

**FYI Items**

## MEMORANDUM

April 14<sup>th</sup>, 2020

**TO:** Kevin Nordt, General Manager/Chief Executive Officer

**VIA:** Jeff Bishop, Chief Financial Officer  
Dave Churchman, Chief Customer Officer  
Rich Flanigan, Senior Manager of Wholesale Marketing Supply

**FROM:** Paul Dietz, Enterprise Risk Manager

**SUBJECT:** Revised Energy Risk Management and Reporting Policy

**Purpose:** To notify the Commission that Grant PUD's Energy Risk Management and Reporting Policy has been revised, effective April 14<sup>th</sup>, 2020.

**Discussion:** This update policy replaces the policy that has been in place since September 2016 and has been written to be consistent with existing Resolutions 7560 and 8226. Many changes have occurred in the organizational structure of Grant PUD and the energy markets necessitating this policy update. Changes in the energy markets include the evolution of the Energy Imbalance Market (EIM) and the Extended Day-ahead Market (EDAM), Carbon Attribute markets, and the increasing interdependency of these markets with other key markets such as the one managed by the California Independent System Operator. These changes have affected market liquidity and price volatility at the Mid-Columbia hub – our primary trading location.

### **Justification:**

- Grant County PUD has experienced significant changes in its organization structure
- The consequence of not updating the policy may be higher than necessary wholesale revenue volatility which would reduce our ability to provide stable and predictable rates.
- This update is needed now because market uncertainty is increasing and our wholesale trading staff needs the ability to trade more relevant products.
- Periodic updating of Energy Risk Management policies is routine in utilities who support active whole trading like GCPUD. Such updates allow GCPUD to make the kinds of adjustments necessary to support its activities during periods of significant market and regulatory change.

### **Highlighted Changes:**

- Section 1
  - Improved introduction language that ties this document to Resolutions 7560 and 8226.
  - Defines the primary purpose of trading at the District as mitigating power portfolio risk and to stabilize power portfolio costs and revenue.
  - Formally establishes an Energy Risk Management program.
- Section 2
  - This section has been redefined as Organization and Governance

- Section 3
  - No material changes made to this section
- Section 4
  - General limits on trading have been moved to the Exhibits section
- Section 5
  - Updates the composition of the Risk Oversight Committee to be the Chief Financial Officer, Chief Customer Officer, Risk Manager, and Senior Manager, Wholesale Marketing and Supply
  - Renames the Risk Oversight Committee (ROC) to Energy Risk Oversight Committee (EROC)
- Section 6
  - Establishes the Model of Record (MOR) used for forecasting wholesale revenues
  - Establishes a Model Roster to be used for model risk and enable model control management
  - Establishes the creation of the Critical Input and Assumption Roster (CIAR) intended to reduce variability created by conflicting input assumptions used in forecast models deployed across GCPUD
- Section 7
  - No material changes made to this section
- Section 8
  - No material changes made to this section
- Exhibits
  - Updates Authorized Marketing Personnel to account for the GCPUD reorganization that occurred after the establishment of previous policy
  - Increases the maximum transaction limits and transaction durations that the EROC will support and anticipates the need to update the trading tenor from 12 to 36 months.
  - Emphasizes that all trading must be done consistent with Resolutions 7560 and 8226

**Notification:** Grant PUD’s Energy Risk Management and Reporting Policy has been revised effective April 14<sup>th</sup>, 2020. This policy has been updated to enable Staff to more effectively manage GCPUD’s Wholesale Portfolio. The updated policy is bound by Commission Resolutions 7560 and 8226 which delineate the limitations of authorities placed upon the General Manager and Staff.

The Energy Risk Oversight Committee is in the process of reviewing Grant PUD’s potential need to increase the tenor of its trading horizon from 12 to 36 months and anticipates the potential need to request an update to these resolutions to facilitate this action later in 2020.

## Robbie Noga

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**From:** Richard Flanigan  
**Sent:** Thursday, April 16, 2020 4:19 PM  
**To:** Dave Churchman; Paul Dietz; Jeffrey Bishop; Robbie Noga  
**Subject:** RE: Paul Dietz shared "Commission Memo Energy Risk Management Policy Update v2.0" with you.

Paul – I approve.

### Rich Flanigan

*Sr. Manager*

*Wholesale Marketing and Supply*

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**From:** Dave Churchman <[Dchurchman@gcpud.org](mailto:Dchurchman@gcpud.org)>  
**Sent:** Thursday, April 16, 2020 3:21 PM  
**To:** Paul Dietz <[Pdietz@gcpud.org](mailto:Pdietz@gcpud.org)>; Jeffrey Bishop <[jbishop@gcpud.org](mailto:jbishop@gcpud.org)>; Richard Flanigan <[Rflanig@gcpud.org](mailto:Rflanig@gcpud.org)>; Robbie Noga <[Rnoga@gcpud.org](mailto:Rnoga@gcpud.org)>  
**Subject:** RE: Paul Dietz shared "Commission Memo Energy Risk Management Policy Update v2.0" with you.

Looks okay to me, the only change I have is a typo – first sentence under justification I think should read experienced, not experience.

Dave

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**From:** Paul Dietz <[Pdietz@gcpud.org](mailto:Pdietz@gcpud.org)>  
**Sent:** Thursday, April 16, 2020 2:33 PM  
**To:** Jeffrey Bishop <[jbishop@gcpud.org](mailto:jbishop@gcpud.org)>; Dave Churchman <[Dchurchman@gcpud.org](mailto:Dchurchman@gcpud.org)>; Richard Flanigan <[Rflanig@gcpud.org](mailto:Rflanig@gcpud.org)>; Robbie Noga <[Rnoga@gcpud.org](mailto:Rnoga@gcpud.org)>  
**Subject:** Paul Dietz shared "Commission Memo Energy Risk Management Policy Update v2.0" with you.



**Paul Dietz shared a file with you**

# Energy Risk Management and Reporting Policy



Grant County  
**PUBLIC UTILITY DISTRICT**  
*Excellence in Service and Leadership*

**February 14, 2020**



## Table of Contents

Section 1 – Policy Purpose .....	4
Section 2 – Organization and Governance .....	4
Section 3 – Ethics .....	7
Section 4 - Risk Management Approach.....	8
(A) Risk Management Philosophy.....	8
(B) Market Risk Policies.....	9
(C) Forward Hedging Strategies and Plans.....	9
(D) General Limits on Trading.....	10
Section 5 – Energy Risk Oversight Committee .....	12
Section 6 – Wholesale Position and Revenue Reporting.....	13
Section 7 – Wholesale Markets Credit Policy and Reporting .....	15
Credit Risk .....	15
Counterparty Approval .....	15
Trading Limits and Lines of Credit.....	15
Establishing and Maintaining Trading Limits and Lines of Credit.....	15
Credit Terms for Non-Standard Transactions.....	16
Reporting and Monitoring .....	16
Credit Exposure Measurement .....	16
Managing Counterparties with Inadequate Credit.....	16
Section 8 – Employee Acknowledgement and Trading Restrictions .....	17
Exhibit 1 – Designated Management Team Members’ Approval of The Energy Risk Management and Reporting Policy .....	18
Exhibit 2 – Acknowledgement of Energy Risk Management and Reporting Policy.....	19
Exhibit 3 – Acknowledgement of Restrictions on Employee Trading .....	20
Exhibit 4 .....	21
Authorized Marketing Personnel.....	21
Limits on Lines of Wholesale Credit .....	22
Exhibit 5 – List of Standard Products and Authorized Transaction Types .....	23

## Section 1 – Policy Purpose

Grant County Public Utility District (“the District”) operates under the authority of its Board of Commissioners. The District is charged with operating its power supply resources, transmission agreements, and electric system to meet the power needs of its customers. The Commission recognizes that, because of the nature of its customers’ demands and power supply portfolio, the District will experience some imbalances between the two and therefore must transact in the wholesale energy markets for energy services and products to reliably serve its customers. The Energy Risk Management and Reporting Policy documents the District’s policy as it relates to implementing and adhering to the requirements set forth by the Commission in Resolutions 7560 and 8226. It specifies the management responsibilities, governance, organizational structures, risk management standards, risk exposure limits, transaction limits, and operating controls through which the General Manager / CEO’s designee(s) monitor and oversee the wholesale marketing activities for compliance with the District’s established authorities. The Policy provides the framework through which District management and staff will identify, measure, manage, limit, and report the District’s financial risks and risk management activities associated with the wholesale portfolio, including generation, load, and wholesale transactions.

The primary purpose of trading at the District is to mitigate power portfolio risk and to stabilize power portfolio costs and revenue.

This policy also serves to formally establish an Energy Risk Management program and document the organizational structure used by the District to meet the electricity needs of its customers, manage the risks inherent in its wholesale energy, capacity, ancillary, and transmission portfolio, and manage the variance in value of surplus power and transmission assets. The Policy also serves as a formal communication to all District employees who are responsible in any capacity for wholesale marketing or energy risk functions. All District employees in relevant functions are expected to comply with and acknowledge their understanding of this Policy and the associated Procedures (Exhibit 2).

This Policy is owned by the Chief Financial Officer and approved by the Energy Risk Oversight Committee (ROC). All specific limits, products, procedures and non-standard transactions are to be reviewed by Risk and reviewed and approved by the ROC. Standard transactions will be governed by the policies and limits established in this document.

## Section 2 – Organization and Governance

Effective risk management and compliance requires clear segregation of duties, reporting lines, and incentives among functions and personnel who originate transactions and manage risk, and those who analyze, monitor, and report risk. The “Front-Back” model standard in the industry provides for segregating marketing activities into Wholesale Marketing and Supply (“front office”) and Accounting (“back office”).

Within the District, the front office duties lie within Wholesale Marketing and Supply. The front office functions are responsible for executing, recording, and settling transactions to the limits of the trading tenor approved in Exhibit 4. Wholesale Marketing and Supply formulates the Position Management Strategy, which contains plans of action intended to manage the wholesale portfolio within approved guidelines.

The functions of the back office are carried out by Settlements and Accounting, including a wide array of administrative activities required to execute and invoice transactions, record transactions to the General Ledger, prepare required reporting, and support risk control efforts (including, but not limited to, data collection, financial hedge accounting, billing, financial regulatory support) consistent with the Policy. The

Accounting group is functionally separate from the Wholesale Marketing and Supply and Dispatch functions to ensure independence.

Independent oversight of market, credit, and other risks is provided by Risk Assessment and Control (“RAC”), as established in the Enterprise Risk Management Policy (“ERM Policy”).

#### (A) Roles and Responsibilities

- Role of Wholesale Marketing and Supply
  - a. Execute power and environmental transactions
  - b. Negotiate structured contracts
  - c. Negotiate and execute transmission capacity purchases and sales
  - d. Develop and maintain a Position Management Strategy and accompanying Portfolio Modeling necessary for communication with and approval by the Energy ROC.
- Role of Settlements
  - a. Reconcile wholesale power transactions
  - b. Collect data about historical settled transactions
  - c. Invoice verification
- Role of Accounting
  - a. Review all approved transaction types to determine financial disclosure requirements and work with the RAC to ensure compliance with applicable accounting standards such as GASB 53;
  - b. Work with the RAC to develop appropriate credit reserves (if required) and to record such reserves quarterly and in accordance with Generally Accepted Accounting Principles;
  - c. Ensure financial accounting policies and procedures with respect to hedging and risk management are clearly defined;
  - d. Review this Policy and supporting operating procedures for Accounting related issues; and
  - e. Review new transaction type proposals for Accounting-related issues, such as impacts to compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010<sup>1</sup> (“Dodd-Frank”) and advise on accounting treatment.
- Role of Risk Assessment and Control (RAC)
  - a. Assess and monitor compliance with the this Policy;
  - b. Report violations or exceptions of this Policy limits and recommend remediation as necessary;
  - c. Monitor market and counterparty events in order to anticipate changes in the District’s risk profile;
  - d. Develop and propose practical improvements to business processes and internal controls within the transaction lifecycle;
  - e. Recommend specific risk limits consistent with the District’s risk management objectives and risk tolerance;
  - f. Engage the ROC in discussions regarding events or market developments that could expose the District to potential opportunities and losses;
  - g. Review credit scoring and analysis of the District’s existing and proposed counterparties;
  - h. Recommend credit limits for counterparties to the Chief Financial Officer;
  - i. Negotiate and manage counterparty credit enhancements;

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<sup>1</sup> Title VII (the Wall Street Transparency and Accountability Act of 2010) regulates over-the-counter swaps and derivatives.  
Energy Risk Management and Reporting Policy

- j. Document proper accounting treatment of power and transmission transactions and any associated attributes, and provide reports, disclosures, and related information to Accounting for their end use;
  - k. Develop, validate and test Portfolio Model of Record used in risk management to ensure that market and credit risks are accurately quantified including the evaluation of risk metrics employed;
  - l. Research, develop, test, and implement risk measurement methodologies and models by coordinating such activities across functions or through a Risk Working Group;
  - m. Review expected, recurring, and material changes to all modeling inputs used by the ROC to ensure that market, operational and credit risks are accurately quantified;
  - n. Ensure that wholesale transactions are reviewed and approved as defined in this Policy and any of its exhibits for valuation, structure, commercial terms, and execution guidelines.
- **Role of the Attorney**
    - a. Facilitate the negotiation, review, and approval of contracts - WSPP, long form or other wholesale agreements that may arise with counterparties and brokers as well as contracts related to electronic platforms for trading and data gathering;
    - b. Facilitate in the assessment of impact of regulatory changes or enactments, such as the Dodd-Frank Act, orders from the Federal Energy Regulatory Commission (FERC) or others as they occur relating to wholesale trading activities. This includes the engagement and management of external legal expertise when required;
    - c. Assess enforceability of fully executed contracts pursuant to applicable laws and regulations; and
    - d. Review transaction confirmations language for compliance as requested.
  - **Role of Control System Engineers**  
Control System Engineers (CSE) is led by the Manager of CSE and reports directly to the Managing Director, Power Delivery. CSE is responsible for supporting the Dispatch and transaction systems which includes the following responsibilities:
    - a. Provide system security support with the approval of RAC;
    - b. Comply with the approval and change management process as sponsored by the ROC for any official system or report changes related to marketing transactions;
    - c. Collaborate with the RAC staff to develop and maintain business process mapping that relates to the marketing and risk operation to IT system operation, interfaces and reporting;
    - d. Architect, implement and maintain IT systems that support marketing transactions, interfaces and reporting with internal systems (EMS, Accounting, ECM, Data Warehousing, etc.) and external systems (ICE, FERC, WECC, OATI, market pricing sources, etc.);
    - e. Monitor IT system performance with 24x7 call-out support for internal systems related to marketing operations;
    - f. Support Wholesale Marketing and Supply to minimize interruptions/outages of the ETRMS that is needed for wholesale marketing activities 24x7;
    - g. Deploy system software version upgrades and patching to maintain compatible and reliable system operation. This includes (QA) verification and user acceptance testing with current business operating procedures; and
    - h. Assist in periodic systems evaluations and in recommendations for inclusion of modules and necessary systems upgrades to meet business and compliance requirements.

(B) Energy Risk Policy Approvals and Amendments

This Policy will be made effective by the Chief Financial Officer after its approval by the ROC. Each year prior to July 1, the ROC will review the elements of this policy and present any recommended changes to the General Manager / CEO or provide notification that no changes are necessary. If changes have been recommended, the utility will present the proposed changes to the Council by September 1. In reviewing the policy and recommending modifications, the ROC will consider any material changes in the markets in which the District transacts, in the District's business activities and in the financial circumstances of the utility. Changes may also be proposed, routing the proposed changes through RAC for review and recommendations to ROC membership, and presentation to the ROC for approval at the next meeting.

#### (C) Compliance with Laws and Regulations

Employees shall comply with all applicable laws and regulations including, but not limited to, Federal and state statutes, and regulatory rulings such as the FERC Commission's Anti-Manipulation Rule, 18 C.F.R. § 1. Employees should be familiar with the relevant laws and regulations and seek clarification from the Attorney as required. As requested, the Attorney shall examine relevant regulatory guidelines that govern the purchase and sale of all authorized products and provide training to employees as needed. However, it shall remain the District's responsibility to ensure that its employees are adequately trained.

#### (D) Policy Violations and Exceptions

All persons engaged in the implementation, management, or administration of this Policy and associated procedures as detailed in the Exhibits of this Policy, will sign the Acknowledgement in Exhibit 2 stating they have read, understood, and agree to comply with them.

Any person found in direct violation of this Risk Policy or its referenced procedures may be subject to disciplinary action, including possible termination. Inadvertent exceedances of risk limits (deemed an "exception"), upon notice to RAC, shall be corrected in a timely manner. Employees who become aware of potential non-compliance with this policy are obligated to immediately report such events to RAC, the Chief Financial Officer, and Chief Customer Officer.

## Section 3 – Ethics

All District employees are required to uphold the District's ethics Policy, codified in its Code of Ethics (HR150040-POL) dated August 1, 2014. Consistent with this code, District personnel shall not withhold or conceal information regarding transactions or risk management activities from any person responsible for the accurate recording and reporting of such activities, nor shall they misrepresent any such information. Employees shall always put the interests of the District ahead of any interest they may have in entities with which they transact. Further, employees authorized to place or execute wholesale energy transactions on behalf of the District may not engage in such activities for their benefit. Employees will disclose to their supervisor any interest in an entity that could reasonably be construed as preventing them from acting solely in the interests of the District. Failure to do so is a violation of this Policy. Furthermore, Wholesale Marketing and Supply, Risk, and Finance personnel must comply with the following:

- (A) Never use or employ any device, scheme, or artifice to defraud.
- (B) Never make any untrue statements, or knowingly omit material facts, in order to mislead the user of the information presented or reported to external parties.
- (C) Never engage in any act, practice, or course of business that would operate as a fraud or deceit upon any entity. Examples of prohibited transactions include wash trades, transactions predicated on false information, transactions that create artificial congestion and then action to relieve the perceived congestion for compensation.

- (D) Never collude with other parties to defraud or manipulate market prices.
- (E) Adhere to all applicable regulations, laws, tariffs, internal policies and procedures.
- (F) Agree to cooperate with regulators and auditors and self-report any known violations.

## Section 4 - Risk Management Approach

In addition to the boundaries set forth by the Commission in Resolutions 7560 and 8226, this Policy stipulates further requirements for wholesale marketing activities. The items outlined below more specifically address the District's intentions to conduct wholesale marketing activities in a manner that is consistent with our mission to efficiently and reliably generate and deliver energy to its customers while adhering to all regulatory requirements.

### **(A) Risk Management Philosophy**

The District's power supply assets are primarily hydro generation, and historically, the generation output has exceeded retail customer demand on an expected annual basis. Inherent uncertainties endemic to hydro generation, together with unpredictable fluctuations in wholesale energy prices and retail customer loads, leads to significant variability in the District's net wholesale revenue from the sale of surplus energy services.

To manage this revenue risk and thereby protect the interests of the customers, the District hedges its exposure by executing fixed price purchases and sales of physical or financial energy and associated products in the wholesale energy markets. While the District's principal objective is to ensure that it meets its retail customer demand obligation, it tries to do so in a way that maximizes value from its generation portfolio, with due consideration of risk. Because the District has a variable and unbalanced retail load and generation portfolio and executes hedges in wholesale energy markets, the District is exposed to, and needs to manage, a variety of risks including:

**Market Risk** – market risk is the uncertainty of the District's financial performance due to uncertainty in commodity markets (i.e., "market price risk" and "market liquidity risk") and uncertain price relationships (i.e., "correlations", "basis risk" and "curve risk"). Market risk is inherent in the District's operations due to the financial impact of the variability of energy and related commodity market prices and the price relationships. Variability in these parameters results in uncertainty, both positive and negative, in earnings, cash flow, and the value of assets and liabilities. The District is subject to Market Risk due to the variable and unbalanced retail load and generation portfolio irrespective of whether the District transacts in the wholesale market to hedge such exposure.

**Credit/Performance Risk** – the risk of financial loss due to default or failure by counterparties to perform on contracts

**Volumetric Risk** – the risk of financial loss due to unpredictable variations in the output of the generation fleet or in retail demand

**Modeling Risk** – risk of financial loss due to a potentially inaccurate or incomplete characterization of a transaction or of portfolio elements due to fundamental failure of models and/or information systems to match reality sufficiently well

**Operational Risk** – risk of financial loss due to physical assets failing to perform; due either to unforeseen external or asset condition factors, or due to flawed or inadequate business processes due to imperfections in

the quality, scope, or content of operating procedures or process execution by human or technical resources within or employed by the District

Legal/Regulatory Risk - risks that a counterparty does not have the legal or regulatory authority to engage in a transaction, or that the transaction is prohibited by law, or vague or unsolicited contract language that may transfer and increase risk to the District

Accordingly, it is important that these risks be monitored and limited to levels consistent with the risk tolerance levels determined by the ROC consistent with Commission guidance. While all of these may contribute to events or issues which are under the jurisdiction of the ROC, only the approaches to Market, Credit, Volumetric, and some Operational risks are discussed here in that they are specifically focused on the marketing and commercial logistics of energy to the District's customers.

## **(B) Market Risk Policies**

The following market risk policies shall govern the District's participation in wholesale energy markets.

- Subject to the constraints of the system, the District shall not engage in any transactions that are purely speculative in nature or that cannot be tied to managing its underlying electricity demand, purchase power agreements, generating plant, transmission asset positions, or price risk.
- RAC and Wholesale Marketing and Supply will ensure that they have full knowledge of its net position including all transacted products and the resulting exposure and understand the implications of its hedging activities.
- Only personnel authorized by the ROC pursuant to Exhibit 4 can transact on behalf of The District in the wholesale energy market.
- The District may only transact in wholesale and retail energy-market products approved by the ROC.
- The District may only transact within limits approved and defined in this Risk Policy.
- The Senior Manager of Wholesale Marketing and Supply may, at any time, request the ROC consider changes to the current Position Management Strategy or any of the General Limits on Trading.
- Metrics for assessing the District's market risk exposure will be specified, measured, monitored, and reported on a regular basis.
- All wholesale energy transactions will need an appropriate verification process and contracts of 36 months or less duration will be carried out on recorded phone lines, electronic trading platforms or other ROC approved system or platform capable of archiving the details of the agreed upon transactions.
- On a daily basis, all wholesale transactions will be recorded in the official system of record.
- Models and inputs for valuation and risk measurement shall be subjected to a validation and a change control process. The models employed and associated processes shall be described in detail in the Models Roster.
- Periodic risk and policy compliance reports will be delivered monthly to the ROC and the GM, and at least annually to the Commission.

## **(C) Forward Hedging Strategies and Plans**

The District's forward hedging strategies are designed to maximize risk-adjusted expected surplus revenues from the sale of surplus energy while meeting reliability, environmental, and recreational constraints. The General Limits on Trading defined in Section 4(D) will be applied to ensure any forward hedging proposal

meets the District's tolerance limits. The ROC may update the General Limits and any associated limit with proper notification to the relevant authorities.

Successful management of the price and volumetric risks faced by the District requires analysis, monitoring, and communication. Analysis of published hydrological and weather forecasts and market price data serve as key inputs to several internally developed models and ensure that the appropriate data is converted into useful information. The District's models will be warehoused on a controlled-access shared drive per Section 6 of this Policy.

#### **(D) General Limits on Trading**

The Commission has delegated to the General Manager / CEO (or designee) the authority to conduct energy transactions as prescribed by the Policy and Procedures established by the ROC. Furthermore, this authority is to be exercised without further action or approval of the Commission only if the following boundaries are observed:

- Transactions will be entered into on the District's behalf only and exclusively by those employees on the Wholesale Management Roster maintained by Risk Assessment and Control (RAC) and approved by the Risk Oversight Committee (ROC). Additions to this roster will occur at the approval of the ROC after being apprised of individuals' qualifications and training to be a member of the list, the oversight to be conducted on their behalf, and the strategic and operational benefits to the District of their inclusion on the Roster.
- Approved employees will transact within the limits approved by the ROC according to their role per Exhibit 4 of this policy.
- All transactions, individually, and when combined with the native load and generation positions, will result in compliance with the General Limits on Trading as approved by the ROC and represented in Exhibit 4 of this policy.
- In the event of any exceedance of position limits per Exhibit 4 of this policy, the following cure periods apply before consequential action by the ROC:
  - Plus or minus 60 days from year's end to resolve calendar roll of native position (expected generation and expected forecast load) into the trading window;
  - 10 business days to resolve exceedance of position limits either in net open position or individual trading limits.
- All specific limits, products, and procedures are to be reviewed by Risk and approved by the ROC.
- All transactions will be recorded with timestamps to document when the deal was closed to record the trade date, the person making the transaction, any approvers of the transaction, the counterparty, and other commercial terms of the deal.
- No transaction shall result in a single counterparty taking delivery (financially or physically) for more than three consecutive years' tenor occurring within 3 months of any particular trade date.
- All non-standard transactions (including more than three of the components in Exhibit 5, or having deal-specific credit terms, or having a tenor greater than a year's duration) will be reviewed in accordance with the Wholesale and Retail Non-Standard Deal Approval Procedure maintained by RAC, and then granted ROC approval, before execution. Any transaction exceeding the signing authorities of commercial personnel will require the approval of the General Manager / CEO and/or Commission.

- Sales and purchases shall only be made to meet the District's needs, to reduce portfolio exposure, or to manage portfolio value. No speculative sales or purchases shall be made.<sup>2</sup>
- Financial Derivative contracts may be used in conformance with this Policy.
- Procedures will be in place to track credit exposure with counterparties and minimize credit risk.
- Transactions will be made only with approved counterparties with sufficient credit, within limits approved by the ROC and monitored by RAC.
- Approved transactions types are listed in **Exhibit 5**. All proposed new transaction types will be brought to the ROC (and where necessary, the Commission). Transactions are accurately captured and recorded and are available for review at any time. Resultant positions will be reported to the ROC on a regular basis.

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<sup>2</sup> Though all trades contain some inherent risk and uncertainty, the intent of this boundary is to discourage trading for solely speculative purposes.

## Section 5 – Energy Risk Oversight Committee

The Energy Risk Oversight Committee (ROC) is designated by the General Manager / CEO to ensure that the District is operating within its authorities, including those related to wholesale marketing activities. The activities of the ROC are governed by its own charter, separate from this policy.

The Chief Financial Officer (CFO) chairs this committee, and with Risk Assessment and Control (“RAC”) staff support recommends credit procedures and limits, transaction and position limits, and ensures marketing activities are consistent with the District’s overall goals and in compliance with Policy.

The ROC also may select the membership and directs the activities of a cross-disciplined Risk Working Group (RWG) designated to independently conduct research and deep review of topics of interest to the committee.

To approve recommended amendments, affirmative votes from a majority of all voting members of the ROC must be obtained. The ROC would carry forward these recommended amendments to the Commission for approval, if required.

The following District personnel comprise the voting members of the ROC:

- Chief Financial Officer
- Chief Customer Officer
- Risk Manager
- Senior Manager, Wholesale Marketing and Supply

In the event of a tie vote, the General Manager / CEO will cast the tiebreaking vote for resolution.

Other attendees may be invited to participate by the ROC.

The Committee will determine at each meeting which member or their designee will keep minutes and report those minutes to the members after the meeting. Changes to Committee membership can be accomplished with 3 of the 4 votes supporting the change, or the action of either the Commission or General Manager / CEO.

## Section 6 – Wholesale Position and Revenue Reporting

Net Wholesale Revenue is defined for this Policy as annual power revenues from sales into the market less purchased power costs from market purchases including the Estimated Unmet District Load (EUDL) contained within the Electric System. It does not include sales to long-term Priest Rapids Project (PRP) contracts. Net Wholesale Revenue is forecasted in the model of record maintained by Risk Assessment and Control (RAC) and independently verified in models maintained by Wholesale Marketing and Supply (WMS). The Net Open Position is defined as the difference between the District's natural open wholesale position (including all long term PRP contracts, the EUDL, expected production and associated ancillaries and attributes, and native load) and its total positions in wholesale market transactions in standard and non-standard agreements.

The Position Monitoring will be administered as follows:

The year-to-date and forward projected Net Wholesale Revenue and the Net Open Position will be monitored and compared to the adopted budget each month. Forecasted revenues/expenses are based on best forecasted conditions shaped monthly. Estimates required to support reporting the wholesale position in the component products as listed in Exhibit 5(a) will be created modeling production from the expected flow to develop the Net Open Position, managed by Wholesale Marketing Supply abiding this policy under the purview of the ROC.

Strategies and plans for wholesale position management shall be approved by the ROC prior to implementation if its terms or the resulting net position exceed pre-approved limits.<sup>3</sup> The Position Management Strategy will serve as a guide from WMS to the ROC as to approach, fundamentals and strategy, and shall be updated as those factors evolve.

The District's natural open wholesale position, sales, and purchases shall be maintained in the District's transaction management system. These records shall contain all transactions by month, including real-time, day-ahead pre-schedule, and all forward positions. A report of these positions, including assessment of their compliance with District trading limits and the requirements of Washington's Energy Independence Act (I-937), will be distributed to the ROC at regular meetings. Upon request, other reports will be prepared for the ROC.

A Model Roster will be developed and maintain by WMS and RAC. This roster will contain a catalog of models used by WMS and RAC to model the Wholesale Portfolio. Models will be identified by name and short description of its primary inputs, outputs, and methods used. The District's models will be warehoused on a controlled-access shared drive and backed up at a secure location approved by the ROC and maintained by Information Technology (IT).

A Critical Input and Assumption Roster (CIAR) will be developed maintained by RAC with close consultation with other parties including but not limited to WMS and Financial Planning and Analysis (FP&A). CAIR will delineate the critical assumptions used in modeling Net Wholesale Revenue including forward pricing curves, expected water production, project efficiencies, etc. The CIAR will be warehoused on the same shared drive mentioned above and include both current and historic data. All interested parties will be provided with access these data as needed.

WMS and RAC will depend upon the outputs of key models, such as load forecasting models, which may be developed and maintained by other departments. These models will be identified in the CAIR as critical inputs used by WMS and RAC. WMS and RAC will be critical stakeholders in these models, and as such will be consulted about and included in decisions that result in changes to said models.

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<sup>3</sup> See Section 2 – Organization and Governance.  
Energy Risk Management and Reporting Policy

WMS and RAC will support and participate in routine auditing of its models and their outputs. This will include audits of key valuation functions such as its options library, etc. RAC will develop and maintain defined process documents that may be useful for financial, regulatory, or internal auditors when performing their functions.

RAC shall be responsible for monitoring the credit, District exposure, mark-to-market calculations of all forward transactions, and all risk measures necessary to establish risk controls including monitoring trader limits, portfolio Value-at-Risk, Cashflow-at-Risk, and other measures needed by RAC to demonstrate controls are effective.

# Section 7 – Wholesale Markets Credit Policy and Reporting

## Credit Risk

Credit risk is the potential that a counterparty may default on its obligations, resulting in financial harm to the District. In the context of this Policy, credit risk may arise from the failure of a counterparty to pay for, deliver, or receive Authorized Transactions in accordance with contracts.

## Counterparty Approval

Counterparties are required to have signed a WSPP agreement or have a separate Enabling Agreement with the District to qualify for a Line of Credit. Credit may be extended on the following bases:

- Unsecured. Counterparties seeking an unsecured line must have a stand-alone investment grade rating as determined by RMG Financial Consulting, Inc. (RMG) or its ROC approved replacement.
- Unsecured Parental Guarantee. The Parent company must have an investment-grade rating as determined by RMG Financial Consulting, Inc. or its ROC approved replacement. Guarantees must be in a form acceptable to the District.
- Letter of Credit. A Letter of Credit must be issued by a bank recognized by the U.S. federal government and conducting business in the U.S. (or a U.S. branch of a foreign bank) that has a senior unsecured credit rating of at least “A–,” or its equivalent, from two of the three nationally-recognized rating agencies. Failing this, no credit shall be extended. Letters of Credit must be in a form acceptable to the District and are accepted at face value.
- Cash. Full value of cash deposits will be applied to a Trading Limit.

## Trading Limits and Lines of Credit

A counterparty, or its parent where a guarantee is offered, may have a Line of Credit extended on an unsecured basis subject to the limits represented in Exhibit 4 as approved by the ROC. If a counterparty wishes to establish or maintain a trading limit in excess of the Line of Credit, it may post cash collateral or a Letter of Credit to cover exposures in excess of the unsecured or parental guarantee-based Line of Credit.

A Letter of Credit from a qualified U.S. bank (or a U.S. branch of a foreign bank) for the benefit of a particular counterparty shall not exceed \$20,000,000. An individual counterparty may post multiple Letters of Credit from different banks. An individual bank may provide credit support to more than one counterparty.

Cash collateral for establishing or maintaining a trading limit is unlimited.

## Establishing and Maintaining Trading Limits and Lines of Credit

Credit reviews for new counterparties will be initiated by Risk Assessment and Control (“RAC”) upon receiving a request from trading personnel. Credit reviews may be outsourced.

All counterparties with Lines of Credit that are unsecured will be reviewed by RAC at least once every 18 months; issuers of Letters of Credit will be monitored at least annually. Increases in or initiations of Lines of Credit with new or covered counterparties will be initiated after receipt of documentation by Risk from the Wholesale Supply and Marketing group detailing the following:

- Suitability of the proposed counterparty for the requested limit(s);

- Matching of the proposed limits to the planned transaction flow with the proposed counterparty;
- Strategic benefit to the District of the proposed initiation or alteration in the credit line.

Electronic copies of evidence of reviews and supporting materials will be maintained by RAC.

### **Credit Terms for Non-Standard Transactions**

Transactions which fall outside this Policy must have been approved by a District representative with sufficient delegation authority per the Purchases Authorization Tables for each division; these transactions may have credit terms that coincide with, or are completely independent of, the structures related herein. RAC will manage and report these exposures and related Lines of Credit in accordance with contract terms and the Reporting and Monitoring provisions, below.

### **Reporting and Monitoring**

A report measuring the exposure of all counterparties to the District (or the District to counterparty) and the available trading limit for each approved counterparty shall be generated by RAC and made available to trading personnel and the ROC at least quarterly.

### **Credit Exposure Measurement**

Credit exposures are calculated on a current exposure basis, defined as the sum amount of:

1. 50% of Accounts Receivable balance, plus
2. 50% of delivered, unbilled Accounts Receivable (unbilled sales and purchases), plus
3. Positive mark to market exposure.

Exposures may be netted with payables and negative mark to market exposures in accordance with applicable, executed Enabling Agreements, such as the Western Systems Power Pool Agreement (WSPP).

If RAC becomes aware of a significant credit event affecting an active counterparty, a parental guarantor, or a Line of Credit issuer, they will initiate a new credit review and adjust Lines of Credit or secure additional credit support as appropriate. The Risk Manager can suspend trading in the interim of the new credit review.

### **Managing Counterparties with Inadequate Credit**

If an approved counterparty has fallen or risks falling below investment grade between normal reviews, knowing personnel will immediately notify RAC staff. RAC will initiate a review, and with commercial support, seek assurances and remedies in accordance with the governing Enabling Agreement and/or contracts.

If any counterparty fails to pay amounts owed to the District when due, RAC shall pursue collection, interest, and penalties in accordance with the governing Enabling Agreement and/or contract.

RAC staff may waive interest and penalties for a given counterparty up to three times in a rolling 12-month period; the cumulative amount of the waived interest and penalties cannot exceed \$1000 in that same period. The Chief Financial Officer may waive interest and penalties in amounts less than \$1,000; this authority may be delegated to the Risk Manager. Waived amounts in excess of \$1,000 must be approved by the ROC. The Chief Financial Officer may suspend trading with a counterparty with receivables past due 30 days or more, or with a counterparty that has had more than two late payments within a calendar year.

## Section 8 – Employee Acknowledgement and Trading Restrictions

Only District employees approved under this Policy are authorized to enter into transactions and other energy risk management activities subject to trading restrictions and limits as detailed in this Policy (see **Exhibit 4** – Authorized Marketing Personnel). Any new type of transaction will need to go before the ROC (and, when required, the Commission) for approval.

All Wholesale Marketing and Supply, RAC, Finance, Audit, and back office personnel, ROC members, and any other personnel that regularly attend ROC meetings or report to the ROC shall annually execute an “Acknowledgement of Energy Risk Management and Reporting Policy” (see **Exhibit 2**), the original of which will remain on file with RAC. District Employees acknowledge that violation of this Policy, including FERC Anti-Market Manipulation rules, can precipitate civil and criminal actions against the individual involved, as well as the District.

Further, all District employees participating in any transaction or activity within the coverage of this Policy shall not participate in any material transaction for, or on behalf of, their own benefit that is directly related to the trading of products which are also traded by the District. Employees of the District may be required to disclose annually any personal trading activity that is directly related to the District’s business. The authorized trading personnel will execute an “Acknowledgement of Restrictions on Employee Trading” (see **Exhibit 3**), the original of which will remain on file with RAC.

**Exhibit 1 – Designated Management Team Members’ Approval of  
The Energy Risk Management and Reporting Policy  
Public Utility District No. 2 of Grant County, Washington**

I have read and approve the Policy as it has been presented.

/s/

April 14, 2020

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Signature

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Date

Jeff Bishop

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Print Name

Vote – motion was passed by unanimous vote by EROC and signatures were affirmed.

Designated Voting Management Team Members:

Chief Financial Officer

Chief Customer Officer

Risk Manager

Sr. Manager Wholesale Marketing and Supply

**Exhibit 1 – Designated Management Team Members’ Approval of  
The Energy Risk Management and Reporting Policy  
Public Utility District No. 2 of Grant County, Washington**

I have read and approve the Policy as it has been presented.

/s/

April 14, 2020

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Signature

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Date

Dave Churchman

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Print Name

Vote – motion was passed by unanimous vote by EROC and signatures were affirmed.

Designated Voting Management Team Members:

Chief Financial Officer

Chief Customer Officer

Risk Manager

Sr. Manager Wholesale Marketing and Supply

**Exhibit 1 – Designated Management Team Members’ Approval of  
The Energy Risk Management and Reporting Policy  
Public Utility District No. 2 of Grant County, Washington**

I have read and approve the Policy as it has been presented.

/s/

April 14, 2020

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Signature

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Date

Paul Dietz

---

Print Name

Vote – motion was passed by unanimous vote by EROC and signatures were affirmed.

Designated Voting Management Team Members:

Chief Financial Officer

Chief Customer Officer

Risk Manager

Sr. Manager Wholesale Marketing and Supply

**Exhibit 1 – Designated Management Team Members’ Approval of  
The Energy Risk Management and Reporting Policy  
Public Utility District No. 2 of Grant County, Washington**

I have read and approve the Policy as it has been presented.

/s/

April 14, 2020

---

Signature

---

Date

Rich Flanigan

---

Print Name

Vote – motion was passed by unanimous vote by EROC and signatures were affirmed.

Designated Voting Management Team Members:

Chief Financial Officer

Chief Customer Officer

Risk Manager

Sr. Manager Wholesale Marketing and Supply

**Exhibit 2 – Acknowledgement of Energy Risk Management and Reporting Policy  
Public Utility District No. 2 of Grant County, Washington**

Review of Policies

In accordance with Section 8 of the District’s Energy Risk Management and Reporting Policy, I hereby certify that:

1. I have read the District’s Energy Risk Management and Reporting Policy and other applicable documents;
2. I understand the terms and agreements of said Policy and documents;
3. I have and will comply with said Policy and documents; inasmuch as the District’s systems support my ability to operate within the established parameters, and
4. I understand that any violation of said Policy and documents may be grounds for immediate disciplinary action, in accordance with District policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**Exhibit 3 – Acknowledgement of Restrictions on Employee Trading  
Public Utility District No. 2 of Grant County, Washington**

Employee Trading

In accordance with Section 8 of the District’s Energy Risk Management and Reporting Policy, I hereby certify that during the period January 1, 2016 through December 31, 2016, I will not engage in any personal business activity that could conflict with the proper execution of the District’s wholesale marketing program, or which would impair my trading decisions.

I understand that I may be required to disclose to the District’s Risk Oversight Committee (ROC) any personal financial interests in energy trading activities. I will provide details of such interests to the District upon request.

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Signature

---

Date

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Print Name

## General Trading Limits

Commission has delegated to the General Manager / CEO (or designee) the authority to conduct short-term energy transactions as prescribed by the Policy and Procedures established by the ROC. The limits expressed below reflect the current ROC standard and define the transaction window and terms within which Authorized Marketing Personnel within Wholesale Marketing and Supply may transact standard products as expressed in Exhibit 5:

- No transaction in standard products will occur in a tenor greater than five years from the end of the current year.
- The net open position within any calendar year within the transaction window of five years shall not exceed 150aMW long nor 100aMW short around the clock (ATC), netting financial and physical.
- No single transaction shall exceed a duration of three years.<sup>4</sup> No counterparty may be transacted with in such a manner as to cause more than three consecutive years' physical delivery to occur in transactions executed within 3 months of each other.
- The District will meet its native retail customer demand obligation at the pre-approved level of certainty as determined by models validated by Risk and approved by the ROC.

## Authorized Marketing Personnel

The following District positions are eligible to enter into transactions, pending Risk Oversight Committee ("ROC") approval, for the account of the District for the terms and amounts shown below, subject to the trading limits and restrictions detailed in the Energy Risk Management and Reporting Policy. The approved individuals will be tabulated on the Wholesale Management Roster maintained by Risk Assessment and Control (RAC).

<b>Title</b>	<b>Maximum Transaction</b>	<b>Transaction Duration</b>	<b>MWh Maximum</b>
Chief Customer Officer	\$150,000,000	Up to 36 months	3,950,000
Senior Manager, Wholesale Marketing and Supply	\$50,000,000	Up to 36 months	2,640,000
Term Marketer	\$20,000,000	Up to 12 months	450,000
Manager of Transmission Services	\$20,000,000	Up to 36 months	N/A

Transaction amounts or terms in excess of those listed must be approved by the RAC. For transactions over \$5,000,000 or longer than 12 months, approval must be obtained from the General Manager / CEO via the ROC. The General Manager / CEO's approval shall be in accordance with Resolutions 7560 and 8226. In the particular instance of closing out or flattening the wholesale position, the above individual transaction limits

<sup>4</sup> Duration in this reference is equal to the time span of a transaction's physical delivery, or that of the underlying product in financial transactions.

are waived. In such case, the action will be noted with a covering memo, timestamp, participants, and the wholesale position before and after the required transactions.

### **Limits on Lines of Wholesale Credit**

A counterparty, or its parent where a guarantee is offered, may have a Line of Credit extended on an unsecured basis subject to the following limits as approved by the ROC:

#### **Lines of Credit Table**

<b>Rating</b>	<b>Line of Credit</b>
<b>AA- or above</b>	<b>\$5,000,000</b>
<b>A- to A+</b>	<b>\$4,000,000</b>
<b>BBB+</b>	<b>\$3,000,000</b>
<b>BBB</b>	<b>\$2,000,000</b>
<b>BBB-</b>	<b>\$1,000,000</b>
<b>Below Investment Grade</b>	<b>\$0</b>

**Exhibit 5 – List of Standard Products and Authorized Transaction Types  
Updated xx/xx/2016**

(a) Net Wholesale Position Components

- HLH Power (MWh)
- LLH Power (MWh)
- Capacity (MW)
- Renewable Energy Certificates (RECs)
- Call Options (MW, MWh)
- Put Options (MW, MWh)
- Ancillary Services (units?)
- Specified Source (units?)
- Transmission (MW, MWh)

(b) Standard types of transactions approved by the ROC:

- 1) Forward Contracts for the physical delivery (purchase or sale) of energy
- 2) Financial Contracts
- 3) Short term (hourly to Day-Ahead) purchase or sale of energy
- 4) Purchase or sale of a physical call option
- 5) Purchase or sale of a physical put option
- 6) Sale or purchase of transmission
- 7) Pond sales or purchases
- 8) Reserve sharing sale or purchase
- 9) Operating Reserve transactions
- 10) Parking services
- 11) Scheduling services
- 12) Broker fees related to forward contracts, and options
- 13) Energy Exchanges
- 14) Capacity sales
- 15) Purchase or sale of Renewable Energy Certificates (RECs) and REC Options
- 16) Frequency Reserve Response
- 17) Specified Source

## **Robbie Noga**

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**From:** Paul Dietz  
**Sent:** Thursday, April 16, 2020 9:53 AM  
**To:** Robbie Noga  
**Subject:** FW: Draft Motion Language

Hi Robbie, here the details of the EROC vote approving the revised EROC policy:

Motion - made by Jeff Bishop to approve the revised EROC policy as currently drafted (Paul to provide) and take the revised policy to the CEO and Commission for review. Concurrently the CEO and Commission will be advised that a second proposal will be coming within the next 2 months to extend the tenor trading from 12 months to likely 36 months, without requiring Commission or GM approval, subject to volume and valuation limits.

Second - provided by Dave Churchman

Vote – motion was passed by unanimous vote by EROC.

**New Contract Requests - March 2020**

<b>Contract No.</b>	<b>Contractor</b>	<b>Contract Title</b>	<b>Estimated Contract Value</b>	<b>Date Submitted to Procurement</b>	<b>District Representative</b>	<b>Procurement Officer</b>
430-10276	IVOXY Consulting, Inc.	Commvault Maintenance Renewal	\$ 62,445.92	3/2/2020	Darin Palmerton	Kristin Fleisher
430-10293S	Capstone Structures, LLC	Commercial Core Utility Extension and Surface Restoration Project at Crescent Bar	\$ 70,000.00	3/3/2020	Jerri Mickle	Cindy Inch
160-10302	Northland Cable Television, Inc.	Pole Attachment License Agreement	\$ -	3/5/2020	Richard Cole	Leah Mauceri
130-10207	Power Engineers, Inc.	GIS Replacement Staff Augmentation	\$ 850,000.00	3/9/2020	Chris Roseburg	Kristin Fleisher
430-10298	Triad Technology Partners	Annual Maximo Maintenance Renewal	\$ 76,878.20	3/10/2020	Paula Alley	Kristin Fleisher
140-10305	Zoomhash, LLC	Large Power Facilities Agreement	\$ -	3/12/2020	Shane Lunderville	Leah Mauceri
140-10306	Sabey Data Center Properties	Large Power Facilities Agreement	\$ -	3/12/2020	Shane Lunderville	Leah Mauceri
430-10283	Ednetics, Inc.	Annual SmartNet Hardware and Software Support and Assurance	\$ 326,958.79	3/13/2020	Larry Roberson	Kristin Fleisher
-10279		Labor for Corner Ground Delta Conversions	\$ 350,000.00	3/17/2020	William Coe	Patrick Bishop
170-10303	TBD	Supplying 15kV Power Circuit Breakers	\$ 8,750,000.00	3/17/2020	Chris Johnson	Patrick Bishop
430-10310	Mullin, Allen & Steiner PLLC	Legal Services Related to Personal Injury Claim	\$ 100,000.00	3/17/2020	Mitchell Delabarre	Leah Mauceri
150-10319	Avista Corporation	Pole Attachment MOA	\$ 260,000.00	3/19/2020	Tom Schwiesow	Leah Mauceri
140-10322	Oath Inc	Large Power Facilities Agreement	\$ -	3/23/2020	Shane Lunderville	Leah Mauceri

**Contracts Executed - March 2020**

<b>Contract No.</b>	<b>Contractor</b>	<b>Contract Title</b>	<b>Awarded Contract Price</b>	<b>Executed Date</b>	<b>Completion Date</b>	<b>District Representative</b>	<b>Procurement Officer</b>
430-10276	IVOXY Consulting, Inc.	Commvault Maintenance Renewal	\$ 62,445.92	3/4/2020	3/27/2023	Darin Palmerton	Kristin Fleisher
430-10067	Confederated Tribes of the Colville Reservation	Steelhead Monitoring and Evaluation 2020-2022	\$ 981,348.00	3/4/2020	2/28/2022	Dave Duvall	Cindy Inch
430-10298	Triad Technology Partners	Annual Maximo Maintenance Renewal	\$ 76,878.20	3/16/2020	4/30/2021	Paula Alley	Kristin Fleisher
130-08941	Telvent USA LLC	GIS (Electrical and Fiber) Work Order Design and Implementation Services	\$ 1,404,148.00	3/17/2020	4/30/2026	Chris Roseburg	Kristin Fleisher
430-10310	Mullin, Allen & Steiner PLLC	Legal Services Related to Personal Injury Claim	\$ 100,000.00	3/19/2020		Mitchell Delabarre	Leah Mauceri
430-10293S	Capstone Structures, LLC	Commercial Core Utility Extension and Surface Restoration Project at Crescent Bar	\$ 62,674.00	3/19/2020	5/21/2020	Jerri Mickle	Cindy Inch
430-10283	Ednetics, Inc.	Annual SmartNet Hardware and Software Support and Assurance	\$ 268,371.18	3/26/2020	1/31/2021	Larry Roberson	Kristin Fleisher

**Closed Contracts - March 2020**

<b>Contract No.</b>	<b>Contractor</b>	<b>Contract Title</b>	<b>Current Contract Price</b>	<b>Close Out Date</b>	<b>District Representative</b>	<b>Procurement Officer</b>
430-09338	McKinsey & Company, Inc. Washington D.C.	Organizational Health Assessment	\$ 60,000.00	3/18/2020	Thomas Stredwick	Lori Englehart-Jewell
230-09652	Basin Refrigeration & Heating, Inc	HVAC replacement for Wanapum Indian Village	\$ 74,688.00	3/24/2020	Mike Harr	Nicona Butler
230-09629S	Apollo Mechanical	Priest Rapids Draft Tube Drain Valve Replacement	\$ 140,504.00	3/25/2020	Casey Holter	Betty Snell
130-09941	Tommer Construction Co. Inc.	Ephrata Service Center Mini-Storage Demolition	\$ 30,560.24	3/31/2020	Greg Minden	Nicona Butler

**Change Orders Executed - March 2020**

Contract No.	CO No.	Cost Change	Current Contract Price	Contractor	Contract Title	Change Order Description	Approval Level	CO Executed Date	Contract Completion Date	Procurement Officer
430-09684	2	\$420,920.06	\$ 850,503.58	Contract Resource Group	Annual District Standard Furniture Supply and Install	Increase the Contract Price.	Senior Manager/Plant Manager	3/2/2020	12/31/2020	Nicona Butler
230-2583	25	\$ 27,121.00	\$ 98,115,917.00	Voith Hydro, Inc.	Priest Rapids Turbine Upgrades	Replace Section SR-2.A Milestone Schedule, provide additional dowels for existing intermediate head covers on Units 3-9, and remove the requirement for short term off-site storage of the Unit 3 intermediate head cover.	Department Manager	3/3/2020	12/31/2027	Lori Englehart-Jewell
130-09537	2	\$ -	\$ 6,242,455.12	Oracle America, Inc.	Oracle America CCS Cloud Subscriptions and Implementation	Remove scope from tables 2 and 4, add hours for Oracles Assistance in process playbacks.	District Representative	3/4/2020	7/31/2027	Nicona Butler
130-09410H	3	\$ (17,776.94)	\$ 1,727,970.59	Potelco, Inc.	Randolph Road Substation Expansion	Reduce the Contract Price and extend the Contract completion date.	Managing Director	3/5/2020	5/1/2020	Patrick Bishop
430-4072	2	\$ -	\$ 160,000.00	Ruth I. Johnson	Professional Services for a Partnering Consultant	Revise the Scope of Work to include half day kick-off workshops and full day follow-up workshops, replace Appendix "A" Rate Schedule and extend the Contract completion date.	Department Manager	3/10/2020	12/31/2022	Kristin Fleisher
130-3620	3	\$ 10,000.00	\$ 85,000.00	Jennings Strouss Salmon PLC	Legal Services Related to Energy Trading Operations	Revise hourly rates and increase the not to exceed Contract Price.	Executive Management (GM/CCO/CFO/COO/Atty)	3/16/2020		Leah Mauceri
230-08901	3	\$ 97,035.00	\$ 262,035.00	WSP Canada Inc.	Priest Rapids Right Embankment Concrete Materials Testing	Increase Contract Price, Replace Appendix "A" Rate Schedule, replace Scope of Services Section 1.A, and extend Contract completion date.	Managing Director	3/17/2020	12/31/2020	Kristin Fleisher
430-09950	1	\$500,000.00	\$ 750,000.00	Arch Staffing & Consulting	Arch Staffing & Consulting	Increase Contract Price.	Executive Management (GM/CCO/CFO/COO/Atty)	3/17/2020	11/15/2022	Kristin Fleisher
430-09338	1	\$ (10,000.00)	\$ 60,000.00	McKinsey & Company, Inc. Washington D.C.	Organizational Health Assessment	Remove Milestone No. 2 from Contract Documents.	Senior Manager/Plant Manager	3/18/2020	4/16/2020	Lori Englehart-Jewell
430-08950	3	\$ 80,000.00	\$ 486,900.00	Rockcrest Technology Search, Inc.	HCMS Consultation Services	Increase the Contract Price.	Senior Manager/Plant Manager	3/24/2020	6/30/2020	Nicona Butler
130-10011	2	\$ 2,756.00	\$ 251,376.00	Basin Refrigeration & Heating, Inc	Ephrata Headquarters Cooling Tower Replacement	Increase the Contract Price.	Department Manager	3/24/2020	5/15/2020	Nicona Butler
430-4030	9	\$ 2,070.30	\$ 346,922.50	Corridor Company, Inc.	Purchase and Implementation of CM[.app] Contract Management Software	Extend the software maintenance.	Department Manager	3/25/2020	5/31/2020	Patrick Bishop
130-08317	6	\$ -	\$ 75,000.00	Stanley R. Niman	Net System Loss Audit	Extend the Contract completion date.	Executive Management (GM/CCO/CFO/COO/Atty)	3/30/2020	7/31/2020	Betty Snell

**Change Orders Executed - March 2020**

Contract No.	CO No.	Cost Change	Current Contract Price	Contractor	Contract Title	Change Order Description	Approval Level	CO Executed Date	Contract Completion Date	Procurement Officer
430-09449	1	\$350,000.00	\$ 700,000.00	Murphy & Associates, Inc.	Murphy and Associates Staff Augmentation	Increase the Contract Price and extend the Contract completion date.	Executive Management (GM/CCO/CFO/COO/Atty)	3/31/2020	4/30/2021	Kristin Fleisher
430-09846	1	\$ 3,275.38	\$ 44,421.38	NAVEX Global, Inc.	PolicyTech Subscription	Add 75 licenses to Grant PUD's PolicyTech subscription.	Senior Manager	3/31/2020	8/20/2022	Leah Mauceri