

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE COLUMBIA BASIN HYDROPOWER
EPHRATA, WASHINGTON FEBRUARY 26, 2019

President Alford called the regular meeting of the Columbia Basin Hydropower to order at 9:30 AM.

CBHP Directors

SCBID – Bryan Alford
ECBID – Duaine Anderson
SCBID - Richard Conrad
QCBID – Ko Weyns (Alt)
QCBID – Phil Stadelman
ECBID – Reid Baker

Other CBHP Directors Attending

SCBID – J.J. Danz (Alt)
SCBID – Charles Lyall (Alt)
ECBID - Bernard Erickson (Alt)

Others Attending

Darvin Fales, QCBID
Michael Hill, Tacoma Power
Craig Simpson, ECBID
Amy Rodman, USBR
Dave Solem, SCBID

Others by telephone

Dave Solem, SCBID
Norman Semanko, QCBID
Charles Freeman, SCL

Staff

Tim Culbertson, Secretary-Manager
Anna Franz, Attorney
Jacob Taylor, Treasurer
Judy Runge, Administrative Assistant
Betty Craig, Technical Information Administrator
Larry Thomas, Assistant Manager/Hydro Supervisor
Bob Stoaks, Engineer
Stacey Bresee, Data Management Technician
Justin Holland, Hydro Craftworker
Rick Price, Hydro Craftworker

Introduction

Justin Holland and Rick Price, CBHP hydro craftworkers who are attending the meeting today.

CONSIDERATION OF MEETING MINUTES

Phil Stadelman moved that the minutes of the January 22, 2019 meeting be approved as distributed. Ko Weyns seconded the motion. Motion passed.

ACKNOWLEDGEMENT, REVIEW AND/OR APPROPRIATE CONSIDERATION OF THE FOLLOWING:

Travel Authorizations:

Richard Conrad moved to authorize attendance and payment of reasonable expenses for travel, lodging and meals for the following:

- (1) WPTA Conference, Chelan, WA, April 9-12, 2019, Reg. \$275 – J. Taylor
- (2) NWPPA – Accounting and Finance Conference, June 19&20, 2019, Spokane, WA, Reg. \$945 – J. Taylor
- (3) NST Payroll Law Training, Yakima, WA, April 25, 2019, Reg. \$199 – D. Smith
- (4) Federal Water Issues Conference, April 1-3, 2019, Embassy Suites Hotel, Washington D.C., Reg. \$650 – T. Culbertson
- (5) HydroVision International, July 23-25, 2019, Portland, OR , Reg. \$0, - T. Culbertson - Panelist

Phil Stadelman seconded the motion. Motion passed.

Doble Client Service and Equipment Agreement Extension

Engineer Stoaks presented to the Board a proposal to extend the 2012 Doble Client Service and Equipment Agreement - Amendment No. 5 for one year (February 27, 2019 to February 27, 2020) with an adjustment in annual rates as follows:

| | |
|-----------------------------------|--------------------|
| Consulting Engineering Services | \$13,500.00 |
| Protection Suite PRO V4.1 License | \$ 3,000.00 |
| Doble Test Assistant for M4100 | <u>\$ 2,450.00</u> |
| Annual Contract Price | \$13,950.00 |

Phil Stadelman moved to extend the Doble Client Service and Equipment Agreement - Amendment No. 5 from February 27, 2019 to February 27, 2020 with adjustment in annual rates in the amount of \$18,950.00. Duaine Anderson seconded the motion. Motion passed.

Proposed Resolution 2019-03 – Establishing a Small Works Roster and Quotation Procedure

"Resolution 2019-03 of Columbia Basin Hydropower (CBHP) Establishing a Small Works Roster and Quotation Procedure Pursuant to RCW 87.03.436" was presented for consideration by Board members. The proposed resolution is an update and replacement for Resolution No. 2001-05.

Richard Conrad moved to adopt Resolution 2019-03 establishing a Small Works Roster and Quotation Procedure Pursuant to RCW 87.03.436. Ko Weyns seconded the motion. Motion passed. *A copy of said resolution is attached hereto and incorporated by reference.*

TREASURER'S REPORTFinancial Reports

The January 31, 2019 Balance Sheet (unaudited) and All Power Plants Income Statement (unaudited) were included in the Board packets for review.

Approval of Voucher

The Current Expense Voucher (O&M) was presented at the meeting for consideration. Check numbering is as follows:

Current Expense Voucher (O&M) - \$431,995.29
Check Numbers: 17878-17973

On motion by Ko Weyns, seconded by Duaine Anderson, which motion passed unanimously, the Current Expense Voucher (O&M) dated February 26, 2019 in the amount of \$431,995.29 was approved.

STAFF AND OTHER REPORTS

The following written reports, attached and incorporated by reference, were made available for review and comments:

Owner's Dam Safety Program Annual Report

Larry Thomas reviewed the Owner's Dam Safety Program Annual Report with the Board. *The report is attached and incorporated by reference.*

Field O&M Activities (Larry Thomas)
 Engineering (Bob Stoaks)
 Engineering (Derek Wolf)
 Technical Information (Betty Craig)

Betty added that the annual reliability compliance self-certification for 2018 has been completed. CBHP certified as fully compliant with all requirements for the survey period.

OTHER POWER BUSINESS

Project Development

Manager Culbertson provided an updated to the Board on discussions taking place with respondents from the CBHP RFP. A meeting has been scheduled for February 27 with one of the respondents and CBHP is waiting for dates from the other respondent to schedule a trip to visit their facilities.

Treasurer Taylor reviewed the Project Development Expense Report for the month of January

Columbia River Treaty

Manager Culbertson reported that until after the next negotiation session between the United States and Canada that the U.S. negotiating team will not be meeting with interested parties to the negotiations. The next Town Hall Forum will be in Kalispell, MT on March 20, 2019 and there may be a Power Group meeting just prior to or after that meeting in Kalispell.

General Wage Increase

Manager Culbertson requested for statutory and accounting purposes that if the Board approves a general wage increase at their next meeting scheduled for March 26, 2019 that the general wage increase be retroactive to March 25, 2019.

Richard Conrad moved to approve making any recommended general wage increase retroactive to March 25, 2019 and it was seconded by Ko Weyns, motion passed.

USBR - No report

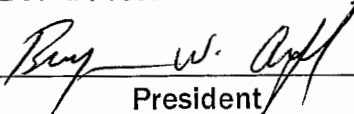
Cities - No report

Districts - No report

DATE OF NEXT BOARD MEETING - MARCH 26, 2019

ADJOURNMENT

There being no further business to come before the Board President Alford adjourned the meeting at 11:00 AM.



 President



Secretary

RESOLUTION NO. 2019-03

A RESOLUTION OF COLUMBIA BASIN HYDROPOWER
ESTABLISHING A SMALL WORKS ROSTER PROCESS
TO AWARD PUBLIC WORKS CONTRACTS

WHEREAS, Columbia Basin Hydropower is authorized by RCW 87.03.436 to award contract projects with an estimated cost less than three hundred thousand dollars using the small works roster process under RCW 39.04.155;

WHEREAS, Resolution No. 2001-05 previously established a small works roster for Columbia Basin Hydropower; and

WHEREAS, the Board of Directors of Columbia Basin Hydropower believes that it is in the best interest of the entity to revise and replace Resolution No. 2001-05.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors hereby repeals and replaces Resolution No. 2001-05 and establishes a small works roster process as follows:

1. The following small works roster procedures are established for use by Columbia Basin Hydropower pursuant to RCW 87.03.436 and RCW 39.04.155.
 - 1.1 Cost. Columbia Basin Hydropower need not comply with formal sealed bidding procedures for the construction, building, renovation, remodeling, alteration, repair, or improvement of real property where the estimated cost does not exceed Three Hundred Thousand Dollars (\$300,000.00), which includes the costs of labor, material, equipment and sales and/or use taxes as applicable. Instead, Columbia Basin Hydropower may use the small works roster procedures for public works projects as set forth herein. The breaking of any project into units or accomplishing any projects by phases is prohibited if it is done for the purpose of avoiding the maximum dollar amount of a contract that may be let using the small works roster process.
 - 1.2 Number of Rosters. Columbia Basin Hydropower may create a single general small works roster, or may create a small works roster for different specialties or categories of anticipated work. Said small works rosters may make distinctions between contractors based upon different geographic areas served by the contractor.
 - 1.3 Contractors on Small Works Roster(s). The small works roster(s) shall consist of all responsible contractors who have requested to be on the roster(s), and where required by law are properly licensed or registered to perform such work in this state. Contractors desiring to be placed on a roster or rosters must keep current records of any applicable licenses, certifications, registrations, bonding, insurance, or other appropriate

matters on file with Columbia Basin Hydropower as a condition of being placed on a roster or rosters.

- 1.4 Publication. At least once a year, Columbia Basin Hydropower shall publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to an appropriate roster or rosters at any time that they submit a written request and necessary records. Columbia Basin Hydropower may require master contracts to be signed that become effective when a specific award is made using a small works roster. An interlocal contract or agreement between Columbia Basin Hydropower and other local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the small works roster provisions.
- 1.5 Electronic Rosters. In addition to paper and/or electronic rosters kept on file in the appropriate department, Columbia Basin Hydropower may also use that state wide electronic database developed and maintained by the Municipal Research and Services Center of Washington (MRSC Rosters).
- 1.6 Telephone or Written Quotations. Columbia Basin Hydropower shall obtain telephone, written or electronic quotations for public works contracts from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder, as defined in RCW 39.04.350, as follows:
 - 1.6.1 A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This paragraph does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.
 - 1.6.2 Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. If the estimated cost of the work is from one hundred fifty thousand dollars to three hundred thousand dollars, Columbia Basin Hydropower may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must also notify the remaining contractors on the appropriate small

works roster that quotations on the work are being sought. Columbia Basin Hydropower has the sole option of determining whether this notice to the remaining contractors is made by:

- (1) publishing notice in a legal newspaper in general circulation in the area where the work is to be done;
- (2) mailing a notice to these contractors; or
- (3) sending a notice to these contractors by facsimile or other electronic means.

1.6.3 For purposes of this resolution, "equitably distribute" means that Columbia Basin Hydropower may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services. At the time bids are solicited, Columbia Basin Hydropower representative shall not inform a contractor of the terms or amount of any other contractor's bid for the same project;

1.6.4 A written record shall be made by Columbia Basin Hydropower representatives of each contractor's bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.

1.7 Limited Public Works Process. If a work, construction, alteration, repair, or improvement project is estimated to cost less than thirty-five thousand dollars, Columbia Basin Hydropower may award such a contract using the limited public works process provided under RCW 39.04.155, subsection (3). For limited public works project, Columbia Basin Hydropower will solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder as defined under RCW 39.04.350. After an award is made, the quotations shall be open to public inspection and available by electronic request.

For limited public works projects, Columbia Basin Hydropower may waive the payment and performance bond requirements of chapter 39.08 RCW and the retainage requirements of chapter 60.28 RCW, thereby assuming the liability for the contractor's nonpayment of laborers, mechanics, subcontractors, materialmen, suppliers, and taxes imposed under Title 82 RCW that may be due from the contractor for the limited public works project.

However, Columbia Basin Hydropower shall have the right of recovery against the contractor for any payments made on the contractor's behalf.

Columbia Basin Hydropower shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

1.8 Determining Lowest Responsible Bidder. Columbia Basin Hydropower shall award the contract for the public works project to the lowest responsible bidder as set forth on RCW 39.04.350 provided that, whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and Columbia Basin Hydropower may call for new bids.

1.9 Award. All of the telephone bids or quotations shall be collected and presented at the same time to Columbia Basin Hydropower for consideration, determination of the lowest responsible bidder, and award of the contract.

ADOPTED BY THE BOARD of Columbia Basin Hydropower in open meeting on the 26th day of February, 2019.

BOARD OF DIRECTORS

Bryan W. Ayl
Director
A. C. Erickson
Director
M. J. D.
Director

[Signature]
Director
[Signature]
Director
[Signature]
Director

(Seal)



ATTEST:
[Signature]
Secretary



Columbia Basin Hydropower

2018 OWNER'S DAM SAFETY PROGRAM REPORT (ODSP-R)

1. FINDINGS

The Main Canal Headworks and PEC Headworks Projects are functioning adequately based upon visual inspections performed by CBHP and Grant County PUD personnel respectively.

2. OBSERVATIONS

FERC annual Dam Safety inspection was performed at the Main Canal Headworks Project on May 22, 2018. One item requiring follow-up action was discussed. The item was a seep observed in the cavity between the unit masonry wall and water retaining concrete intake wall. The area is now monitored for seepage regularly and observations recorded monthly.

FERC annual Dam Safety inspection was performed at the PEC Headworks Project on May 23, 2018. Two items requiring follow-up actions were discussed. Item 1, erosion was observed in three ground locations. The areas of erosion were remediated, and the areas have been added to inspection sheets to be periodically monitored. Item 2 was the emergency contact list posted in the facility was out of date. The emergency contact list was updated as part of the annual review in December 2018.

The PEC Headworks intake channel was inspected by divers on November 5, 2018 and was determined to be in satisfactory condition.

3. OSDP CHANGES

CBHP personnel performed annual review of the ODSP and determined no changes were required.

4. CERTIFICATION

This 2018 ODSP-R was prepared by Larry Thomas, CBHP Assistant Manager/Hydro Supervisor, in accordance with the Owner's Dam Safety Program (Rev. 4, December 2017) for the Main Canal Headworks Project, FERC No. 2849, and the Potholes East Canal Headworks Project, FERC No. 2840.

Based on my personal knowledge, meetings, and discussions with CBHP personnel along with review of the DSSMPs, SMRs, Part 12 Inspection Reports, Dam Safety Inspections, and Dam Safety Studies, I conclude that the dams are safe for continued operation.

Signature Larry Thomas Date 2-19-2019

This 2018 ODSP-R was reviewed by Tim Culbertson, CBHP Secretary-Manager.

Signature Tim Culbertson Date 2-19-19

COLUMBIA BASIN HYDROPOWER
Activity Report

For period January 12, 2019 to February 19, 2019
Reported by: Larry Thomas Function: Field O&M Activities

Russell D. Smith Power Plant

- . Maintenance activities included continued upgrade of the existing control system.
- . Penstock inspection was completed.

P.E.C. 66.0 Power Plant

- . New intake gate hoist structure was installed to allow for automatic gate closure.
- . Penstock inspection was completed.

E.B.C. 4.6 Power Plant

- . Maintenance activities included turbine seal repair and standby generator inspection and service.
- . Penstock inspection was completed.

Main Canal Power Plant

- . Improving the project communication systems continued.
- . Electrical testing of instrument transformers and protective relays was completed.
- . Governor and turbine oil purification was completed.

Summer Falls Power Plant

- . The penstock discharge valve cylinders rehabilitation was completed.
- . Installation of governor oil heater systems was started.

Columbia Basin Hydropower

Activity Report

For Period: January 10, 2019 through February 14, 2019

Reported by: Robert Stoaks P.E. Function: Engineering

- 1) SCADA/PLC/Relay replacement for all plants: RDS installation has been completed. Proceeding with wire checkouts and commissioning. Coordinating communication and outage with USBR.
- 2) Performing study to increase efficiency and output of Main Canal and Summer Falls. Gathering information from vendors on efficiency upgrades and costs. Submitted information to Voith and GE. GE supplied turbine efficiency curves. With the increased flows for Odessa revenue should increase 2.8% at Summer Falls, and with the upgrade revenue is projected to increase another 3.8% at Summer Falls for an overall increase of 6.8%.
- 3) Summer Fall's transformer sudden pressure relays failed function test, replacements have been installed.
- 4) Main Canal battery charger failed. Researching replacement options.
- 5) Summer Falls Oil Circuit Breaker control valve kits have been ordered to be installed this offseason.
- 6) Main Canal: Investigating a misoperation of the transformer differential relay (87T) during a fault on line near the Stratford substation. The zone 2 distance relay operated correctly, clearing the fault. Reported misoperation to WECC. Inspected current transformers for indication of cross coupling and tested the CTs. Cross coupling is the probable cause of the misoperation.
- 7) Working with Bob K. on microwave communication paths to connect SCADA system. Investigating other possible communication options.
- 8) Closeout of multiple off-season projects: Calisto installation, 4.6 GSU repair, Spare PT/CT, SF MU Breaker, RDS exciter upgrade, and RDS BU Generator replacement.
- 9) Design of emergency diesel generator transfer switches for Main Canal. Transfer switches have been installed.
- 10) Design of governor oil heaters for Main Canal and Summer Falls. Oil heaters have been delivered.
- 11) Design of line disconnect for PEC 66.0.
- 12) Reviewing loadability requirements of PRC-025 to implement at Main Canal and Summer Falls.

Columbia Basin Hydropower

Activities Report for the period of Jan 14th, 2019, through Feb 15th, 2019.

Derek Wolf, PE Mechanical Engineer

General:

- Coordinating off-season mechanical maintenance activities at all plants.
- Had the surrounding areas near all the identified asbestos brake pads tested for fibers by Blue Mountain Environmental. Fiber testing came back positive in all areas but the SF elevator machine room. Will coordinate with a cleanup contractor for sanitation.
- Provided the annual confined space rescue training for all craftsmen.
- Completed the 3-year FERC-required penstock inspections of the south plants. The liner coatings appear to be in good condition and require no immediate attention.
- Reviewed resumes and performed interviews for open Operator positions.
- Attended professional communication training in Wenatchee.
- Attended the Project Development Committee Meeting in Othello on January 28th.

Main Canal Power Plant:

- Reviewing submittals from Halme Builders for the new storage building to be constructed in March.
- Fish barrier net repair assessment came back from Christiansen NetWorks with a much higher repair cost than anticipated. Preparing maintenance cost data to begin conversations with the Department of Fish and Wildlife for alternatives to the nets.
- Emergency generator #1 radiator replacement underway.

Summer Falls Power Plant:

- Station service disconnect infrared window replacements ordered with installation scheduled to occur before spring startup at both north plants.
- Fire water system jockey pump pressure switch malfunction investigated by electricians and corrective maintenance has been performed.
- Completed the structural and hydraulic design for the governor oil heaters for the north plants. Installation by craftsmen is underway.

RDS Power Plant:

- Finalizing the Contract specifications for the governor and hydraulic system upgrade scheduled for next off-season.
- Looking into stilling well upgrades at the intake to monitor trashrack differential pressure more accurately.

Continued on next page...

EBC 4.6 Power Plant:

- Repairs made to the turbine labyrinth seal to better manage leakage water.
- Rusty hydraulic brake lines replaced.

PEC 66.0 Power Plant:

- Construction and installation of the remodel to the intake gate hoist structure has been completed.
- New asbestos-free brake pads have been installed on the generator.

Quincy Chute Power Plant:

- Inspected the progress of the penstock sandblasting and recoating project. As of February 8th, 1200 out of 1400 feet of the penstock had been recoated. Project appears to be slightly ahead of schedule and should finish well before startup.
- Coordination with GCPUD on the trashrack drive chain replacements scheduled for next off-season.

PEC Headworks Power Plant:

- Performed FERC correspondence with GCPUD on the PEC headworks intake underwater inspection.

COLUMBIA BASIN HYDROPOWER
Activity Report
For Period: January 13 through February 16, 2019
Reported by: Betty Craig Function: Technical Information Dept.

CMMS:

- CASCADE data entry is up to date.

NERC/WECC COMPLIANCE:

- Reviewed NERC & WECC websites for any upcoming deadlines or revisions to existing standards.
- Completed Q4 FAC-003 Vegetation Management reporting via WebCDMS.
- Completed Q4 EOP-004 Event Reporting submittal via WebCDMS.
- Completed Q4 MIDAS reporting.
- Completed Annual PRC-012 thru PRC-014 reporting via WebCDMS.
- Completed Q4 eGADS reporting.

NETWORKING & COMPUTERS:

- Routine security, maintenance, and verification of nightly backups.
- Assisted users with miscellaneous hardware and software issues.
- Cleaned up and organized numerous network folders.

HYDRO PROJECT DEVELOPMENT:

- Reviewed and assisted with formatting of potential investor prospectus.

RECORDS MANAGEMENT:

- Downloaded and reviewed new v1.4 Utility Services Retention Schedule.

OTHER:

- Website updates.