

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF BOARD MEETING OF COMMISSIONERS

Tuesday, January 27, 2026

Cowlitz PUD Board Room and Microsoft Teams

Present:

COMMISSIONERS

Dave Quinn, President

Duane Dalgleish, Vice President

Bruce Pollock, Secretary

STAFF

Alice Dietz, Communication & Public Relations Manager

Chris Velat, Director of Power Management

Dever Haffner-Ratliffe, Regulatory Affairs Coordinator

Gary Huhta, General Manager

Heather Sorensen, Director of Customer Service & Compliance

Lance Larwick, Director of Engineering

Marisa Heard, Manager of Employee Services

Monica Petterson, Executive Assistant/Clerk of the Board

Richard Hughes, General Counsel

Stacie Pederson, Risk Compliance Manager

Tim Kalimanis, Director of Technology

Trent Martin, Director of Accounting/CFO

PUBLIC

Mike Crawford

1. CALL TO ORDER

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

2. CHANGES/ADDITIONS TO BOARD AGENDA

There were no changes to the meeting agenda.

3. APPROVAL OF AGENDA

It was moved by Commissioner Dalgleish and seconded by Commissioner Pollock to approve the January 27, 2026 Board Agenda.

The motion carried 3 to 0.

4. APPROVAL OF BOARD MINUTES

It was moved by Commissioner Dalgleish and seconded by Commissioner Pollock to approve the January 13, 2026 Regular Board Meeting minutes as written.

The motion carried 3 to 0.

5. PUBLIC COMMENT ON AGENDA ITEMS AND OTHER DISTRICT BUSINESS

There was no public comment.

6. MOTION TO RATIFY/APPROVE VOUCHERS/PAYROLL

Approval of Vouchers in the amount of \$25,505,695.03. The Board reviewed expenditures of the District as required by RCW 42.24.180 for which payments were issued between January 15, 2026 and January 22, 2026, under the provisions of Resolution No. 2762.

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

Heather Sorensen, in her role as Auditor for the District, reported the disbursements and payroll included in this report have been reviewed and approved in accordance with RCW 42.24.180. Invoices have been authorized by management, verified against supporting documentation, and pre-audited by designated staff for accuracy, proper coding, and compliance with the District's policies. Staff requests the Board approve the ratification of the vouchers and payroll as presented.

The motion carried 3 to 0.

7. GENERAL MANAGER REPORT

Silverlake Outage: General Manager Gary Huhta reported there was a significant outage in Silverlake over the weekend involving a DUI driver who hit a power pole on Spirit Lake Highway. The accident occurred around 9:00 p.m. and resulted in one fatality and a power outage affecting about 3,000 customers. PUD crews were able to restore power around midnight. The Gardners Corner substation, however, is currently deenergized due to a relaying issue, and we are performing a dissolved gas analysis to ensure the transformer was not damaged. The test has been expedited and, if results come back clean, the substation should be reenergized tomorrow.

KWRL Transportation: KWRL had a ribbon cutting ceremony today to celebrate the purchase of 14 electric school buses. Our Customer Support Manager Brent Arnold was in attendance at that event.

Distribution Transformers: Director of Accounting and CFO Trent Martin reported things have improved with the supply of 3-phase transformers and we can now order them freely from ERMCO. We previously were limited to three transformers per quarter due to the shortage.

Columbia River Gorge Pump Storage: FERC recently approved a license for a pump storage system proposed by Rye Development. Construction is expected to begin in 2027 with operations beginning in 2032. The project still faces challenges regarding the site and its historic and cultural ties.

Seattle City Light Leadership Change: The Mayor of Seattle recently appointed Dennis McLerran as the new CEO and General Manager of Seattle City Light to replace former CEO and General Manager Dawn Lindell. Mr. McLerran previously worked for Cascadia Law Group as an environmental attorney.

8. ACTION ITEMS

8.1. Motion to Approve Staff Recommendation No. 2/1/27 – D&O Insurance Renewal

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to approve Staff Recommendation No. 2/1/27.

Risk Compliance Manager Stacie Pederson reported the District's Directors and Officers (D&O) liability insurance coverage is due for renewal effective February 1, 2026. Along with our brokers, District staff reviewed current levels of coverage and found they are appropriate in addressing the District's risk in the areas of D&O and Fiduciary liability. The deductible amount was also found to be balanced in keeping our premium at a reasonable level. The District has bound its D&O program with AEGIS since 2024, and they have offered a flat renewal this year with no change in coverage. We will also see a credit this year in the amount of \$1,351 as part of AEGIS's Continuity Credit benefit. Ms. Pederson recommends the Board approve binding coverage for the 2026 D&O program with AEGIS at the quoted price of \$153,450 including taxes and fees.

The motion carried 3 to 0.

8.2. Motion to Approve Staff Recommendation No. 3/1/27 – Liability Insurance Renewal

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to approve Staff Recommendation No. 3/1/27.

Stacie Pederson reported the District's liability insurance coverage is due for renewal effective February 1, 2026. There continues to be no competition to the liability coverage offered by Federated Rural Electric Insurance Exchange for both pricing and customized coverage for the District's line of business. For this renewal period, Federated quoted our primary coverage at \$467,872, which includes a \$20M umbrella, current sub limits, and no wildfire exclusion. We were also able to obtain \$20M in excess liability that includes wildfire coverage for a premium of \$471,066. We filled the remaining \$15M in excess liability, excluding wildfire coverage for a premium of \$124,000, bringing the District's total liability limit to \$55M. In addition, we will receive a cash equity credit of \$14,514 toward this renewal as part of an equity account and continued profit sharing offered by Federated to its members. Ms. Pederson recommends the Board approve renewal of the liability policy with Federated Rural Electric Insurance Exchange and the excess liability layers for a total not to exceed \$1,093,424 including broker fees and the Federated cash equity payment.

The motion carried 3 to 0

8.3. Motion to Approve Staff Recommendation No. 4/1/27 – Nine Canyon Wind Project Life Extension Offtake Letter of Intent

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to approve Staff Recommendation No. 4/1/27.

Director of Accounting and Finance Trent Martin explained the District is a participant in the Nine Canyon Wind Project owned and operated by Energy Northwest (ENW). The Project was constructed in three phases, and we are currently contracted for 4.16% of Phase 1. ENW is exploring refurbishment of the existing turbines through a Life of Extension Project (LEP) which will require upfront funding with recovery via production tax credits over ten years. The LEP would result in a Third Amendment and Restated Power Purchase Agreement (PPA). With the LEP, ENW is requesting current participants interested in continuing with the Project to sign a Letter of Intent (LOI) indicating their desired level of participation. The LOI will serve as a basis for further discussions and negotiations between ENW and the District regarding the LEP, but does not commit the District to entering into a new PPA. Based on information provided to date, staff believe the LEP would benefit the District by securing a Washington State carbon compliant resource at favorable pricing. Staff

recommends the Board authorize the General Manager or his designee to sign and deliver to ENW the LOI by February 6, 2026, indicating up to 100% participation in the Project phases, subject to further discussion with ENW staff. Any decision regarding a PPA would come before the Board at a later date.

The motion carried 3 to 0

9. STAFF REPORTS AND PRESENTATIONS

9.1. District staff provided highlights and answered Commissioner questions regarding the December 2025 Operational Reports, which were included in the Board meeting materials. Staff also provided a 2025 year in review as part of this month's reports.

10. EXECUTIVE SESSION

No Executive Session needed.

11. MOTION TO ADJOURN MEETING

It was moved by Commissioner Dalglish and seconded by Commissioner Pollock to adjourn the Regular Board Meeting at 4:02 p.m.

The motion carried 3 to 0.

Attest:

DocuSigned by:
David F. Quinn
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President

Signed by:
Bruce Pollock
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Secretary

DocuSigned by:
Duane Dalglish
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Vice President

DocuSigned by:
Monica Petterson
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Prepared by Monica Petterson
Executive Assistant/Clerk of the Board