Life	\$0	State Surplus
Dell Desktop	53M2333	End of Life	\$0	State Surplus
Dell Desktop	53M3333	End of Life	\$0	State Surplus
Dell Desktop	53L6333	End of Life	\$0	State Surplus
Dell Desktop	53M8333	End of Life	\$0	State Surplus
Dell Desktop	53KZ233	End of Life	\$0	State Surplus
Dell Desktop	53M4333	End of Life	\$0	State Surplus
Dell		End of Life	\$0	State Surplus
PowerEdge R740	GFGGZV2			
Dell		End of Life	\$0	State Surplus
PowerEdge R740	GFGFZV2			

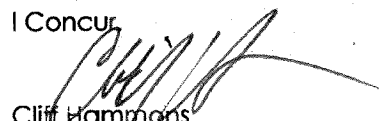
I recommend that these items be declared surplus to the needs of the District and disposed in the interest thereof.

Sincerely,



Wyatt McKay  
IT Coordinator

I Concur,



Cliff Hammons  
IT Manager

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON  
PRODUCTION SYSTEM REVENUE REFUNDING BONDS

RESOLUTION NO. 2825

A RESOLUTION OF PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF PRODUCTION SYSTEM REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$39,000,000 TO DEFEASE AND/OR REFUND OUTSTANDING OBLIGATIONS OF THE DISTRICT'S PRODUCTION SYSTEM; PROVIDING THE TERMS OF THE BONDS; APPROVING THE SALE OF THE BONDS; DELEGATING THE AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS; AND APPROVING OTHER MATTERS RELATED THERETO.

Adopted April 22, 2025

Prepared by:

PACIFICA LAW GROUP LLP  
Seattle, Washington

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Exhibit A: Bond Form

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\* This Table of Contents is provided for convenience only and is not a part of this resolution.

RESOLUTION NO. 2825

A RESOLUTION OF PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF PRODUCTION SYSTEM REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$39,000,000 TO DEFEASE AND/OR REFUND OUTSTANDING OBLIGATIONS OF THE DISTRICT’S PRODUCTION SYSTEM; PROVIDING THE TERMS OF THE BONDS; APPROVING THE SALE OF THE BONDS; DELEGATING THE AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS; AND APPROVING OTHER MATTERS RELATED THERETO.

WHEREAS, Public Utility District No. 1 of Cowlitz County, Washington (the “District”) now owns, operates, and maintains the Electric Distribution System (as hereinafter defined) and the Production System (as hereinafter defined); and

WHEREAS, as ratified and confirmed by Resolution No. 2692 of the District, the District has designated the Production System as a “Resource Obligation” of the Electric Distribution System, as that term is defined in Resolution No. 2692 of the District; and

WHEREAS, the District has issued and has outstanding the following obligations of the Production System:

Designation	Authorizing Resolution	Date of Resolution	Principal Amount Outstanding as of September 1, 2024
Production System Revenue Refunding Bonds, 2014 (the “2014 Bonds”)	Resolution No. 2691	May 13, 2014	\$20,690,000
Production System Revenue Refunding Bonds, 2015 (the “2015 Bonds”)	Resolution No. 2700B	April 28, 2015	\$15,645,000

(The outstanding Production System bonds identified above are referred to as the “Outstanding Parity Bonds” and the authorizing resolutions identified above are referred to as the “Outstanding Parity Bond Resolutions”); and

WHEREAS, the Outstanding Parity Bond Resolutions authorize the District to issue Future Parity Bonds (as hereinafter defined) if certain conditions are met; and

WHEREAS, the Outstanding Parity Bond Resolutions also provide that the Outstanding Parity Bonds may be defeased and/or refunded prior to their stated maturity dates at a price of par plus accrued interest to their date of redemption; and

WHEREAS, after due consideration it appears that all or a portion of the 2014 Bonds and the 2015 Bonds (the “Refunding Candidates”) may be defeased and/or refunded by the proceeds of the bonds authorized herein; and

WHEREAS, the Commission of the District (the “Commission”) deems it in the best interest of the District to issue one or more series of production system revenue refunding bonds in the aggregate principal amount of not to exceed \$39,000,000 (the “Bonds”) to redeem and/or defease all or a portion of the Refunding Candidates (as described herein, the “Refunded Bonds”), to make a deposit to the debt service reserve account, if necessary, and to pay costs of issuing the Bonds; and

WHEREAS, the Commission wishes to delegate authority for a limited time to select the Refunding Candidates to be refunded and to approve the interest rates, maturity dates, redemption terms, principal maturities and other terms for each series of Bonds within the parameters set by this resolution; and

WHEREAS, the Bonds shall be sold by negotiated sale to the underwriter as set forth herein;

NOW, THEREFORE, THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms.

(a) *Definitions.* As used in this resolution the following words and phrases shall have the meanings set forth below unless the context clearly indicates that another meaning is intended.

“Accreted Value” means, with respect to any Capital Appreciation Bond, as of the time of calculation, the sum of the amounts set forth in the resolution authorizing such bonds as the amounts representing the initial principal amount of such bond plus interest accrued, compounded and unpaid thereon as of the most recent compounding date.

“Acquired Obligations” means the Government Obligations, if any, acquired by the District under the terms of this resolution and one or more Escrow Agreements to effect the defeasance and/or refunding of one or more of the Refunding Candidates, but only to the extent that the same are acquired at Fair Market Value.

“Amendment Effective Date - First” means the date on which the earlier of the following occurs: (1) receipt of the written consent of the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Parity Bonds at the time outstanding, or (2) no 2014 Bonds remain outstanding; *provided, however*, the owners of the 2015 Bonds were deemed and the owners of the Bonds and any Future Parity Bonds shall be deemed to have consented to such provisions and amendments to the Parity Bond Resolutions by their purchase of such bonds,

respectively, for the purpose of satisfying the consent requirement in (a) above. For the sake of clarity, the District expects that after the issuance of the Bonds and the refunding of the Refunding Candidates, the Amendment Effective Date - First shall have occurred and the amendments contained herein shall be effective.

“Amendment Effective Date - Second” means the date on which the earlier of the following occurs: (1) receipt of the written consent of the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Parity Bonds at the time outstanding, or (2) no 2014 Bonds or 2015 Bonds remain outstanding; *provided, however*, the owners of the Bonds and any Future Parity Bonds shall be deemed to have consented to such provisions and amendments to the Parity Bond Resolutions by their purchase of such bonds, respectively, for the purpose of satisfying the consent requirement in (a) above. For the sake of clarity, the District expects that after the issuance of the Bonds and the refunding of the Refunding Candidates, the Amendment Effective Date – Second shall have occurred and the amendments contained herein shall be effective.

“Annual Debt Service” for any Fiscal Year means (a) the sum of the amounts required to be paid into the Bond Account, in such Fiscal Year, to pay (i) the interest due in such Fiscal Year on all outstanding Parity Bonds, excluding interest to be paid from the proceeds of the sale of bonds; (ii) the principal of all outstanding Serial Bonds due in such Fiscal Year; and (iii) the Sinking Fund Requirement, if any, for such Fiscal Year; less (b) money received by the District in such Fiscal Year from the federal or state government with respect to payment of interest on Parity Bonds, if designated as a reduction to Annual Debt Service by the Commission for such Fiscal Year.

For purposes of this definition:

(1) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a sinking fund installment shall be included in the calculation of interest or principal in such manner and during such period as is specified in the resolution authorizing such Capital Appreciation Bonds;

(2) if the interest rate on any Parity Bonds is other than a fixed rate, the rate used shall be any rate published as The Bond Buyer’s Revenue Bond Index for municipal revenue bonds within the 30-day period prior to the date of such calculation, *provided*, that if such index is no longer published, another nationally-recognized index for municipal revenue bonds maturing in 20 to 30 years may be used;

(3) the principal of any Balloon Bonds shall be assumed to become due and payable in each Fiscal Year in an amount that would be sufficient to fully amortize such principal amount, together with interest thereon at the rate such Parity Bonds are otherwise assumed to bear for purposes of this definition (using semi-annual compounding and a year of 360 days), on a level debt service basis over a period commencing on the first day of the Fiscal Year next preceding the date of calculation and ending 30 years thereafter;

(4) if a Derivative Product is in effect pursuant to which the District is obligated to pay a fixed rate and receives a variable rate with respect to any variable rate Parity Bonds, the

interest rate on such Parity Bonds during the period such Derivative Product is scheduled to be in effect shall be assumed to be the fixed rate specified in such Derivative Product; and

(5) if a Derivative Product is in effect pursuant to which the District is obligated to pay a variable rate and receives a fixed rate with respect to any fixed rate Parity Bonds, the interest rate on such Parity Bonds during the period such Derivative Product is scheduled to be in effect shall be assumed to be the sum of (A) the interest rate on such Parity Bonds determined as if such Parity Bonds were variable rate Parity Bonds, and (B) the difference, if any, between the fixed rate of interest borne by such Parity Bonds and the fixed rate the District receives pursuant to such Derivative Product.

“Balloon Bonds” means the aggregate principal of Parity Bonds of a series (including Capital Appreciation Bonds) that becomes due and payable, either at scheduled maturity, by mandatory sinking fund payment or by mandatory tender for purchase, in any Fiscal Year that constitutes 25% or more of the initial aggregate principal of such series of Parity Bonds.

“Beneficial Owner” means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Bond Account” means the Production System Revenue Bond Account created by Section 10 of Resolution No. 2514.

“Bond Counsel” means Pacifica Law Group LLP or another law firm nationally recognized in matters concerning bonds and other securities issued by states and local governments, including the tax status of interest on such bonds and other securities.

“Bond Purchase Contract” means one or more contracts for the purchase of the Bonds between the Underwriter and District, executed pursuant to Section 28. A Bond Purchase Contract may include one or more contracts for purchase on a current basis and/or a forward delivery basis.

“Bond Register” means the records kept by the Bond Registrar on behalf of the District containing the name and mailing address of each Registered Owner of the Bonds or nominee of such Registered Owner, and such other information as the Bond Registrar shall determine.

“Bond Registrar” means, initially, the fiscal agent of the State, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Bondowners’ Trustee” means the trustee which may be appointed pursuant to Section 21 of this resolution upon the occurrence and continuation of an Event of Default, so long as such Event of Default has not been remedied.

“Bonds” or “Bond” mean the Public Utility District No.1 of Cowlitz County, Washington, Production System Revenue Refunding Bonds, issued in one or more series in an aggregate principal amount not to exceed \$39,000,000 pursuant to this resolution.

“Business Day” means any day other than (i) a Saturday, Sunday or legal holiday or (ii) a day on which banks located in (a) the State of Washington or the State of New York, (b) the city or cities in which the principal office of the Bond Registrar is located are required or authorized by law or executive order to remain closed or (iii) a day on which the New York Stock Exchange is closed.

“Call Date” means the date specified in the applicable Escrow Agreement for the defeasance and/or refunding of a series of the Refunded Bonds.

“Capital Appreciation Bonds” means Parity Bonds, the interest on which accrues and compounds, payable at maturity or earlier redemption.

“Chief Financial Officer” means the Chief Financial Officer of the District and any successor(s) to such office, or such officer’s designee.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Commission” means the general legislative authority of the District, as duly constituted from time to time.

“Continuing Disclosure Certificate” means one or more written undertakings for the benefit of the owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

“Costs of Maintenance and Operation” means all ordinary operating expenses, but excludes depreciation, payments for debt service or into reserve accounts, costs of capital additions to or replacements of the Production System, municipal taxes, payments by the District in lieu of taxes, or any extraordinary operating expenses including but not limited to tort claim judgments or settlements arising from the operation of the Production System.

“Debt Service Account” means the account of that name created in the Bond Account by Section 10 of Resolution No. 2514.

“Derivative Payment Date” means any date specified in the Derivative Product on which a District payment is due and payable under the Derivative Product.

“Derivative Product” means a written contract or agreement with respect to any Parity Bonds between the District and a third party (i) whose senior debt obligations are or claims-paying ability is rated in one of the three highest rating categories of each of at least two Rating Agencies (without regard to any gradations within a rating category) or (ii) whose obligations under the Derivative Product are unconditionally guaranteed for the entire term of the Derivative Product by a party whose senior debt obligations are or claims-paying ability is rated in one of the three highest rating categories of each of at least two Rating Agencies (without regard to any gradations within a rating category), in each case as of the date of the Derivative Product,

(the “Reciprocal Payor”), (*provided, however*, that if the District’s Parity Bonds are then rated by one or more Rating Agencies, the senior debt obligations or claims-paying ability of such party (or of such guarantor) shall have a rating by at least one such Rating Agency that is at least as high as such Rating Agency’s rating of the District’s Parity Bonds) which provides that the District’s obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement, and

(a) under which the District is obligated to make payments (the “District Payments”), on one or more scheduled and specified Derivative Payment Dates, in exchange for the Reciprocal Payor’s obligation to make payments or to cause payments to be paid to the District (the “Reciprocal Payments”), on scheduled and specified Derivative Payment Dates;

(b) for which the District’s obligations to make District Payments (which do not include termination payments) may be secured by a pledge of and lien on the Revenues on an equal and ratable basis with the outstanding Parity Bonds;

(c) under which Reciprocal Payments are to be made directly into the Bond Account;

(d) for which the District Payments are either specified to be one or more fixed amounts or are determined as provided by the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined as set forth in the Derivative Product.

“Designated Representative” means the District’s General Manager and Chief Financial Officer, and their designees. The signature of one Designated Representative shall be sufficient to bind the District.

“District” means Public Utility District No. 1 of Cowlitz County, Washington, a municipal corporation duly organized and existing under the laws of the State.

“DTC” means The Depository Trust Company of New York, as depository for the Bonds, or any successor or substitute depository for the Bonds.

“Electric Distribution System” means all electric utility properties, rights and assets both tangible and intangible now owned or operated by the District and used or useful for the generation, transmission, distribution and sale of electric energy of the District, and as they may be hereafter added to, bettered, improved or extended for as long as any Parity Bonds are outstanding, but shall not include any facilities acquired by the District as a system that is declared by the Commission to be separate from the Electric Distribution System. The Production System is a separate utility system.

“Electric System Bonds” means the senior lien parity bonds of the Electric Distribution System.

“Electric System Resolutions” means the resolutions authorizing the Electric System Bonds outstanding on the day of this resolution, and any resolution authorizing an issue of Electric System Bonds, as each may be supplemented or amended.

“Electric System Revenues” means “Gross Revenue” as defined in the Electric System Resolutions.

“Escrow Agent” means U.S. Bank Trust Company, National Association, Seattle, Washington, appointed by the District as the escrow agent to perform the duties described herein and under the Escrow Agreement with respect to the Refunded Bonds.

“Escrow Agreement” means one or more Escrow Deposit Agreements, if any, between the District and the Escrow Agent, executed pursuant to Section 13.

“Event” or “Events of Default” means those events described as Events of Default in Section 20.

“Fair Market Value” means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm’s-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“Federal Tax Certificate” means the certification of the District executed and delivered in connection with the issuance of Tax-Exempt Bonds.

“Fiscal Year” means the Fiscal Year used by the District at any time. At the time of the adoption of this resolution, the Fiscal Year is the 12-month period beginning January 1 of each year.

“Fitch” means Fitch Ratings and its successors and assigns, except that if such organization is liquidated or dissolved or no longer performs the functions of a securities credit rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities credit rating agency selected by the District.

“Future Parity Bonds” means any bonds of the District issued after the date of issuance of the Bonds that will have a lien upon the Revenue of the Production System for the payment of the principal thereof and interest thereon equal to the lien upon the Revenue of the Production System for the payment of the principal of and interest on the Bonds.

“General Manager” means the General Manager of the District and any successor(s) to such office, or such officer’s designee.

“Government Obligations” mean those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of the United States or obligations unconditionally guaranteed by the United States, as such chapter may be hereafter amended or restated.

“Interest Payment Date” means with respect to a particular series of Bonds, any date upon which interest on and/or principal of such series is due and payable in accordance with the terms thereof, whether at maturity or upon redemption prior to maturity.

“Letter of Representations” means the Blanket Letter of Representations from the District to DTC.

“Moody’s” means Moody’s Ratings and its successors and assigns, except that if such organization is liquidated or dissolved or no longer performs the functions of a securities credit rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities credit rating agency selected by the District.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Official Statement” means one or more final official statements delivered in connection with the sale of the Bonds.

“Outstanding Parity Bond Resolutions” mean the resolutions authorizing the Outstanding Parity Bonds, as applicable, as identified in the recitals to this resolution.

“Outstanding Parity Bonds” mean the outstanding 2014 Bonds and 2015 Bonds, as identified in the recitals to this resolution.

“Parity Bond Resolutions” mean the Outstanding Parity Bond Resolutions and this resolution.

“Parity Bonds” mean the Outstanding Parity Bonds, the Bonds, and all Future Parity Bonds. If all of the Refunding Candidates are defeased and/or refunded with proceeds of the Bonds as contemplated herein, from and after the issuance date of the Bonds, the term “Parity Bonds” shall mean the Bonds and all Future Parity Bonds.

“Permitted Investments” means any investments or investment agreements permitted to public utility districts under the laws of the State as amended from time to time, but only to the extent that such investments are acquired at Fair Market Value.

“Preliminary Official Statement” means one or more preliminary official statements prepared and delivered in connection with the negotiated sale, issuance and delivery of the Bonds.

“Production System” means the Production System, as defined in District Resolution No. 2385, as such System may be expanded from time to time by resolution, and which currently consists of the Swift Project.

“Production System Costs” means all costs of the Production System, including, but not limited to, Costs of Maintenance and Operation, required deposits into the Bond Account and any other debt service account, and capital improvements to the Production System.

“Professional Utility Consultant” means the independent person(s) or firm(s) selected by the District having a favorable reputation for skill and experience with electric generation systems of comparable size and character to the Production System.

“Qualified Insurance” means any noncancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of two highest rating categories by Moody’s, Fitch or S&P.

“Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial institution for the account of the District on behalf of the owners of any Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is currently rated in one of the two highest rating categories by Moody’s, Fitch or S&P.

“Rating Agencies” means Fitch, Moody’s and/or S&P or any other nationally recognized securities credit rating agency rating the Parity Bonds at the request of the District.

“Registered Owner,” “Owner” or “Bondowner” means the person in whose name a Bond is registered on the Bond Register. For so long as the District utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner, except in the circumstances set forth in this resolution calling for an affirmative vote of such Registered Owners, which shall refer to the owners of any beneficial interest in any Bonds.

“Refunded Bonds” mean those Refunding Candidates designated by a Designated Representative for refunding pursuant to Section 13 and Section 28 of this resolution.

“Refunding Candidates” mean all or a portion of the Outstanding Parity Bonds.

“Reserve Account” means the account of that name created in the Bond Account by Section 10 of Resolution No. 2514.

“Reserve Account Requirement” means with respect to all outstanding Parity Bonds that are secured by the Reserve Account, the lesser of (a) 125% of average Annual Debt Service or (b) maximum Annual Debt Service; provided, that at the time of issuance of any series of Parity Bonds secured by the Reserve Account, the Reserve Account Requirement allocable to a series of Parity Bonds shall not exceed 10% of the initial principal amount of that series of Parity Bonds. In the case of Capital Appreciation Bonds, the maximum amount of interest thereon shall be calculated to be the maximum annual accretion in value of such Capital Appreciation Bonds from the date of calculation until the final maturity thereof.

The Reserve Account Requirement for the Bonds, if any, shall be set forth in the Bond Purchase Contract for the Bonds approved by a Designated Representative.

The Reserve Account Requirement, which may be zero, with respect to any Future Parity Bonds will be specified in the resolution authorizing the issuance of such Future Parity Bonds.

“Resource Obligation” has the meaning set forth in the Electric System Resolutions, as ratified and confirmed by Resolution No. 2692, adopted by the Commission on May 13, 2014.

“Revenue” or “Revenue of the Production System” means all income and revenues received by the District from the sale of electric energy through the ownership or operation of the Production System and all other commodities, services and facilities sold, furnished or supplied by the District through the ownership or operation of the Production System, together with (i) any other income and revenues received by the District allocable to the Production System under generally accepted accounting principles, and (ii) the investment income earned on money held in any fund or account of the District, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Production System (but exclusive of income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the District, such as bonds refunded or defeased pursuant to Section 12, investment income earned on money in any arbitrage rebate account, or grants for capital purposes).

“Revenue Fund” means the Production System Fund of the District created by Resolution No. 1042.

“Rule” means the SEC’s Rule 15c2-12 under the Securities Exchange Act of 1934.

“S&P” means S&P Global Ratings, and its successors and assigns, except that if such organization is liquidated or dissolved or no longer performs the functions of a securities credit rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities credit rating agency selected by the District.

“SEC” means the Securities and Exchange Commission.

“Serial Bonds” means Parity Bonds other than Term Bonds.

“Sinking Fund Requirement” means, for any Fiscal Year, the principal amount and premium, if any, of Term Bonds required to be purchased, redeemed or paid in such Fiscal Year as established by the resolution of the District authorizing the issuance of such Term Bonds.

“State” means the State of Washington.

“Swift Project” means the District’s Swift No. 2 Hydroelectric Project located on the Lewis River in Southwest Washington.

“Taxable Bonds” means any Bonds determined to be issued on a taxable basis pursuant to this resolution.

“Tax-Exempt Bonds” means any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to this resolution.

“Term Bonds” means Parity Bonds the payment of a portion of principal of which will be made from mandatory sinking fund redemptions prior to their stated maturity.

“2014 Bond Resolution” means Resolution No. 2691 of the District, as it may be amended from time to time.

“2014 Bonds” means the Production System Revenue Refunding Bonds, 2014 authorized by the 2014 Bond Resolution.

“2015 Bond Resolution” means Resolution No. 2700B of the District, as it may be amended from time to time.

“2015 Bonds” means the Production System Revenue Refunding Bonds, 2015 authorized by the 2015 Bond Resolution.

“Underwriter” means KeyBanc Capital Markets, Inc., and its successors.

(b) *Interpretation.* In this resolution, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(2) Words of the masculine gender shall mean and include correlative words of other genders and words importing the singular number shall mean and include the plural number and vice versa;

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(5) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Compliance with Parity Conditions. In accordance with the Outstanding Parity Bond Resolutions, which permit the issuance of Future Parity Bonds upon compliance with the conditions set forth therein, the District hereby finds and determines, as follows:

(a) The Bonds are being issued for lawful purposes of the District related to the Production System.

(b) There is not now and at the time of closing of the Bonds there shall not be any deficiency in the Bond Account or in any of the accounts therein.

(c) This resolution provides for payments into the Reserve Account of amounts and at the times required by the Outstanding Parity Bond Resolutions.

The applicable conditions of the Outstanding Parity Bond Resolutions having been or to be complied with in connection with the issuance of the Bonds, the pledge contained herein of Revenue of the Production System to pay and secure the payment of the Bonds shall constitute a lien and charge upon such Revenue equal in rank with the lien and charge upon the Revenue to pay and secure the payment of the Outstanding Parity Bonds, subject only to the payment of Costs of Maintenance and Operation.

Section 3. Findings and Determinations. The Commission hereby finds and determines that it has given due regard to the cost of the operation and maintenance of the Production System and to the proportion or amount of Revenue previously pledged for the payment of its obligations payable from such Revenue and that it has not obligated the District to set aside into the accounts in the Bond Account, as applicable, and the related funds and accounts created hereunder for the payment of the principal of, premium, if any, and interest on the Bonds a greater amount of the Revenue and proceeds from the sale of the Bonds than in its judgment will be available over and above such cost of maintenance and operation and the proportion or amount of the Revenue so previously pledged for the payment of its obligations payable from such Revenue.

Section 4. Authorization and Description of Bonds. For the purposes of defeasing and/or refunding the Refunded Bonds, funding the Reserve Account, if necessary, and paying costs of issuance of the Bonds, the District is hereby authorized to issue and sell one or more series of its Production System revenue refunding bonds in the aggregate principal amount of not to exceed \$39,000,000 (the “Bonds”).

The Bonds shall be designated as the “Public Utility District No. 1 of Cowlitz County, Washington, Production System Revenue Refunding Bonds, 2025, with additional series designation, designation regarding tax status, or other designation as set forth in the Bond Purchase Contract and approved by a Designated Representative.

The Bonds of each series shall be dated as of their date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof within a series and maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The Bonds shall bear interest at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 28.

The Bonds shall be special obligations of the District payable only from the Bond Account and shall be payable and secured as provided herein. The Bonds shall not be general obligations of the District, the State or any political subdivision thereof.

Section 5. Registration, Exchange and Payments.

(a) *Bond Registrar/Bond Register.* The District hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agent. The District shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Director of Accounting and Finance upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Director of Accounting and Finance. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The District and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as otherwise provided in this resolution or in the Continuing Disclosure Certificate of the District), and neither the District nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 5(h), but such Bond may be transferred as herein provided. All such payments made as described in Section 5(h) shall be valid and shall satisfy and discharge the liability of the District upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the District has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the District nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the District to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully immobilized form by a depository, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond maturing on each of the maturity dates for a series of Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Director of Accounting and Finance pursuant to subsection (2) below or such substitute depository’s successor; or (iii) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Director of Accounting and Finance to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Director of Accounting and Finance may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Director of Accounting and Finance, issue a single new Bond for each series and maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Director of Accounting and Finance.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository and no substitute depository can be obtained, or (ii) the Director of Accounting and Finance determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain physical Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and such Bonds shall no longer be held by a depository. The Director of Accounting and Finance shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Director of Accounting and Finance to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner’s duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, series, maturity and interest rate and for the same

aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any principal payment date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The District covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are held by a depository, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held by a depository, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the Interest Payment Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the District on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

#### Section 6. Redemption.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds of each series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 28. The Bonds of each series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 28.

(b) *Purchase on Open Market.* The District reserves the right to purchase any of the Bonds at any price deemed reasonable by the District at any time.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in book-entry form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the District redeems at any one time fewer than all of the Bonds of a series having the same maturity date, the particular Bonds or portions of Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the District and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of Bonds by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) *Official Notice.* For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the District nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in book-entry form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the District by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if fewer than all outstanding Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(iv) that unless conditional notice of redemption has been given and such conditions have not been satisfied or waived or such notice has been rescinded, on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and if the Bond Registrar then holds sufficient funds to pay such Bonds at the redemption price, interest thereon shall cease to accrue from and after said date,

(v) any conditions to redemption, and

(vi) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the District shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The District retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain Outstanding.

(2) *Effect of Notice; Bonds Due.* If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

(3) *Additional Notice.* In addition to the foregoing notice, further notice shall be given by the District as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and with such additional information as the District shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(e) *Amendment of Notice Provisions.* The foregoing notice provisions of this Section 6, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 7. Lost or Destroyed Bonds. If any Bonds are lost, stolen, or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, series, maturity and tenor to the Registered Owner upon the Owner's paying the expenses and charges of the Bond Registrar and the District in connection with preparation and authentication of the replacement Bond or Bonds and upon filing with the Bond Registrar and the District evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of ownership, and upon furnishing the District and the Bond Registrar with indemnity satisfactory to both.

Section 8. Form of Bonds. The Bonds shall be in substantially the form included in Exhibit A attached hereto with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby.

Section 9. Execution of Bonds. The Bonds shall be executed on behalf of the District with the manual or facsimile signature of the President of the Commission, attested by the manual or facsimile signature of the Secretary of the Commission, and shall have the seal of the District impressed or imprinted thereon. In case either or both of the officers who have signed or attested any of the Bonds cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the District with the same effect as though the persons who had signed or attested such Bonds had not ceased to be such officers, and any Bond may be signed or attested on behalf of the District by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the District.

Only Bonds that bear a Certificate of Authentication in the form set forth in the form of Bond attached hereto as Exhibit A, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution.

Section 10. Revenue Fund.

The District covenants as follows:

(a) That so long as any of the Parity Bonds are outstanding it will continue to pay into the Revenue Fund all Revenue, exclusive of earnings on money in any arbitrage rebate account or any bond account, which may be retained in such funds and account or transferred to other funds as required by this resolution or other bond resolution;

(b) That, on or prior to the last day of any month in which any power and energy or other goods and services from the Production System was made available to the Electric Distribution System (regardless of whether or not the Electric Distribution System actually

scheduled or received energy from the Production System during such month), the District shall pay into the Revenue Fund as an operation and maintenance expense of the Electric Distribution System, from revenues of the Electric Distribution System, an amount which, together with amounts then on deposit in the Revenue Fund and available for such purpose, is equal to 1/12<sup>th</sup> of the budgeted Production System Costs for the current year together with (i) an amount equal to the actual Production System Costs for the prior year minus the budgeted Production System Costs for the prior year if such shortfall has not been previously funded and (ii) such other additional amount as may be necessary to satisfy any other obligations of the Production System that are then due and payable;

(c) That, on or prior to the last day of any month in which no power and energy or other goods or services of the Production System was made available to the Electric Distribution System, the District shall pay into the Revenue Fund out of Electric System Revenues, after payment of operation and maintenance expenses of the Electric Distribution System and on a parity with the deposits to be made to the debt service account for the payment of principal of and interest on the outstanding Electric System Bonds pursuant to each of the Electric System Resolutions, an amount sufficient, together with amounts then on deposit in the Revenue Fund and available for such purpose, to pay 1/12<sup>th</sup> of the budgeted Production System Costs for the current year together with (i) an amount equal to the actual Production System Costs for the prior year minus the budgeted Production System Costs for the prior year if such shortfall has not been previously funded and (ii) such other additional amount as may be necessary to satisfy any other obligations of the Production System that are then due and payable. The District covenants and agrees that the obligation of the District to set aside and pay such amounts into the Revenue Fund out of Electric System Revenues shall constitute an indebtedness of the Electric Distribution System, not conditioned upon the availability of power and energy from the Production System and shall constitute an obligation of the District subject to the payment of operation and maintenance expenses of the Electric Distribution System and payable on a parity of lien with the Electric System Bonds and prior to any other obligation of the District to pay amounts out of Electric System Revenues and that the District shall not, except as permitted in the Electric System Resolutions, including without limitation those provisions relating to redemption, the Revenue Fund (as defined in the Electric System Resolutions), general covenants, and the issuance of future Electric System Bonds, in any month, pay amounts out of Electric System Revenues for any purpose prior to paying or making provision for the payment of the amounts required to be paid into the Revenue Fund out of Electric System Revenues pursuant to this resolution.

(d) So long as any Parity Bonds are outstanding, the District shall apply amounts in the Revenue Fund in the following order of priority:

*First*, to the payment of Costs of Maintenance and Operation;

*Second*, to make all required deposits to the Bond Account for the benefit of all Parity Bonds pursuant to Section 11, to provide for the payment of interest, principal and Sinking Fund Requirements and, in the event the District has entered into any Derivative Product, that is secured on a parity of lien with the Parity Bonds, to make any regularly scheduled District Payments adjusted by any regularly scheduled Reciprocal Payments

(provided, however, that termination payments with respect to any Derivative Product shall not rank on a parity of lien with the Parity Bonds);

*Third*, to make all payments required to be made pursuant to a reimbursement agreement or agreements (or other equivalent documents) in connection with a Qualified Letter of Credit, Qualified Insurance, or other credit facility, provided that if there is not sufficient money to make all payments under such reimbursement agreement the payments shall be made on a pro rata basis; and

*Fourth*, to make all required deposits to the Reserve Account, if any, and payments under Section 11, any deposits required to be made to any other debt service reserve accounts established in accordance with the provisions hereof, if any, (including making deposits into any debt service reserve account and paying costs of obtaining Qualified Insurance or a Qualified Letter of Credit therefor).

(e) There shall be retained in the Revenue Fund, after amounts therein have been applied to the payment of Costs of Maintenance and Operation and after the amounts required to be deposited in the Bond Account pursuant to Section 11 have been so deposited, any balance of the Revenues. Such monies may, in the discretion of the District, be used for any of the following purposes: (i) to pay principal, premium, if any, and interest on the Parity Bonds; (ii) for transfer to any other fund or account created by this resolution; (iii) for the purchase or redemption of any Parity Bonds; (iv) to pay any subordinated indebtedness of the Production System; or (v) for any other lawful corporate purpose of the District.

#### Section 11. Bond Account.

A special fund of the District, known as the “Production System Revenue Bond Account” (the “Bond Account”) has been created by the District and shall be used for the purpose of paying the principal of, premium, if any, and interest on the Parity Bonds, and for the purpose of retiring such bonds prior to maturity. The Bond Account contains two accounts: the Debt Service Account and the Reserve Account. At the option of the District, separate accounts may be created in the Bond Account for the purpose of paying or securing the payment of each series of the Parity Bonds. The District hereby obligates itself to pay into the Bond Account out of the Revenue certain fixed amounts, without regard to any fixed proportion of such Revenue, sufficient (together with other available funds on hand into the Bond Account) to pay the principal of, premium, if any, and interest on the Parity Bonds as the same become due and payable.

(a) *Reserve Account Requirement.* The Reserve Account Requirement for the Bonds, (which may be \$0.00), shall be set forth in the Bond Purchase Contract. The District hereby covenants that it will calculate the Reserve Account Requirement as of the issuance of the Bonds, and will, on the date of delivery of the Bonds to the initial purchasers thereof, deposit into the Reserve Account either (i) funds in an amount sufficient such that the amount on deposit in the Reserve Account will be equal to the Reserve Account Requirement for all of the outstanding Parity Bonds secured by the Reserve Account, including the Bonds, or (ii) Qualified Insurance or a Qualified Letter of Credit for a specified amount sufficient such that the Reserve Account Requirement for the outstanding Parity Bonds secured by the Reserve Account,

including the Bonds, is satisfied. The Reserve Account Requirement may also, at the District's option, be recalculated as of the date of the defeasance of any Parity Bonds; provided, from and after the **Amendment Effective Date - Second**, the Reserve Account Requirement may be recalculated at any time at the option of the District.

(1) Upon the issuance of any series of Parity Bonds, the District shall recalculate the Reserve Account Requirement, which recalculated Reserve Account Requirement shall become effective as of such date of calculation.

(2) The Reserve Account Requirement shall be maintained by such additional payments to the Reserve Account as are hereinafter described until such time as all of the Parity Bonds, including the interest thereon, are retired and paid. Notwithstanding the provisions of this subsection, the Commission may provide by resolution for the District to obtain Qualified Insurance or a Qualified Letter of Credit for specific amounts required to be maintained in the Reserve Account. The face amount of any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account. Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years' notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of subsection (b)(2) below providing for payments into the Reserve Account in the event of a deficiency.

(3) Anything herein to the contrary notwithstanding, upon the issuance of a series of Parity Bonds to be secured by the Reserve Account, the amount necessary to increase the amount on deposit in the Reserve Account to the Reserve Account Requirement may be funded on the date of issuance of such Parity Bonds or may be funded in equal monthly deposits over a period of time not exceed three years established in the supplemental resolution providing for the issuance of such Parity Bonds. If the Reserve Account Requirement is to be funded with proceeds of a series of Parity Bonds and the amount of proceeds of such series of Parity Bonds permitted by the Code to be deposited into the Reserve Account is less than the amount required to be deposited such that the amount on deposit therein is equal to the Reserve Account Requirement, the resolution providing for the issuance of such series of Parity Bonds shall provide for further and additional payments into the Reserve Account from moneys in the Revenue Fund in such amounts and at such times so that by no later than three years from the date of issuance of such additional series of Parity Bonds, there will be credited to Reserve Account an amount equal to the Reserve Account Requirement.

(4) Anything herein to the contrary notwithstanding, the District may by supplemental resolution establish within the Bond Account one or more separate debt service reserve accounts other than the Reserve Account to secure one or more series of Future Parity Bonds, in which case such Future Parity Bonds will not be secured by the Reserve Account. If the District establishes any such debt service reserve account, the definition of "Reserve Account Requirement" shall be as set forth in the resolution establishing such debt service reserve account, and such debt service reserve account shall be administered in accordance with the provisions set forth in the resolution establishing such debt service reserve account.

(b) *Investment of Bond Account.* Money in the Bond Account may, at the option of the District, be invested as permitted by law in Permitted Investments maturing, or which are

retireable at the option of the registered owner, prior to the maturity date of the final installment of principal of the bonds payable out of the Bond Account, but only to the extent that the same are acquired and disposed of at Fair Market Value. For the purpose of determining the amount credited to the Reserve Account, obligations in which money in the Reserve Account shall have been invested shall be valued at the market value thereof, plus accrued interest to the date of calculation.

(1) The term “market value” shall mean, in the case of securities which are not then currently redeemable at the option of the owner, the current bid quotation for such securities, as reported in any nationally circulated financial journal, and the current redemption value in the case of securities that are then redeemable at the option of the owner. For obligations that mature within six months, the market value shall be the par value thereof. The valuation of the amount in the Reserve Account shall be made by the District as of the close of business on each December 31 (or on the next business day if December 31 does not fall on a business day) and may be made on any other date.

(2) If the valuation of the amount in the Reserve Account shall be less than the Reserve Account Requirement as in effect on such date of valuation, the District shall credit to the Reserve Account on or before the 25th day of each of the six succeeding calendar months one-sixth of the amount necessary to make the valuation of the amount in the Reserve Account equal to 100% of the Reserve Account Requirement. If the valuation of the amount in the Reserve Account shall be greater than 100% of the Reserve Account Requirement the District may withdraw the difference between the amount in the Reserve Account and the Reserve Account Requirement.

(c) On or prior to the date upon which an installment of interest or principal falls due, the District will pay into the Debt Service Account an amount (together with such other money as is on hand and available in such account) equal to the installment of interest, principal or Sinking Fund Requirement then coming due on all outstanding Parity Bonds. Money in the Debt Service Account shall be transmitted to the Bond Registrar for the Parity Bonds in amounts sufficient to meet the next maturing installments of principal and interest and premiums, if any, at or prior to the time upon which any interest, principal or premium, if any, is to become due. In the event there shall be a deficiency in the Debt Service Account for such purpose, the District shall make up any such deficiency from the Reserve Account by the withdrawal of cash, and, if necessary, by sale or redemption of any authorized investments in such amount as will provide cash in the Reserve Account sufficient to make up any such deficiency. Any reduction in the Reserve Account by reason of any such withdrawal shall be made up from money in the Revenue Fund first available after making the current specified payments into the Debt Service Account and after paying and making necessary provision for the payment of Costs of Maintenance and Operation within one year, in twelve equal monthly installments. If a deficiency still exists immediately prior to an Interest Payment Date and after the withdrawal of cash, the District shall then draw from any Qualified Letter of Credit or Qualified Insurance. Such draw shall be made at such times and under such conditions as the agreement for Qualified Letter of Credit or Qualified Insurance shall provide. The District shall pay any reimbursement obligation as a result of a draw under a Qualified Letter of Credit or Qualified Insurance from the Revenue Fund.

(d) Whenever the assets of the Bond Account, including the Reserve Account, are sufficient to provide money to pay the Parity Bonds then outstanding, no payments need be made into the Bond Account during any period in which such excess continues.

(e) In the event that a Bond is not presented to the Bond Registrar within two years from the date of its maturity or redemption, the money held in the Bond Account for the payment of the principal of and interest on such Bond shall be returned to the District. If a Bond is presented for payment any time after two years from its maturity or redemption date, the District shall be responsible for paying the principal of and interest on such Bond and all liability of the Bond Registrar for such amount shall cease. Before repaying the unclaimed monies to the District pursuant to this paragraph, the Bond Registrar may publish a notice or notices, at the expense of the District, relating to such repayment. In the event money is paid to the District, the owners of the Bonds in respect of which such money was paid shall be deemed to be unsecured creditors of the District for amounts equal to the principal of and interest on such Bonds so repaid to the District (without interest thereon).

Section 12. Defeasance. In the event that the District, to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Account or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Account for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive payment of principal, premium, if any, and interest from the Bond Account or such special account, and such Bond shall be deemed to be not outstanding under this resolution.

The District shall give written notice of defeasance to the Registered Owners of all Bonds so provided for within 20 days of the defeasance and to each party entitled to receive notice in accordance with the Continuing Disclosure Certificate.

Section 13. Application of Bond Proceeds; Plan of Refunding.

(a) *Reserve Account.* The District is hereby authorized to deposit available funds of the District and/or a portion of the proceeds of the Bonds, and/or purchase Qualified Insurance or a Qualified Letter of Credit and pay the associated policy premium, to satisfy the Reserve Account Requirement, if any, at the time of issuance of the Bonds.

(b) *Refunding Plan.* A portion of the proceeds of the Bonds shall be disbursed as provided in the closing memorandum or Escrow Agreement to defease and/or redeem the Refunded Bonds to their Call Date.

The Escrow Agreement shall authorize and direct the Escrow Agent to provide notice of the defeasance and/or redemption of the Refunded Bonds in accordance with the terms thereof. Such Escrow Agreement shall authorize and direct the Escrow Agent to pay to the paying agent

for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in the Escrow Agreement. All such sums shall be paid from the moneys and Acquired Obligations, if any, deposited with the Escrow Agent, and the income therefrom and proceeds thereof. All moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested and applied in accordance with the provisions of this resolution and the Escrow Agreement and with the laws of the State for the benefit of the District and owners of the Refunded Bonds. Any proceeds of the Bonds remaining after the accomplishment of this refunding plan and payment of issuance for the bonds shall be applied to pay interest on the Bonds. The District will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

(c) *Costs of Issuance.* A portion of the proceeds of the Bonds, or available funds of the District, shall be applied by or cause to be applied by the District to pay costs of issuance for the Bonds. Such costs of issuance shall be paid pursuant to the Closing Memorandum for each series of Bonds.

Section 14. Security for Parity Bonds. All Parity Bonds are special limited obligations of the District payable from and secured solely by a pledge and lien set forth in the next sentence. There are hereby pledged as security for the payment of the principal of, premium, if any, and interest on all Parity Bonds: (a) the Revenue (exclusive of any money credited to a fund or account for the purpose of defeasing or refunding revenue bonds or paying arbitrage rebate to the federal government) and (b) the money and investments, if any, credited to the Revenue Fund and the Bond Account, and the income therefrom. The Revenue and other money hereby pledged shall be subject immediately to the lien of this pledge without any physical delivery or further act, and the lien of this pledge shall be binding as against all parties having claims of any kind in tort, contract or otherwise against the District regardless of whether such parties have notice thereof.

All Parity Bonds now or hereafter Outstanding shall be equally and ratably payable and secured hereunder without priority by reason of date of adoption of the resolution providing for their issuance or by reason of their series, number or date of sale, issuance, execution or delivery, or by the liens, pledges, charges, trusts, assignments and covenants made herein, except as otherwise expressly provided or permitted in this resolution and except as to insurance which may be obtained by the District to insure the repayment of one or more series or maturities within a series.

The pledge set forth above is hereby declared to be a prior lien and charge on the Revenue and the money and assets in such funds and accounts superior to all other liens and charges of any kind or nature, subject to prior application as set forth in Section 10 hereof.

Parity Bonds shall not in any manner or to any extent constitute general obligations of the District or of the State, or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the District or of the State, or of any political subdivision of the State, not specifically pledged thereto by this resolution. Neither the full faith and credit nor the taxing power of the District or the State of Washington is pledged to the payment of the Bonds.

Section 15. General Covenants. The District covenants with the owners of the Parity Bonds as follows:

(a) *Rate Covenant – Production System.* The District shall establish, maintain and collect rates and charges for electric energy sold through the ownership or operation of the Production System, and all other commodities, services and facilities sold, furnished or supplied by the District in connection with the ownership or operation of the Production System that shall be fair and nondiscriminatory and adequate to provide Revenue sufficient for the payment of the principal of, premium, if any, and interest on all outstanding Parity Bonds and all payments which the District is obligated to set aside in the Bond Account, for the proper operation and maintenance of the Production System, and all necessary repairs, replacements and renewals thereof, the working capital necessary for the operation thereof, and for the payment of all amounts that the District may now or hereafter become obligated to pay from the Revenue.

(b) *Rate Covenant – Electric Distribution System.* The District shall establish, maintain and collect rates and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the Electric Distribution System sufficient to pay the cost of operation and maintenance of the Electric Distribution System (including the payments required to be made pursuant to Section 10 hereof), to pay the amounts required to be deposited in the bond fund under the Electric System Resolutions, including to pay debt service on Electric System Bonds, to provide Electric System Revenues sufficient, together with amounts on deposit in the Revenue Fund and available for such purpose (including payments received pursuant to Section 11 hereof), to pay all Production System Costs, to pay the amounts required for the payment of taxes, assessments or other governmental charges or payments in lieu thereof lawfully imposed against the properties of the Electric Distribution System or Electric System Revenues, to pay necessary repairs, replacements and renewals to the Electric Distribution System, to pay the cost of extensions, betterments and improvements thereto, and to pay all other charges and obligations against Electric System Revenues now or hereafter imposed by law or contract.

(c) *Sale of Power and Energy.* The District covenants that it shall cause the Production System to sell and the Electric Distribution System to purchase, and the Production System does hereby sell and the Electric Distribution System does hereby purchase, in each month all of the electric power and energy or other goods and services of the Production System available in such month for use in the Electric Distribution System. Payment for such electric power and energy or other goods and services shall be at the times and in the amounts set forth in this Section 15.

The District covenants and agrees that payments by the District for the electric power and energy or other goods and services of the Production System required by this Section 15 shall constitute an expense of operating and maintaining the Electric Distribution System payable prior to the payment of debt service on any bonds or other evidence of indebtedness of the Electric Distribution System.

(d) *Maintenance of the Production System.* The District will maintain the Production System in good repair, working order and condition, and will make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto so that at all times the

business carried on in connection therewith shall be properly and advantageously conducted, and the District will at all times operate such properties and the business in connection therewith in an efficient manner and at reasonable cost.

(e) *Sale or Disposition of the Production System.* The District will not sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the Production System properties, or permit the sale, mortgage, lease or other disposition thereof, except as hereinafter provided in this subsection (e):

(1) The District may sell, lease or otherwise dispose of all or substantially all of the Production System, provided that simultaneously with such sale, lease or other disposition, the District shall cause all of the Bonds to be, or deemed to be, no longer outstanding.

(2) Except as provided in the last paragraph of this subsection (2), the District will not sell, mortgage, lease or otherwise dispose of any part of the Production System with a book value in excess of 5% of the book value of the Production System in service unless prior to such sale, mortgage, lease or other disposition

(A) there shall have been filed with the District a certificate of a Professional Utility Consultant stating that such sale, mortgage, lease or other disposition will not impair the ability of the District to comply with the covenants set forth in this Section 15; or

(B) provision is made for the payment, redemption or other retirement of a principal amount of Parity Bonds equal to the greater of the following amounts:

(1) an amount that will be in the same proportion of the net principal amount of Parity Bonds then outstanding (defined as the total principal amount of such bonds then outstanding less the amount of cash and investments in the Bond Account) that the Revenues attributable to the part of the Production System sold or disposed of for the 12 preceding months bear to the total Revenues for such period; or

(2) an amount which will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the Production System sold or disposed of bears to the book value of the entire Production System immediately prior to such sale or disposition.

The District may sell or otherwise dispose of any part of the Production System that shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Production System, or no longer necessary, material to or useful in such operation. The proceeds of any such sale or disposition pursuant to this Section 15 shall be paid into the Bond Account for credit to the Reserve Account, if any, to the extent of any deficiency in such Reserve Account, and the balance of such proceeds, if any, shall be deposited in the Revenue Fund. This covenant shall not apply to sales of output of the Production System.

(f) *Insurance.* The District will keep the works, plants, properties and facilities comprising the Production System insured, and will carry such other insurance, with responsible insurers, with policies payable to the District, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties;

provided, however, that the District may, if deemed necessary and advisable by the Commission, institute or continue a self-insurance program with respect to any or all of the aforementioned risks.

(g) *Books and Accounts.* The District shall keep proper books of account in accordance with the rules and regulations prescribed by the Division of Municipal Corporations of the State Auditor's Office, or other State department or agency succeeding to such duties of the State Auditor's office.

(h) *Free Service.* Except as permitted or required by law, the District will not furnish or supply or permit the furnishing or supplying of electric energy in connection with the operation of the Production System, free of charge to any person, firm or corporation, public or private, so long as any Bonds are outstanding and unpaid; provided, that, to the extent permitted by law, the District may lend money and may provide commodities, services or facilities free of charge or at a reduced charge in connection with a plan of conservation of electric energy adopted by the Commission or to aid the poor, infirm or elderly.

Section 16. Future Parity Bonds. The District covenants with the owner of each of the Parity Bonds for as long as any of the same remain outstanding as follows:

(a) It will not issue any bonds or other obligations on a parity of lien with the Bonds, except, upon the conditions hereinafter provided, the District reserves the right to issue Future Parity Bonds and obligations under reimbursement agreements. Future Parity Bonds may be issued for any lawful purpose of the District, including but not limited to, acquiring, constructing and installing additions, betterments and improvements to aid extensions of, acquiring necessary equipment for, or making necessary renewals, replacements or repairs and capital improvements to the Production System.

The District covenants that Future Parity Bonds shall be issued only upon compliance with the following conditions:

(1) That at the times of the issuance of such Future Parity Bonds there is no deficiency in the Bond Account or in any of the accounts therein or in the bond account for the Electric System Bonds or any of the accounts therein and that the District is in compliance with the covenant in the Electric System Resolutions to maintain rates and charges sufficient to provide Net Revenue (as defined in the Electric System Resolutions) in any Fiscal Year in an amount equal to at least 1.25 times the Annual Debt Service (as defined in the Electric System Resolutions) in such Fiscal Year on all outstanding Electric System Bonds.

(2) There shall have been delivered either:

(A) A certificate of the Director of Accounting and Finance of the District that the revenue of the Electric Distribution System for any 12 consecutive months out of the 24 months (which shall be revised to 30 months from and after the **Amendment Effective Date - Second**) next preceding the issuance of the Future Parity Bonds was equal to at least one times the actual costs of the Electric Distribution System for those 12 months (including debt service on outstanding Electric System Bonds) and the actual costs of the Production System for those 12 months (including debt service on outstanding Production System Bonds) plus the

maximum Annual Debt Service required to be paid in any Fiscal Year on the Future Parity Bonds to be issued. Revenue of the Electric Distribution System may be adjusted to include the additional revenue that would have been received by the District if any rate change adopted prior to the delivery of the Future Parity Bonds, but subsequent to the beginning of the 12-month period being considered, had been in force during the full 12-month period,

or

(B) a certificate from a Professional Utility Consultant which shall certify that:

(i) taking into consideration such adjustments and other factors as such individual, in such individual's discretion deems appropriate, the issuance of the Future Parity Bonds then proposed to be issued will not result in the District's inability to comply with the covenants contained in Section 15(a) and (b), and

(ii) if such Future Parity Bonds are being issued to pay Production System Costs incurred or to be incurred for additions, improvements, betterments and extensions to the Production System, the plan for such additions, improvements, betterments and extensions is consistent with sound utility power supply planning and will not materially adversely interfere with operation of the Production System.

(3) That the resolution authorizing and approving the issuance of such Future Parity Bonds shall be subject to or otherwise include the provisions set forth in Section 7, Sections 10 – 12, Sections 14 - 18 and Sections 20 - 26 of this resolution.

(b) In the event that any Future Parity Bonds are issued for the sole purpose of exchanging with or providing funds to purchase or refund or redeem and retire at or prior to their maturity any or all outstanding Parity Bonds and the issuance of such refunding Future Parity Bonds and retirement of outstanding bonds and such refunding Future Parity Bonds will not require a greater amount (except as necessary to round out maturities to the nearest \$5,000) to be paid in any Fiscal Year thereafter as Annual Debt Service than would have been required to be paid in the same Fiscal Year for Annual Debt Service on the bonds being refunded, then subsection (a)(2) need not be complied with to permit such refunding Future Parity Bonds to be issued, although the provisions of subsection (a)(1) must still be complied with.

(c) In the event that the District elects to meet the requirements of Section 11 hereof with respect to the Reserve Account as to any issue of Bonds through the use of a Qualified Letter of Credit or Qualified Insurance, the District may contract with the entity providing such Qualified Letter of Credit or Qualified Insurance that the District's reimbursement obligation, if any, to such entity ranks on a parity of lien with payments into the Reserve Account to secure the Bonds.

(d) In the event that the District elects additionally to secure any issue of variable rate bonds through the use of a letter of credit, insurance or other credit enhancement device, the District may contract with the entity providing such letter of credit, insurance or other credit enhancement device that the District's reimbursement obligation, if any, to such entity ranks on a

parity of lien with the Bonds; *provided*, that the payments due under such reimbursement obligation are such that if such reimbursement obligation were a series of Future Parity Bonds and assuming that such credit enhancement device were to be drawn upon for the full amount available, such Future Parity Bonds could be issued in compliance with the provisions of this Section 16.

Section 17. Derivative Products. The following shall be conditions precedent to the use of any Derivative Product on a parity with the Parity Bonds:

(a) *General Parity Tests.* The Derivative Product must satisfy the requirements for any Future Parity Bonds described in Section 16 taking into consideration regularly scheduled District Payments and regularly scheduled Reciprocal Payments under the Derivative Product (without regard to any termination payments). Termination payments owed by the District pursuant to a Derivative Product shall not be payable on a parity with the Parity Bonds, but shall be payable from Revenues on a basis, and secured by a lien on Revenues, if any, that is junior and subordinate to that of the Parity Bonds.

(b) *Opinion of Bond Counsel.* The District shall obtain an opinion of Bond Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this resolution or the applicable provisions of any supplemental resolution and will not adversely affect the excludability for federal income tax purposes of the interest on any outstanding Bonds.

(c) *Payments.* Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(d) *Supplemental Resolutions to Govern Derivative Products.* Prior to entering into a Derivative Product, the District shall adopt a supplemental resolution, which shall:

(1) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(2) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this resolution.

Section 18. Restrictions on Contracting of Obligations Secured by Revenues.

(a) The District will not hereafter issue any bonds or other obligations or create any additional indebtedness which will have a lien and charge on the Revenue and funds of the Production System prior to the lien and charge thereon established by this resolution.

(b) The District may issue bonds, notes, or other obligations payable from and secured by a lien on the Revenue and funds of the Production System that is junior to the lien on such Revenue.

Section 19. Tax Covenants. The District will take all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the Owners of the Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Tax-Exempt Bonds, including but not limited to the following:

(a) The District will assure that the proceeds of the Tax-Exempt Bonds are not used so as to cause such Tax-Exempt Bonds to satisfy the applicable private business use tests of Section 141(b) of the Code or the applicable private loan financing test of Section 141(c) of the Code.

(b) The District will not sell or otherwise transfer or dispose of (i) any personal property components of the project or projects refinanced with proceeds of Tax-Exempt Bonds (the “Tax-Exempt Projects”) other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Tax-Exempt Projects financed or refinanced with Tax-Exempt Bonds, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes.

(c) The District will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) The District will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Bonds.

(e) The District will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds: within the meaning of Section 148 of the Code.

(f) The District will maintain a system for recording the ownership of each Tax-Exempt Bond that complies with the provisions of Section 149 of the Code until all Tax-Exempt Bonds have been surrendered and canceled.

(g) The District will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three years after the Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed and refunded, the District will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Tax-Exempt Bonds.

(h) The District will comply with the provisions of the Federal Tax Certificate with respect to the Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein. In

the event of any conflict between this Section and the Federal Tax Certificate, the provisions of the Federal Tax Certificate will prevail.

The covenants of this Section will survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 20. Events of Default. The District hereby covenants with the owners of the Parity Bonds that the following shall constitute “Events of Default”:

(a) If default shall be made in the punctual payment of the principal of and premium, if any, on any of the Parity Bonds when the same shall become due, either at maturity or by proceedings for mandatory redemption or otherwise;

(b) If default shall be made in the punctual payment of any installment of interest on any Parity Bond;

(c) If the District shall fail to purchase or redeem Term Bonds in an aggregate principal amount at least equal to the Sinking Fund Requirement for the applicable Fiscal Year;

(d) If the District shall default in the observance and performance of any other of the covenants on the part of the District contained in this resolution and such default or defaults shall have continued for a period of 90 days after the District shall have received from the Bondowners’ Trustee or from the owners of not less than 20% in principal amount of Parity Bonds outstanding, a written notice specifying and demanding the cure of such default;

(e) If an order, judgment or decree shall be entered by any court of competent jurisdiction: (1) appointing a receiver, trustee or liquidator for the District or the whole or any substantial part of the Production System; (2) approving a petition filed against the District seeking the bankruptcy, arrangement or reorganization of the District under any applicable law of the United States or the State; or (3) assuming custody or control of the District or of the whole or any substantial part of the Production System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within 60 days from the date of the entry of such order, judgment or decree; or

(f) If the District shall: (1) admit in writing its inability to pay its debts generally as they become due; (2) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (3) make an assignment for the benefit of its creditors; (4) consent to the appointment of a receiver of the whole or any substantial part of the Production System; or (5) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the District or of the whole or any substantial part of the Production System.

Section 21. Bondowners’ Trustee. Upon the occurrence and continuation of an Event of Default, so long as such Event of Default has not been remedied, a Bondowners’ Trustee may be appointed by the Registered Owners of 25% in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered

Owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the District. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee.

(a) Any Bondowners' Trustee appointed under the provisions of this section shall be a bank or trust company organized under the laws of the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the Registered Owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties.

(b) In the event that any Event of Default in the sole judgment of the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the District a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the District, the Bondowners' Trustee and the owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no event of default had occurred.

(c) The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

Section 22. Suits at Law or in Equity. Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the Registered Owners of not less than 25% in principal amount of the Parity Bonds outstanding shall, take such steps and institute such suits or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners of the Parity Bonds, to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution or in any of the Parity Bonds.

(a) Nothing contained in this section shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal of the Parity Bonds, and the remedy of acceleration is expressly denied to the owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

(b) Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners, and all such rights of action upon or under any of the Parity Bonds or the provisions of this resolution may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the Registered Owners of those Parity Bonds, subject to the provisions of this resolution. The respective owners of the Parity Bonds, by taking and

holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective owners of those Parity Bonds, with authority to institute any such suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.

Section 23. Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this resolution shall be applied in the following order of priority:

(a) first, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

(b) second, to the payment to the persons entitled thereto first of required interest on and then of unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due to the persons entitled thereto, without any discrimination or preference.

Section 24. Duties and Obligation of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such individual's own affairs. The Bondowners' Trustee shall have no liability for any act or omissions to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this resolution, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this resolution.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a Registered Owner of any Bond until such individual's title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

Section 25. Suits by Individual Bondowners Restricted. Neither the Registered Owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

- (a) an Event of Default has happened and is continuing; and
- (b) a Bondowners' Trustee has been appointed; and
- (c) such Registered Owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and
- (d) the Registered Owners of not less than 25% in principal amount of the Parity Bonds, after the occurrence of such Event of Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and
- (e) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and
- (f) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No Registered Owner or beneficial owner of any Parity Bond shall have any right in any manner whatever by such individual's action to affect or impair the obligation of the District to pay from the Revenue the principal of and interest on such Parity Bonds to the respective Owners thereof when due.

Section 26. Amendments.

(a) *Amendments Without the Consent of Bondowners.* The Commission may adopt a resolution or resolutions supplemental hereof, which resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

- (1) To add to the covenants and agreements of the District in this resolution, other covenants and agreements thereafter to be observed, that shall not adversely affect the interests of the owners of any Parity Bonds, or to surrender any right or power herein reserved.

(2) To govern Derivative Products as provided in Section 17(d).

(3) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this resolution or any resolution authorizing Future Parity Bonds in regard to matters or questions arising under such resolutions as the Commission may deem necessary or desirable and not inconsistent with such resolutions and that shall not adversely affect, in any material respect, the interest of the owners of Parity Bonds.

(4) To provide for the issuance of Future Parity Bonds pursuant to this resolution.

(5) To make any other changes to this resolution which the Commission determines will not have a material adverse effect on the security for the Parity Bonds.

Any such supplemental resolution may be adopted without the consent of the Owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

(b) *Amendments With the Consent of Bondowners.* With the consent of the Owners of not less than 51% in aggregate principal amount of the Parity Bonds at the time outstanding, the Commission may pass a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or alter the Interest Payment Dates, or change the provisions for purchase upon tender or redemption of any Bonds without the consent of the holder of each bond so affected; or

(2) Reduce the percentage of bondowners required to approve any such supplemental resolution, without the consent of owners of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of bondowners under this subsection (b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof. Consent of any bond insurer insuring Parity Bonds shall be required in lieu of bondholder consent from owners of the Parity Bonds.

(c) *Effect of Amendment.* Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this resolution and all owners of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes.

Section 27. Undertaking to Provide Ongoing Disclosure. The District covenants to execute and deliver on the date of issuance of the Bonds a Continuing Disclosure Certificate, and hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The Designated Representatives are each hereby authorized and directed to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the District, upon consultation with counsel to the District. Notwithstanding any other provision of this resolution, failure of the District to comply with a Continuing Disclosure Certificate shall not be considered an Event of Default as to the Bonds and shall not be deemed to create any monetary liability on the part of the District to any other persons, including the Registered Owners of the Bonds, or result in acceleration of the Bonds.

Section 28. Sale of Bonds. The Bonds shall be sold on a current basis at negotiated sale to the Underwriter pursuant to the terms of one or more Bond Purchase Contracts. The Commission has determined that it would be in the best interest of the District to delegate to the Designated Representatives for a limited time the authority to select the Refunding Candidates to be defeased and/or refunded, to determine whether to issue the Bonds of a series as Taxable Bonds or Tax-Exempt Bonds, to determine the Reserve Account Requirement for the Bonds, and to approve the final interest rates, aggregate principal amount, principal amounts of each maturity, and redemption rights for each series of Bonds. The final determination of the terms for each series of Bonds shall be set forth in the applicable Bond Purchase Contract to be signed by a Designated Representative.

Subject to the terms and conditions set forth in this Section, each Designated Representative is hereby authorized to determine whether to issue the Bonds in one or more series, to designate each series as Tax-Exempt Bonds or Taxable Bonds, to select the Refunded Bonds, and to approve the final interest rates, aggregate principal amount, principal amounts of each maturity, and redemption rights for each series of Bonds in the manner provided hereafter so long as:

- (a) the aggregate principal amount of the Bonds does not exceed \$39,000,000,
- (b) the final maturity date for the Bonds is no later than September 1, 2036,
- (c) the Bonds are sold (in the aggregate) at a price not less than 96%,
- (d) the Bonds are sold for a price that results in a minimum net present value debt service savings over the Refunded Bonds of 3.00%,
- (e) the true interest cost for the Bonds (in the aggregate) does not exceed 4.5%, and
- (f) the Bonds conform to all other terms of this resolution.

Subject to the terms and conditions set forth in this Section 28, the Designated Representatives are each authorized to execute one or more Bond Purchase Contracts. The signature of one Designated Representative shall be sufficient to bind the District.

Following the execution of a Bond Purchase Contract, a Designated Representative shall provide a report to the Commission describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representatives by this Section 28 shall expire December 31, 2025. If a Bond Purchase Contract has been executed by December 31, 2025, the Bonds may be issued and delivered on a current or forward delivery basis, and all performance under the Bond Purchase Contract may be completed, before, on or after December 31, 2025. If the Bonds authorized herein have not been sold by such date, the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Commission. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 28.

Section 29. Approval of Preliminary Official Statement and Official Statement.

(a) *Preliminary Official Statement.* The Designated Representatives are each hereby authorized, empowered and directed to approve the information contained in the Preliminary Official Statement pertaining to the Bonds, to “deem final” the Preliminary Official Statement, as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates and any other terms or provisions of the Bonds dependent on such matters, for the sole purpose of the Underwriter’s compliance with the Rule, and to authorize the distribution thereof to the Underwriter.

(b) *Official Statement.* The Designated Representatives are each hereby authorized, empowered and directed to execute and deliver a final Official Statement, including any amendments or supplements thereto, with such changes therein from the Preliminary Official Statement as such officer shall deem appropriate and in the best interests of the District, as conclusively evidenced by execution thereof. The Underwriter for the Bonds is hereby authorized to distribute the Official Statement in connection with the offer and sale of such Bonds.

Section 30. Effectiveness of Springing Amendments. The Commission hereby ratifies and approves the amendments to the Parity Bond Resolutions as set forth therein and herein, to become effective without further action of the Commission upon the **Amendment Effective Date – First** and the **Amendment Effective Date – Second**, respectively.

Section 31. Authorization to Amend and Restate Parity Bond Resolutions. **From and after the Amendment Effective Date - First**, the Parity Bond Resolutions shall be amended to include the following paragraph: The District hereby reserves the right, without consent of the Owners, to the fullest extent permitted by the Parity Bond Resolutions, to amend and restate the Parity Bond Resolutions to combine and conform the provisions set forth in the Parity Bond Resolutions with any amendments, including the springing amendments, and to delete outdated provisions, to delete provisions which interfere with the operations of the District under the Parity Bond Resolutions but that do not provide substantial security for the Owners of the Parity

Bonds, to clarify and simplify the remaining provisions, to substitute modern, more flexible provisions and to restate such provisions in a single master parity bond resolution.

Section 32. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 33. General Authorization. The Designated Representatives, each acting singly, and the other officers, agents and employees of the District shall be and each of them is hereby authorized, empowered and directed to execute and deliver such other documents and agreements, including without limitation any commitment or agreement with the provider of any Qualified Insurance or Qualified Letter of Credit with respect to the Bonds, in addition to those enumerated herein, and to take such other actions as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this resolution. All actions taken by the Designated Representatives and the other officers, agents and employees of the District pursuant to or in anticipation of the authority of this resolution but prior to its effective date are hereby ratified, confirmed and approved.

Section 34. Bonds Subject to the Outstanding Parity Bond Resolutions. Except as expressly provided in this resolution, every term and condition contained in the Outstanding Parity Bond Resolutions shall apply to this resolution and to the Bonds with the same force and effect as if it were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this resolution.

Section 35. Payments Due on Holidays. If an Interest Payment Date is not a Business Day, then payment shall be made on the next Business Day and, except as specifically set forth herein, no interest shall accrue for the intervening period.

Section 36. Resolution as Contract. In consideration of the acceptance of the Bonds by the Bondowners thereof, the provisions of this resolution shall be deemed to be and shall constitute a contract between the District and such Bondowners to secure the full and final payment of the principal of, and interest on, the Bonds, and to achieve the anticipated tax characteristics with respect to the Bonds, subject to the conditions, covenants and terms contained herein.

Section 37. Effective Date. This resolution shall take effect immediately after its adoption.

ADOPTED AND APPROVED by the Commission of Public Utility District No. 1 of Cowlitz County, Washington, at a regular meeting this 22nd day of April, 2025.

**PUBLIC UTILITY DISTRICT NO. 1 OF  
COWLITZ COUNTY, WASHINGTON**

By: \_\_\_\_\_  
President

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

\_\_\_\_\_  
Secretary

**EXHIBIT A**

**FORM OF BOND**

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON  
PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON  
PRODUCTION SYSTEM REVENUE REFUNDING BOND, 2025[\_\_\_\_]

INTEREST RATE: \_\_\_%

MATURITY DATE:

CUSIP NO.: \_\_\_\_\_

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT:

Public Utility District No. 1 of Cowlitz County, Washington (the “District”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from \_\_\_\_\_, 2025, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_ 1, 20\_\_, and semiannually thereafter on the first days of \_\_\_\_\_ and \_\_\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the District to DTC.

This bond is one of an authorized issue of bonds of like date, series and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”), and is issued pursuant to Resolution No. 2825 (the “Bond Resolution”) adopted by the Commission on April 22, 2025, to refund all or a portion of the outstanding bonds of the Production System, to fund the Reserve Account Requirement, if necessary, and pay costs of issuance for the Bonds. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Resolution.

The District has reserved the right to redeem the Bonds prior to their maturity as set forth in the Bond Resolution and in the Bond Purchase Contract.

The Bonds are payable solely from the special fund of the District known as the “Production System Revenue Bond Account” (the “Bond Account”) created by Resolution No. 2514 of the District. The District has irrevocably obligated and bound itself t/o pay into the

Bond Account out of Revenue of the Production System, including Electric System Revenues received from the Electric Distribution System to pay Production System Costs, or from such other money as may be provided for such purpose, certain amounts necessary to pay and secure the payment of the principal and interest on the District's Outstanding Parity Bonds, the Bonds and any Future Parity Bonds. The District has pledged to set aside from the Revenue Fund out of the Revenue of the Production System and to pay into the Bond Account the various amounts required by the Bond Resolution to be paid into and maintained in such Fund within the times provided by the Bond Resolution.

The District hereby irrevocably covenants and agrees with the registered owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Resolution to be by it kept and performed. Reference is hereby made to the Bond Resolution for a complete statement of such covenants.

The pledge of Revenue of the Production System and other obligations of the District under the Bond Resolution may be discharged at or prior to the maturity of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

This bond is a special revenue obligation of the District and is not an obligation of the State of Washington or any political subdivision thereof other than the District, and neither the full faith and credit nor the taxing power of the District or the State of Washington is pledged to the payment of this bond.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication has been manually signed by the Bond Registrar.

This bond is transferable only on the records maintained by the Bond Registrar for that purpose upon the surrender of this bond by the Registered Owner or his/her duly authorized agent and only if endorsed in the manner provided hereon, and a new fully registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange. Such exchange or transfer shall be without cost to the Registered Owner or transferee. The District and Bond Registrar may deem the person in whose name this bond is registered to be the absolute owner for the purpose of receiving payment of the principal of and interest on this bond and for all other purposes.

The District has not designated the bonds of this issue as "qualified tax-exempt obligations" for purchase by financial institutions.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and resolutions of the District to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the Bonds of this series does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

The District has caused this bond to be executed by the manual or facsimile signature of the President of the Commission to be attested by the manual or facsimile signature of the Secretary of the Commission, and has caused the seal of the District to be impressed or imprinted on this bond, as of this \_\_\_\_\_, 2025.

[S E A L]

PUBLIC UTILITY DISTRICT NO. 1 OF  
COWLITZ COUNTY, WASHINGTON

By \_\_\_\_\_ /s/\_\_\_\_\_  
President of the Commission

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Secretary of the Commission

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Dated: \_\_\_\_\_

This is one of the Public Utility District No. 1 of Cowlitz County, Washington, Production System Revenue Refunding Bonds, 20\_\_\_\_, dated \_\_\_\_\_, 20\_\_\_\_, described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT,  
as Bond Registrar

By \_\_\_\_\_ /s/\_\_\_\_\_  
Authorized Signatory



**PUBLIC UTILITY DISTRICT NO 1  
COWLITZ COUNTY, WASH.**

# Public Utility District No. 1 of Cowlitz County, Washington

Briefing to Board of Commissioners

Refinancing of:

Production System Revenue Refunding Bonds, 2014

Production System Revenue Refunding Bonds, 2015

**April 22, 2025**

# Summary and Presentation Agenda

- **Summary**

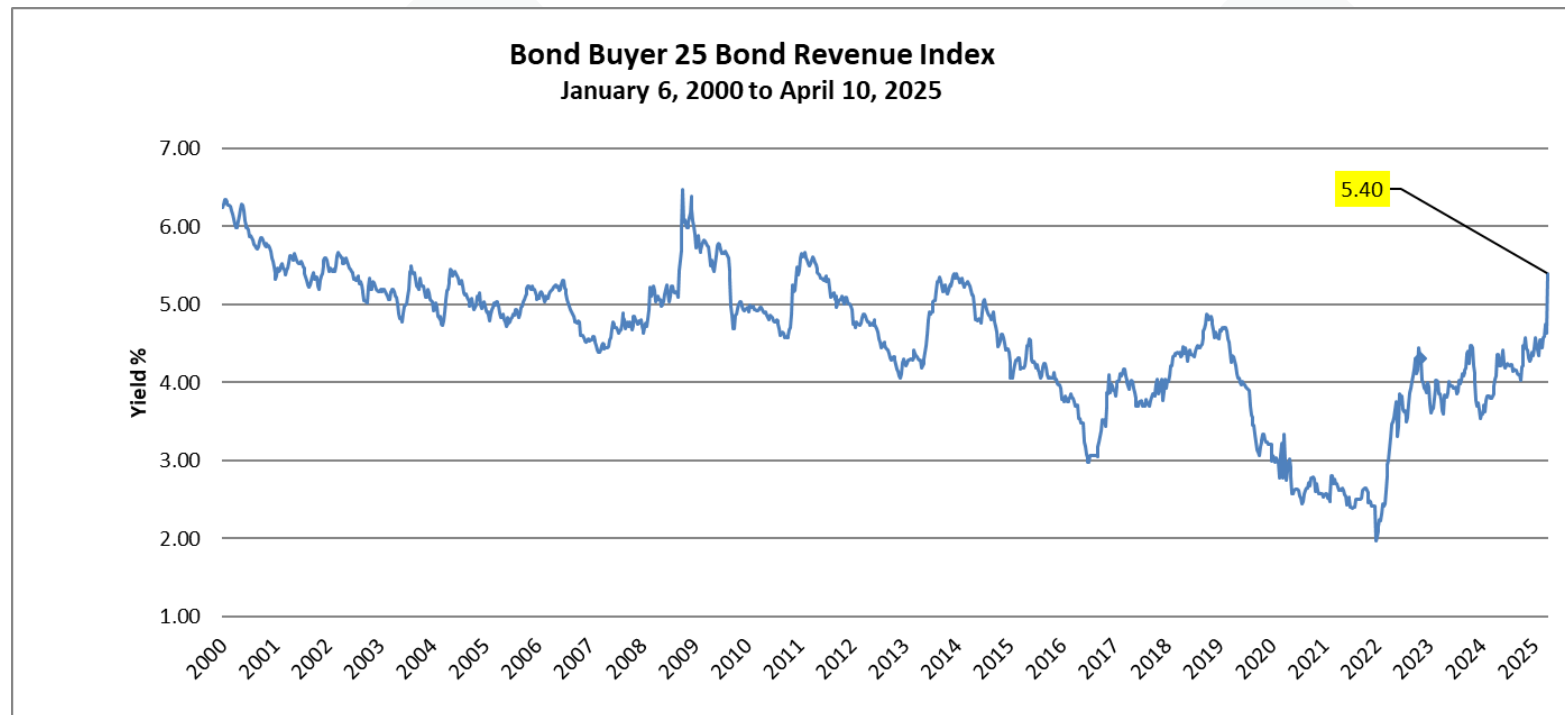
- The District has two Production System bonds that are callable at the District's option
  - *The District may refinance and/or payoff some or all of these bonds at any time*
- The process to issue new bonds to refinance outstanding bonds takes approximately three months
- Today, we are seeking Commission approval to refinance the bonds
- With approval of the Bond Resolution and at the direction of the CFO, the financing team and District staff will proceed with the process of refinancing the outstanding bonds within the parameters set forth in the Bond Resolution

- **Presentation Agenda**

- Current Bond Market
- Outstanding Bonds
- Refunding Analysis (Estimated Refunding Savings)
- Financing Next Steps

# Current Bond Market

- **The imposition of tariffs caused the municipal bond market's interest rates to increase significantly the week of April 7**
  - Following the initial tariff announcements, benchmark tax-exempt MMD yields increased 85-100 bps across the curve, the biggest three-day price decline since March 2020
- **Following a 90-day tariff reprieve, MMD rallied and fell 45-48 bps across the curve, causing the biggest one-day rally in municipal bonds since March 2020**
- **The chart below shows an index of 25 revenue bonds maturing in 30 years with an average rating of A1/A+**

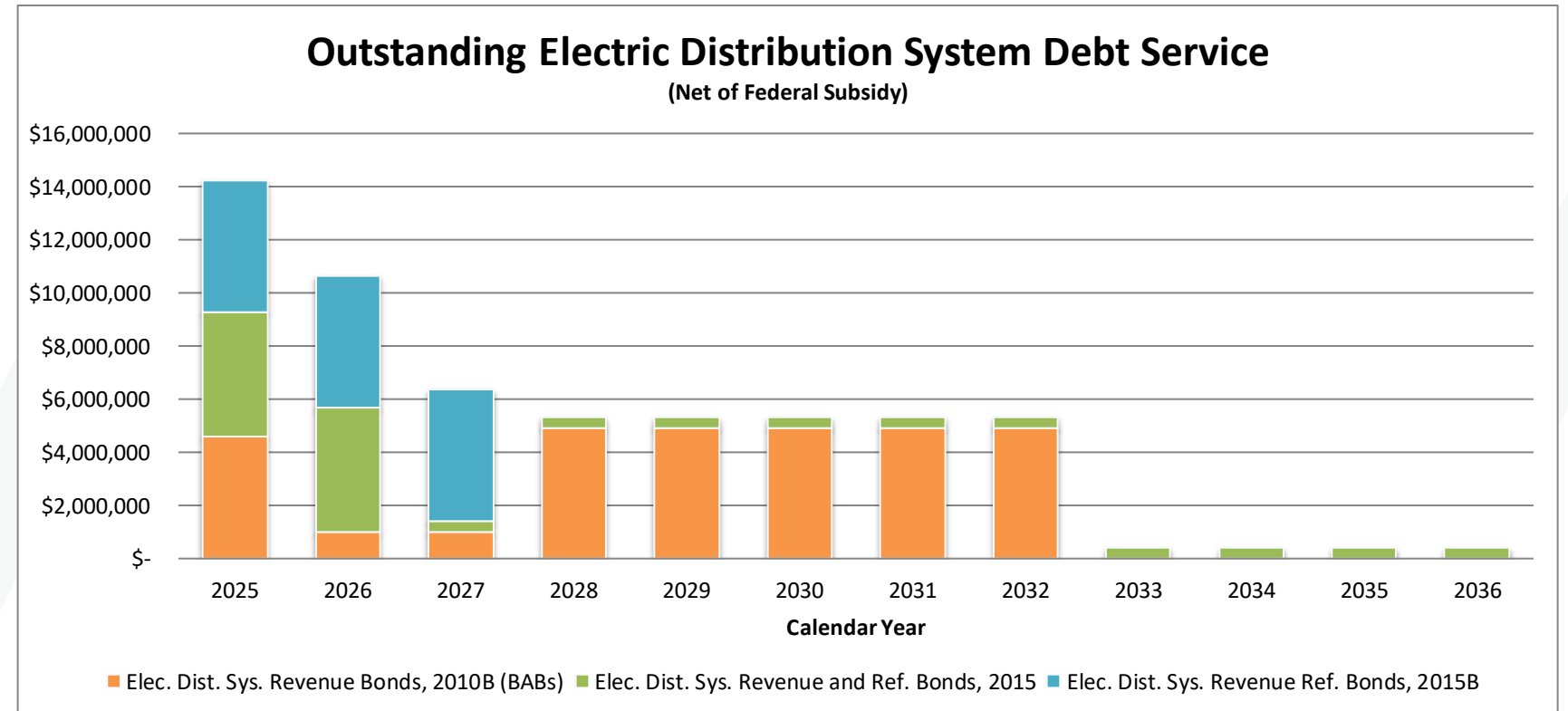


# Outstanding Electric Distribution System Debt

- The Electric Distribution System bonds are currently callable or soon will be callable
- Under current market rates, there isn't sufficient savings to refinance these bonds

## Electric Distribution System Revenue Bonds

	<u>Par Outstanding</u>	<u>Callable Par</u>	<u>Final Maturity</u>	<u>Coupon Range</u>	<u>Call Date</u>
Elec. Dist. Sys. Revenue Bonds, 2010B (BABs)	\$ 24,950,000	\$ 24,950,000	9/1/32	6.188% - 6.884%	Make Whole
Elec. Dist. Sys. Revenue and Ref. Bonds, 2015	12,065,000	12,065,000	9/1/36	3.25% - 4.00%	3/1/25
Elec. Dist. Sys. Revenue Ref. Bonds, 2015B	13,510,000	9,225,000	9/1/27	5.00%	9/1/25
<b>Total Electric Distribution System Revenue Bonds Debt</b>	<b>\$ 50,525,000</b>	<b>\$ 46,240,000</b>			

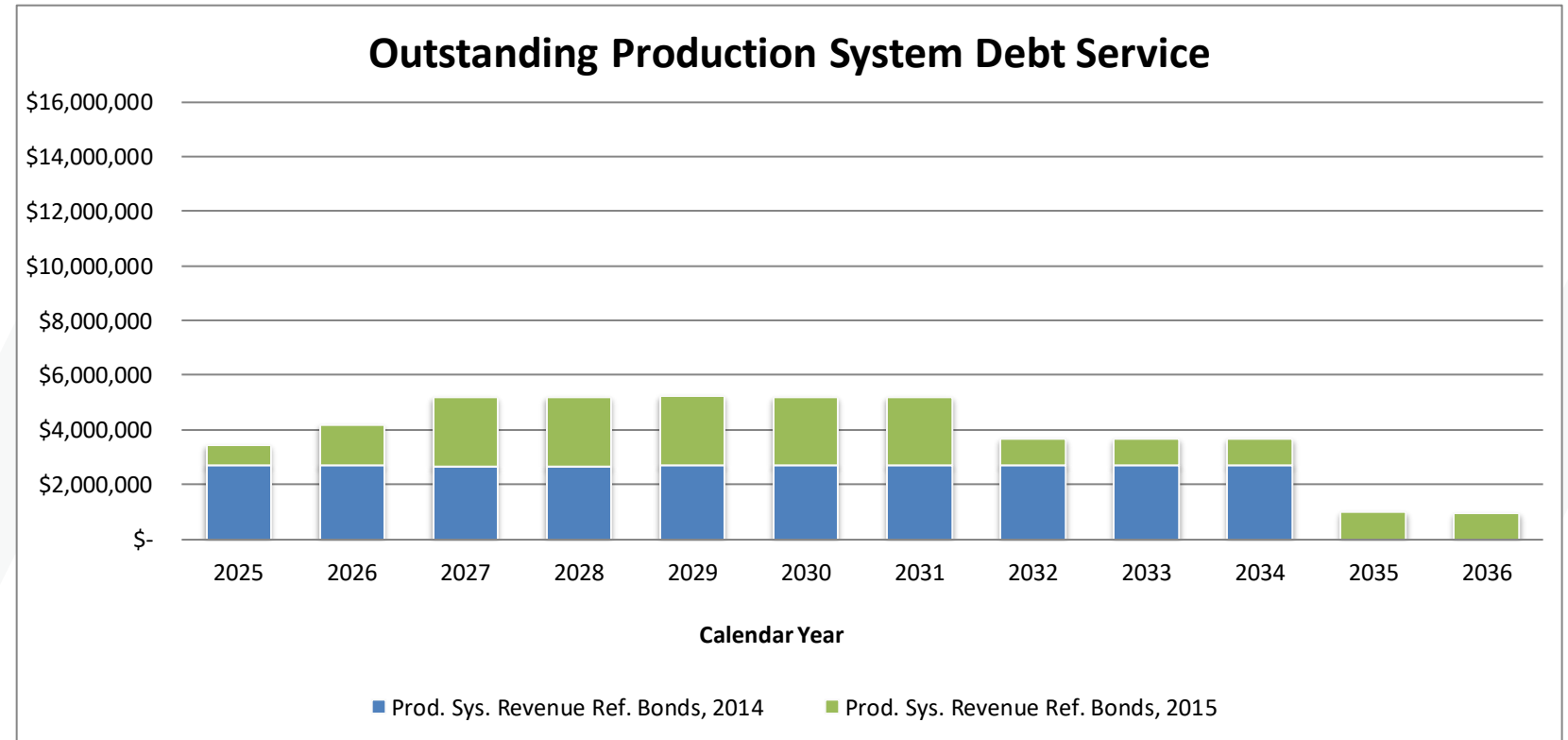


# Outstanding Production System Debt

- Both Production System Bonds are currently callable
- The 2014 Bonds have an average interest rate of 5.00%
- The 2015 Bonds have an average interest rate of 4.21%
- Under current bond market interest rates, each refunding produces different levels of savings

## Production System Revenue Bonds

	Par Outstanding	Callable Par	Final Maturity	Coupon Range	Call Date
Prod. Sys. Revenue Ref. Bonds, 2014	\$ 20,690,000	\$ 20,690,000	9/1/34	5.00%	3/1/24
Prod. Sys. Revenue Ref. Bonds, 2015	15,645,000	15,645,000	9/1/36	3.25% - 5.00%	3/1/25
<b>Total Production System Revenue Bonds Debt</b>	<b>\$ 36,335,000</b>	<b>\$ 36,335,000</b>			



# Refunding Analysis (as of April 16, 2025)

- Under current market conditions, the refundings produce the following Net Present Value Savings:
  - 2014 Refunding: NPV savings of \$878,573, equal to 4.25% of the refunded bonds' principal
  - 2015 Refunding: NPV savings of \$150,016 or equal to 0.96% of the refunded bonds' principal
- The minimum Net Present Value savings target in the Bond Resolution is 3.00%
- The savings shown assume all outstanding bonds are refunded
  - Certain maturities, if refunded, cause a drag on savings and may be excluded from the refunding

	Refund All Maturities		
	2014	2015	Total
Final Maturity	9/1/2034	9/1/2036	9/1/2036
Par Amount Outstanding	\$ 20,690,000	\$ 15,645,000	\$ 36,335,000
Par Amount Callable	\$ 20,690,000	\$ 15,645,000	\$ 36,335,000
Call Date	3/1/2024	3/1/2025	
Average Interest Rate	5.00%	4.21%	4.65%

	Refund All Maturities		
	2014	2015	Total
<b>Estimated Refunding Summary</b>			
Issuance Date	5/21/2025	5/21/2025	
Par Amount of Refunding Bonds	\$ 19,545,000	\$ 14,680,000	\$ 34,225,000
All-in TIC of Refunding Bonds	4.04%	4.04%	4.04%
Gross Savings	\$ 1,748,292	\$ 726,905	\$ 2,475,197
Average Annual Savings	\$ 184,031	\$ 63,209	
Net Present Value Savings	\$ 878,573	\$ 150,016	\$ 1,028,589
Net Present Value Savings %	4.25%	0.96%	2.83%

# Financing Next Steps

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Prepare Bond Resolutions

Board of Commissioners:  
Consideration / Approval of Bond Resolutions

Continue with documentation process –  
Preliminary Official Statement

Apply For and Obtain Bond Ratings

Bond Sale & Closing of the Bonds

# Contact Information



**NORTHWEST  
MUNICIPAL ADVISORS**

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**Ryan Neumeister**  
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(425) 452-9552

**Malinda Okerlund**  
Municipal Advisor  
[Malinda@NWMunicipalAdvisors.com](mailto:Malinda@NWMunicipalAdvisors.com)  
(425) 452-9553

# 1. Power Management

## 1.1 District Load Summary (TRL)

### 1.1.1 Non-Industrial Load

### 1.1.2 Major Industrial Load

## 1.2 Heating Degree Days

## 1.3 Precipitation & Temperature

## 1.4 Runoff Forecast

## 1.5 Regional Snowpack and ENSO Condition Update

## 1.6 Resource Performance

### 1.6.1 BPA Power

### 1.6.2 Swift No.2

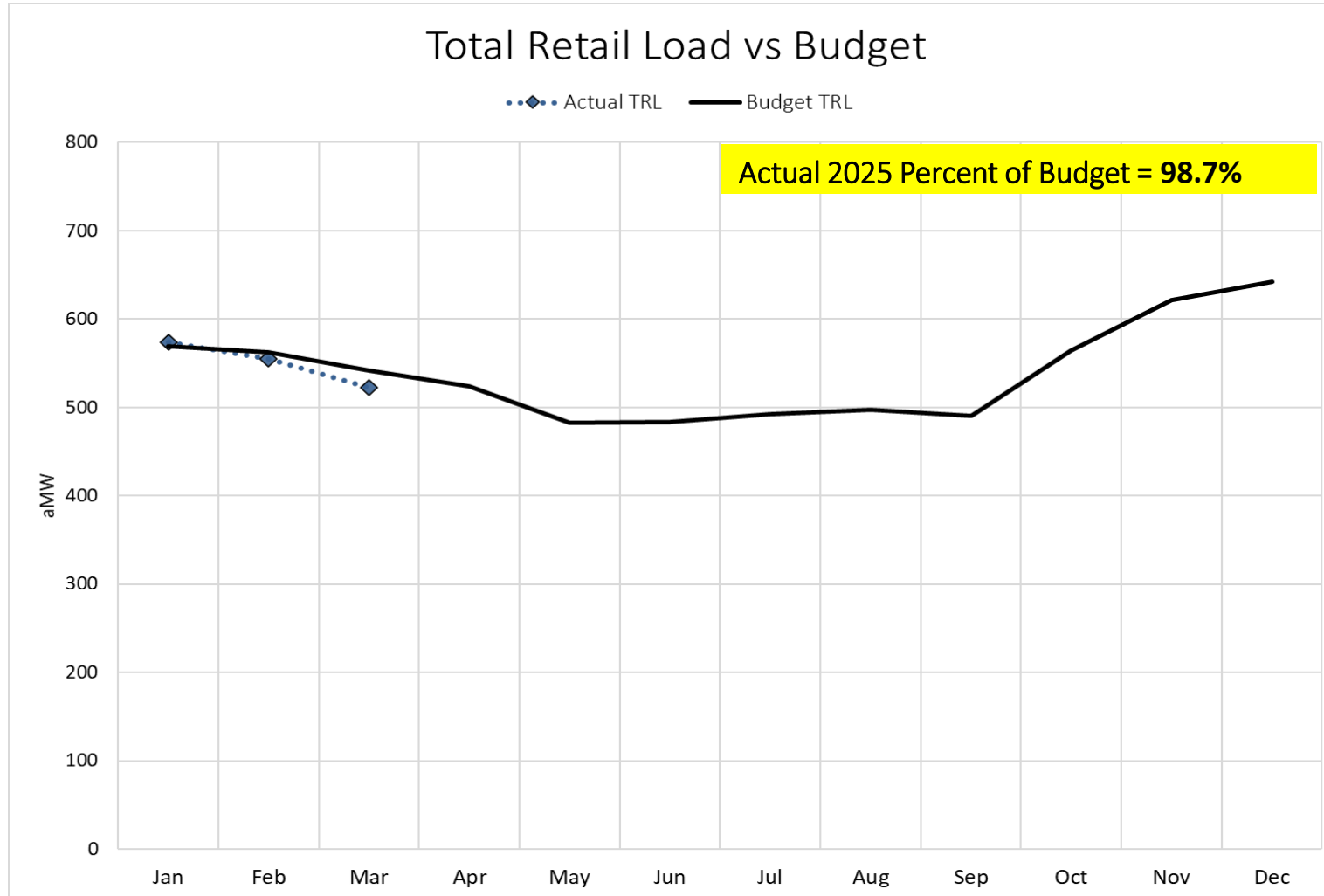
### 1.6.3 Wind (White Creek and Harvest Wind)

## 1.7 Wholesale Market Prices (Power & Natural Gas)

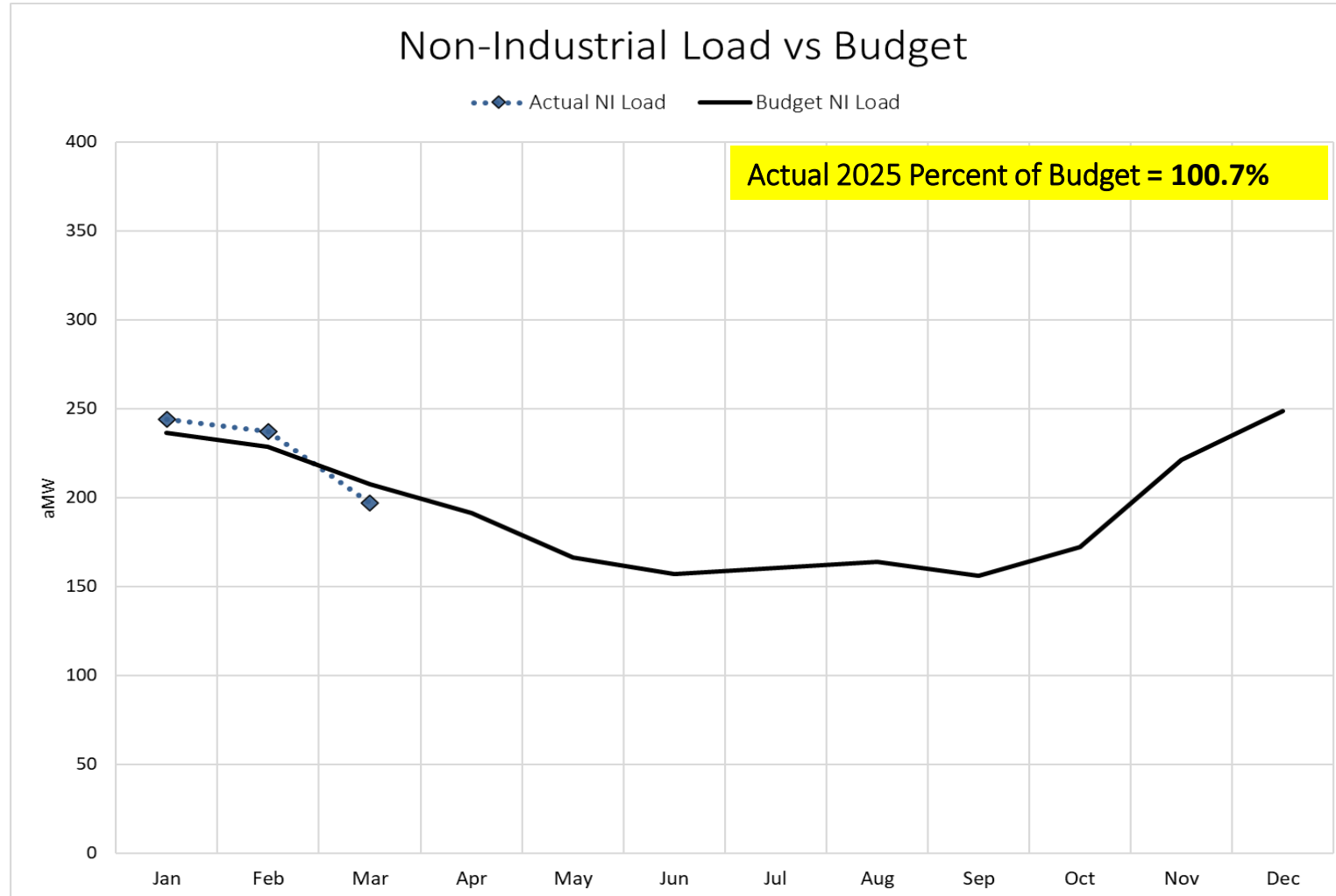
## 1.8 Net Secondary Sales Revenue

## 1.9 Net Power Cost – Non-Schedule 50

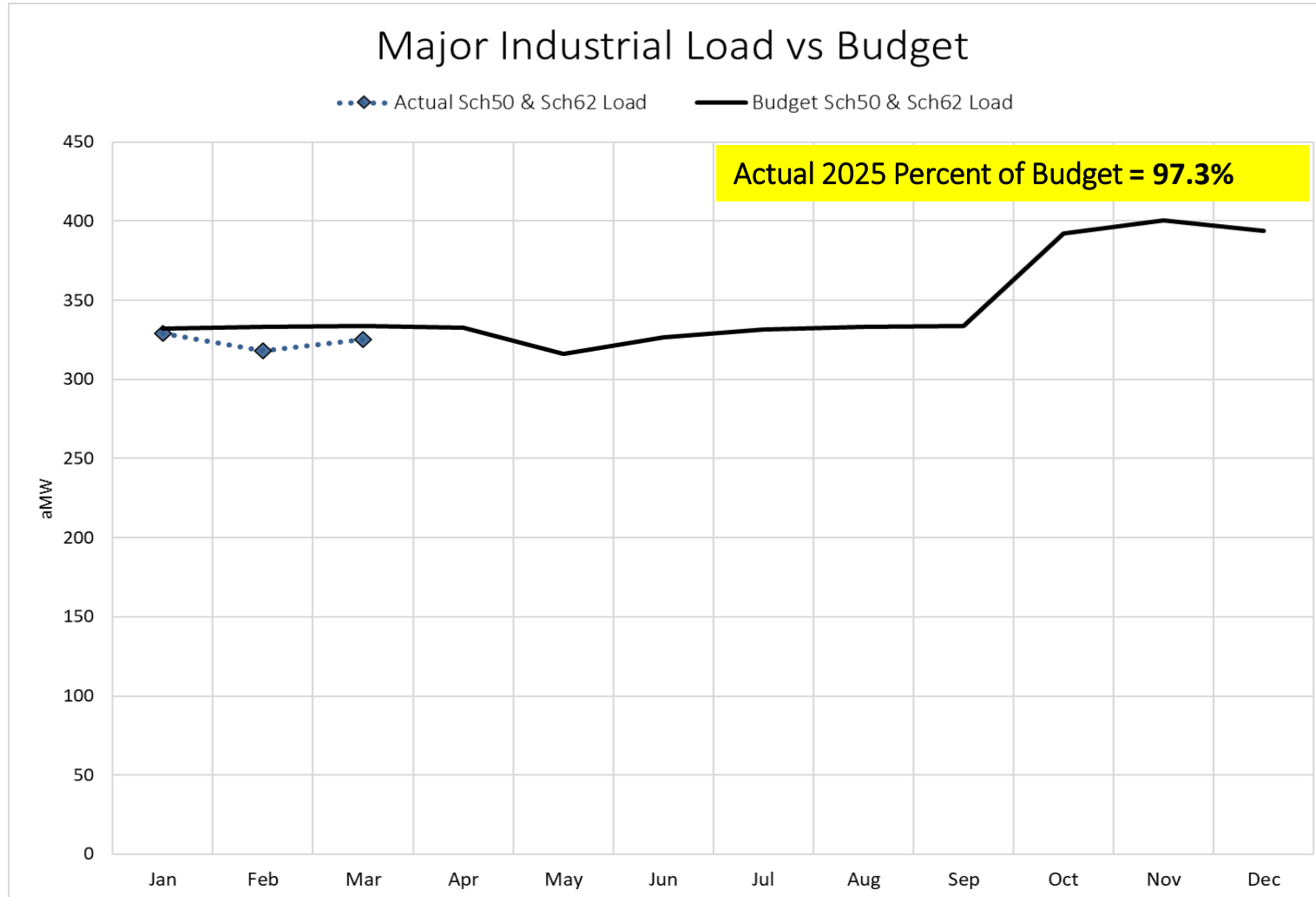
# 1.1 District Load Summary (Total Retail Load )



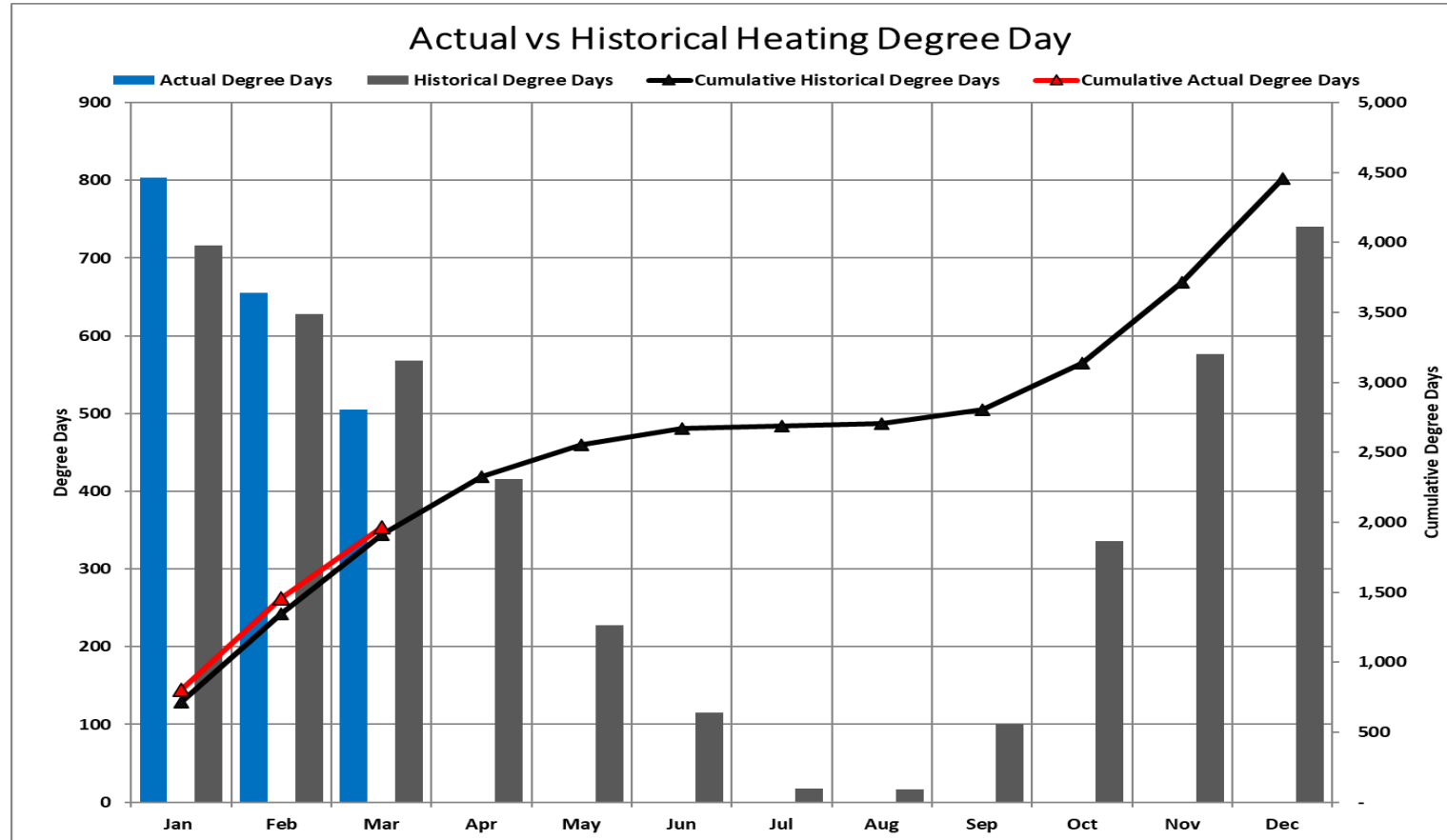
# 1.1.1 Non-Industrial Load Summary



## 1.1.2 Major Industrial Load Summary

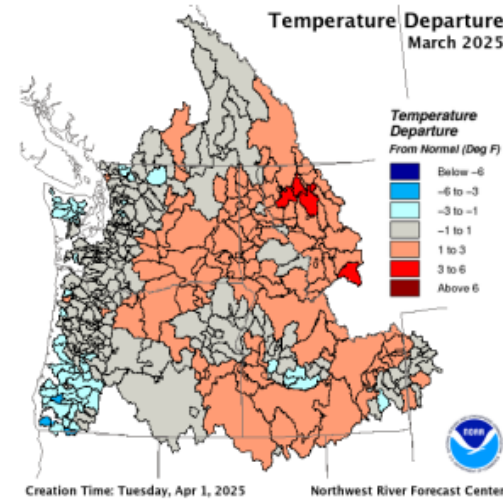
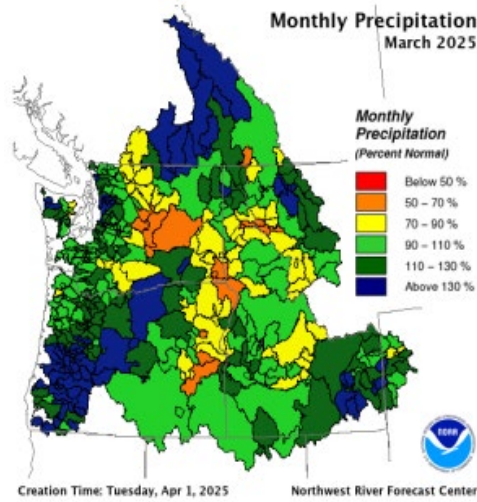
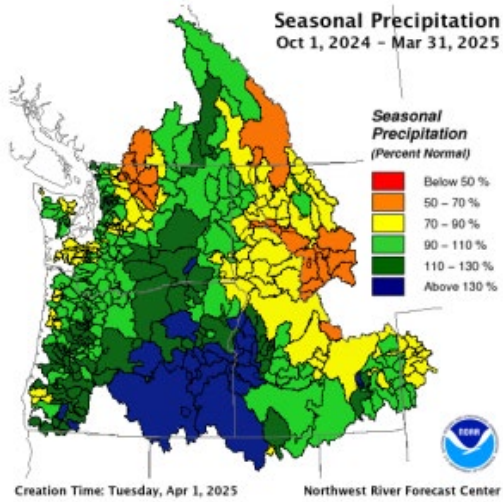


## 1.2 Heating Degree Days



Temperatures in March were above average, finishing at 89% of the historical average Heating Degree Days (HDD) for the month. The HDD year-to-date is currently 103% of average; a 5% decrease from the previous month's report.

# 1.3 Precipitation & Temperature

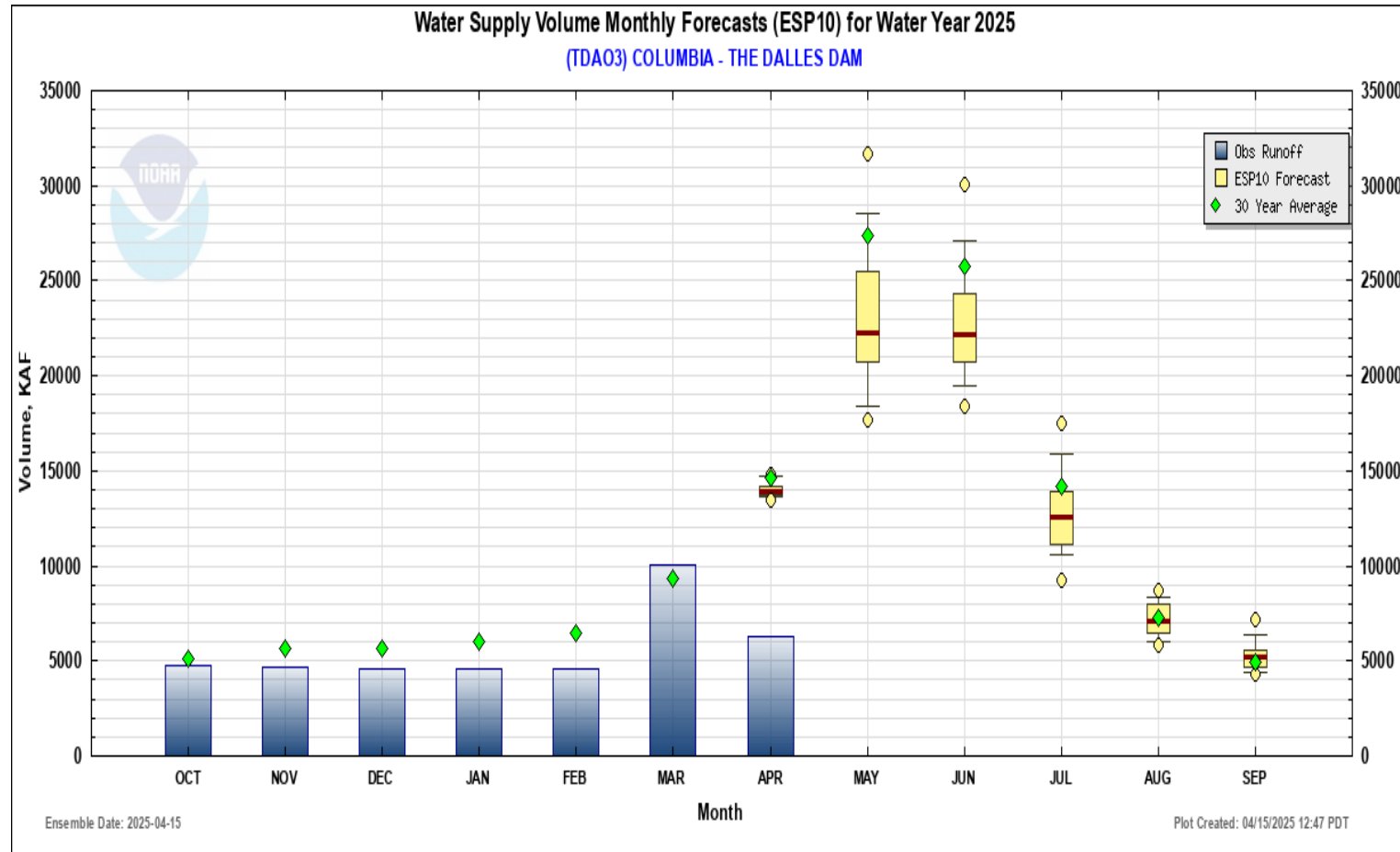


The seasonal precipitation map through March is nearly identical to the previous report, with the lower Snake basin experiencing above average levels. East of the Cascades continues to have below average accumulations, while the western region continues to see mostly average precipitation.

Most of the region received average to above average rainfall throughout March, with a few exceptions of below average precipitation recorded east of the Cascades and near Mt. Baker regions.

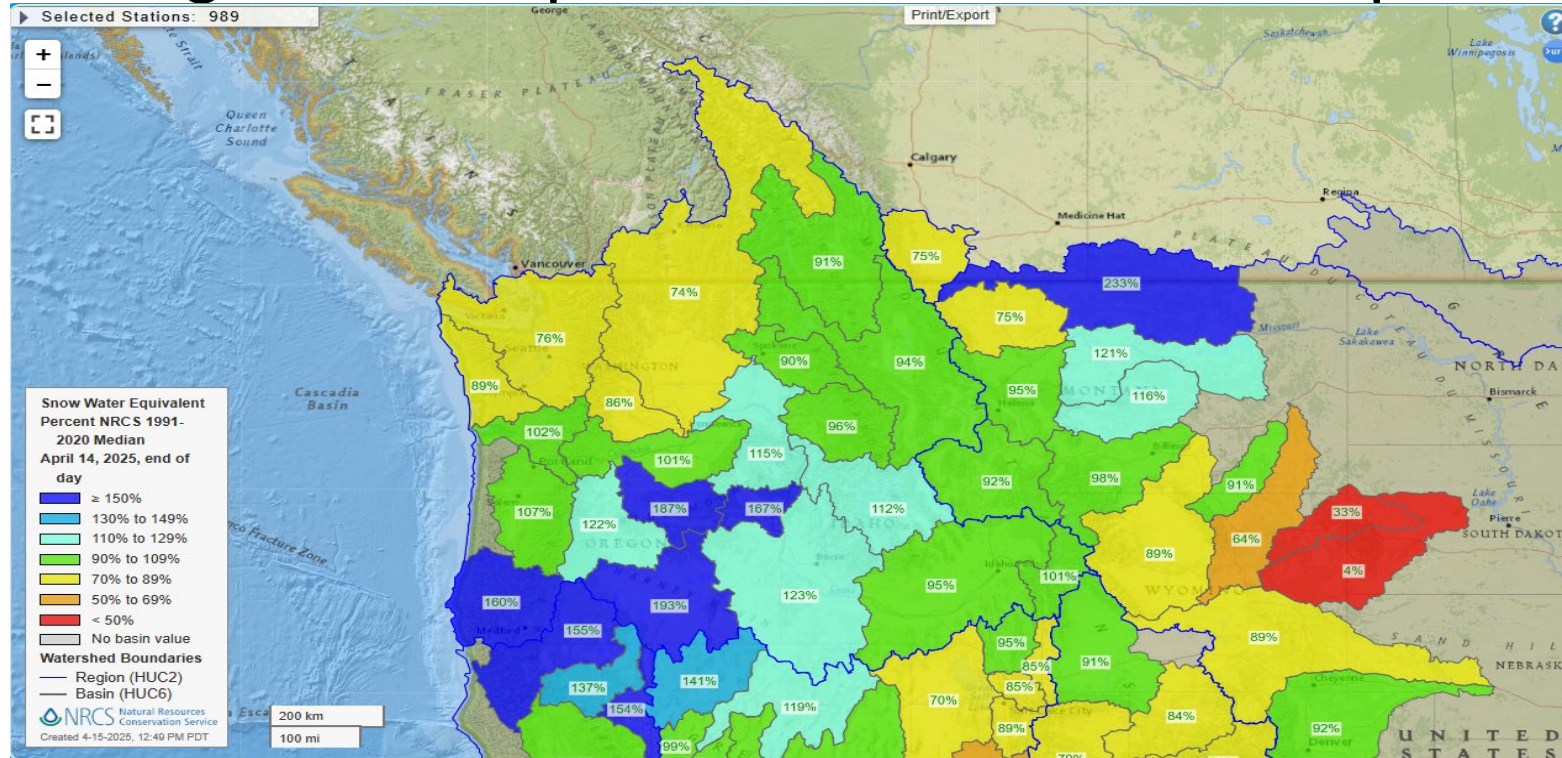
For the month of March, most the region experienced average to above average temperatures. With one small region in the southwest seeing below average temperatures.

# 1.4 Runoff Forecast



**March's water supply finished at 107% of average. April is forecasted to finish at 95% of average. The Water Supply Forecast at the Dalles for Oct-Sep is forecasted to be 89%, which is a 2% decrease from the previous month.**

# 1.5 Regional Snowpack and ENSO Condition Update



March's above average temperatures for the region had a slight impact on the snowpack levels for the upper Columbia and Cascade region, while most of the PNW maintains average to above average percentages, similar to February's report. Above average temperatures for April may be enough to trigger the beginning of the Runoff season.

The El Nino Southern Oscillation (ENSO) conditions for the 2025 Water Year, forecasted by the NOAA Climate Prediction Center, are now ENSO-neutral conditions and are expected to remain neutral through the summer. Neutral is also the most likely state through the fall (greater than 50% chance).

## 1.6 Resource Performance

BPA Federal System Power



### Annual Resource Projections vs Budget

The BPA Federal System is anticipated to produce 102% of the budgeted expected generation. Up 4% from the previous report.

Swift No. 2



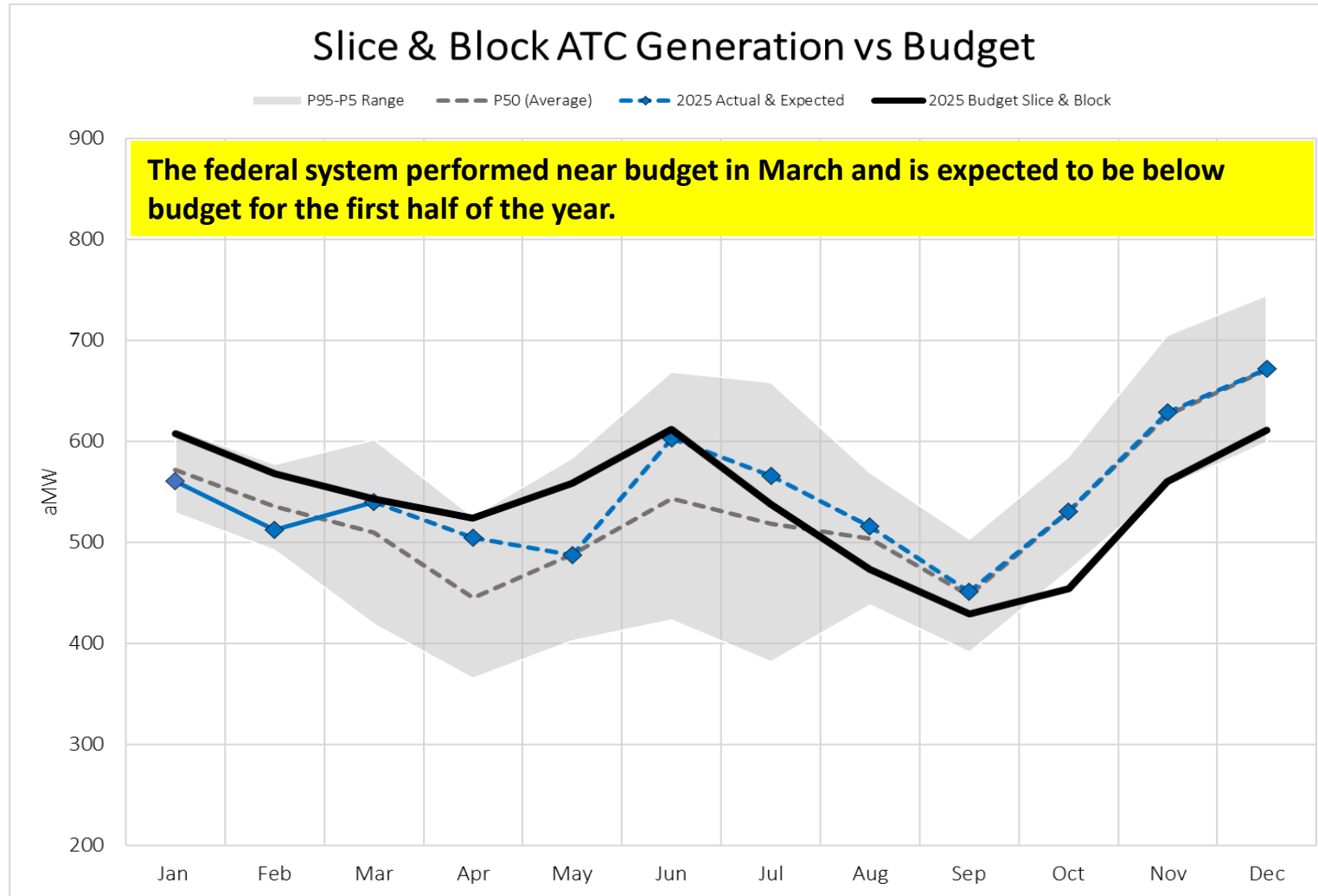
Swift No. 2 is currently anticipated to produce 96% of the budgeted expected ATC generation in 2025. Up 9% from the previous report.

Harvest & White Creek Wind

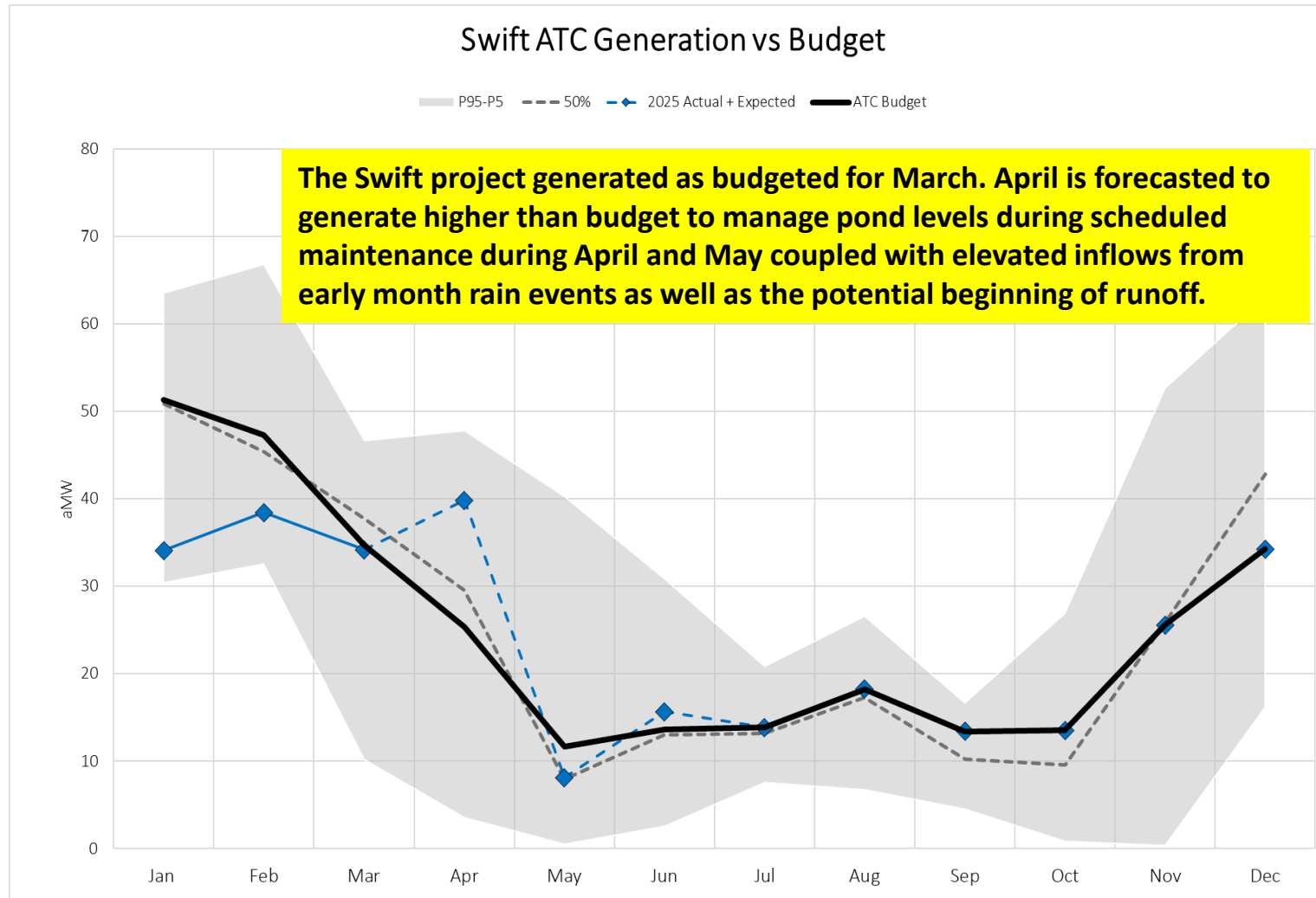


HW & WCW are anticipated to produce 95% of the budgeted expected generation in 2025. No change from the previous report.

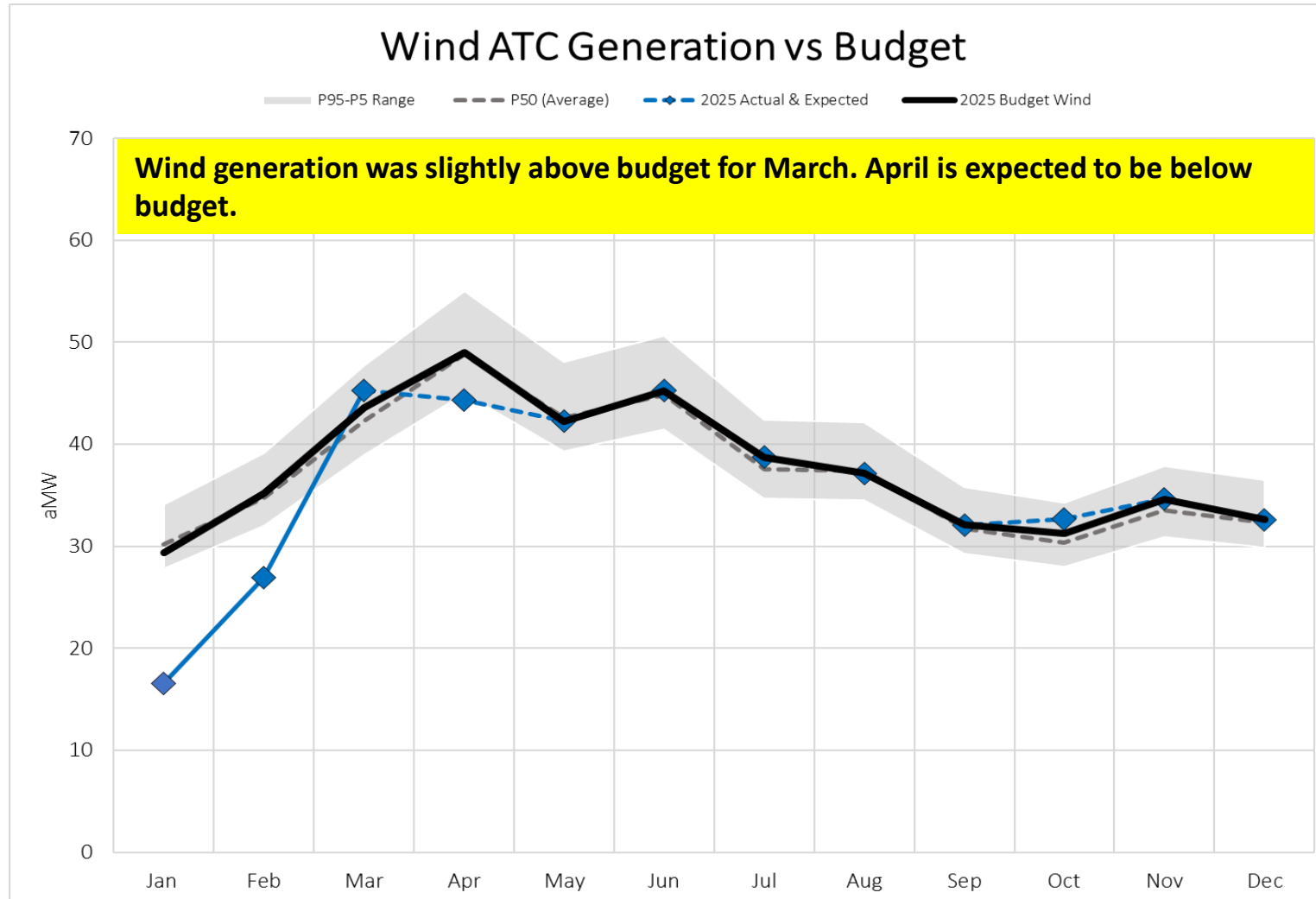
## 1.6.1 BPA Power



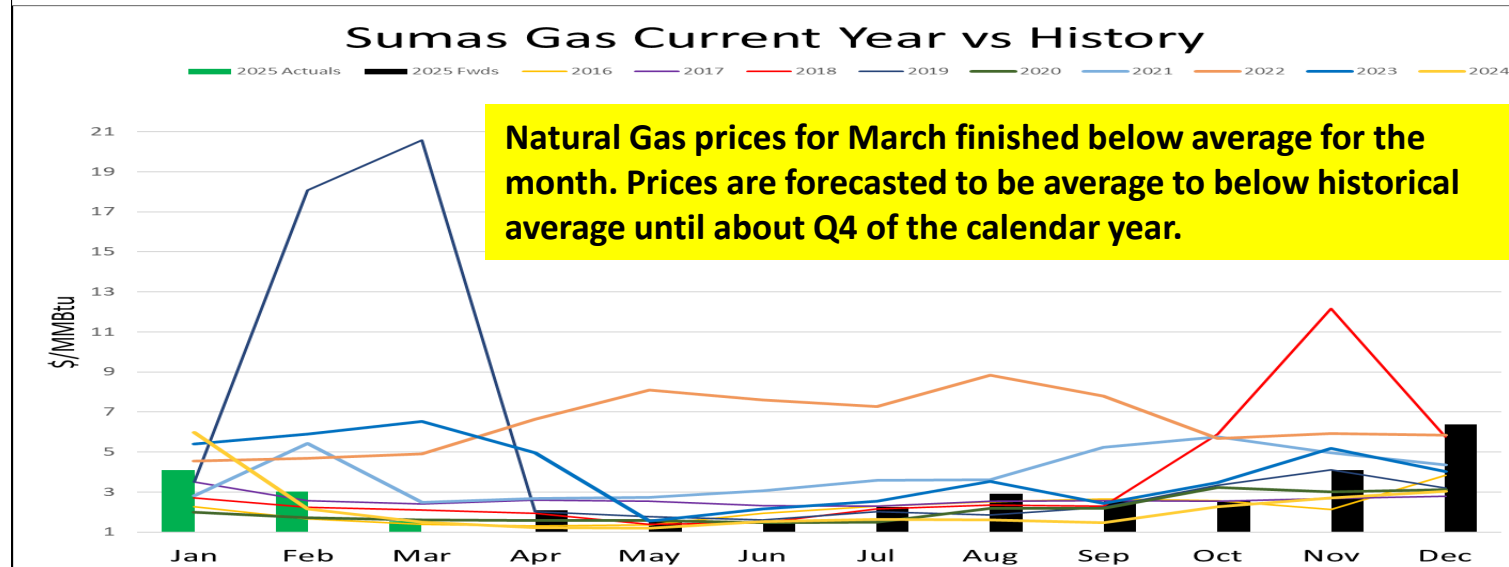
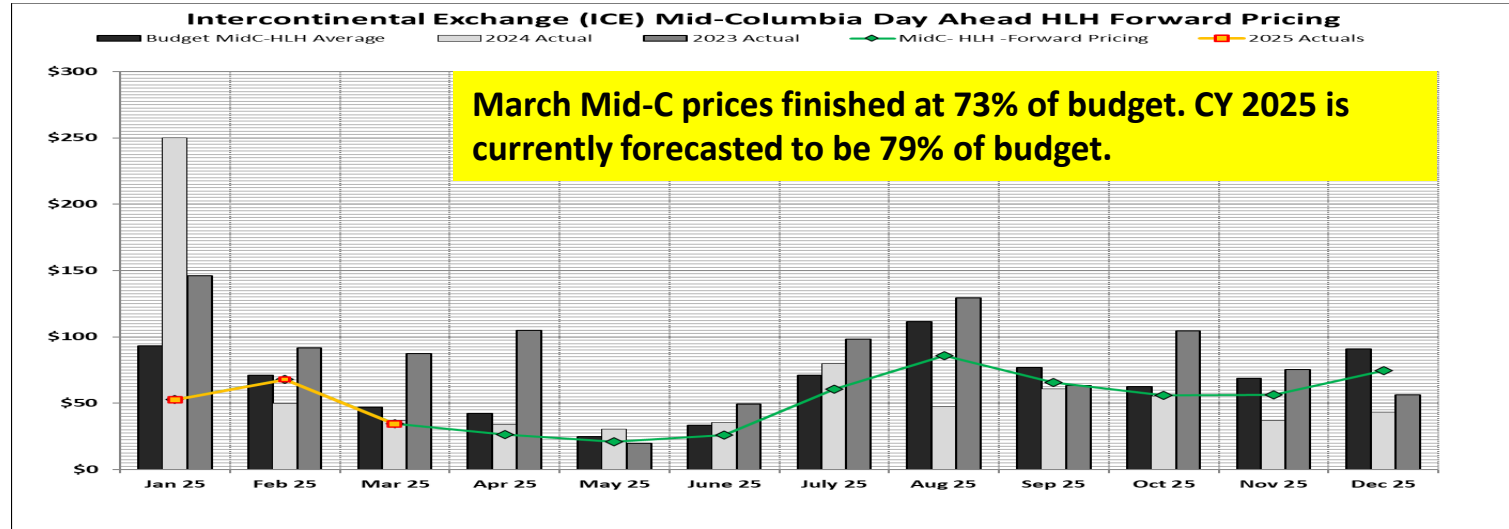
## 1.6.2 Swift No. 2 Generation



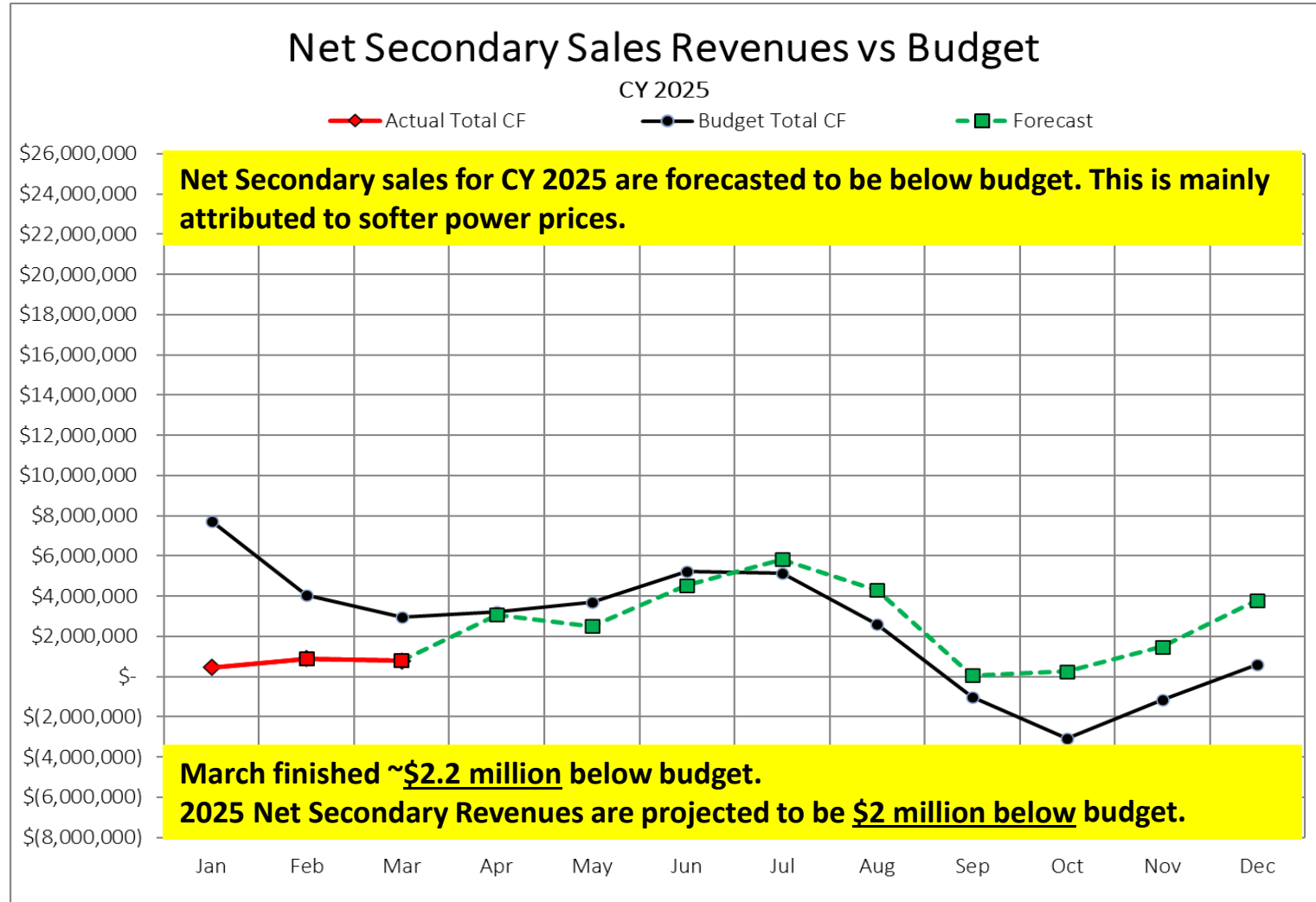
## 1.6.3 Wind (WC & HW)



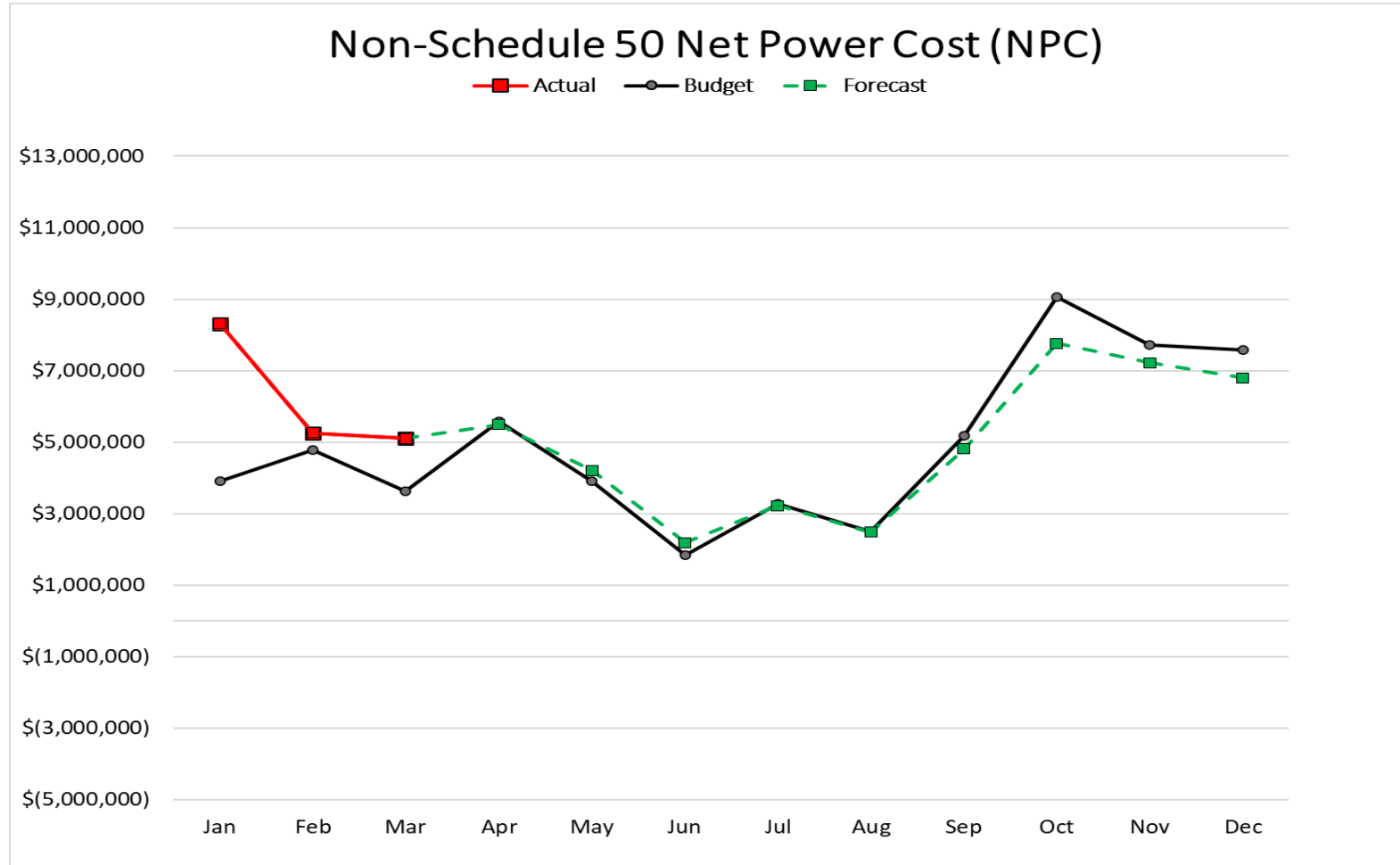
# 1.7 Wholesale Power Market Prices



# 1.8 Net Secondary Sales Revenue



# 1.9 Net Power Cost – Non-Schedule 50



**March's actual Non-Sch50 NPC was \$1.5 million above budget.  
Annual Non-Schedule 50 NPC is projected to be \$3.9 million above budget, reflecting an annual Non-Schedule 50 NPC of ~ \$62.9 million.**

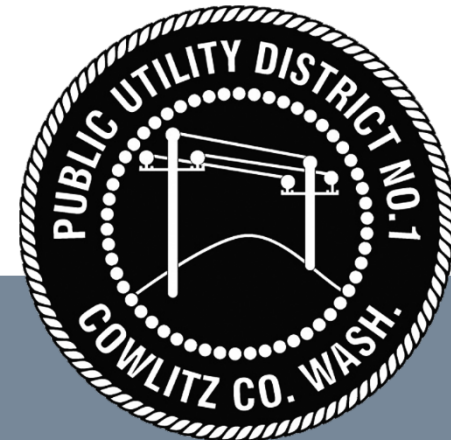
# **Cowlitz PUD**

# **Quarterly Energy Efficiency**

# **Program Update**

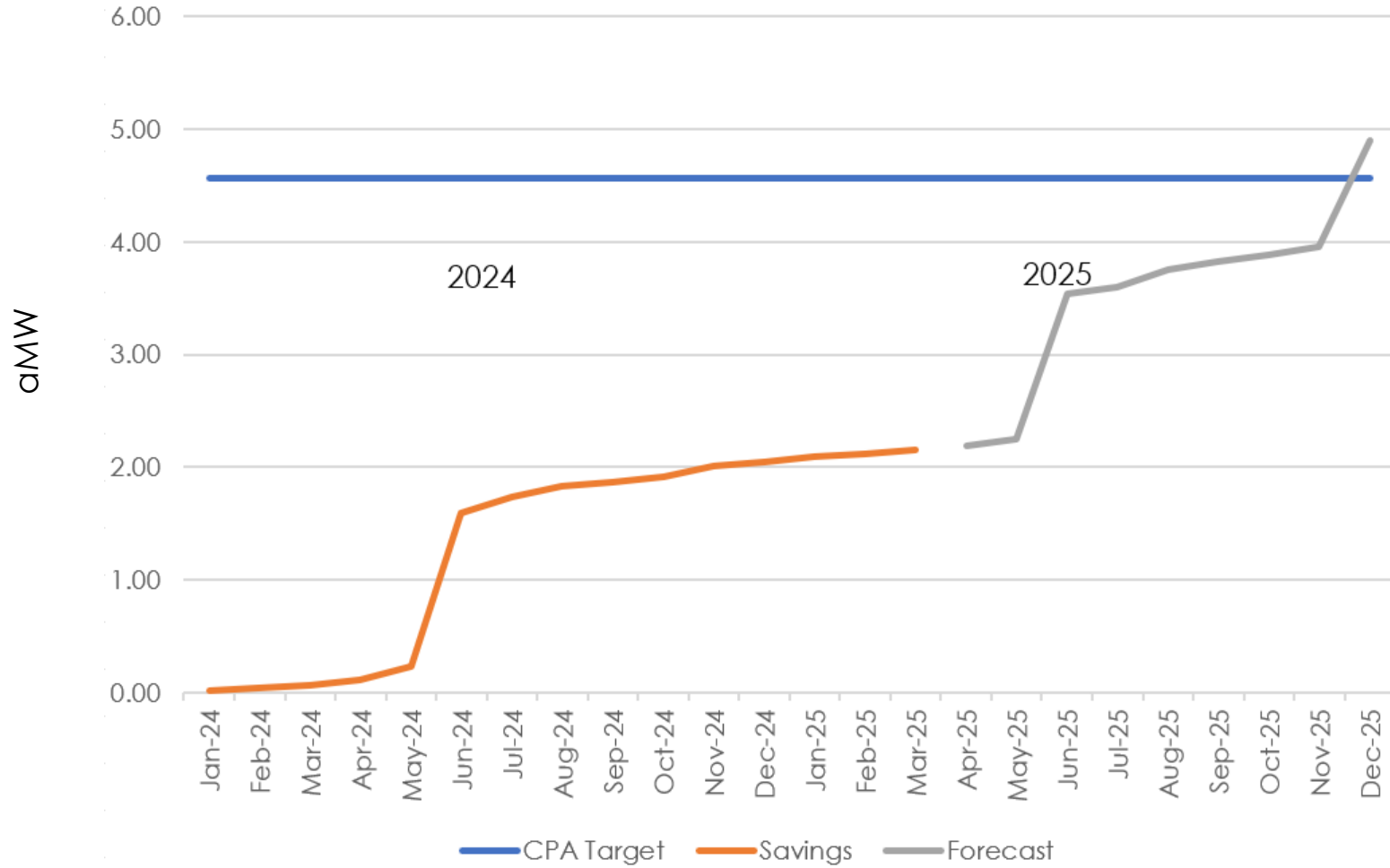
**April 22, 2025**

Jen Langdon, Energy Efficiency Manager



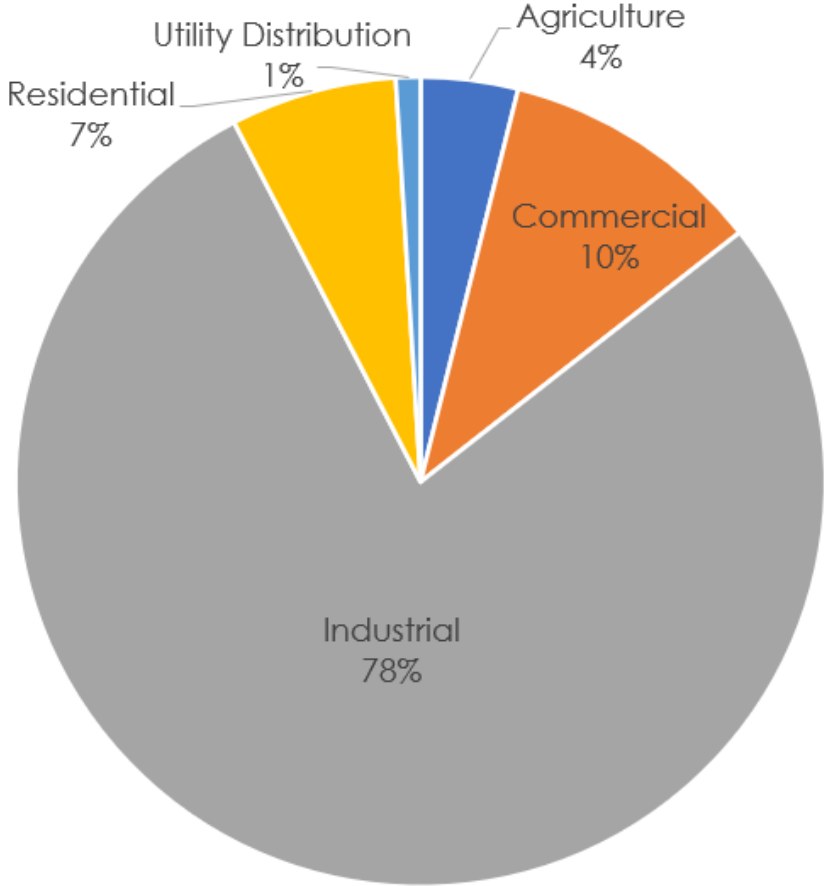
# Energy Efficiency Summary

2024 - 2025  
I-937 Biennium

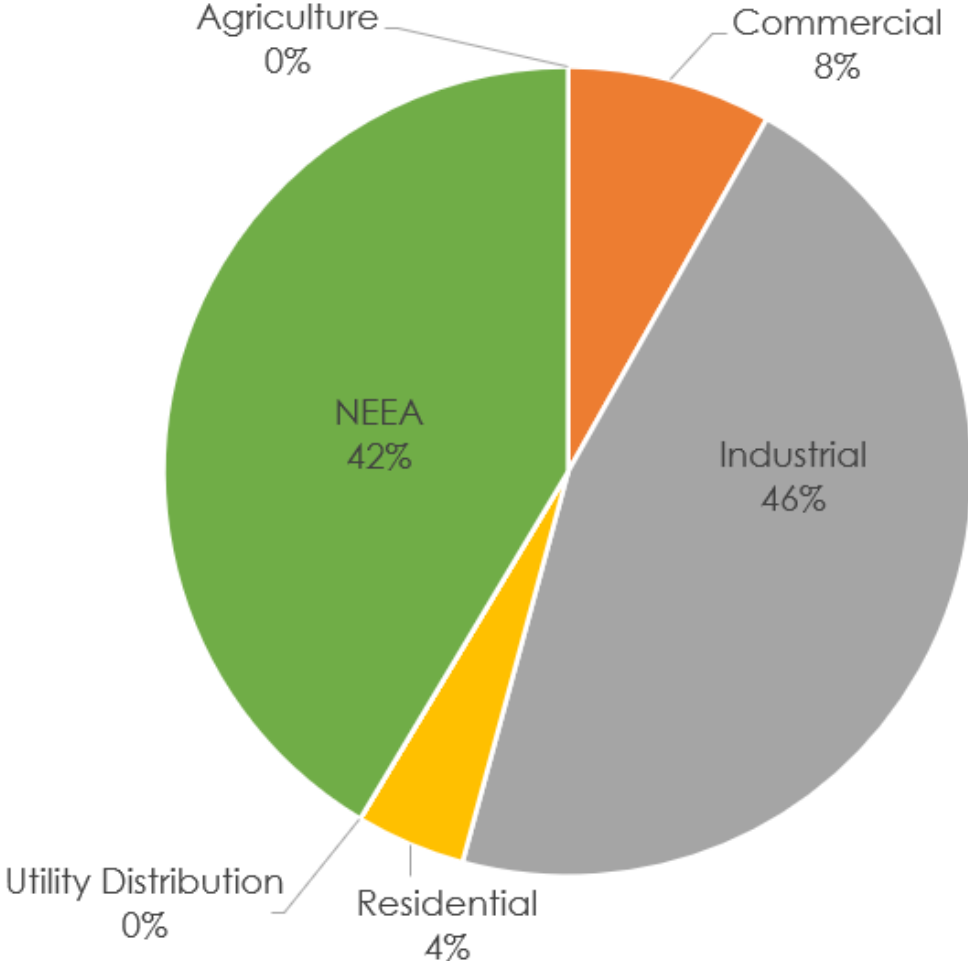


Note: December forecast includes 2024 and 2025 NEEA savings estimate

# Savings by Sector



Savings achieved to date  
1/1/2024 to 03/31/2024



Forecast savings  
4/1/2025 to 12/31/2025

# Residential Programs

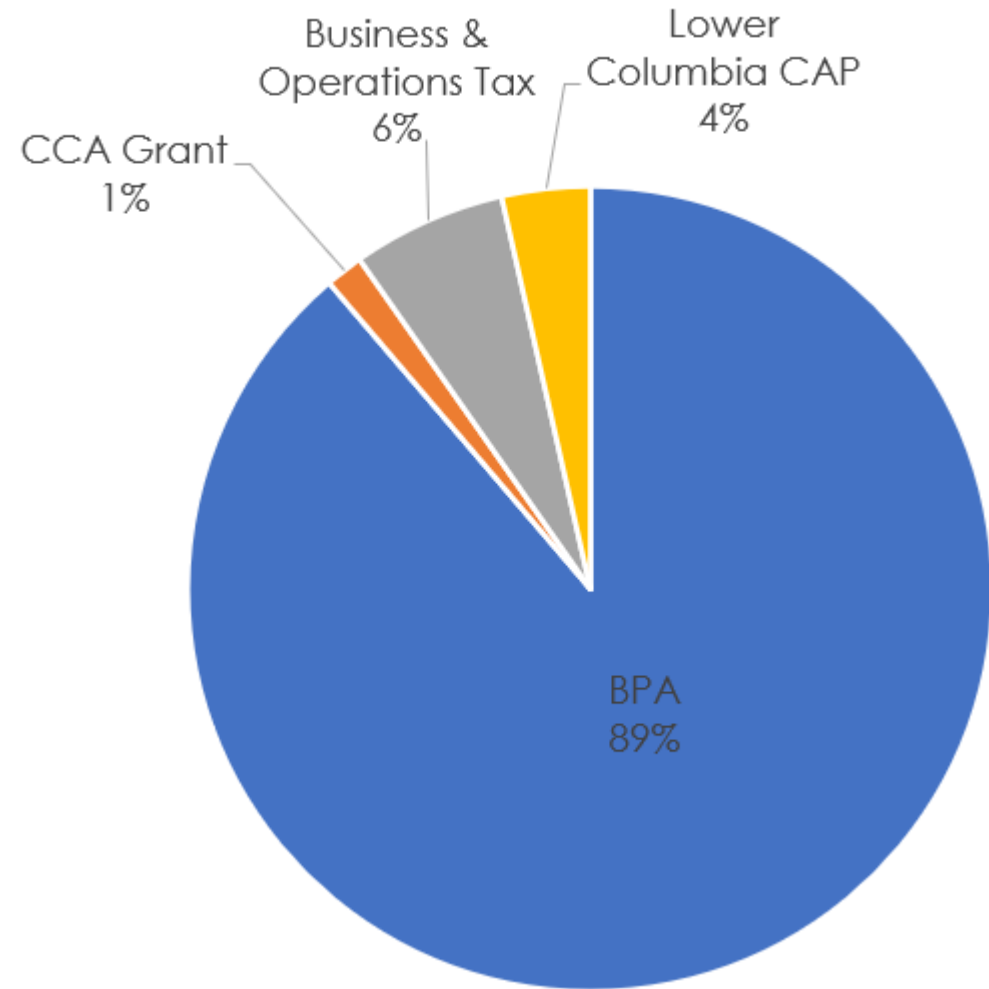
## Current Funding Sources and Project Types

**BPA:** HVAC, Water Heating, Weatherization, Clothes Washers/Dryers, EV Chargers

**Climate Commitment Act (CCA) Grant:** Cold Climate Heat Pumps

**Business and Operations Tax:** Heat Pump Water Heaters

**Lower Columbia CAP:** HVAC and Weatherization

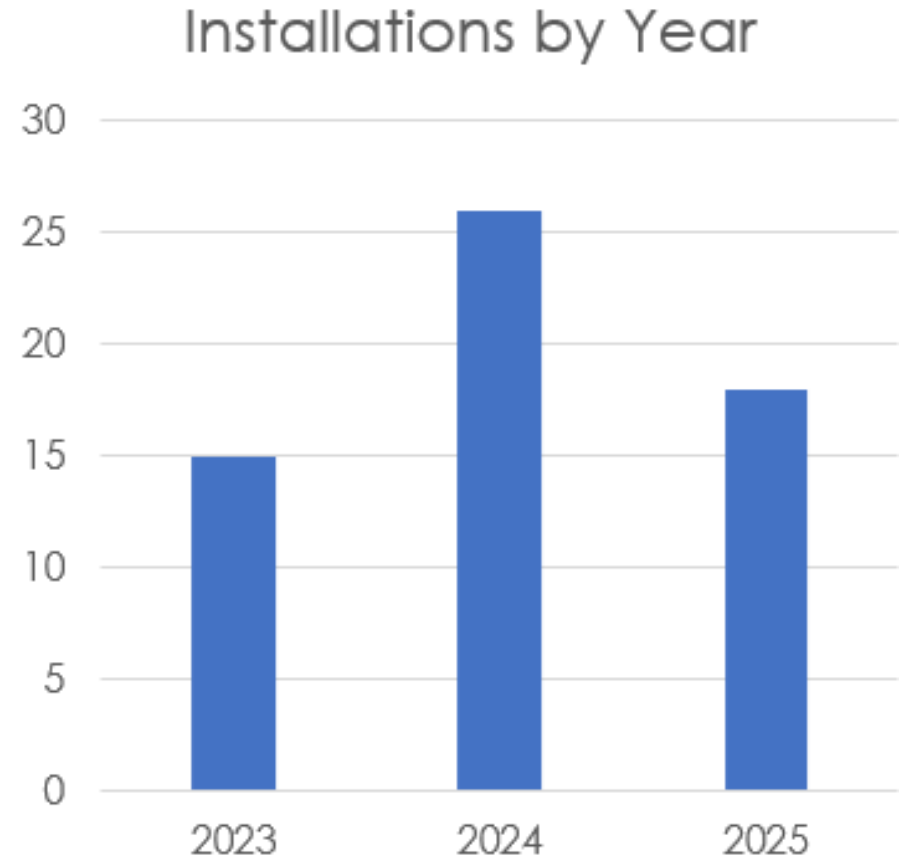


# Business & Operations

## Tax Funding

### Heat Pump Water Heater Installations

- Single Family Homes
- Manufactured Homes
- 80% AMI or less



# CCA Home Electrification and Appliance Rebate (HEAR) Program

## Status Update:

- Awarded \$1.5 million
- Two apartment complexes (Kelso, 26 units and Woodland, 56 units)



The *Income Qualified Ducted and Ductless Cold Climate Heat Pump Program* is supported with funding from Washington's Climate Commitment Act. The CCA supports Washington's climate action efforts by putting cap-and-invest dollars to work reducing climate pollution, creating jobs, and improving public health. Information about the CCA is available at [www.climate.wa.gov](http://www.climate.wa.gov).

Grant applied to Heat Pumps	\$	1,311,946.00
Grant applied to Admin Costs	\$	231,519.00
<b>Total Grant Funding</b>		<b>\$ 1,543,466</b>

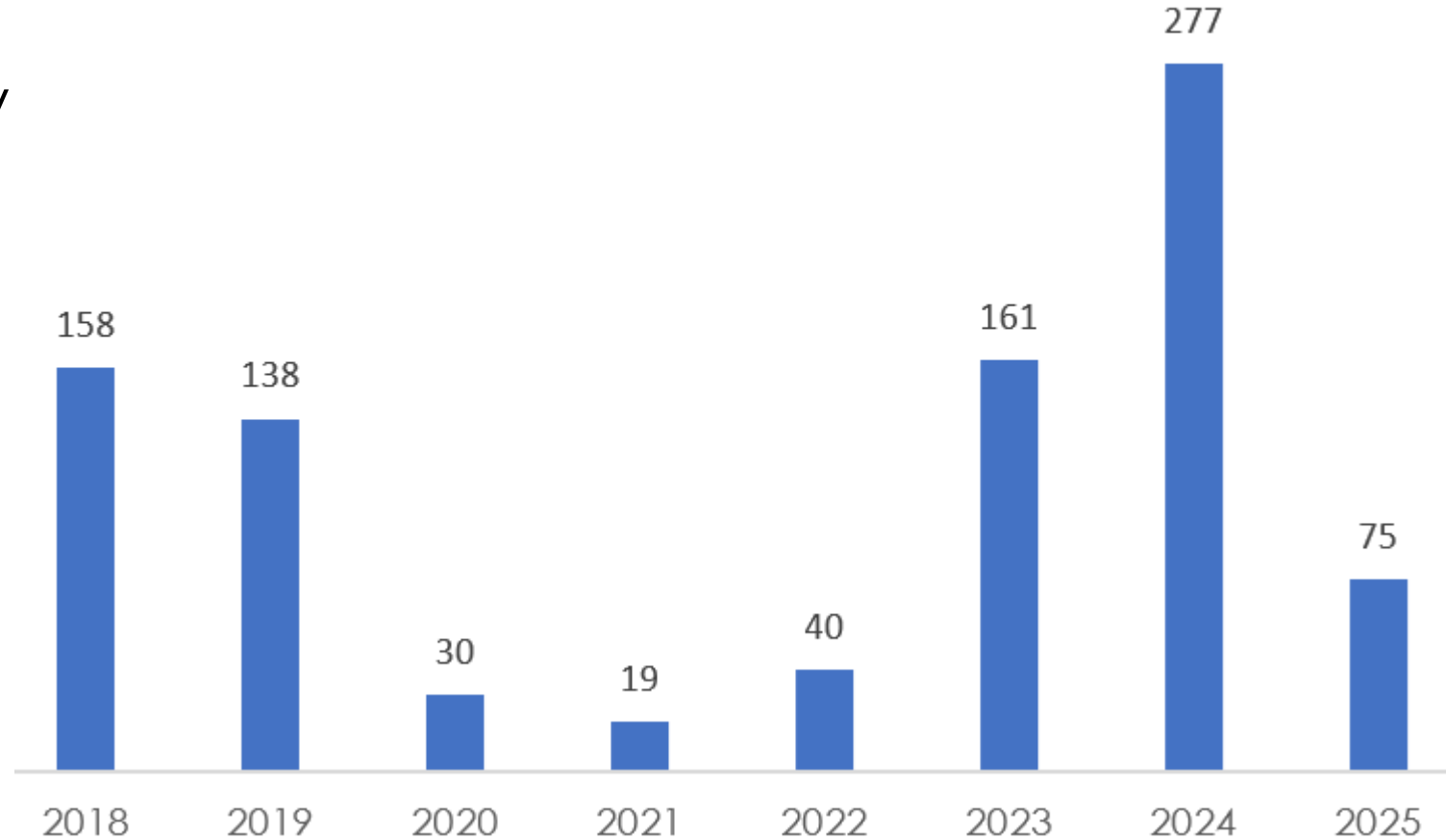
	Count	Grant Allocation
Ductless	68	\$ 585,463
Ducted	38	\$ 315,473
		<b>\$ 900,936</b>

Grant remaining	\$411,009
Admin remaining	\$171,234

# Home Energy Audits

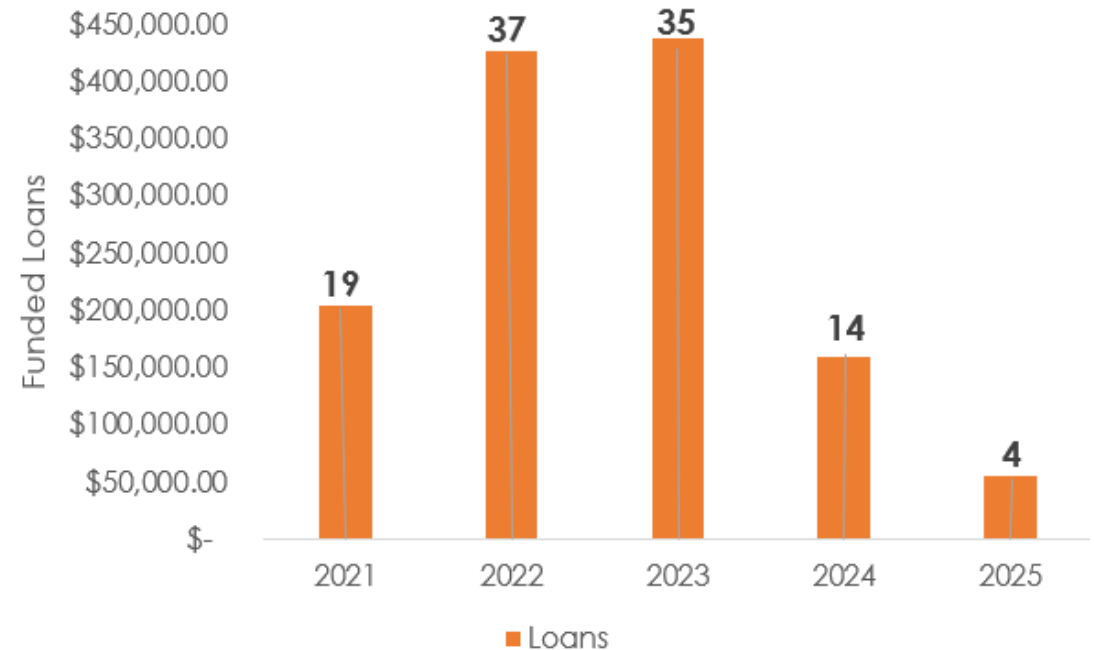
- Energy Efficiency Specialists complete free home energy audits for our customers:
  - Identify energy opportunities
  - Help customers prioritize projects
  - High bill questions
  - Customer general curiosity

Audit Count



# Home Energy Loan Program

- Started funding loans May 2021
  - 107 Customers Served
  - \$1,256,760 in total loans
- Completed Measures:
  - Ductless Heat Pump
  - Air Source Heat Pump
  - Insulation
  - Windows
- Look for Columbia River Reader article in the near future
- Marketing campaign to start in May in collaboration with Fibre



# COM Lighting

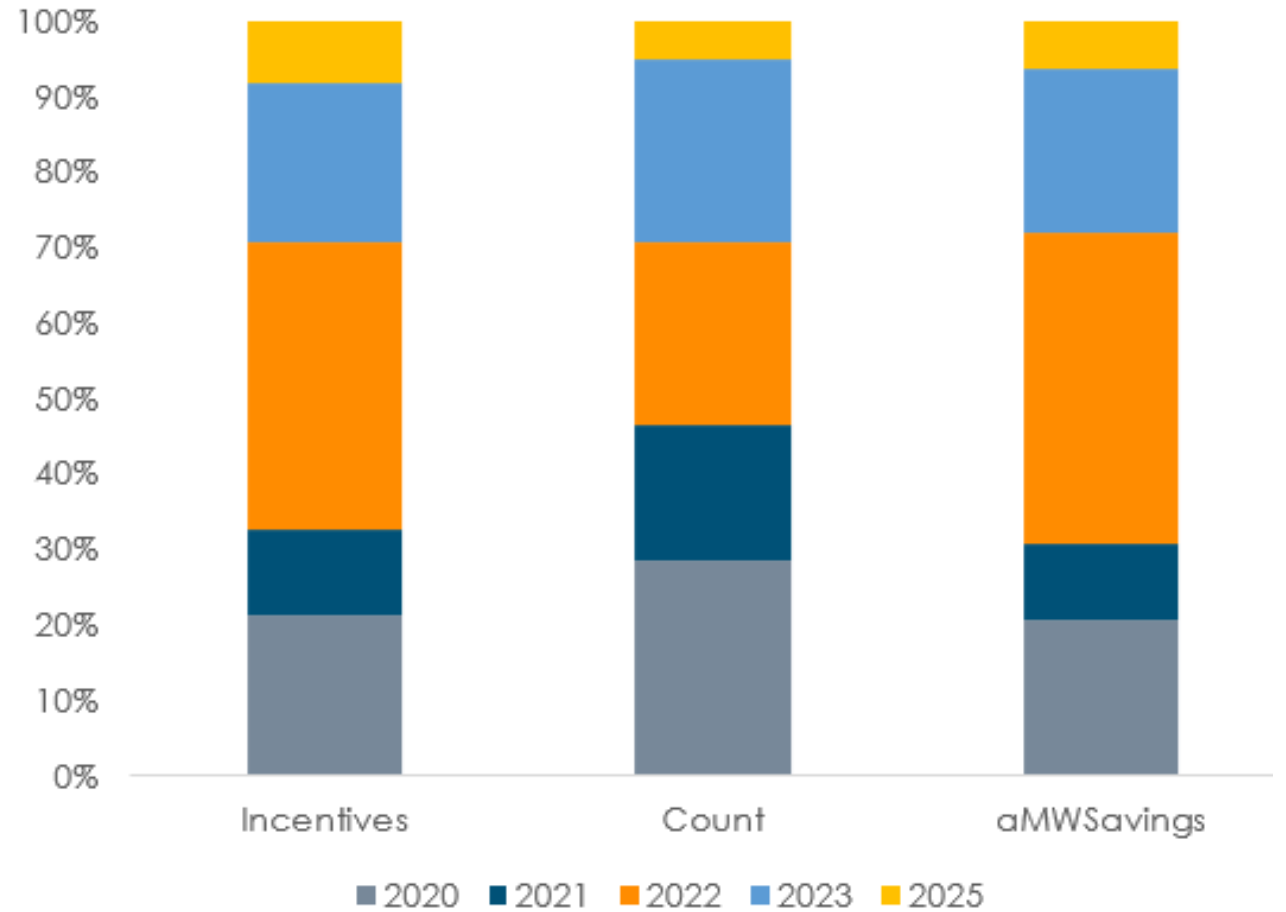
**Jan 2020 – Mar 2025\***

Projects Completed : 199

Incentives Paid: \$993,411

Savings: 0.739 aMW

- Made good progress in 2022, however, incentives offered by BPA declined in 2023 despite customer count remaining the same as 2022.
- BPA reduced lighting incentives starting in 2020.



\*Values are reflective of data through 3/31/2025

# COM Non-Lighting

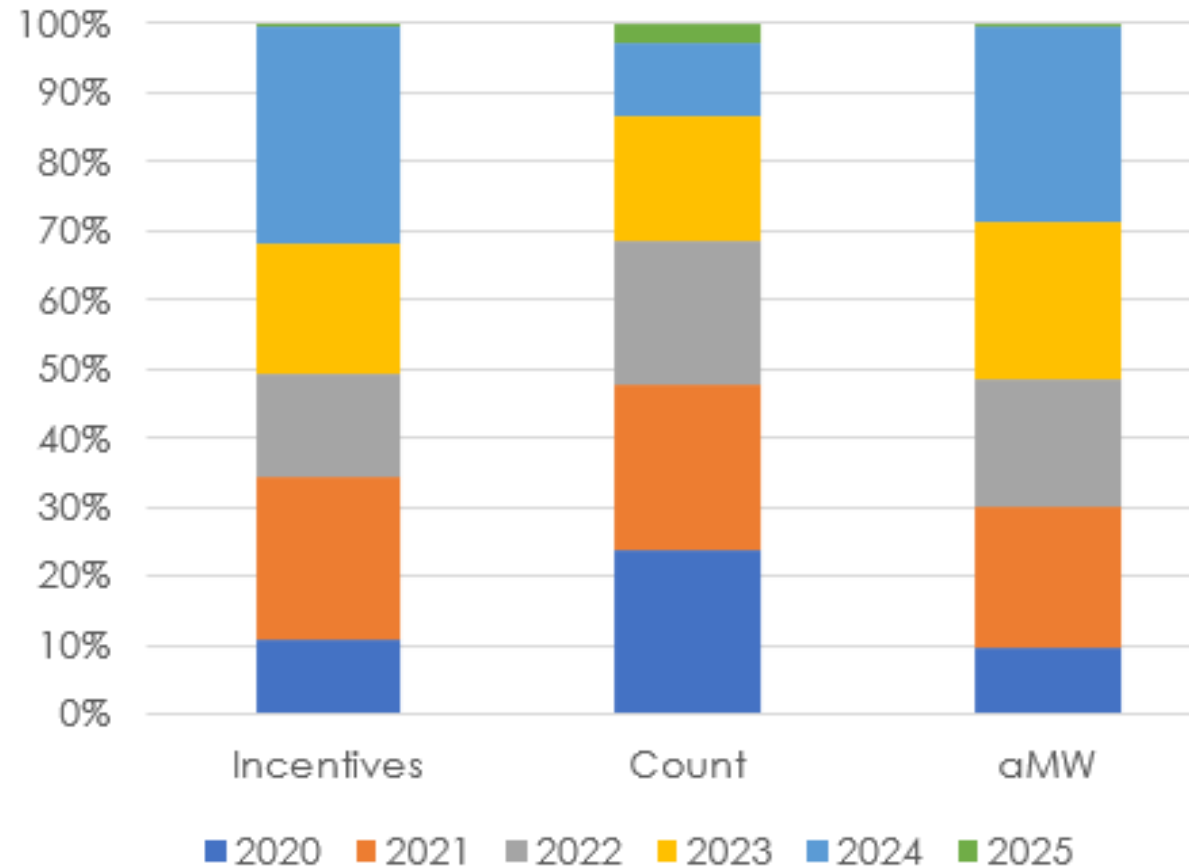
**Jan 2020 – Mar 2025\***

Projects Completed : 67

Incentives Paid: \$655,255

Savings: 0.286 aMW

- Project Type:
  - HVAC
  - Smart Thermostats
  - Water Heating
  - Weatherization
  - Refrigeration
  - Custom Projects



\*Values are reflective of data through 3/31/2025

# IND Sector Savings Forecast

## Jan 2024 – March 2025

Achieved savings: 1.676 aMW  
Forecast savings: 1.583 aMW  
Total: 3.259 aMW  
I-937 Target: 4.57 aMW



# IND Lighting

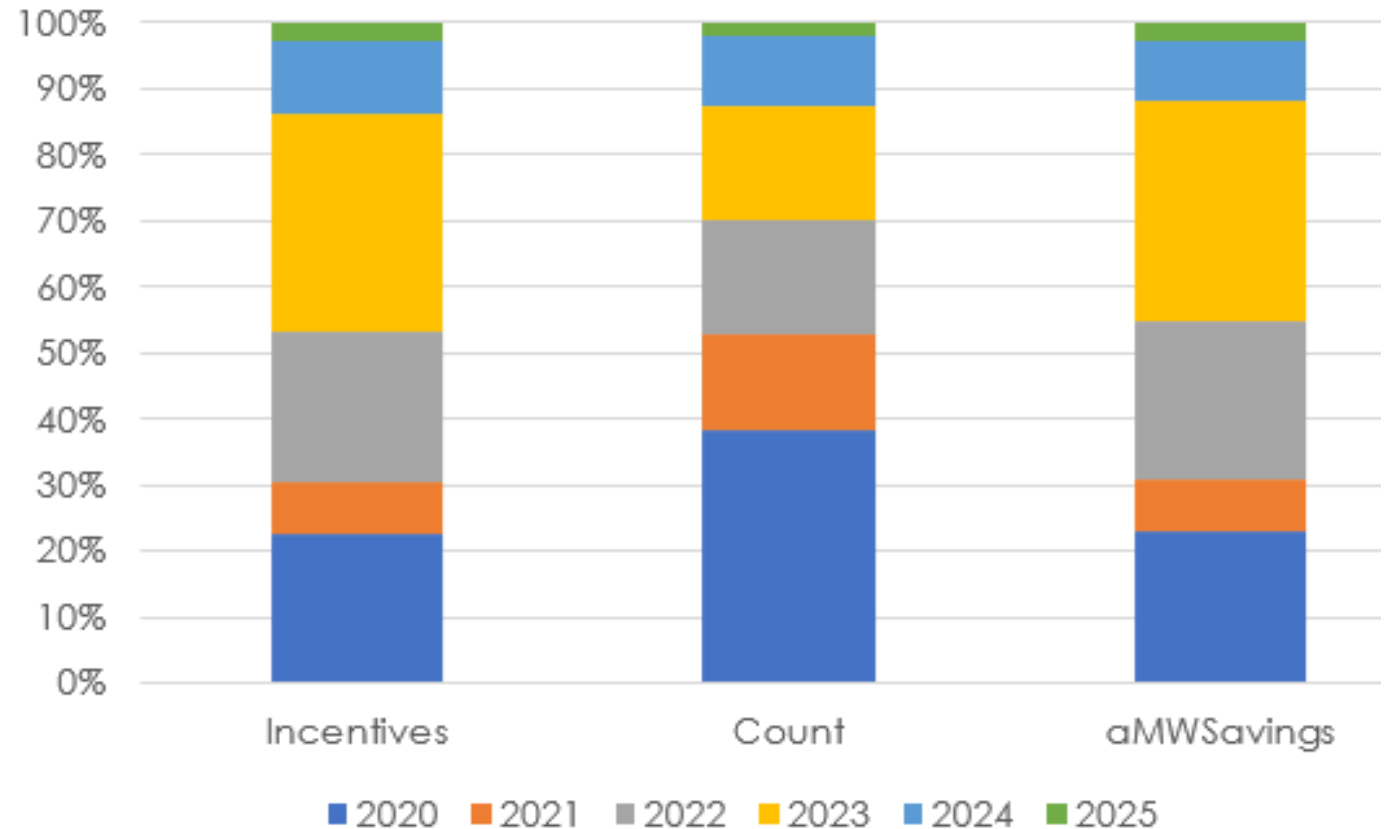
**Jan 2020 – March 2025\***

Projects Completed: 103

Incentives Paid: \$1,008,334

Savings: 1.031 aMW

- BPA reduced lighting incentives starting in 2020.



\*Values are reflective of data through 3/31/2025

# 2025 Special Projects

## **Conservation Potential Assessment (CAP)**

- In compliance with Energy Independence Act (EIA)
  - Identify amount of cost-effective conservation potential available throughout the District over the 2026-2045 timeframe

## **Clean Energy Implementation Plan (CEIP)**

- In compliance with Clean Energy Transformation Act (CETA)
  - Prepare a Demand Response Potential Assessment as part of the CEIP

## **Selected Contractors**

- Lighthouse Energy Consulting, Ted Light
- Nauvoo Solutions, Sophia Spencer

# 2025 Community Outreach

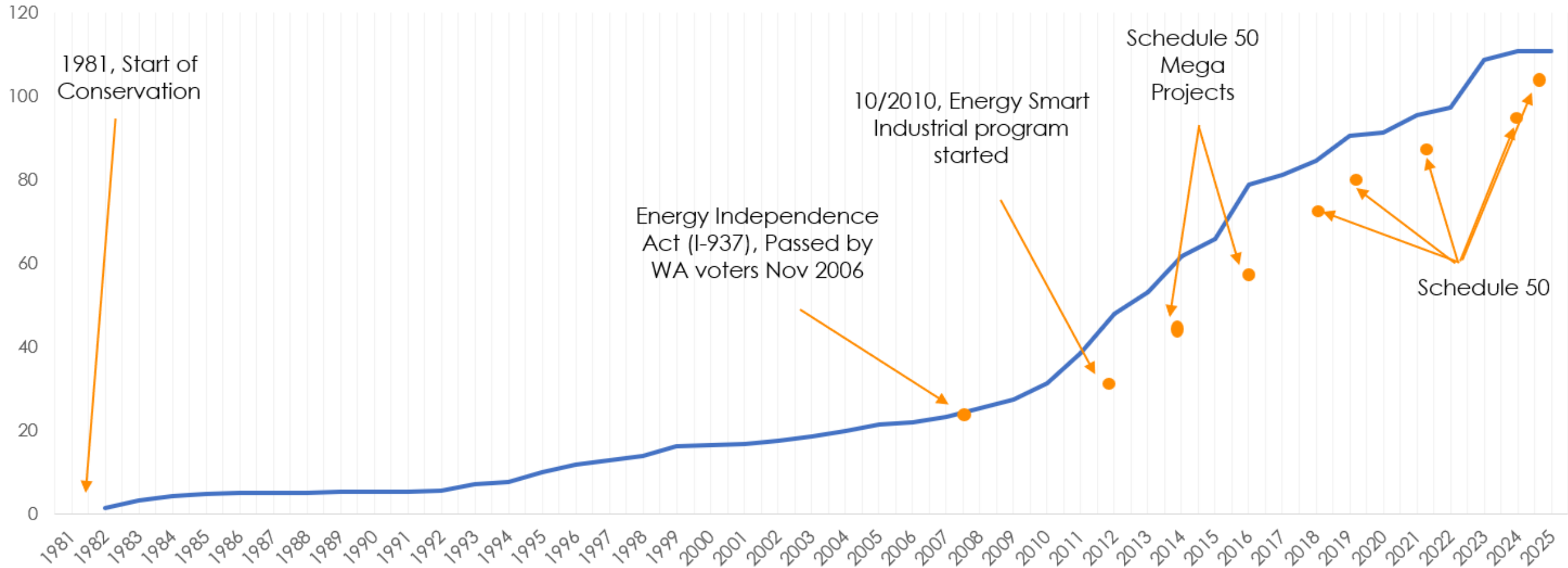
## **Planned Events**

- LCCAP Commodities Day
- Clean Energy Transformation Act Public Process
- Ryderwood Community Center
- Customer Appreciation Day
- Resource Fair
- Annual contractor meeting

## **Planned Campaigns**

- Clean Your Filters
- Make it a Loan

# 44 Years of Energy Efficiency



# 2. Accounting and Finance

2.1 Year-to-Date Operating Results

2.2 Year-to-Date Retail Revenue

2.3 Proforma Year-End Income Statement

2.4 Year-End Cash Projection

2.5 Electric System Debt Service

2.6 Production System Debt Service

## 2.1 - Year-to-Date Operating Results

	Year-to-Date March 2025			
	Actual	Budget	Var \$	Var %
Revenues	\$ 77,220,809	\$ 66,947,535	\$ 10,273,274	15.35%
Expenses	70,375,543	58,381,427	11,994,116	20.54%
Margin	<u>\$ 6,845,266</u>	<u>\$ 8,566,108</u>	<u>\$ (1,720,842)</u>	
Prior Year	\$ 2,397,624			

Actual revenues reduced by CIAC - \$856,252

Behind budget due to net power supply costs.

## 2.2 - Year-to-Date Retail Revenue

<b>Year-to-Date March 2025</b>	<b>Actual</b>	<b>Budget</b>	<b>Var \$</b>	<b>Var %</b>
<b>Non-Major Industrial</b>	<b>\$ 41,322,005</b>	<b>\$ 36,763,054</b>	<b>\$ 4,558,951</b>	<b>12.40%</b>
<b>Major Industrial</b>	<b>33,837,720</b>	<b>28,809,481</b>	<b>5,028,239</b>	<b>17.45%</b>
<b>Total Retail Revenue</b>	<b>75,159,725</b>	<b>65,572,535</b>	<b>9,587,190</b>	<b>14.62%</b>
<b>Other Operating Revenue</b>	<b>2,061,084</b>	<b>1,375,000</b>	<b>686,084</b>	<b>49.90%</b>
<b>Total Revenues</b>	<b>\$ 77,220,809</b>	<b>\$ 66,947,535</b>	<b>\$ 10,273,274</b>	<b>15.35%</b>

Non-MI revenue impacted by October 2024 rate increase and billed loads. MI revenue impacted by actual costs and loads (pass-through power cost contracts). Other is due largely to higher investment earnings.

## 2.3 - Proforma Year-End Income Statement

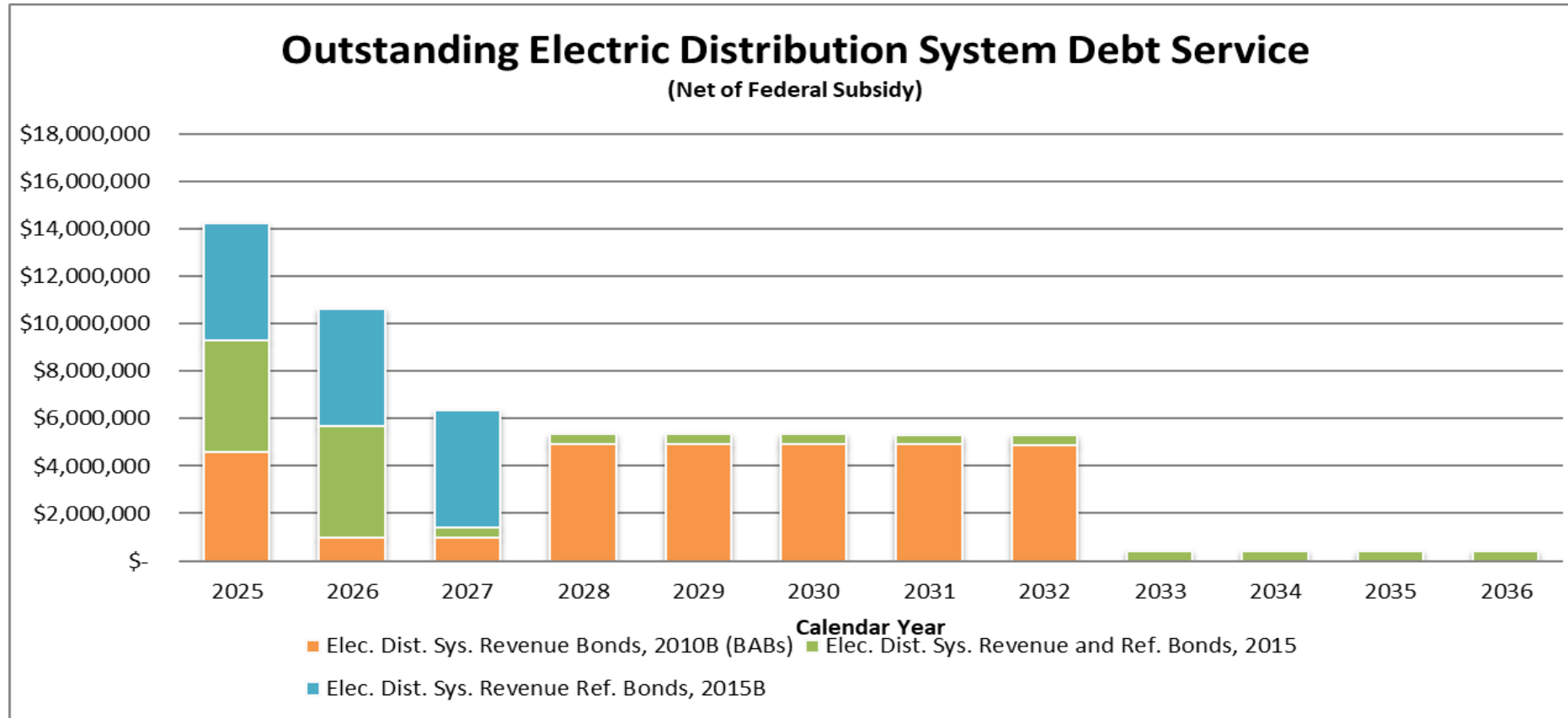
	YTD Actual	Projected	Budget	Var \$	Var %	
<b>Revenues</b>						
Non-MI	\$ 41,322,005	\$ 137,688,681	\$ 128,822,465	\$ 8,866,216	6.88%	October 2024 Rate Increase & Loads Loads and Actual Costs
Major Industrial	33,837,720	133,459,151	146,652,648	(13,193,496)	-9.00%	
Other	2,061,084	6,186,084	5,500,000	686,084	12.47%	
	<u>77,220,809</u>	<u>277,333,917</u>	<u>280,975,113</u>	<u>(3,641,196)</u>	<u>-1.30%</u>	
<b>Expenses</b>						
Power Supply	51,624,682	188,475,419	197,064,258	(8,588,839)	-4.36%	Low Generation & Soft Prices
Other Operating	10,996,090	43,876,271	43,876,271	-	0.00%	
Taxes	4,295,725	16,440,530	15,906,821	533,708	3.36%	
Depreciation	2,960,715	13,085,715	13,500,000	(414,285)	-3.07%	
Interest	498,331	2,270,034	2,362,271	(92,237)	-3.90%	
	<u>70,375,543</u>	<u>264,147,970</u>	<u>272,709,622</u>	<u>(8,561,652)</u>	<u>-3.14%</u>	
<b>Margin</b>	<u>\$ 6,845,266</u>	<u>\$ 13,185,947</u>	<u>\$ 8,265,491</u>	<u>\$ 4,920,456</u>	<u>59.53%</u>	

**Projected results are heavily impacted by current forward market prices and anticipated volumes.**

## 2.4 - Year-End Cash Projection - Electric System

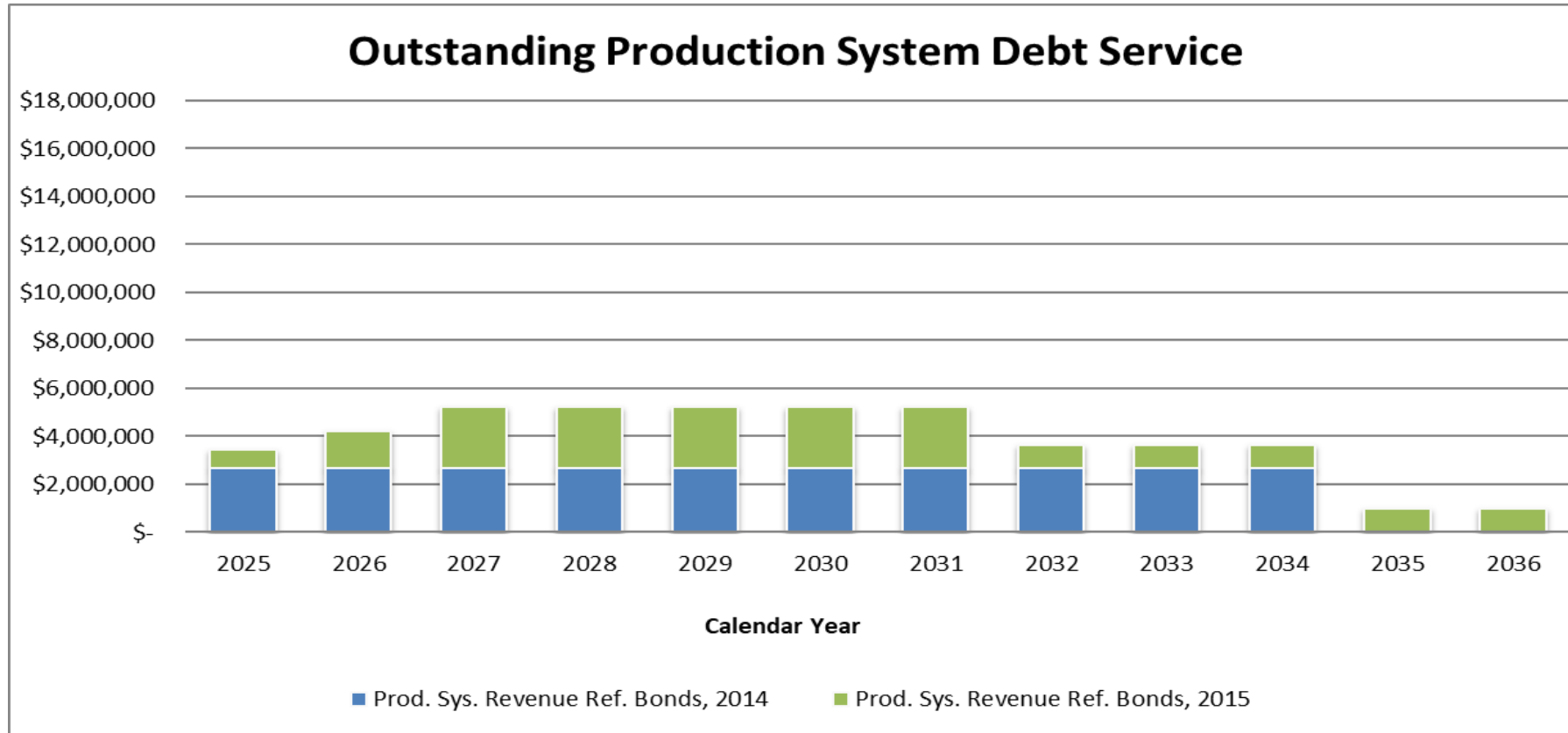
Margin	\$ 13,185,947
Non-Cash Items	17,405,715
Capital	(30,915,528)
Principal Debt	<u>(13,096,538)</u>
<b>Projected Cash Deficit</b>	<b>(13,420,404)</b>
Unrestricted Cash, beginning of year	<u>145,323,050</u>
Unrestricted Cash, end of year	<u><u>\$ 131,902,646</u></u>
<b>Budgeted Deficit</b>	<b><u><u>\$ (17,926,575)</u></u></b>

# 2.5 – Electric System Debt Service



**The above represents principal and interest.  
Total principal for the Electric System -  
\$50,525,000**

## 2.6 – Production System Debt Service



**The above represents principal and interest.  
Total principal for the Production System -  
\$36,335,000**

## 3. Operations

3.1 Outage Reports

3.2 Department Monthly Summaries

3.3 Safety

3.4 Wildfire projects

# 3.1.1 Outage Summary - March

Actual (Based on Date Slicer)

Events	Customers Out	SAIDI	Minutes
33	3,432	12	660,773

Previous 6 Periods Avg (Based on Date Slicer)

Events	Avg Cust Out	Avg SAIDI	Avg Minutes
38	3,408	9	473,631

Causes (Non-Storm Related)

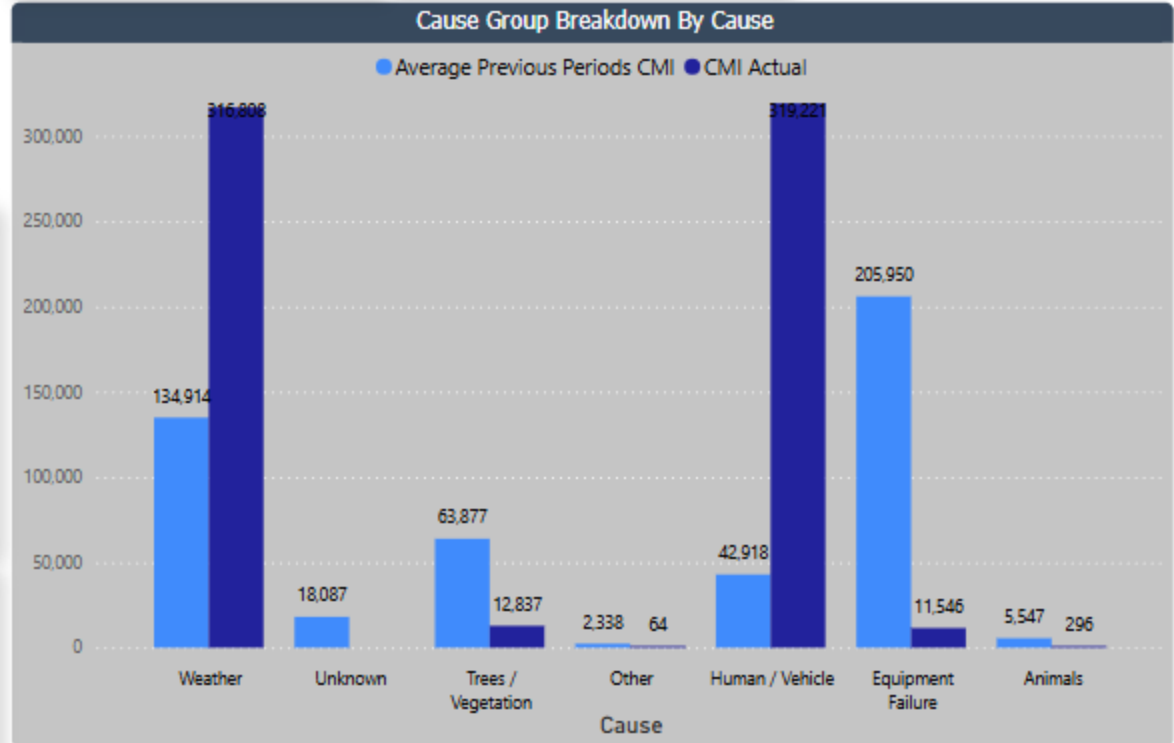
Outage Cause	Events	Customers Out	SAIDI	CMI	% CMI
Human / Vehicle	5	1,489	6	319,221	48.31%
Weather	7	1,768	6	316,808	47.95%
Trees / Vegetation	7	109	0	12,837	1.94%
Equipment Failure	11	62	0	11,546	1.75%
Animals	2	3	0	296	0.04%
Other	1	1	0	64	0.01%
Unknown	0				
Unknown	0				
<b>Total</b>	<b>33</b>	<b>3,432</b>	<b>12</b>	<b>660,773</b>	<b>100.00%</b>

Top Events (CMI)

Outage Cause	Feeder	Line Section	CMI	Customers Out	Time Off	First Restore	Longest Duration
Public: Motor vehicle	1253	BRK1253	264,494	882	3/21/25 3:38 AM	3/21/25 3:47 AM	7.6
Weather: Wind with trees	12T4	Recloser707	99,858	612	3/19/25 4:41 PM		2.7
Weather: Wind with trees	12PW2	Recloser743	94,404	449	3/19/25 4:52 PM	3/19/25 8:20 PM	3.6
Weather: Wind with trees	1213	enap_7238	70,756	140	3/19/25		8.4

Date: 3/1/2025 to 3/31/2025

Storm Related?: Non-Storm Related



CMI Customers Out Outages SAIDI

Above average customer minutes for the month. Car pole accident on 03/21 is largest outage YTD.

# 3.1.2 Outage Summary – 03/19/25

Actual (Based on Date Slicer)

Events	Customers Out	SAIDI	Minutes
7	1,774	6	318,936

Previous 6 Periods Avg (Based on Date Slicer)

Events	Avg Cust Out	Avg SAIDI	Avg Minutes
3	464	1	38,178

Date: 3/19/2025 3/20/2025

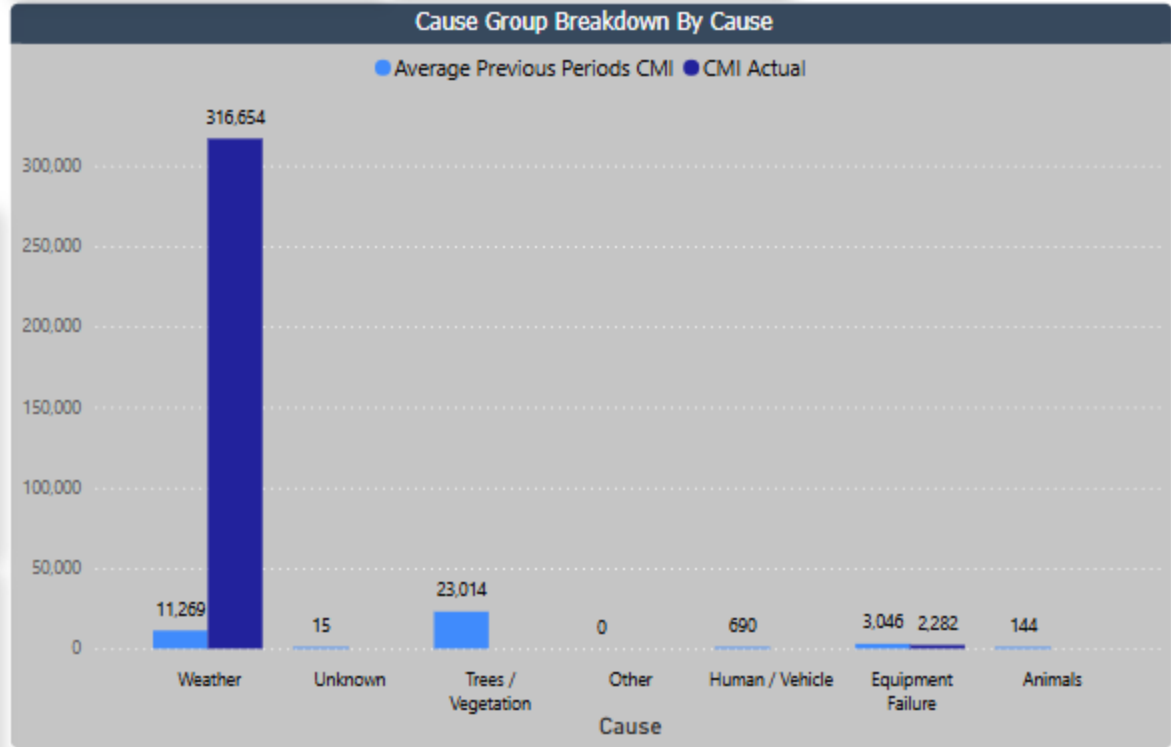
Storm Related?: Non-Storm Related

Causes (Non-Storm Related)

Outage Cause	Events	Customers Out	SAIDI	CMI	% CMI
<b>Weather</b>	<b>6</b>	<b>1,767</b>	<b>6</b>	<b>316,654</b>	<b>99.28%</b>
Weather: Wind with trees	6	1,767	6	316,654	99.28%
Weather: Flood	0				
Weather: Ice, sleet-frost with trees	0				
Weather: Lightning	0				
Weather: Other	0				
Weather: Slide	0				
<b>Total</b>	<b>7</b>	<b>1,774</b>	<b>6</b>	<b>318,936</b>	<b>100.00%</b>

Top Events (CMI)

Outage Cause	Feeder	Line Section	CMI	Customers Out	Time Off	First Restore	Longest Duration
Weather: Wind with trees	12T4	Recloser707	99,858	612	3/19/25 4:41 PM		2.7
Weather: Wind with trees	12PW2	Recloser743	94,404	449	3/19/25 4:52 PM	3/19/25 8:20 PM	3.6
Weather: Wind with trees	12L3	span_7238	70,756	140	3/19/25 4:42 PM		8.4
Weather: Wind with trees	12PW2	SW12-108_R	32,776	253	3/19/25		1.5



CMI Customers Out Outages SAIDI

Minor wind event on 03/19 accounted for approximately half of the outage minutes for the month.

# 3.1.3 Outage Summary – YTD W/O Storms

Actual (Based on Date Slicer)

Events	Customers Out	SAIDI	Minutes
113	12,442	32	1,737,240

Previous 6 Periods Avg (Based on Date Slicer)

Events	Avg Cust Out	Avg SAIDI	Avg Minutes
113	10,739	28	1,476,680

Causes (Non-Storm Related)

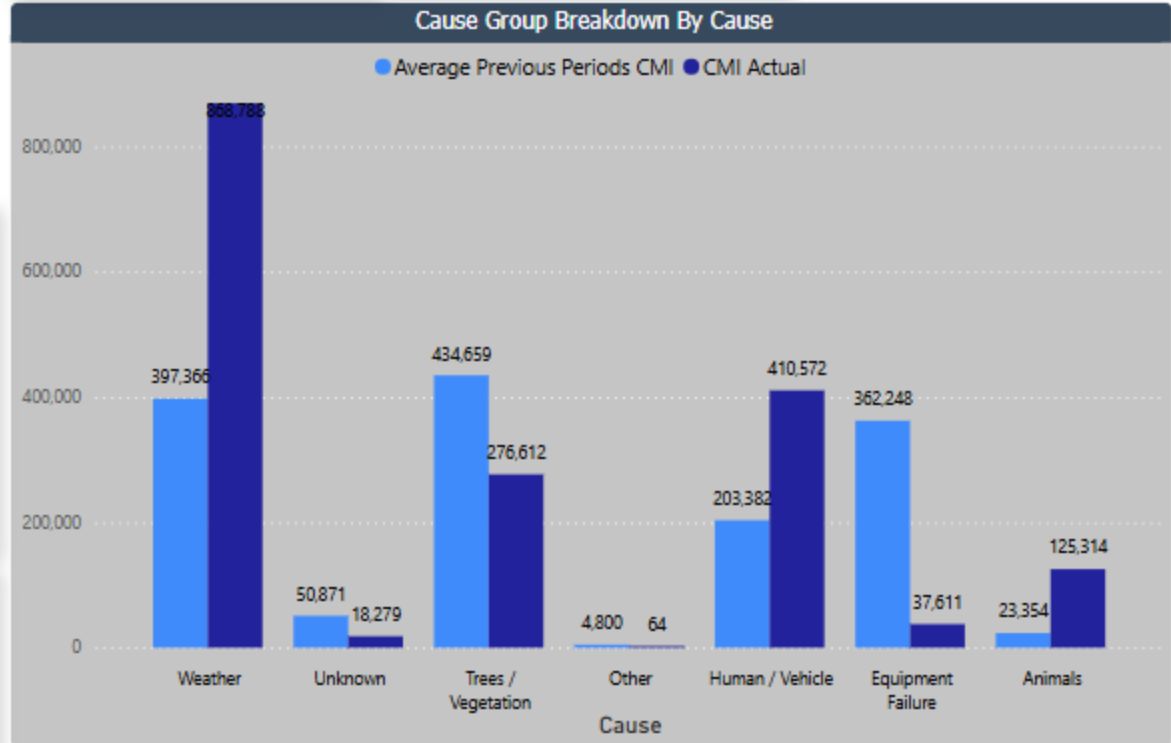
Outage Cause	Events	Customers Out	SAIDI	CMI	% CMI
Weather	31	5,704	16	868,788	50.01%
Human / Vehicle	9	2,490	8	410,572	23.63%
Trees / Vegetation	13	1,822	5	276,612	15.92%
Animals	8	2,073	2	125,314	7.21%
Equipment Failure	46	273	1	37,611	2.17%
Unknown	5	79	0	18,279	1.05%
Other	1	1	0	64	0.00%
<b>Total</b>	<b>113</b>	<b>12,442</b>	<b>32</b>	<b>1,737,240</b>	<b>100.00%</b>

Top Events (CMI)

Outage Cause	Feeder	Line Section	CMI	Customers Out	Time Off	First Restore	Longest Duration
Public: Motor vehicle	1253	BRK1253	264,494	882	3/21/25 3:38 AM	3/21/25 3:47 AM	7.6
Weather: Wind with trees	999	UNKNOWN	137,817	1,540	2/24/25 4:22 PM	2/24/25 5:44 PM	1.8
Weather: Wind with trees	12AR1	BRK12AR1	125,455	263	2/24/25 4:47 PM	2/24/25 6:35 PM	8.1
Animal: other	000	BRK1215	124,130	2,057	2/6/25	2/6/25	1.3

Date: 1/1/2025 to 3/31/2025

Storm Related?: Non-Storm Related



CMI Customers Out Outages SAIDI

6-year avg comparison YTD without storms

# 3.1.4 Outage Summary – YTD W/Storms

Actual (Based on Date Slicer)

Events	Customers Out	SAIDI	Minutes
113	12,442	32	1,737,240

Previous 6 Periods Avg (Based on Date Slicer)

Events	Avg Cust Out	Avg SAIDI	Avg Minutes
171	18,843	77	4,011,542

Causes (Non-Storm Related)

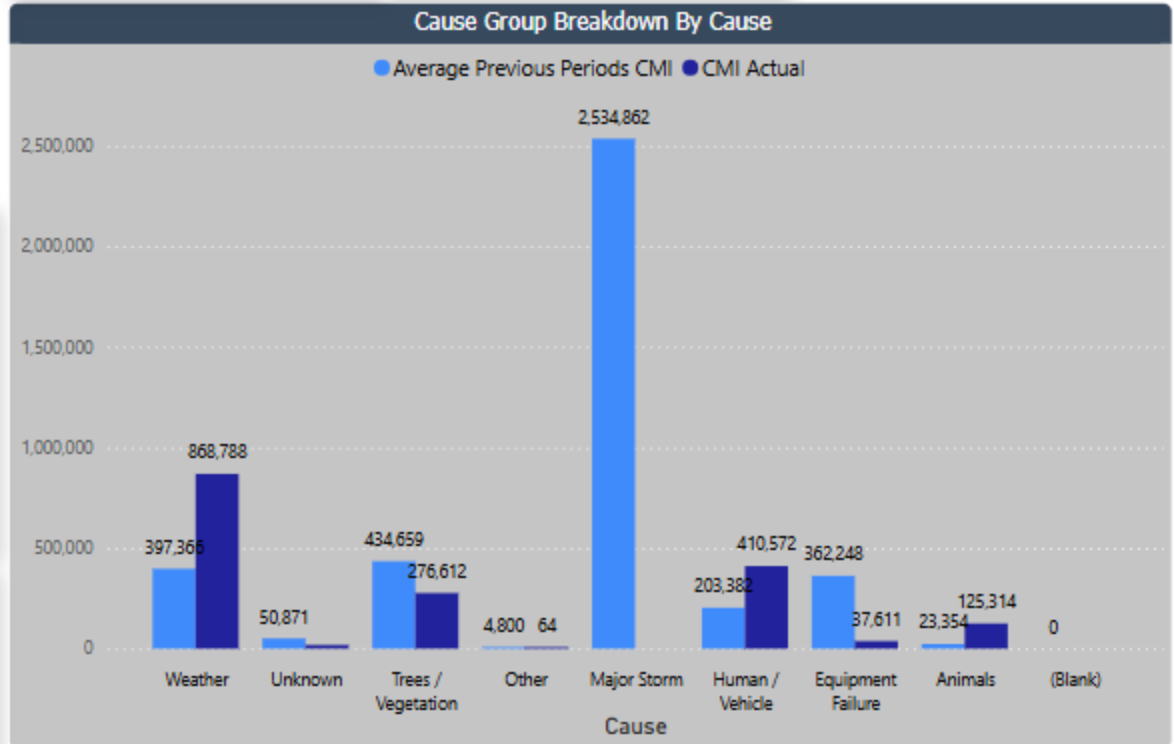
Outage Cause	Events	Customers Out	SAIDI	CMI	% CMI
Weather	31	5,704	16	868,788	50.01%
Human / Vehicle	9	2,490	8	410,572	23.63%
Trees / Vegetation	13	1,822	5	276,612	15.92%
Animals	8	2,073	2	125,314	7.21%
Equipment Failure	46	273	1	37,611	2.17%
Unknown	5	79	0	18,279	1.05%
Other	1	1	0	64	0.00%
	0				
<b>Total</b>	<b>113</b>	<b>12,442</b>	<b>32</b>	<b>1,737,240</b>	<b>100.00%</b>

Top Events (CMI)

Outage Cause	Feeder	Line Section	CMI	Customers Out	Time Off	First Restore	Longest Duration
Public: Motor vehicle	1253	BRK1253	264,494	882	3/21/25 3:38 AM	3/21/25 3:47 AM	7.6
Weather: Wind with trees	999	UNKNOWN	137,817	1,540	2/24/25 4:22 PM	2/24/25 5:44 PM	1.8
Weather: Wind with trees	12AR1	BRK12AR1	125,455	263	2/24/25 4:47 PM	2/24/25 6:35 PM	8.1
Animal: other	000	BRK1215	124,130	2,057	2/6/25	2/6/25	1.3

Date: 1/1/2025 to 3/31/2025

Storm Related?: All



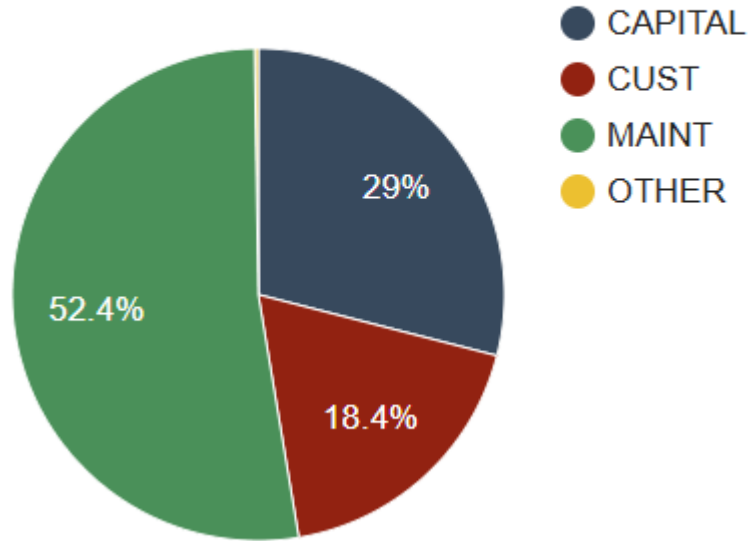
CMI Customers Out Outages SAIDI

6-year avg comparison YTD with storms  
(No storms 2025 YTD)

# 3.2.1 Line Crew

Straight Time

3957.5 Hours



## LINE CREW SERVICE ORDERS

139	HAZARD/TT/POWER QUALITY
79	DISCONNECT
54	TRANSFORMERS
46	MISC
34	PERM METER
29	LT EXCHGE
28	FIP-LINE
28	INFO
24	FLUP
23	RECONNECT/NEW/TEMP/BACKBONE
10	TPERM
6	POLE REPL
4	METER EXCHANGE/REMOVE
4	CUTOFF
3	STREET LIGHTS
2	APP TLINE
1	PUDCAP T&D
1	SH LT MNT
<hr/>	
515	TOTAL

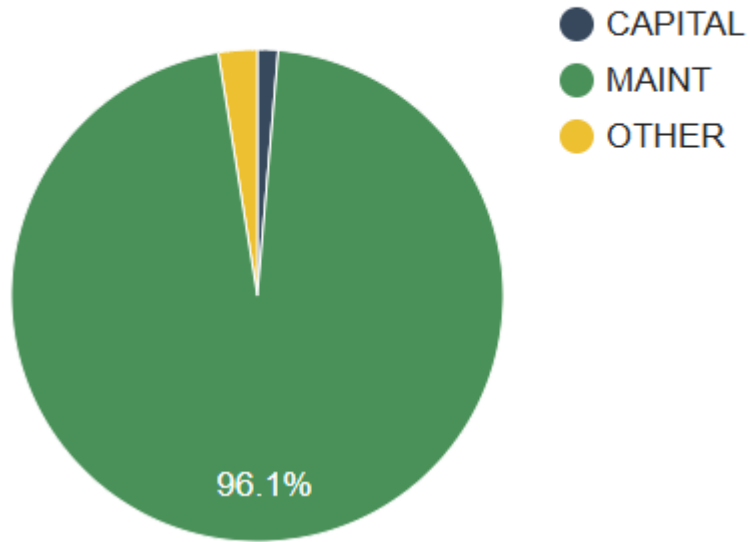
Customer Work

53 WO's completed

## 3.2.2 Relay/Substation

Straight Time

1177 Hours



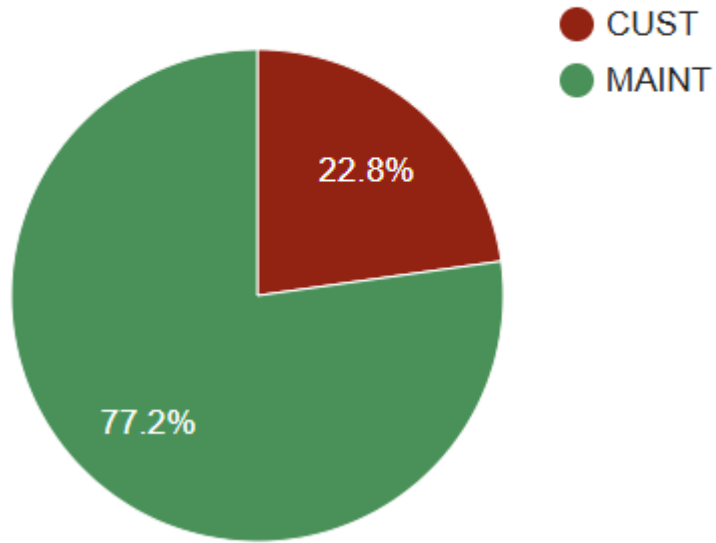
### Maintenance Work

- Quarterly substation inspections
- Substation infrared
- Weyco #4 Bank #1
- Quarterly battery inspections
- Fiber optic communication testing with BPA
- PoE converter replacements for camera security system

# 3.2.3 Meter and FSRs

Straight Time

1054 Hours



## Service Orders

### METER DEPARTMENT

81	METER INVESTIGATION
72	DISCONNECT
11	RECONNECT/NEW/TEMP
10	MTR-CT/PT
8	METER EXCHANGE/REMOVE
5	COMMER CST
4	MASSMTRXC
4	FIP-CUSNTF
3	CUTOFF
2	MISC
2	FIP-METER
1	PERM METER
1	INFO
204	TOTAL

### FIELD SERVICE REPS

72	OFFICE
39	READ OPTOT
38	METER READ
21	FIP-METER
3	RECONNECT/NEW/TEMP
1	METER INVESTIGATION
1	CUTOFF
175	TOTAL

## 3.2.4 On-Going District Work

Group	Design	Budget	YTD	YTD/Budget
2.1 - Transmission On-Going Pole Replacement	20	\$310,000	\$1,930	1%
2.3 - Transmission On-Going System Improvement	1	\$95,000	\$0	
2.5 - Transmission Unplanned System Improvement	2	\$410,000	\$21,414	5%
3.1 - Distribution On-Going System Improvement	59	\$3,950,000	\$320,108	8%
3.11 - Transformer O/H & U/G Failure	5	\$270,000	\$30,315	11%
3.12 - Distribution On-Going Wildfire Protection	2	\$220,000	\$1,146	1%
3.18 - Distribution Unplanned System Improvement	12	\$760,000	\$109,514	14%
3.19 - Distribution On-Going U/G Line Cable Rep	81	\$8,750,000	\$532,938	6%
3.26 - Transformer PCB Replacement	66	\$170,000	\$24,619	14%
3.5 - Distribution On-Going Pole Replacement	112	\$1,690,000	\$284,953	17%
3.52 - Substation Unplanned System Improvement	1			
3.54 - Substation On-Going System Improvement	3	\$443,500	\$132,992	30%
TR2.1 - Small Capital	3	\$39,000		
<b>TOTAL</b>	<b>367</b>	<b>\$17,107,500</b>	<b>\$1,459,928</b>	<b>9%</b>

## 3.2.5 On-Going Customer Work

Group	Design	Completed	YTD
3.13 - Cust OnGoin Lighting	5	2	\$2,180
3.14 - Cust Secondary Ln Extention	197	95	\$135,353
3.16 - Cust Pri Ln Ext. Residential	111	56	\$262,352
3.17 - Cust Pri Ln Ext. Commercial	76	12	\$223,461
3.29 - Cust Mke Redy for Telco	42	9	\$11,843
3.9 - Cust Ln Reloct Dist/TX	12	2	\$261,602
3.99 - Cust Solar	7	6	\$453
<b>TOTAL</b>	<b>450</b>	<b>182</b>	<b>\$897,244</b>

## 3.2.6 Tree-Trimming

### Contractor Tree Crew #1

Substation feeders trimmed: Bakers Corner (12T1)

Total line miles trimmed: **7.9**

516 manhours spent on circuit trimming

### Contractor Tree Crew #2

Substation feeders trimmed: Pacific Way (12PW3), Bakers Corner (12T1)

Total line miles trimmed: **4.9**

444 manhours spent on circuit trimming

### Contractor Tree Crew #3

Substation feeders trimmed: Gardners Corner (12F1, 12F2, 12F3), Bakers Corner (12T1)

Total line miles trimmed: **11.1**

598 manhours spent on circuit trimming

40 manhours spent on trouble-tickets

### Contractor Tree Crew #4

Main focus on cycle busters, hot spots, hazard trees, and trouble tickets

11 Trouble tickets completed

334 manhours

**Total miles trimmed: 55.5**

**Yearly goal ~ 200 miles/year**

# 3.3 Safety



## Health & Safety Dashboard

2025

### Total Case Incident Rate (TCIR) To Date



### Days Since Last Lost Time Incident

201

### DAYS RESTRICTED

14

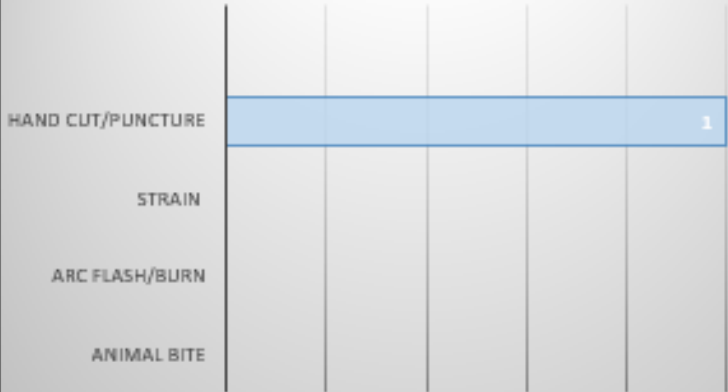
### Incidents by Severity



### Total # Incidents

1

### Injury by Cause



# 3.4.1 Wildfire Projects

## **Early Fault Detection (EFD) (07/01/25 Go-Live)**

Pilot Project

Detect anomalies on overhead lines prior to failure

Line sensors installed on distribution and transmission

### **Progress**

Finalizing installation locations on rural feeders

Jobs being created for Rose Valley Road installations

Creating installation standards

Three (3) installed on Washington Way feeder 12W5

## **Fire Weather Monitoring and PSPS Software (06/01/25 Go-Live)**

Analyze current and predicted weather patterns

Compare historical outage data

Provide ignition and consequence modeling and fire risk zones based on consequence data

Recommendations for PSPS

### **Progress**

Fine-tuning of GIS data

Fine-tuning of initial ignition/consequence modeling (timber, fire size, structure impacts)

Development of draft fire risk tiers

# 4. Engineering

4.1 System Metrics

4.2 Underground Primary Outages

4.3 New Service Requests

4.4 Locates

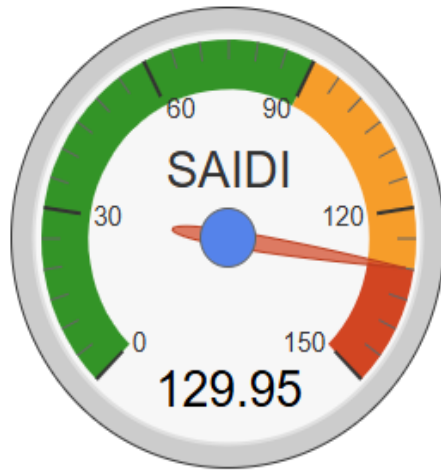
4.5 Substation Outages (exclusive of storms)

4.6 Feeder Outages and Causes (exclusive of storms)

# 4.1 System Metrics

Indices (rolling 12 months)

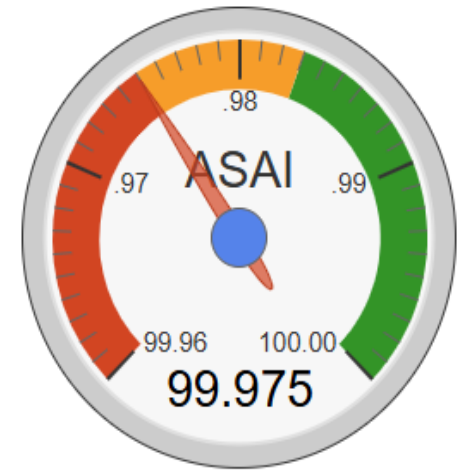
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System Average Interruption Duration Index  
(Average Outage Duration in Minutes)



System Average Interruption Frequency Index  
(Average Customer Interruptions per year)



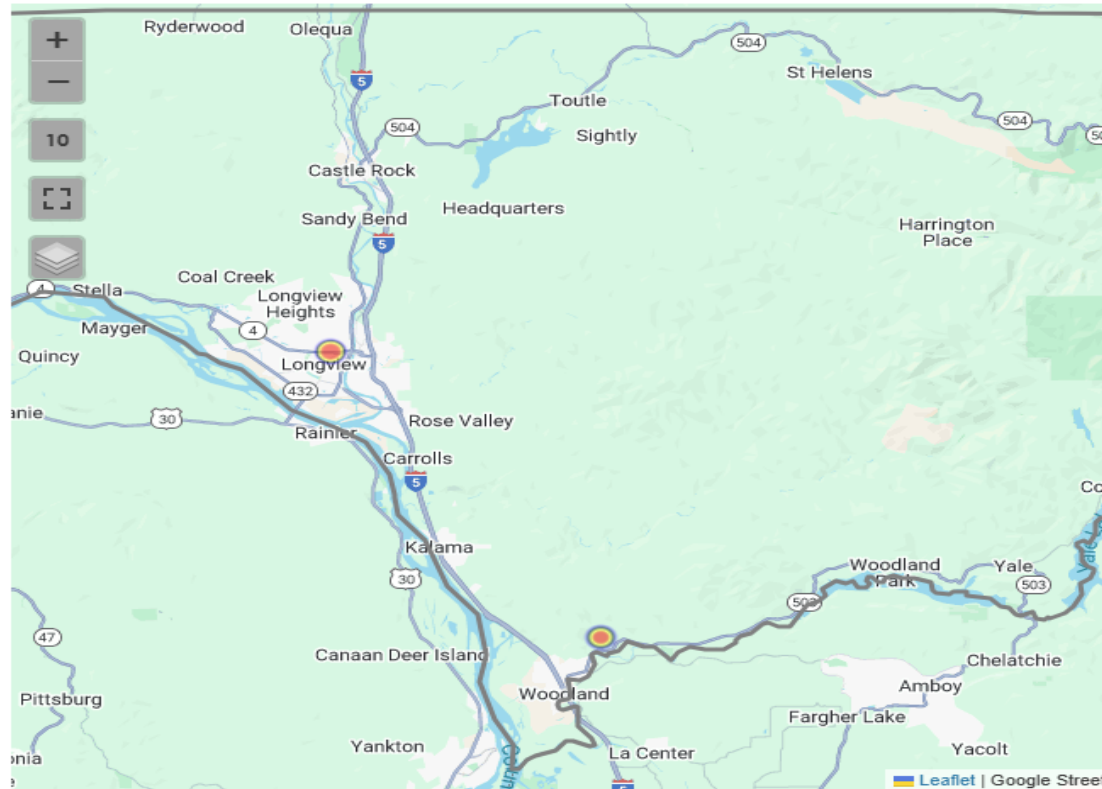
Average Service Availability Index  
(Percent of Time Average Customer has Power)

Green indicates system performing within PUD set goals. Total March customer minutes 660,773.  
10-year February monthly avg is 484,842 therefore Customer Minutes are 136% of average.

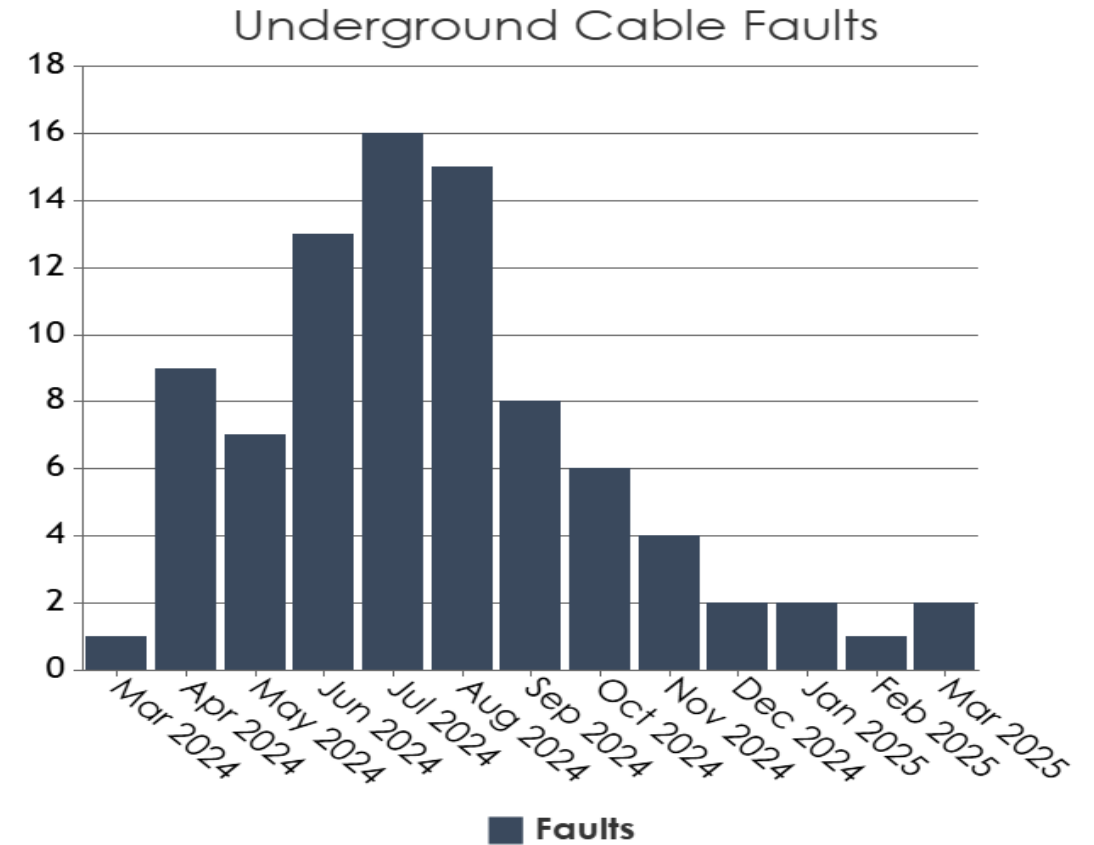
# 4.2 Underground Primary Outages

## Underground Cable Faults

**March**  
**Minutes Out:** 2899 **Incidents:** 2 **Customers:** 9



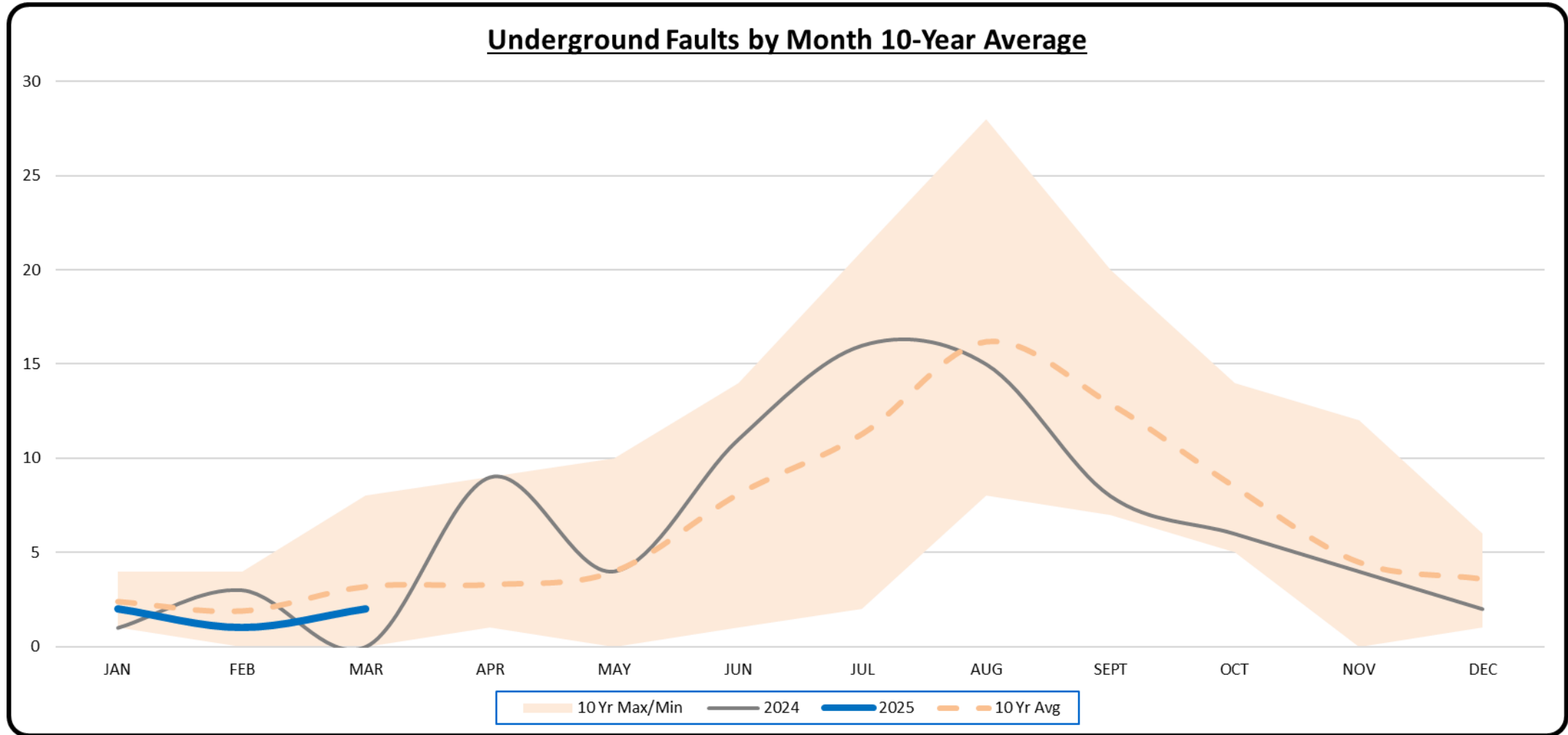
## Underground Faults (13 Months)



Cable Faults 2025 YTD: 5

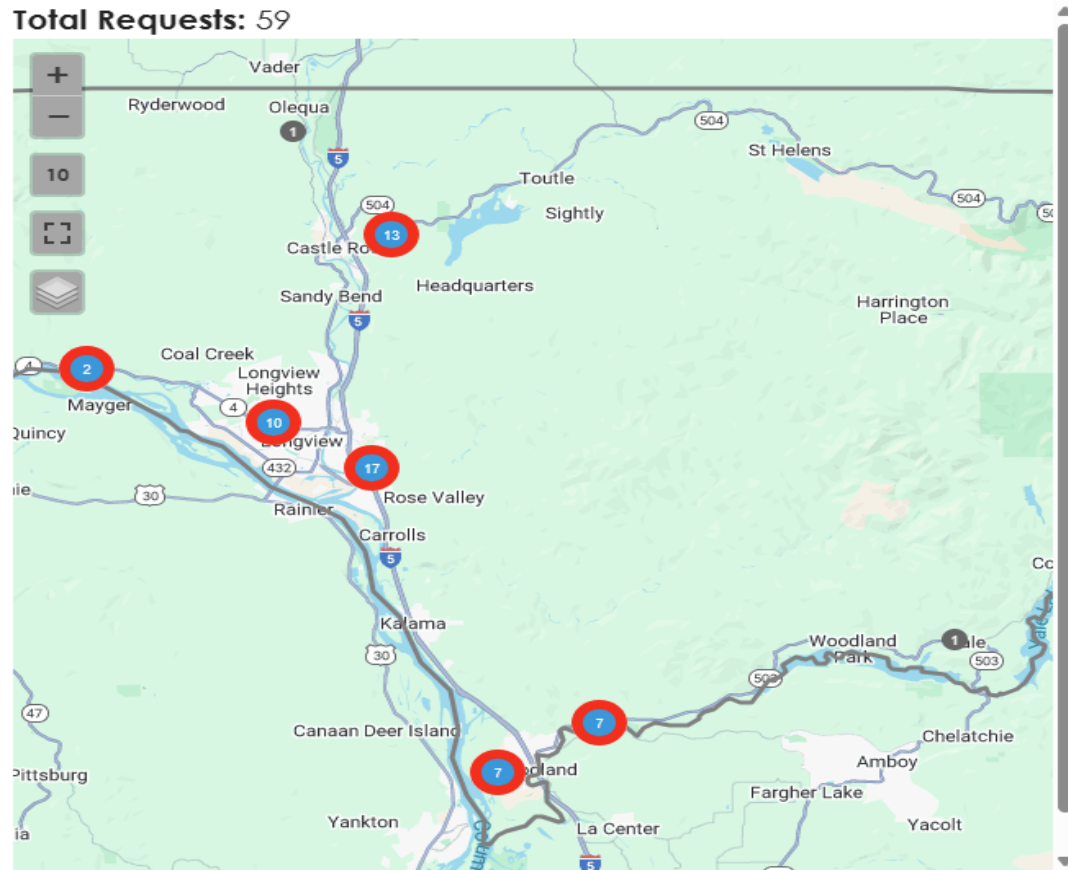
Total Faults YTD are 25% more than the previous year and 33% less than the 10-year average.

# 4.2 Underground Primary Continued

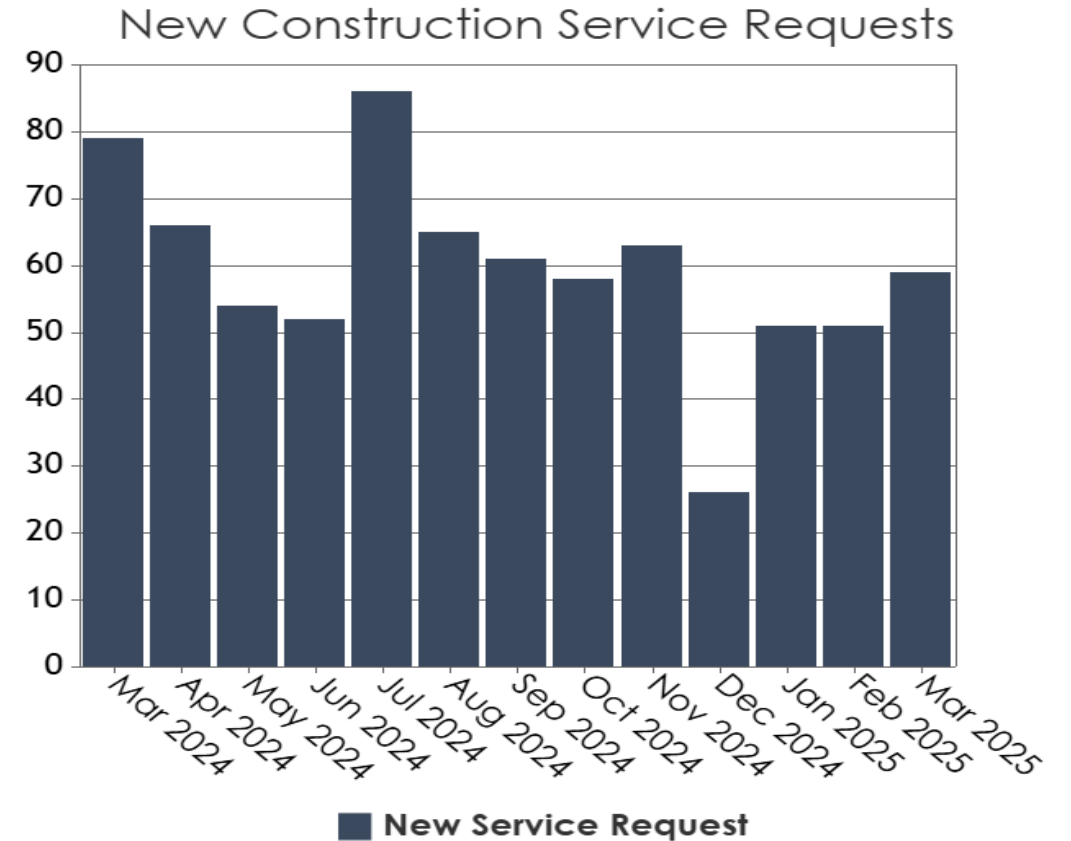


# 4.3 New Service Requests

New Service Requests



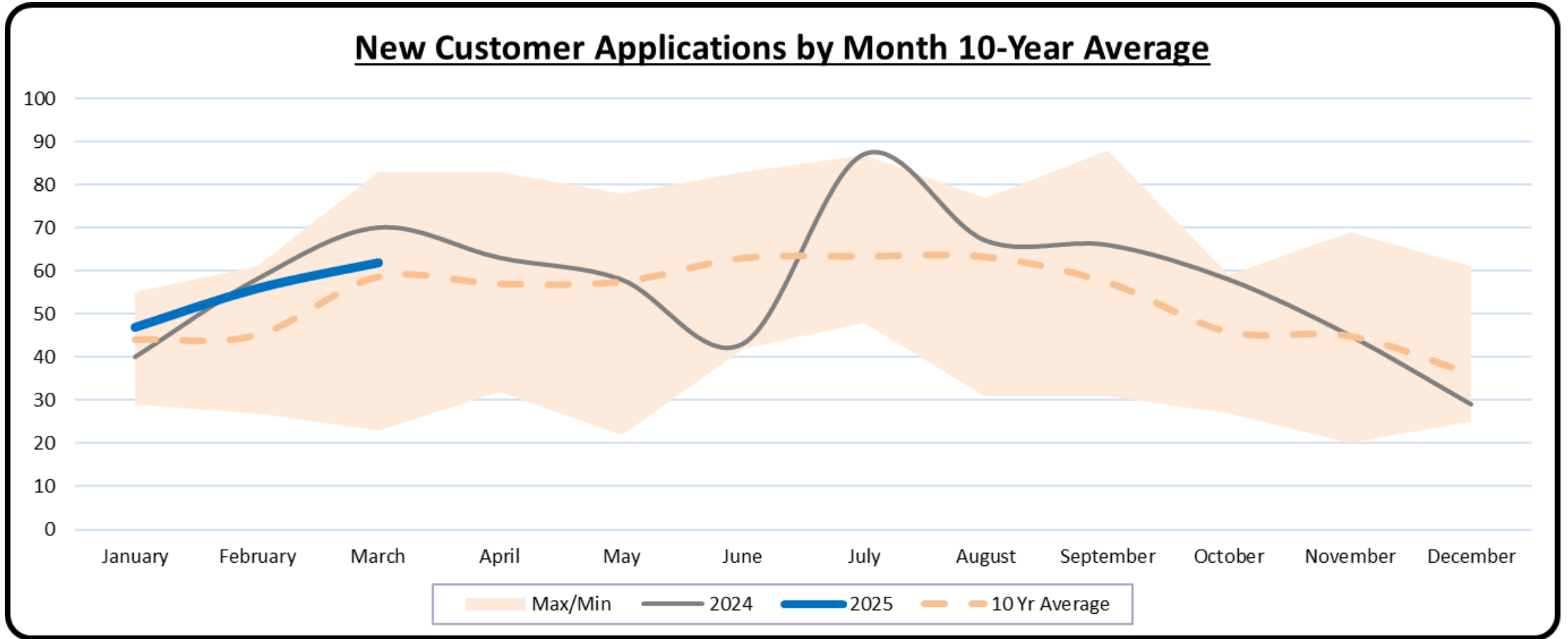
New Constructions



New Service Requests 2025 YTD: 165

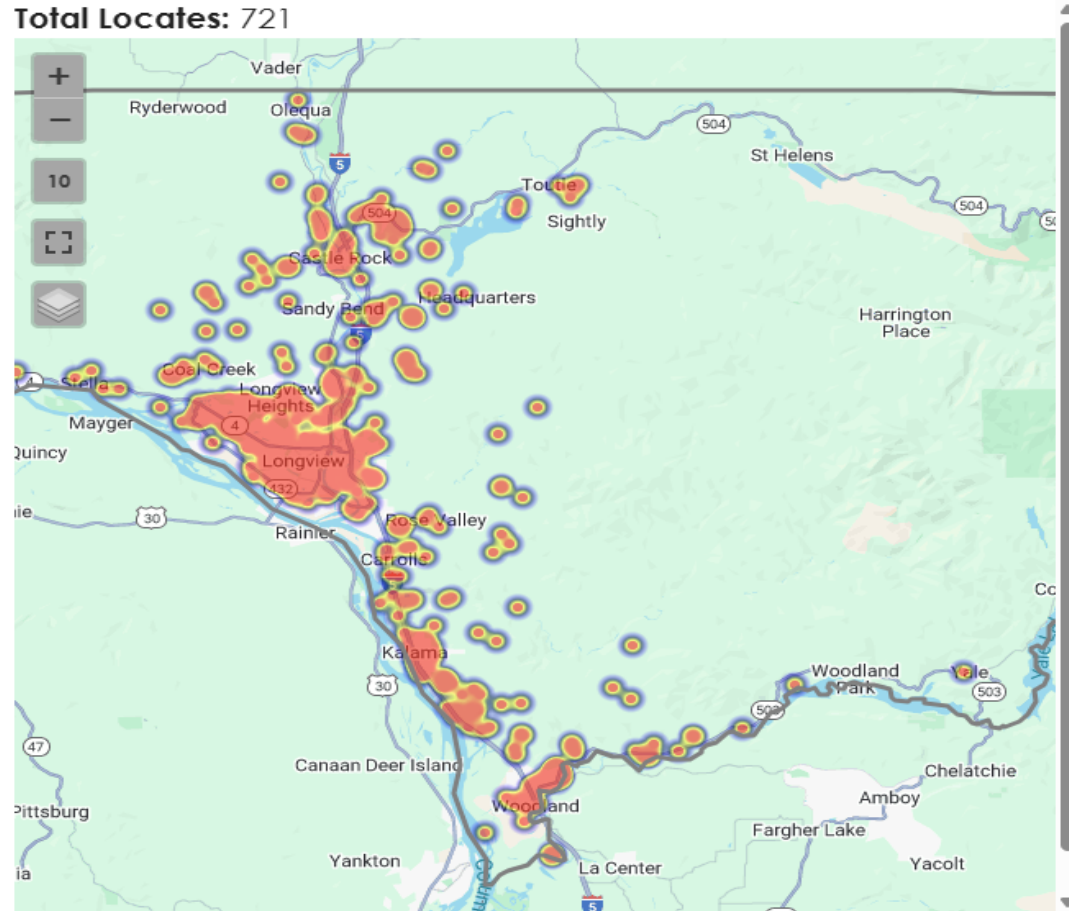
Total New Service Requests YTD are 2% less than the previous year and 12% more than the 10-year average.

# 4.3 New Service Requests Continued

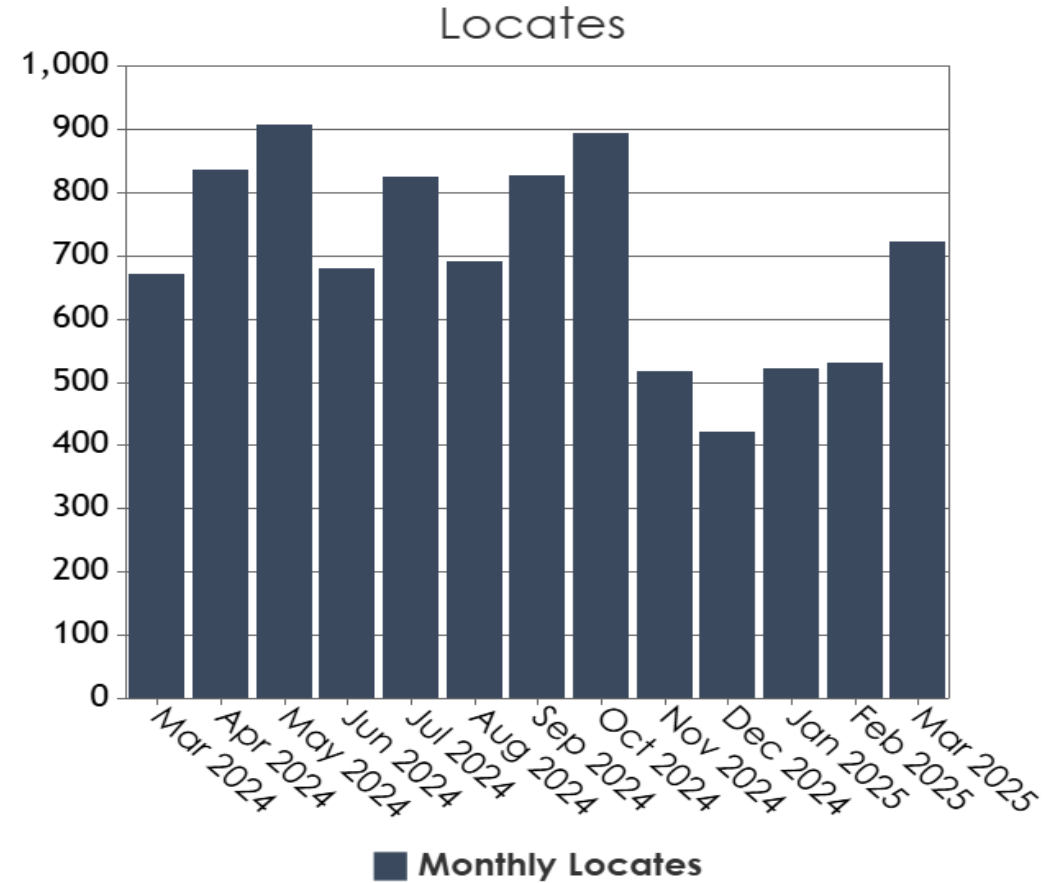


# 4.4 Locates

## Monthly Locates



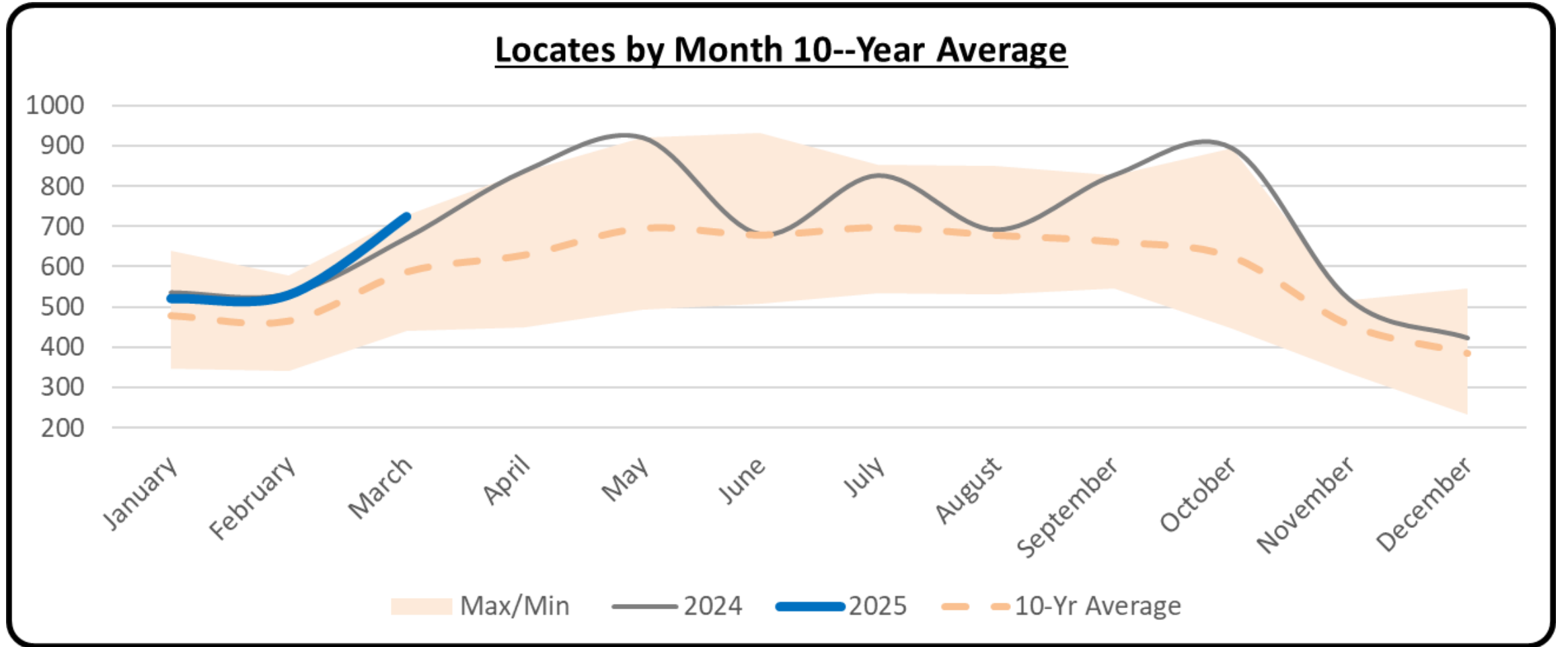
## Locates



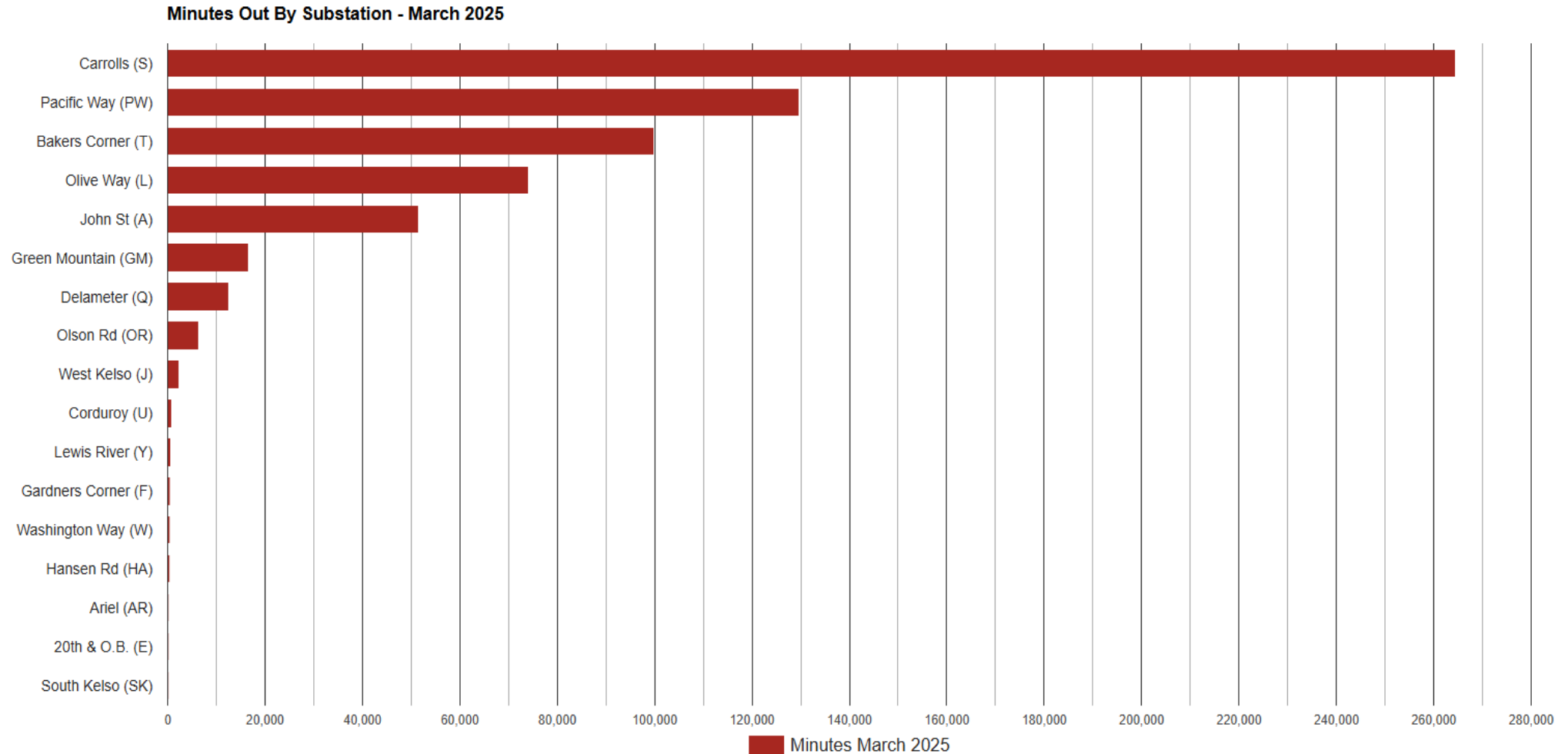
Locate Requests 2025 YTD: 1051

Total Locate Requests YTD are 2% more than the previous year and 16% more than the 10-year average.

# 4.4 Locates Continued

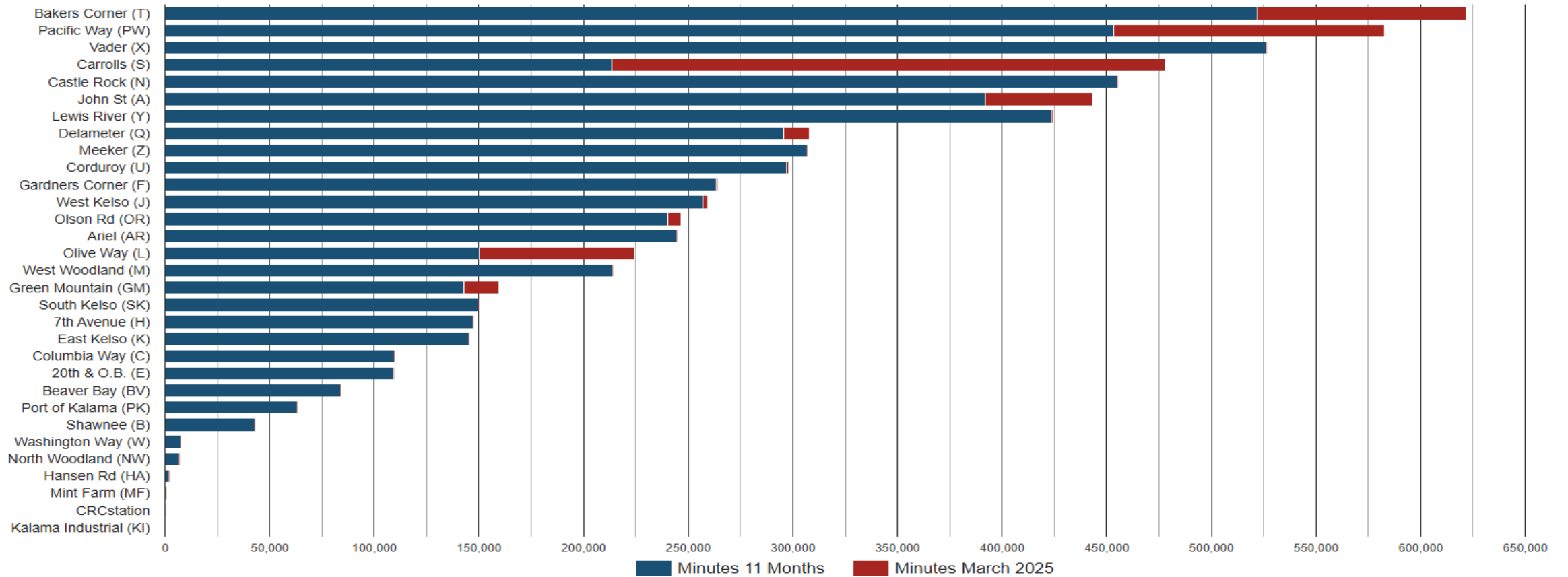


# 4.5 Substation Outages (exclusive of storms)



# 4.5 Substation Outages continued

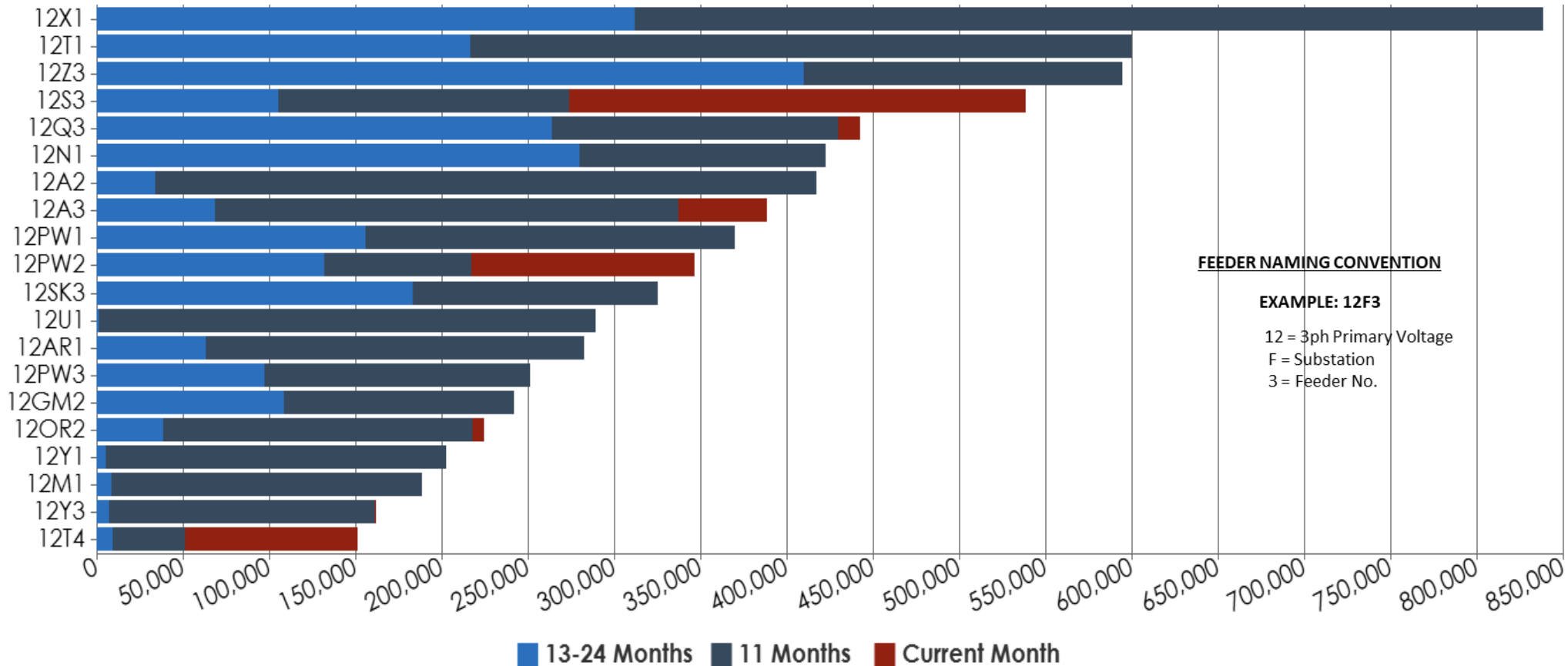
Minutes Out By Substation - Rolling 12 Months



# 4.6.1 Feeder Outages and Causes (exclusive of storms)

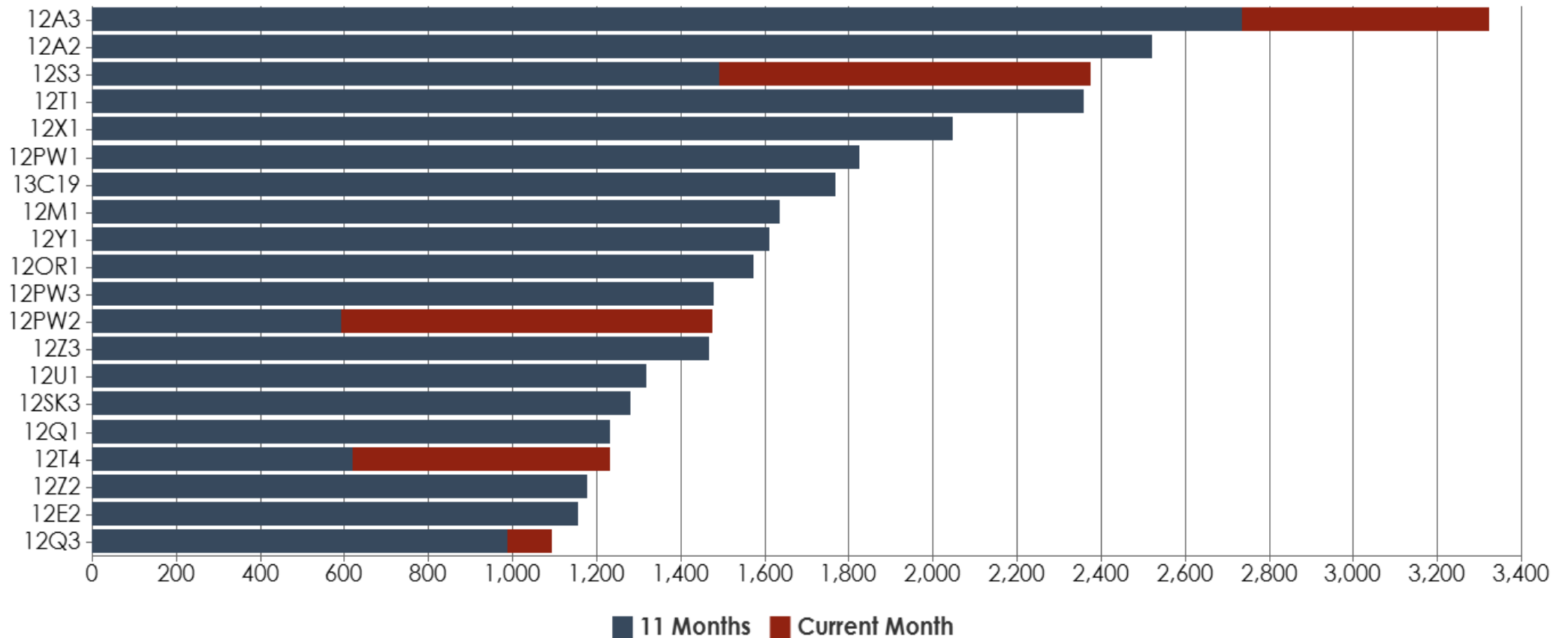
Feeder Outages & Causes - (rolling 12 months)

## Top 20 Feeders by CMI



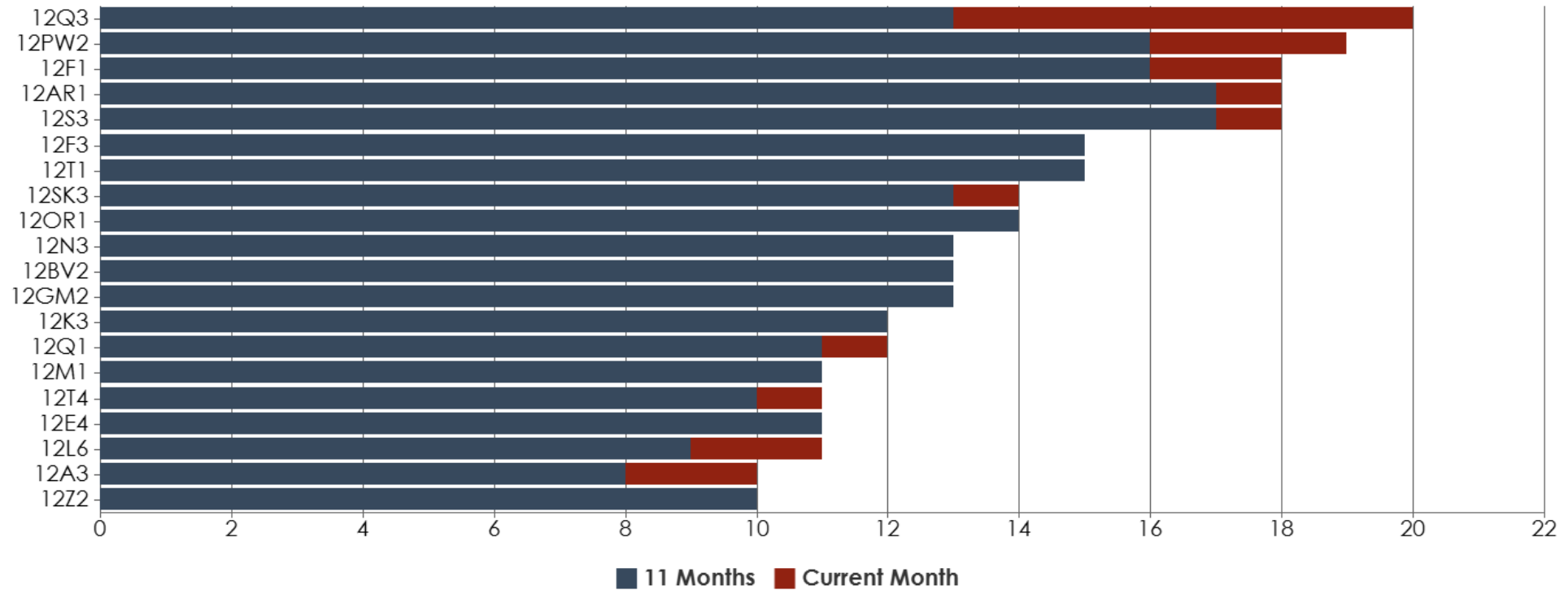
# 4.6.2 Feeder Outages and Causes continued

## Top 20 Feeders by Customer



# 4.6.3 Feeder Outages and Causes continued

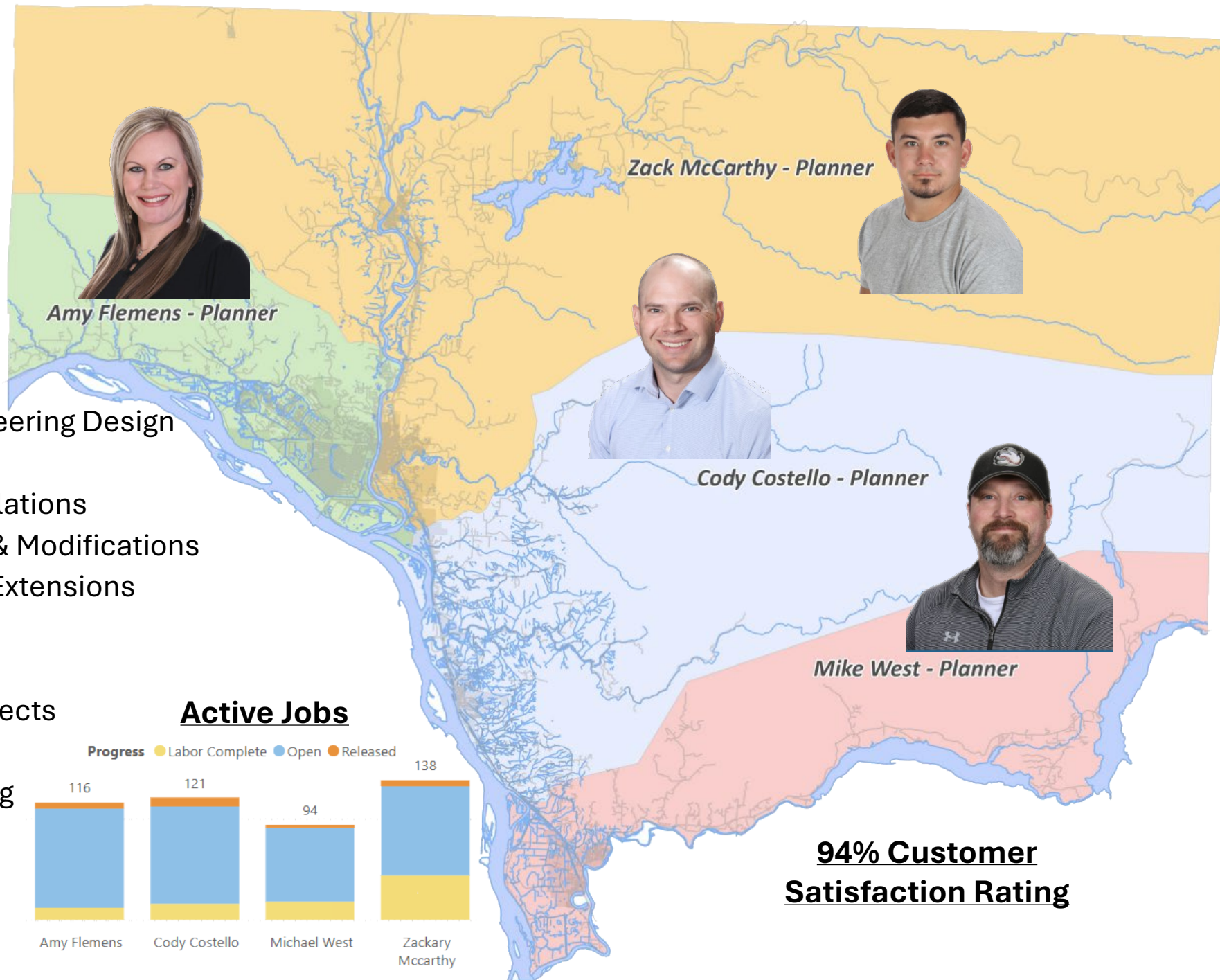
Top 20 Feeders by Incidents



# 4.7 Pictures & Hi-Lights

## Engineering Area Planners

- Customer Service Side of Engineering Design
  - 630 Applications in 2024
  - New Electric Service Installations
  - Existing Service Upgrades & Modifications
  - Primary & Secondary Line Extensions
  - Facility Relocations
  - Solar
- Small Capital Improvement Projects
- Emergency Backup
  - Storm Support and Locating



# 5.0 Customer Service



5.1 Customers Served

5.2 Customer Payments

5.3 Customer Disconnects

5.4 Customer Assistance

5.5 Customer Arrearages

5.6 Warm Neighbor Program

5.7 Customer Programs

5.8 Customer Service Levels

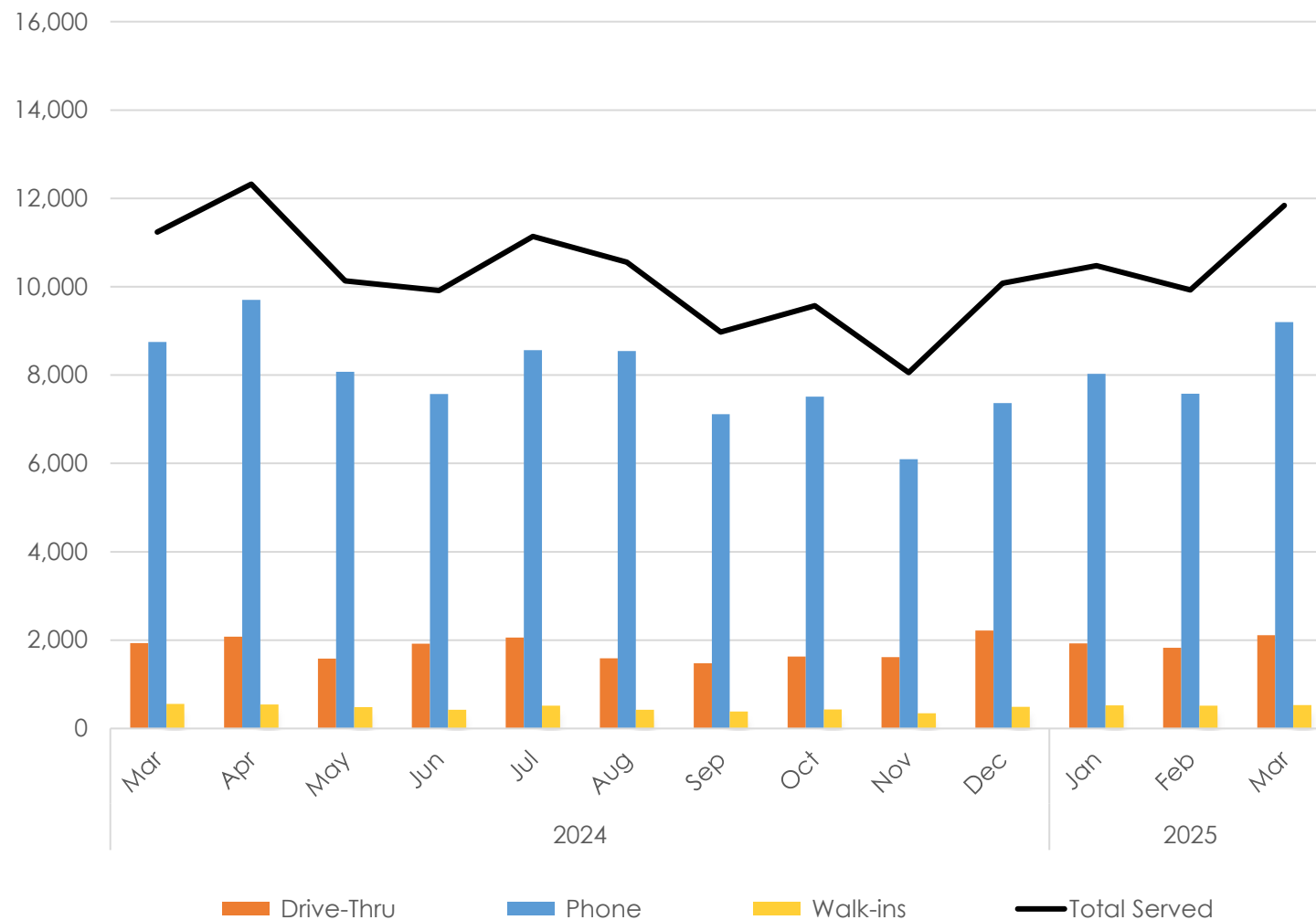
# 5.1 Customers Served

**March Customers Served – 11,840**

Drive Thru – 2,109

Phone – 9,200

Walk-Ins – 531



- Total customer contacts increased in March by 1.9k.
- Colder weather and more days in the month contributed to the increase, which is typical for this time of year.

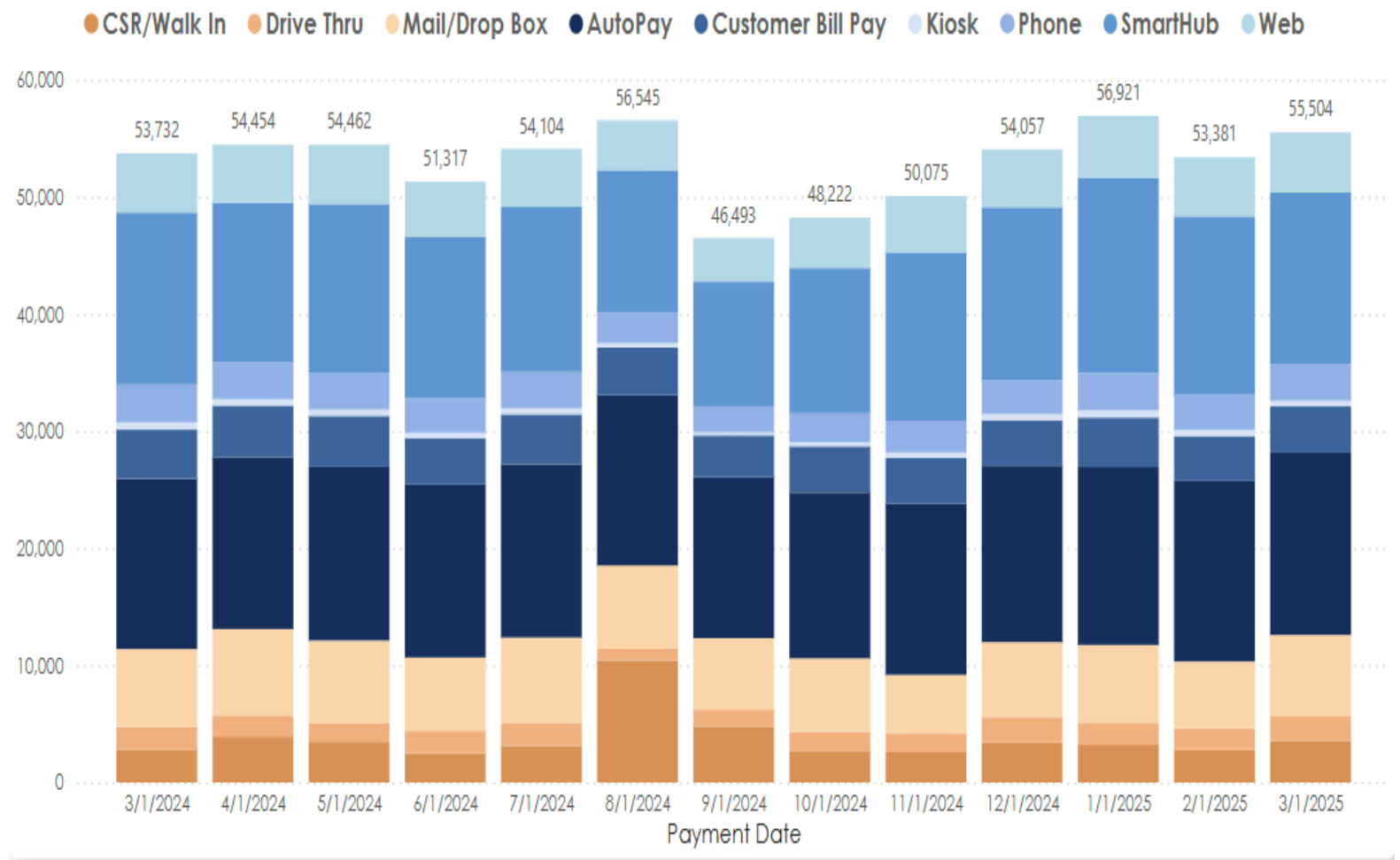


# 5.2 Customer Payments

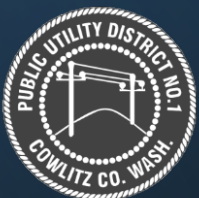
**March Payments – 55,504**

CSR Processed – 12,602

System Processed – 42,902



- Total customer payments increased by approximately 2.1k from the previous month likely due to being a longer month.
- CSR processed payments (total orange) increased by over 2k and system processed payments had a slight decrease for March.



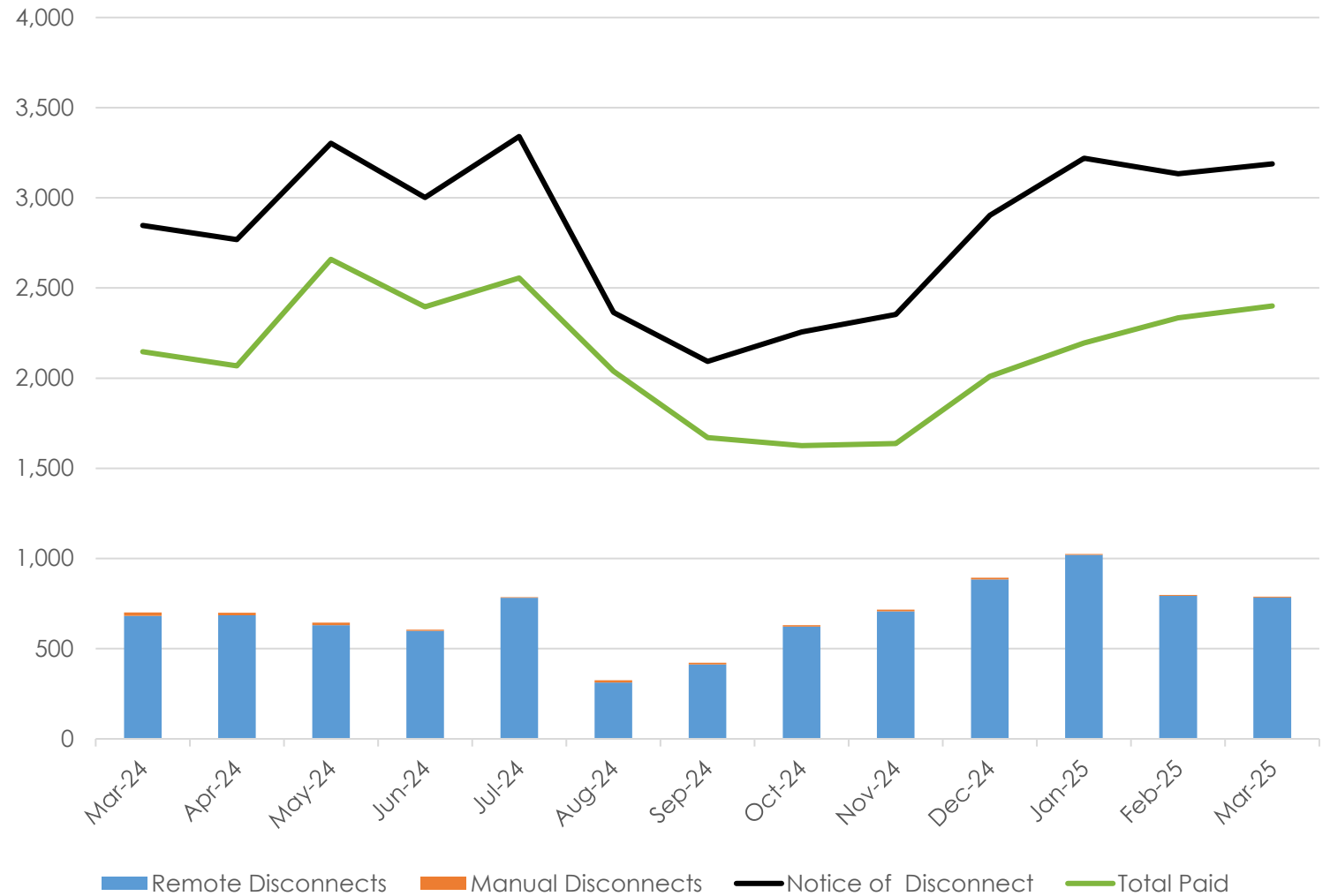
# 5.3 Customer Disconnects

## March Disconnects – 788

Remote – 784  
Manual – 4

Traditional – 441  
PrePaid – 347

Pending Disconnects – 3,189  
Accounts Paid – 2,401



- Disconnects had a slight decreased in March but is average for this time of year.
- Continued CAP and Warm Neighbor assistance has helped to prevent customer disconnects during high heating months.

# 5.4 Customer Assistance

## March Assistance - \$268,444

DISCOUNT RATE - \$59,839

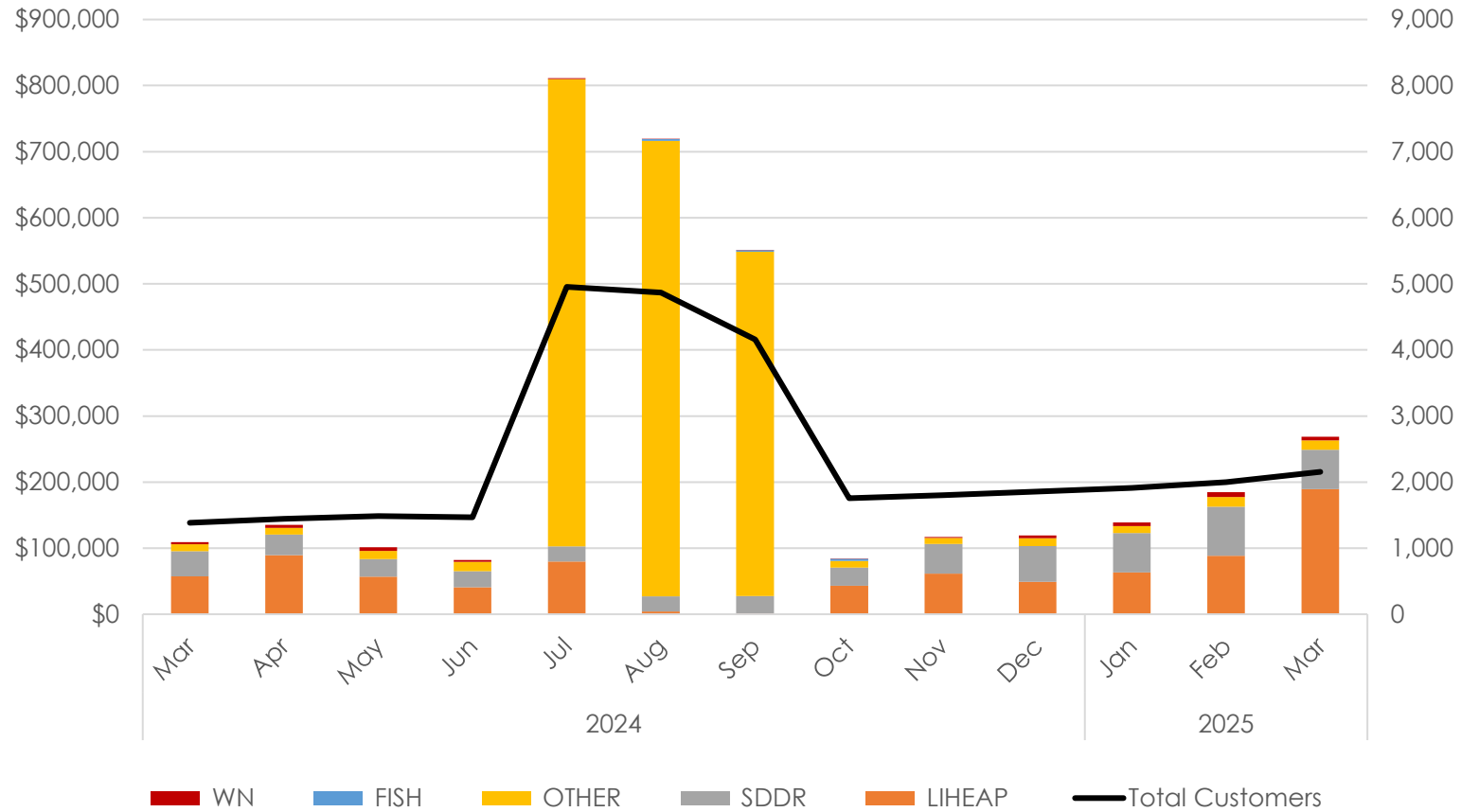
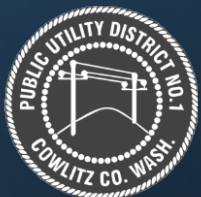
FISH - \$0

LIHEAP - \$189,102

OTHER - \$13,965

WARM NEIGHBOR – \$5,538

TOTAL CUSTOMERS – 2,156



- Assistance increased by over \$83k for the month of March.
- LIHEAP increased by \$100k with the additional LIHEAP funds being provided to customers.
- Customers can receive an additional \$500 up to a total of \$1,250 through the remainder of the season or until funding has been exhausted.

# 5.5 Customer Arrearages

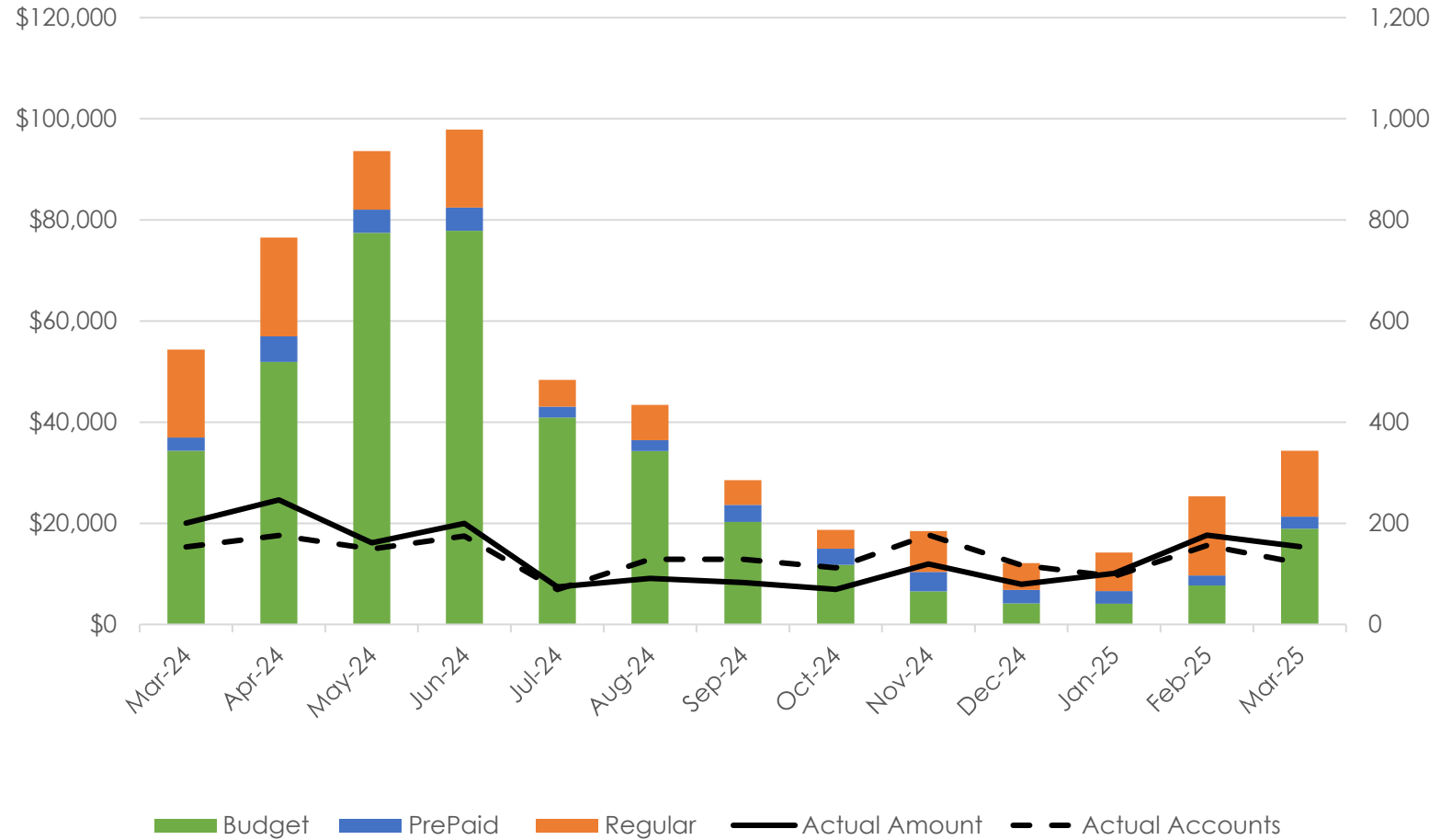
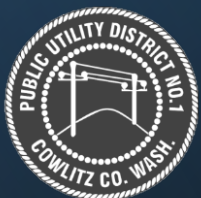
**March Arrearages – \$34,320**

Total Accounts – 310

Actual Past Due:

Past Due Total - \$15,403

Past Due Accounts - 121



- Total arrearages had over \$8k increase from last month but remain much lower than March of last year.
- Actual Past Due amounts decreased \$2k from last month and anticipate this to continue to go down with the additional CAP funding.

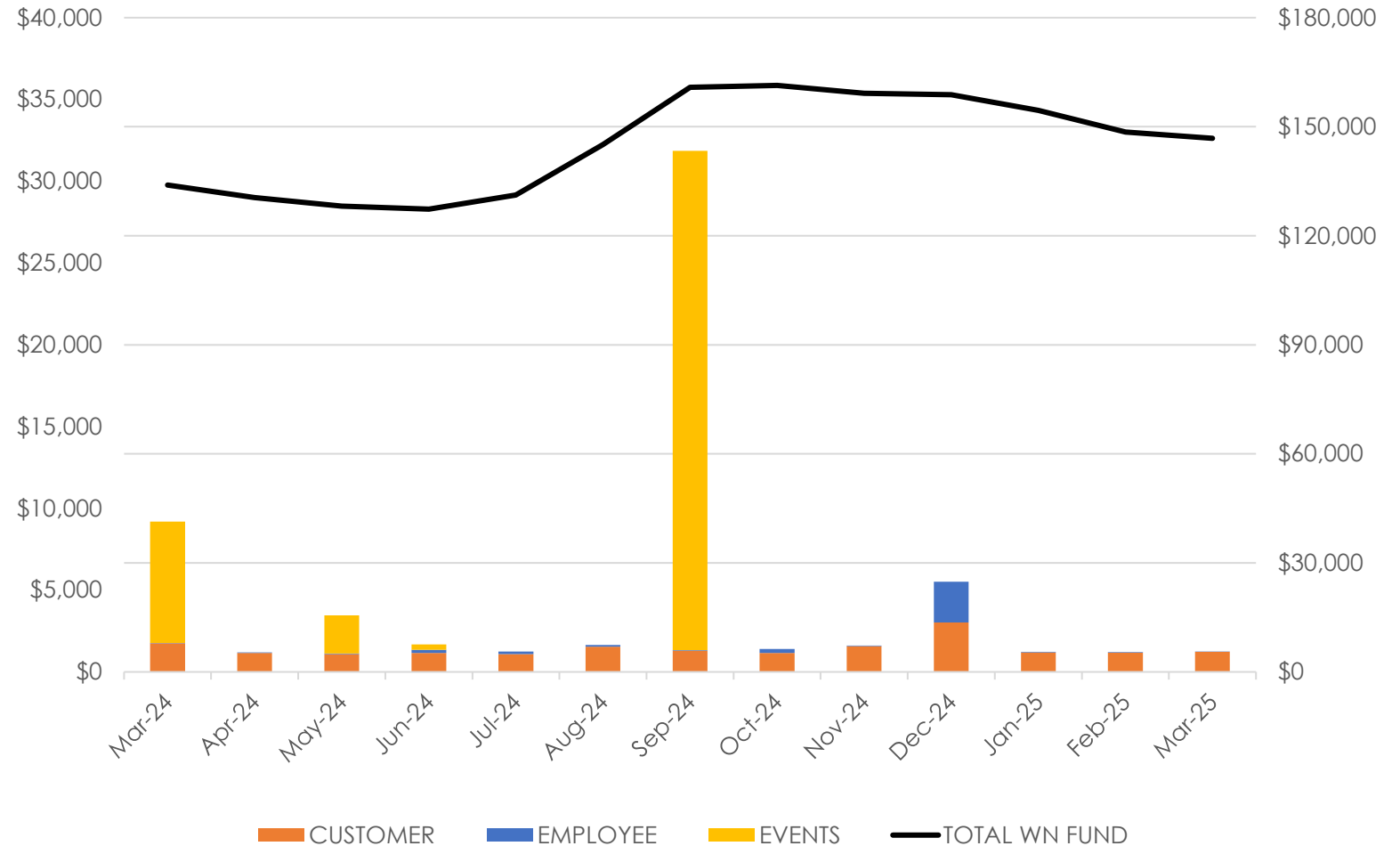
# 5.6 Warm Neighbor Program

**March WN Balance – \$146,796**

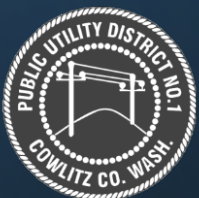
Customer - \$1,226

Employee - \$24

Events – \$0



- Donation amounts continue to remain flat and expect them to increase in the summer and fall.
- Final numbers for the Lights in the Park event will be reported when funds are received



# 5.7 Customer Programs

## March Program Participation

SDDR – 1,860

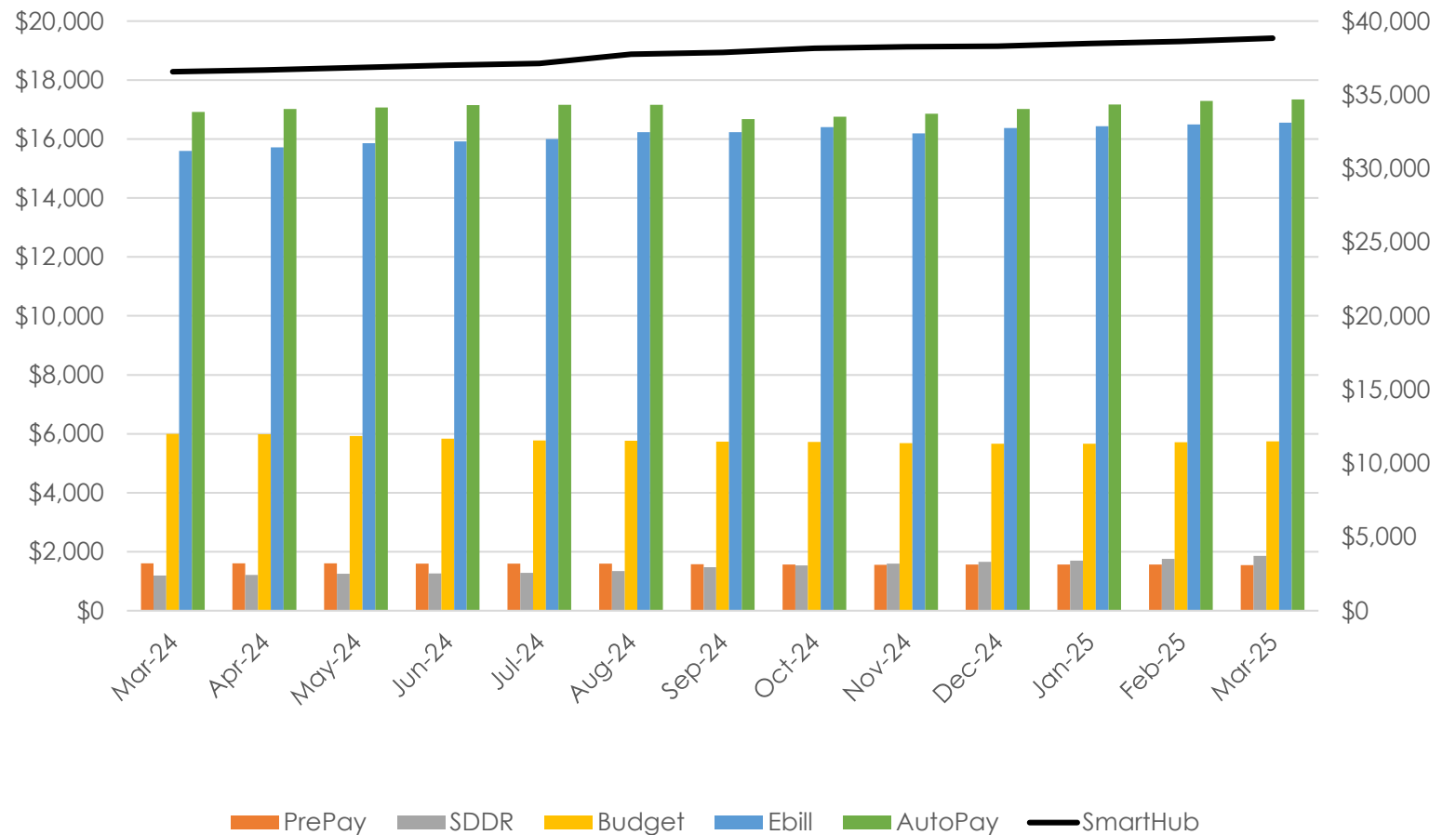
PrePay – 1,550

Budget – 5,743

eBill – 16,555

AutoPay – 17,342

SmartHub – 38,841



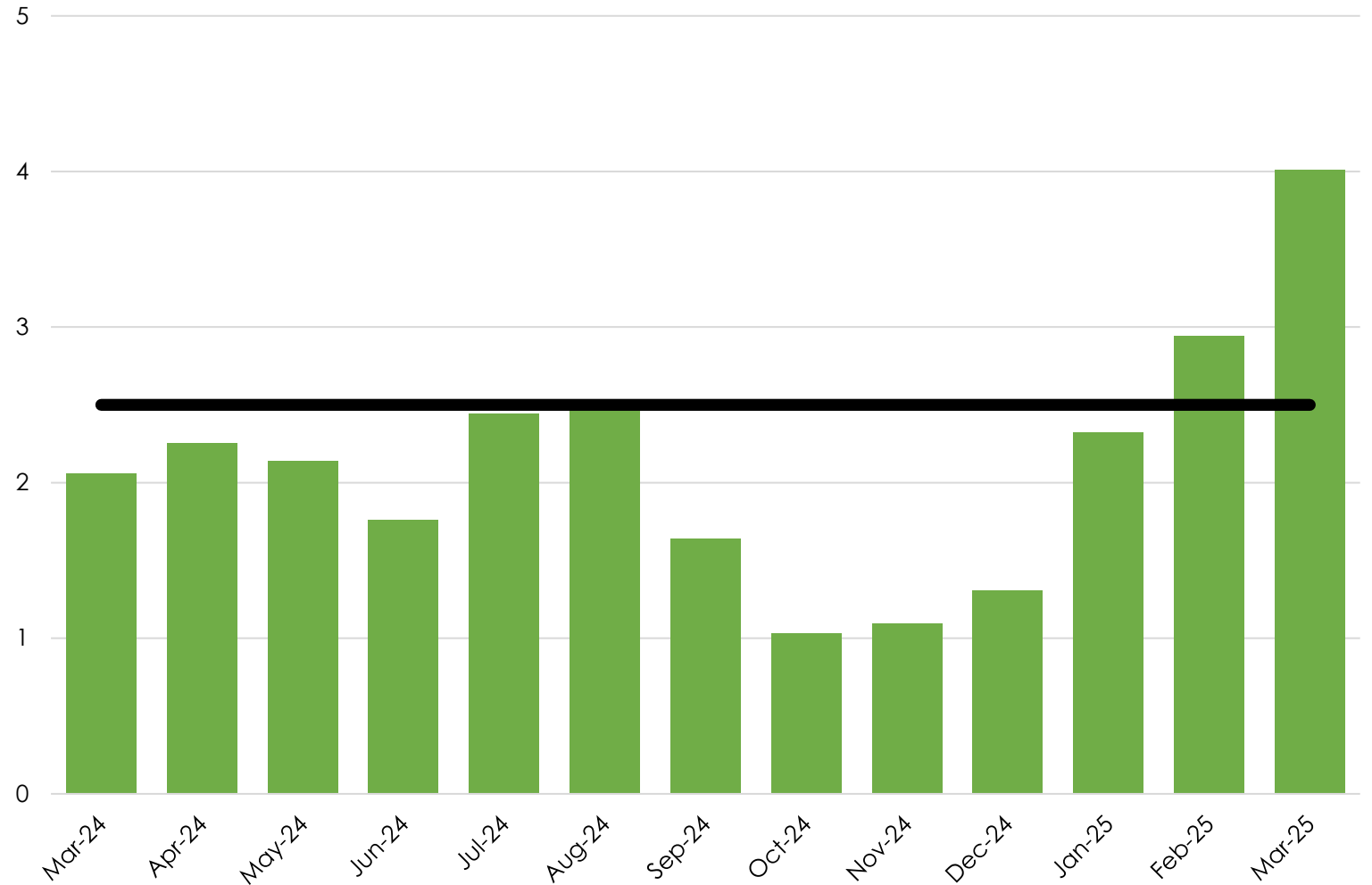
- All programs remain steady for March.
- Customers who meet the age, disability, or veteran requirements are now automatically enrolled in SDDR if they have been approved for LIHEAP. This saves both the customer and the District time in collecting and processing duplicate income information.

# 5.8 Customer Service Levels

## March Call Wait Times

Service Level Goal – 2.5 mins

Current Month – 4.0 mins



- Call wait times increased significantly in March due to lowered staffing levels and high bill calls.

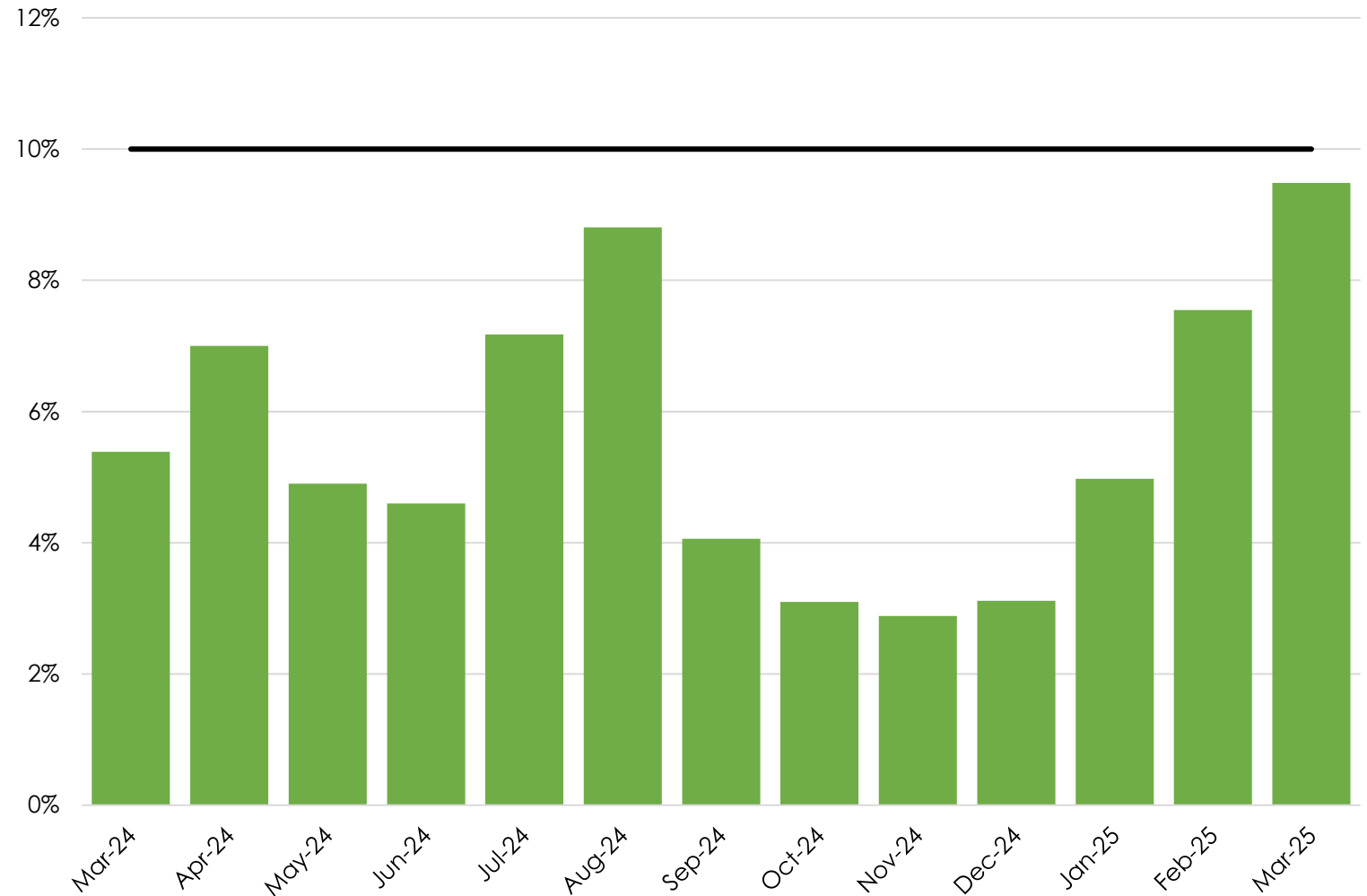


# 5.8 Customer Service Levels

## February Abandoned Calls

Service Level Goal – <10%

Current Month – 9.5%



- Abandoned calls increased for March due to high bill calls in addition to reduced staffing levels.
- A total of 949 calls were abandoned out of 9,200 total calls.



# 6. Employee Services

6.1 Personnel Status

6.2 Current Employee Recruitments

6.3 Career Fair – Public and Student Outreach

# 6.1 Personnel Status

## Current Employee Count:

174 full-time employees

3 part-time employee

1 Intern – T&D Engineering

## Retirements:

- Tony Park, our Meter Foreman is retiring with the District on April 16, 2025 with 32 years of service

## Promotions:

- Kevin Grabenhorst successfully bid into the Meter Foreman position effective March 27, 2025.
- Duane Pense successfully bid into the Power & Demand Meterman position effective April 7, 2025.
- Dawson Carr successfully bid into the Apprentice Lineman position effective April 7, 2025.

## 6.2 Current Employee Recruitments

### External Recruitments:

- We are currently recruiting to fill the following position:
  - Utility Contracts Coordinator (Joint Use/Right of Way) – this is to replace a vacant position. We are currently in the interview process and hope to have a decision made by the end of April.
  - Engineering Interns – we are currently recruiting for two interns in the Transmission and Distribution Engineering department. We are currently in the interview process and hope to have a decision made by the end of April.

## 6.3 Career Fair – Public and Student Outreach

### Outreach Events Coming up for 2025:

- **Woodland High School Career Fair – 4/18/2025**
  - This event will take place on April 18, 2025 in the Woodland High School gym.
  - Students will have the opportunity to meet with over 40 businesses from Cowlitz and Clark county and learn about what careers they offer.
- **Castle Rock High School Skilled Trades Fair – April 22, 2025**
  - This event will take place on April 22, 2025 in the Castle Rock High School parking lot.
  - This event will be open to not only Castle Rock High School students but from students at different high schools bringing over 600 students to the event.

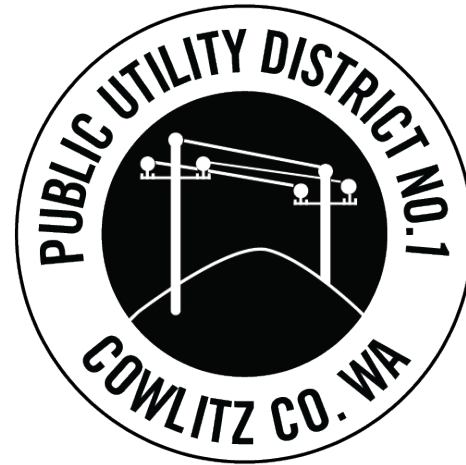
## 6.3 Career Fair – Public and Student Outreach

### Outreach Events Completed for 2025:

- **Longview High School College & Career Fair Day – 2/27/2025**
  - RA Long and Mark Morris High Schools will be hosting a one-day college and career fair for their students.
    - RA Long will run from 8:30-10:30am
    - Mark Morris will run from 12:30pm – 2:00pm
    - These two career fairs were targeted at Junior and Senior level students to learn about the careers that Cowlitz PUD offers. Cowlitz discussed different job opportunities with the students and the education needs for the careers they were interested in.
- **Carrols Elementary School – Career Week – 3/6/2025**
  - Cowlitz PUD attended the Carrols Elementary school career week and presented to 29, 4<sup>th</sup> and 5<sup>th</sup> grade students. During this time, we played a match game where we discussed different careers at Cowlitz PUD and what people in those careers do each day.
- **Kalama High School Career Fair – 3/25/2025**
  - This event took place on March 25<sup>th</sup> at Kalama High School. We spoke with over 500 students, grades 6<sup>th</sup> to 12<sup>th</sup> grade and gave them information on what a PUD is and the varied careers at a Public Utility.
- **WSU Vancouver Engineering and Technology Career Fair – 3/26/2025**
  - This event took place on March 26<sup>th</sup> at WSU Vancouver. We promoted our two open Transmission & Distribution internships and the current open positions we have. We educated students on Public Utilities and the different careers offered.

## 7. Public Relations and Communications

- Connected
- Columbia River Reader
- Radio Messaging
- Website Messaging
- Social Media
- NWPPA
- Internal Messaging



# connected

April 2025  
Volume 34, No.4

## HOME ENERGY LOAN

Cowlitz PUD – partnered with Fibre Federal Credit Union – offers home energy loans to customers completing residential energy efficiency projects such as insulation, windows, ducted or ductless heat pumps, and heat pump water heaters.

Minimum and maximum loan amounts are \$2,000 to \$12,000, with loan terms ranging from 24 to 60 months. The rebate available from the PUD to complete your energy efficient project, is used to lower the annual percentage rate of the loan to zero or near zero in most cases.

As preapproval is required, please contact Cowlitz PUD Energy Efficiency Services at 360.501.9514 (office), 800.631.1131 (Toll-Free), or [eeservices@cowlitzpud.org](mailto:eeservices@cowlitzpud.org) to get started.



## CLEAN YOUR FILTERS

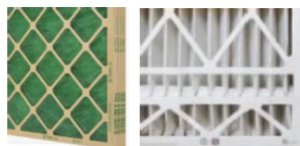
It's best practice to clean your HVAC and hybrid water heater filters at least once a quarter. This helps to ensure your equipment remains in operation.

### Where to start

Set up a schedule or alarm to help you remember to clean and/or replace your filters. The table below can help you manage your filters:

Equipment	Filter Location	Reusable Filter	Filter Management	Schedule
Heat Pump Water Heater	Top of water tank	Yes	Vacuum dust from filter and return to top of water tank	Every two months depending on level of dust in room
Ductless Heat Pump	Front panel of inside unit	Yes	Vacuum dust from filter and return to top front panel inside unit.	Every two months depending on level of dust in room
Ducted Heat Pump	Varies	No	Replace old filter with new.	Every two months depending on level of dust in room
Forced Air Furnace	Varies	No	Replace old filter with new.	Every two months depending on level of dust in room

### Replaceable HVAC Filters



### Helpful tip:

Write the date you replace the filter on the cardboard filter frame. This helps you remember when it was last replaced.

Contact Cowlitz PUD Energy Efficiency Services at 360.501.9514 (office), 800.631.1131 (Toll-Free), or [eeservices@cowlitzpud.org](mailto:eeservices@cowlitzpud.org) for more information.

## CLOSURES: MEMORIAL DAY – MONDAY MAY 26TH

Ask AI Assistant

Simplify the document for me

## Do you Know? eBill Auto Pay Promo?

Enrolling for eBill or AutoPay now offers a \$5 one-time credit on your account. Enroll in both and receive \$10!

- eBill – receive your bill electronically instead of waiting for a paper bill to be mailed.
- AutoPay – Pay your bill automatically on its due date with your checking account or credit card.

Sign up on SmartHub today!

## SmartHub: eBill Enrollment



Help our Earth by going GREEN! Sign up for paperless billing through SmartHub billing, and accept the change.

Simply login to your SmartHub account online or in the app, go to settings, choose paperless billing, and accept the change.



## Bill Assistance Programs:

### LIHEAP: 2024-2025 Season

Schedule your appointment today at [www.lowercolumbiacap.org](http://www.lowercolumbiacap.org)

The Low-Income Energy Assistance Program (LIHEAP) is a Federally funded program administered through CAP.



### Are you low-income and struggling to pay your bill?

One-time bill assistance of up to \$300 may be what you need to get back on your feet.

### How to Apply:

- Complete the [application](#) on SmartHub, in the office, or print from website
- Submit online, email, mail, or drop off the application and required documentation at our office.

### WARM NEIGHBOR INCOME LIMITS 2024

FAMILY SIZE	ANNUAL	MONTHLY
1	\$ 50,400	\$ 4,200.00
2	\$ 57,600	\$ 4,800.00
3	\$ 64,800	\$ 5,400.00
4	\$ 72,000	\$ 6,000.00
5	\$ 77,800	\$ 6,483.33

### DISCOUNTED RATE PROGRAM

Are you low-income and 62+, disabled, active military, or a veteran? You may be eligible to receive up to 30% off your monthly bill.

### How to Apply:

- Complete the [application](#) on SmartHub, in our office, or print from our website.
- Submit online, email, mail, or drop off the application and required documentation at our office.

FAMILY SIZE	SDDR 30%		SDDR 20%	
	ANNUAL	MONTHLY	ANNUAL	MONTHLY
1	\$23,475	\$1,956	\$30,400	\$4,000
2	\$31,725	\$2,644	\$37,600	\$4,800
3	\$39,975	\$3,331	\$44,800	\$5,400
4	\$48,225	\$4,019	\$52,000	\$6,000
5	\$56,475	\$4,706	\$59,200	\$6,693.33

Contact Customer Service for more details: 360.423.2210

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PO Box 3007, Longview, WA 98632  
360.423.2210 | Toll Free 800.631.1131  
[cowlitzpud.org](http://cowlitzpud.org)



Board of Commissioners meets the second and fourth Tuesday of each month at 2pm.

To attend contact [mpetterson@cowlitzpud.org](mailto:mpetterson@cowlitzpud.org)



## PLUGGED IN TO COWLITZ PUD

By Alice Dietz, Cowlitz PUD  
Communications/Public Relations Manager

### Cowlitz PUD earns recognition as Tree Line USA Utility six years running

Cowlitz PUD was named a 2025 Tree Line USA by the Arbor Day Foundation to recognize our dedication of delivering safe and reliable electricity while maintaining healthy community forests. We will continue to strive to maintain our title by meeting the following program standards:

- Quality Tree Care Practices.
- Annual employee training.
- Educating the public about planting trees for energy conservation and helping homeowners' plant appropriate trees near utility lines, which provides beautiful trees for the future and yields long-term savings for our customers.
- Participate in an Arbor Day celebration.

#### In celebration of Arbor Day

Cowlitz PUD is giving away 20 powerline-safe trees with a mature height of less than 25 feet. In partnership with Tsugawa's Nursery, the 20 winners will go to the nursery to select their tree. Enter at [cowlitzpud.org](http://cowlitzpud.org) by 5pm April 30, 2025.

- Plant your new tree in the right place to conserve energy and reduce your energy bills.
- Properly placed trees save energy by providing summer shade, winter warmth and winter windbreaks. For

Alice Dietz may be reached at [adietz@cowlitzpud.org](mailto:adietz@cowlitzpud.org), or 360-501-9146.

more information visit <https://www.cowlitzpud.org/outages/vegetation-management/>.

#### SPRING PROJECTS? PLAN AHEAD!

If you are planning to do some landscaping, or even plant a tree, we ask that you keep some things in mind.

- Call 811 before you dig
- Trees and shrubs can be a problem for overhead and underground facilities.
- Look up to see if there are overhead lines above or near your planting site.
- Trees planted directly under or within 20 feet of the power lines should have a mature height less than 25 feet
- Trees that mature to 25 to 45 feet should be planted 20 to 50 feet away.
- Trees greater than 45 feet at maturity should be planted more than 50 feet away
- Look around to see if there are green metal or fiberglass boxes that should not be planted near due to underground facilities.

#### Next step and questions?

You may submit an online tree trimming form at <https://www.cowlitzpud.org/outages/tree-trimming-request/> or call 360-501-9367.

In celebration of Arbor Day, we are giving away 20 powerline-safe trees, which have a mature height of less than 25 feet. Enter to win at [cowlitzpud.org](http://cowlitzpud.org) before April 30th, 2025




# Radio Messaging

*You could receive a one-time five-dollar credit on your Cowlitz PUD account when enrolling in an e-bill or autopay, or enroll in both and receive ten dollars. With ebill, you will receive your bill electronically instead of waiting for a paper bill in the mail. When you set up autopay using your checking account or credit card, your bill will be automatically paid on its due date. Sign up on SmartHub or contact customer service for assistance at 3604232210.*

*Considering solar, let Cowlitz PUD be your free resource. Before you install solar, our expert engineers can help. Have a great list of questions available to ask yourself and ask your solar installer. Is solar what's best for your home? Cowlitz PUD offers free home energy audits. We'll prioritize your home's energy efficiency first, help your solar install, go further. Contact Cowlitz PUD today at 3604232210.*

# Website Messaging



Make a One-Time Payment

SmartHub Outages Efficiency Careers Assistance Programs

---

Connected Newsletter


**\$10 REBATE**

**GO GREEN,  
GET GREEN**


Receive a one-time \$5 credit on your account when enrolling in eBill or AutoPay!  
**ENROLL IN BOTH, RECEIVE \$10!**

Sign-Up for AutoPay and eBill, receive a \$10 Rebate


Arbor Day Tree Giveaway



LIVE Osprey Cam



Same Payment. Every Month.



# Social Media Messaging

### Page overview

Last 28 days

[Create post](#)

Views <span>i</span>	48,567
Reach <span>i</span>	18,435
Content interactions <span>i</span>	806
Follows <span>i</span>	35



[See more](#)

### Top content

Last 28 days

[See all](#)


Boost this post to reach up to 14941 more people with every \$588 you spend.

	Published by Alice Dietz · March 31 at 12:16 PM · 	Views	Reach	Interactions
		15,714	7,216	561


[See insights](#) [Boost again](#)

### Content

Most recent content and ads



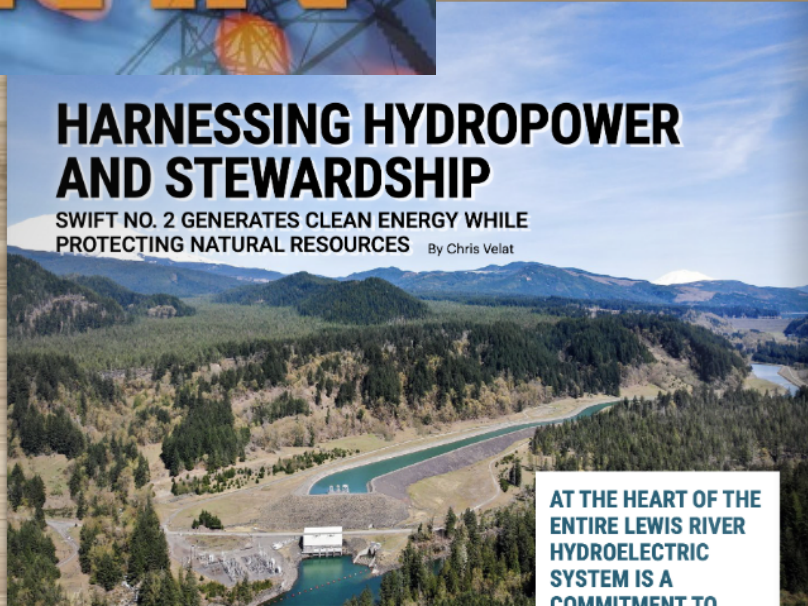
Content  
[See content](#)



**\$10 REBATE**  
**GO GREEN,  
GET GREEN**  
Receive a one-time \$5 credit on your account when enrolling in eBill or AutoPay

## HARNESSING HYDROPOWER AND STEWARDSHIP

SWIFT NO. 2 GENERATES CLEAN ENERGY WHILE PROTECTING NATURAL RESOURCES *By Chris Velat*



AT THE HEART OF THE ENTIRE LEWIS RIVER HYDROELECTRIC SYSTEM IS A COMMITMENT TO ENVIRONMENTAL STEWARDSHIP.

Nestled in the scenic landscape of Southwest Washington, the Swift No. 2 Hydroelectric Project is an integral part of a larger effort to bring reliable, renewable energy to the Pacific Northwest. Situated along the North Fork of the Lewis River, Swift No. 2 may not be as widely known as its upstream sibling, Swift No. 1, but its contributions to the region's energy grid and environmental sustainability are significant. Owned by Cowlitz PUD but operated and maintained by PacifiCorp, Swift No. 2 exemplifies the balance between natural resource management and energy production.

### A vital link in the Lewis River System

The Swift No. 2 Hydroelectric Project forms part of the broader Lewis River hydroelectric system, a series of four projects and three reservoirs—Swift, Yale, and Merwin—working in concert

to generate hydroelectric power from the North Fork Lewis River. The river's powerful flow has been harnessed since the mid-20<sup>th</sup> century, providing a clean and renewable source of energy for the region. While Swift No. 1, constructed in the 1950s, receives water from the expansive Swift Reservoir, Swift No. 2 plays a vital role downstream by making use of the water released from Swift No. 1 to generate additional electricity.

The Swift No. 2 project ensures that water released from Swift No. 1 is not wasted. Instead, water flows through a 3.1-mile-long constructed canal before passing through the Swift No. 2 project's Francis turbines, allowing for efficient capture of the water's energy potential before it continues downstream toward the next facility in the system. With an installed capacity of approximately 73.1 megawatts, Swift No. 2 may be smaller than Swift No. 1, but it remains a crucial piece of the puzzle in maximizing the

energy output of the North Fork Lewis River without requiring the construction of additional reservoirs.

### Balancing energy needs and environmental stewardship

At the heart of the entire Lewis River hydroelectric system is a commitment to environmental stewardship. Cowlitz PUD and PacifiCorp have worked tirelessly to ensure that the operations at Swift No. 2 and the surrounding hydro facilities minimize their ecological impact. Over the years, this has led to numerous environmental initiatives designed to preserve local ecosystems, including fish passage enhancements, habitat restoration projects, and careful water management practices.

WITH CLIMATE CONCERNS AND THE GROWING DEMAND FOR CLEAN, RENEWABLE ENERGY, HYDROELECTRIC PROJECTS LIKE SWIFT NO. 2 ARE BECOMING INCREASINGLY IMPORTANT.



The North Fork Lewis River is home to several species of salmon and steelhead, which rely on the river for spawning and migration. One of the key challenges facing hydroelectric projects worldwide is how to balance energy generation with the needs of these critical fish populations. The Lewis River hydroelectric system is no exception, and the utilities have invested in fish passage to ensure that fish can reach the upper Lewis River watershed. Modern fish passage systems, including collection facilities and hauling programs, help salmon and steelhead migrate past hydroelectric facilities on their way to and from the ocean.

In addition to fish protection, Cowlitz PUD collaborates with local, state, and federal agencies to monitor water quality. Regular testing ensures that the operation of Swift No. 2 does not negatively impact downstream water conditions, which are vital for fish populations and local communities that depend on the river for recreation.

### A source of clean energy for the future

With climate concerns and the growing demand for clean, renewable energy, hydroelectric projects like Swift No. 2 are becoming increasingly important. Hydropower is one of the most reliable and dispatchable forms of renewable energy, providing consistent electricity generation year-round. Unlike solar or wind power, which can be intermittent depending on weather conditions,

hydroelectric facilities can generate electricity as long as rivers flow—making them a cornerstone of the region's renewable energy portfolio.

For Cowlitz County residents, Swift No. 2 helps provide a stable and dependable source of power. Cowlitz PUD's efforts to modernize the facility and enhance its efficiency ensure that its renewable energy will be available for decades to come. As part of its broader commitment to sustainability, Cowlitz PUD, with PacifiCorp's assistance, is continuously integrating new technologies and refining water-management strategies to maximize energy output while minimizing environmental impacts.

### A legacy of innovation and responsibility

While the Swift No. 2 Hydroelectric Project may not receive the same attention as larger, more prominent renewable energy initiatives, its role in the region's energy landscape cannot be overstated. For over six decades, the Lewis River hydroelectric system has powered homes and businesses across the Pacific Northwest, demonstrating the enduring value of hydropower as a reliable, renewable energy source.

Swift No. 2 and other Pacific Northwest hydroelectric facilities stand as a testament to the power of balance. They are a reminder that, even as we harness nature's forces for human benefit, we must also protect and preserve the ecosystems that sustain us. This balance

between energy generation and environmental responsibility is at the core of what makes public power such a vital part of the Pacific Northwest.

As Cowlitz PUD looks to the future, the Swift No. 2 Hydroelectric Project will continue to be a shining example of how innovation and stewardship can go hand in hand—delivering clean energy today while preserving natural resources for tomorrow. The continued success of Swift No. 2 will depend on ongoing collaboration between public and investor-owned utilities, governmental agencies, and the communities these groups serve. This collaborative approach ensures that emerging challenges can be addressed with a unified vision that prioritizes human and environmental needs alike. It's a dynamic that not only benefits the region but can inspire similar efforts globally.

In this way, Swift No. 2 is more than just a hydroelectric facility. It's a model of possibility, illustrating the potential for human ingenuity to create solutions that benefit and respect the environment. Through continued dedication and collaboration with its river partner PacifiCorp, Swift No. 2 will remain a vital part of Cowlitz PUD's energy portfolio, helping to light the way toward a sustainable future. *NWPPA*

*Chris Velat is the director of power resources at Cowlitz PUD. He can be contacted at [cvelat@cowlitzpud.org](mailto:cvelat@cowlitzpud.org).*

March 6th, 2025  
**Watts Up**



**Download the INGAGED Benefits app today!**

**INGAGED**

Download the app to:

- Access Medical & Prescription Information
- Review Dental & Vision Coverage
- Discover Additional Voluntary Programs
- And Many More Features Optional!

Use Company Code: **co0116**

Scan the QR Code or Input From a Mobile App Store

**4 Ways to Eat Healthy**

- 1 Choose Nutrient-Dense Foods**
- 2 Portion Size**
- 3 Eat a Variety of Foods**
- 4 Limit Fast Food**

See the attachment in the email for more ladder tips!

**Acknowledgment to the Planner group for taking on additional underground cable replacement design work to support Doug's team during their staffing shortage.**

**Appreciation to Marvin St. Peter and Seth Hamer for their dedicated efforts in repairing the damage to the West Kelso power transformer caused by the cat-related outage on February 26th.**

**Recognition for Leah Byrnes and Lyke Kellar for their exceptional contributions to the apprenticeship program.**

**Thanks to CSR's Cliff Hammons and Sandy Antila for effectively managing system performance issues during one of Customer Service's peak periods.**

**Gratitude to Jim Cartrell for his significant work on the new cameras installed near the drive thru.**

**March is National Ladder Safety Month!**

- Read and follow all labels/markings on the ladder.
- Do not place a ladder on boxes, barrels or other unstable bases to obtain additional height.
- Do not move or shift a ladder while a person or equipment is on the ladder.
- Ladders must be free of any slippery material on the rungs, steps or feet.
- The proper angle for setting up a ladder is to place its base a quarter of the working length of the ladder from the wall or other vertical surface.

March 13th, 2025  
**Watts Up**



**Welcome to the world Nella Fern Gillis' Born on March 1st, 2025 at 8lbs 4 oz and 22". Nella is the granddaughter of Stacie Pederson.**

**HRAveba**

You're invited to an Introduction to Your HRA Benefits Card Webinar!

Please attend an upcoming presentation to learn more about your HRA/VEBA Benefits Card. We will discuss when transactions typically support automatically, when and why documentation is required, and what to do if you are unable to obtain documentation. There will be time for Q&A at the end of the presentation.

**Safety**

**Ladder Safety at Work ... Continued on the 2nd page**

Don't fall victim to common mistakes, make sure you know the do's and don'ts of ladder safety!

- Do not use a ladder if you are not trained in its use.
- Do not use a ladder if you are not sober and have not had any alcohol to drink.
- Do not use a ladder if you are not wearing your safety harness and fall protection.
- Do not use a ladder if you are not wearing your safety glasses.
- Do not use a ladder if you are not wearing your safety shoes.
- Do not use a ladder if you are not wearing your safety helmet.
- Do not use a ladder if you are not wearing your safety vest.
- Do not use a ladder if you are not wearing your safety gloves.
- Do not use a ladder if you are not wearing your safety harness.
- Do not use a ladder if you are not wearing your safety fall protection.
- Do not use a ladder if you are not wearing your safety harness and fall protection.
- Do not use a ladder if you are not wearing your safety glasses.
- Do not use a ladder if you are not wearing your safety shoes.
- Do not use a ladder if you are not wearing your safety helmet.
- Do not use a ladder if you are not wearing your safety vest.
- Do not use a ladder if you are not wearing your safety gloves.
- Do not use a ladder if you are not wearing your safety harness.
- Do not use a ladder if you are not wearing your safety fall protection.

Just pick a date and time that works for you and click the registration link. A short presentation will be followed by a Q&A session led by HRA/VEBA Plan representatives from Gallagher. For more information, see about your HRA/VEBA Plan, please read the **HRA/VEBA Plan Benefits Guide** or check out the HRA/VEBA Plan's new **video library**.

- March 19, 3:00-3:30 PM [Click here to register.](#)
- March 20, 10:00-10:30 AM [Click here to register.](#)

**Stay connected with your employee benefits this year!**

The 2025 Medical Plan Summary of Material Modifications and Summary Plan Description are available on the HR Page of the Intranet: [http://myouid.com/documents/hr/HealthCarePlan\\_SMM.pdf](http://myouid.com/documents/hr/HealthCarePlan_SMM.pdf) [http://myouid.com/documents/hr/HealthCarePlan\\_SDP.pdf](http://myouid.com/documents/hr/HealthCarePlan_SDP.pdf)

INGAGED Benefits App- Available to download now <http://myouid.com/documents/hr/INGAGED%20Download%20Connect.pdf>

**Download the INGAGED Benefits app today!**

**INGAGED**

Download the app to:

- Access Medical & Prescription Information
- Review Dental & Vision Coverage
- Discover Additional Voluntary Programs
- And Many More Features Optional!

Use Company Code: **co0116**

Scan the QR Code or Input From a Mobile App Store

March 20th, 2025  
**Watt's Up**



**Wellness**

Join WSU Master Gardener Terrie Peterson on April 10th at 12:00 in the Main Office Lunch Room to learn about PNW gardening and companion planting. Discover the best plants for the PNW climate and how to enhance garden health. Register by April 3rd for food and raffle prizes. On April 17th, there will be a Re-Planting and Seed Planting event in the courtyard for employees. Sign-up: [twof@koozitzpuod.org](http://twof@koozitzpuod.org)

Chronic stress affects mood and health, incorporating stress-reducing activities like breathwork and gentle stretches can improve daily life. Consider using the Calm App for support.

**Lunch and Learn**

Join Stacey Ferrell and Amanda Amos for a Lunch and Learn on April 23rd at noon in the Main Building, where they will discuss customer assistance programs at the PUD. Keep an eye out for sign-ups.

**Needing to Change Your Tax Withholdings?**

That change needs to be made by completing a W-4 in NeoGov.

**Guess Who's Back, Back Again?**

Ron is back, tell your friends. Ron Ella from Fidelity is back - April 30th (Main Office)

Sign up for an in-person appointment: <https://calendar.fidelity.com/qr/wsl/1000/avoidment.html>

\*\*Virtual or telephone appointments are also available each month. Appointment times will not show once all available appointments have been booked.

**Healthcare Booklet - Save Big on Healthcare this Spring!**

Take a look at a few of the easiest ways to save:

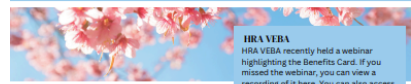
1. Imaging: MRI, CT scans, ultrasound and x-rays
2. Diagnostic Tests: Colonoscopies, arthroscopies, cardiac tests, and sleep studies
3. Outpatient Surgeries: Arthroscopies, tonsillectomies, and cataract surgery

Plus, you can earn a reward up to \$100 every time you search for select procedures in Healthcare Booklet and use a Fair Price facility for your care. No forms or extra steps required. [Click here.](#)

**LADDERS**

- Stand on a ladder instead of a chair, table, bucket, or box.
- Use the correct ladder for the job.
- Never step on the top platform of any ladder, including a step ladder.

March 26th, 2025  
**Watt's Up**



**Wellness**

Take the Fact or Fiction Nutrition Quiz (attached) for a chance to win one of two gift cards. Quizzes can be left on the table in my office or emailed to me. Don't forget to include your name.

**Safety**

Reminder if you finish one of these courses by 3/31/2025 by entered to win a prize:

**Featured Courses**

- Steps, Tips, and Falls
- Ladder Safety
- Whole Health: Good Sleep Habits

**Cybersecurity Tip**

Watch out for scams! According to the FTC, 1 in 3 people who reported fraud lost money last year. Many of us have received text messages, with a link, telling us we have past due tolls. It's always best practice to not click on links or reply to messages. Go directly to the company through known good channels. Report any scans at work to IT and anything personal you can report to the FTC. <https://reportfraud.ftc.gov/>

Jeff Parmer, a gardener in Delaware, noticed someone was stealing his vegetables in 2023. To identify the culprit, he set up a camera and discovered a groundhog eating his crops. Amused by the footage, he decided to coexist with the groundhog, naming him "Chuck." Jeff began sharing his vegetables with Chuck, who was later joined by a mate, Nibbles. Their family eventually grew to include Nugget, Chip, and Chabbie.

# Weekly All Employee Updates

# 8. Regulatory and Regional Affairs 4/22/2025

## 8 – March **Activity**

8.1 – 2025 Legislative Session

8.2 – District Actions on Bills

8.3 – Bill Tracker

8.4 – State

8.5 – Federal



# 8.1 2025 Legislative Session



- ❖ April 16<sup>th</sup> Opposite House milestone reached
  - Bills that weren't passed are considered dead unless deemed "Necessary to Implement the Budget"
  - Focus shifted to achieving concurrence and the budgets
- ❖ District engaged with 37 bills to date:
  - Opposed/had concerns on 59 bills. 41 are considered dead, 7 passed, and 10 are still under consideration.
  - Acted in opposition of 16 bills including meeting with the sponsor, reaching out to our delegates, signed in on 10 bills, and testified (written or in person) on 5 bills.
  - The District supported 37 bills this session. Of those, 22 are considered dead, 9 have passed, 5 are still under consideration.
  - We acted on 21 of the bills we supported, including 29 sign ins, and 4 (written or in person) testimony.
  - Continue to reach out to delegates on bills still under consideration to ensure they know the District's position.
- ❖ HB 1329 passed both chambers
  - Amendments were made in the Senate, so the chambers will now have to concur on the language.
  - Changes were agreed to by stakeholders as part of the negotiation process to move the bill forward.
- ❖ State Capital Budget released
  - Did not include the District's \$1 million request for the Ryderwood Electric Distribution Reliability Project

# 8.2 District Actions on Bills



Bill	Description	Sponsor	Comp. Bill	Current Status	PUD Position	PUD Action
1025	Reopening the exemption from the long-term services and supports trust program for employees who have purchased long-term care insurance.	(Abbarno)		dead	Support	Sign In
1249	Creating the commercial liftoff for energy from advanced nuclear advisory commission.	(Barnard)		dead	Support	Sign In
1253	Expanding the ability of consumer-owned utilities to enter into joint use agreements.	(Ybarra)		passed	Support	Sign In
1271	Permitting early deployment of state fire service resources.	(Nance)		Alive	Support	Sign In
1329	Concerning wholesale power purchases by electric utilities under the Washington clean energy transformation act.	(Hunt)	5401	passed	Support	Written testimony
1598	Concerning fair access to community solar.	(Bernbaum)	5515	dead	Oppose	Sign In
1610	Concerning the disclosure of critical energy infrastructure information.	(Hunt)	5582	dead	Support	Testified
1622	Allowing bargaining over matters related to the use of artificial intelligence.	(Parshley)	5422	dead	Concerns	Sign In
1643	Supporting transportation system improvements by addressing utility facility removal and relocation responsibilities.	(Barkis)		dead	Oppose	Sign In
1702	Authorizing counties to impose a public utility tax.	(Wylie)		dead	Oppose	Sign in & testified
1804	Improving accessibility of community solar projects in Washington state.	(Fey)	5634	dead	Support	Sign In
1822	Establishing a driver work zone and first responder safety course requirement.	(Low)	5717	dead	Support	Sign In
1831	Allowing for corrections to wage and salary disclosures.	(Springer)	5408	dead	Support	Sign In
1842	Allowing public utility districts to form, own, or use captive insurers.	(Steele)		passed	Support	Sign In
1847	Prioritizing the development of distributed alternative energy resources in targeted circumstances.	(Doglio)		dead	Oppose	Testified
1913	Repealing the public utility tax credit for home energy assistance.	(Berg)		dead	Opposed	Sign in & testified
1975	Amending the climate commitment act by adjusting auction price containment mechanisms and ceiling prices, addressing the department of ecology's authority to amend rules to facilitate linkage with other jurisdictions, and providing for market dynamic analysis.	(Fitzgibbon)		Alive	Support	Sign In

# 8.2 District Actions on Bills, Cont



Bill	Description	Sponsor	Comp. Bill	Current Status	PUD Position	PUD Action
5036	Strengthening Washington's leadership and accountability on climate policy by transitioning to annual reporting of statewide emissions data.	(Boehnke)		passed	Support	Sign In
5041	Concerning unemployment insurance benefits for striking or lockout workers.	(Riccelli)		passed	Oppose	Sign In
5360	Concerning environmental crimes.	(Trudeau)		dead	Concerns	Written testimony
5401	Concerning wholesale power purchases by electric utilities under the Washington clean energy transformation act.	(Slatter)	1329	dead	Support	Sign in & testified
5408	Allowing for corrections to wage and salary disclosures.	(King)	1831	Alive	Support	Sign In
5414	Requiring social equity impact analysis in performance audits and legislative public hearings thereon.	(Hasegawa)		passed	Concerns	Sign In
5422	Allowing bargaining over matters related to the use of artificial intelligence.	(Bateman)	1622	dead	Concerns	Sign In
5425	Modernizing the energy independence act to avoid regulatory duplication and overlap with other laws.	(Boehnke)		dead	Support	Sign in
5429	Concerning membership in the state building code council.	(Short)		dead	Support	Sign In
5434	Establishing balanced legislative oversight of gubernatorial powers during a declared emergency.	(Wagoner)		dead	Support	Sign In
5445	Encouraging utility investment in local energy resilience.	(Boehnke)		Alive	Support	Sign In
5515	Concerning fair access to community solar.	(Shewmake)	1598	dead	Oppose	Sign In
5627	Improving safe excavation practices and preventing damage to underground utilities.	(Ramos)		passed	Support	Sign In
5634	Improving accessibility of community solar projects in Washington state.	(Lovelett)	1804	dead	Support	Sign In
5690	Concerning utility relocation.	(MacEwen)		Alive	Support	Sign In
5794	Adopting recommendations from the tax preference performance review process, eliminating obsolete tax preferences, clarifying legislative intent, and addressing changes in constitutional law.	(Salomon)		NTIB	Oppose	Written testimony
5804	Concerning fish habitat restoration.	(Trudeau)		NTIB	Oppose	Sign In

# 8.3 Bill Tracker

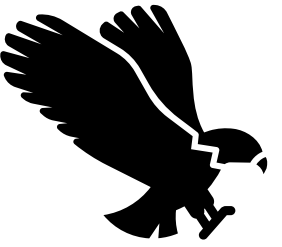


Bill No.	Description		Support	Concerns	Monitor
<b>HB 1329</b> (passed both)	Amending CETA's 2026 Coal-free Standard to accommodate certain wholesale power purchases made by utilities – <i>Ensures utilities' preference power contracts with BPA are considered a "coal-free resource"</i>				
<b>HB 1253</b> (passed both)	Expanding the ability of consumer-owned utilities to enter into joint use agreements – <i>allows COUs to engage private entities for joint ventures on energy and infrastructure projects</i>				
<b>SB 5445</b> (passed both)	Encouraging development of distributed energy resources – <i>Hybrid version of WPUA's priority bill to incentivize investment in local solar, wind, storage resources, accelerated conservation and demand response; a utility may count new distributed generation facility electrical output with a quadruple value toward its I-937 renewable portfolio standard compliance target</i>				
<b>HB 1622</b> (Dead)	Allowing bargaining over matters related to the use of AI.				
<b>SB 5041</b> (passed both)	Concerning unemployment insurance benefits for striking or lockout workers – <i>would allow up to 12 weeks of unemployment insurance benefits to striking or locked out workers after initial waiting period</i>				
<b>SB 5360</b> (Dead)	Creates harsher penalties for environmental crimes.				
<b>SB 5804</b> (NTIB)	Shifts public Utility Taxes to a special account to pay for fish passage projects (culvert replacements). Legislation does not increase the taxes, but creates potential for the taxes to be increased if needed to fund the projects.				



## 8.4 State

- ❖ Commerce Grid Resiliency grant program awards \$23 million in grants to 18 electric utility projects across WA
  - Projects included power pole/transmission line replacement, installation of modern relay panels, upgrading and hardening electrical lines, and moving vulnerable power lines underground
  - District was ineligible to apply for current round of funding due to its retail electric sales exceeding the 4 million MWh “small” utility threshold; further engagement with Commerce is underway to ensure future opportunity to apply for priority grid resiliency projects in 2025
- ❖ LNI’s Division of Occupation Safety and Health adopts final Wildfire Smoke rule changes to align state Air Quality Index standards with the EPA’s AQI values
  - The amended rule is effective May 16, 2025 and will ensure the regulated community is able to comply with the rule requirements when using data sources that do not display the hourly Particulate Matter 2.5 concentrations
- ❖ Ecology is receiving public input on electric utility allowance allocation rules for the 2<sup>nd</sup> CCA Cap & Invest compliance period. Vintage 2026 allowance allocation within the first compliance period is also under consideration and will inform utilities’ engagement in upcoming allowance auctions.
- ❖ District is preparing for May 13<sup>th</sup> kickoff of public participation process for the development of the next Clean Energy Implementation Plan required under CETA



## 8.5 Federal

- ❖ District submitted project funding requests to federal delegation offices for FY 2026 appropriations
  - Northwest Service Area Grid Resiliency Upgrades (Ryderwood distribution feeder replacement)
  - I-5 Corridor Electric Distribution Capacity Upgrades (Castle Rock north to Exit 52) Pitched the District's reliability projects and 2025 Federal Agenda with Cong. Perez and staff from Sens. Murray's and Cantwell's offices
  - H. Appropriations Comm. Chair released guidance for FY 2026 similar to prior year, but capping earmarks at 0.5% of total spending – signaled intent to fund community projects
- ❖ Sens. Cantwell (D-WA) and Grassley (R-IA) introduced bipartisan bill to limit the President's ability to unilaterally establish tariffs
- ❖ USDA & USFS issue directives to implement timber reforms including an Emergency Situation Determination under the Infrastructure Investment and Jobs Act
  - Authorized emergency actions include salvaging dead or dying trees, removing hazardous fuels, reconstructing utility lines and replacing underground cables
- ❖ Four Republican Senators sign on to letter in support of IRA energy credit provisions; call for review, not full-scale repeal of current credits, to prevent significant service disruptions and protect America's position as a global energy leader