

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
Tuesday, May 28, 2019  
2:00pm

**CALL TO ORDER:** President Dan G. Gunkel called the meeting to order at 2:00 p.m. as advertised.

**PRESENT:** Dan G. Gunkel- President, Douglas B. Miller-Vice President, and Randy L. Knowles- Secretary

**STAFF PRESENT:** Jim Smith- General Manager, Gwyn Miller- Director of Human Resources and Business Services, Mike DeMott- Power Manager, Mark Pritchard- Operations Manager, Ron Schultz- Engineering Manager, Kevin Ricks- Renewable Energy Assets Manager, Cynthia Bruce- AP/Accounting Clerk, Sharon Blodgett- Water/Wastewater Coordinator, Brandy Myers- Customer Service Supervisor, Beth Schroder- Accountant, Nichole Lantau- Accountant, Mark Garner- Engineering Customer Supervisor, Brandon Johnson- Engineering Tech, and Luann Mata- Executive Assistant.

**GUESTS:** Mildred Lykens and Marilyn Grandstaff

**PLEDGE:** The Pledge of Allegiance was recited by those present.

**MINUTES:** **MOTION** was made by Commissioner Knowles to approve the May 14, 2019 meeting minutes as presented. Motion carried.

**CLAIMS & PAYROLL:** Presented by Cynthia Bruce. Vouchers were audited and certified by the auditing officer as required by RCW 42.24.080, and all expense reimbursement claims presented were certified as required by RCW 42.24.090 and were recorded on a listing made available to the Board this 28<sup>th</sup> day of May, 2019.

**MOTION** was made by Commissioner Knowles to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher Nos. 204057 through 204204 in the total amount of \$637,456.84 and Wire, ACH Nos. 8801145 through 8801149 and EFT Nos. 33 through 38 in the total amount of \$4,849,673.69 for the period ending May 28, 2019; and
- Payroll Warrant Nos. 204056 and ACH Direct Deposit Payroll transactions 202565 through 202648 in the total amount of \$193,588.69 for the payroll period ending May 12, 2019.

Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Water Wastewater Report** – Sharon Blodgett presented the department report for April. The Getaway Glenwood project is complete. Following the tv camera inspections of the sewer lines south of Glenwood, the Glenwood Fire department assisted staff with the removal of large rocks and gravel using fire hoses to force water in the lines. The sewer lines require additional work to remove areas that are impacted by root intrusions and staff is awaiting vendor quotes.

The bid opening for the Lyle Submersible Well pump and accessories was held May 24<sup>th</sup>. Mather & Sons was awarded the project through the small works process. Staff took advantage of a Roto Rooter demo camera and inspected a part of the Lyle sewer line. A large root ball was found. Staff will gather maintenance quotes for this issue as a future project.

The Wishram Water booster system was placed through tests to ensure that the protection systems

will not allow it to run when it is not primed. Some tweaks were made to improve the reliability of the system and the boosters are operating now. The new VPN connection worked well.

**Operations Report** – Mark Pritchard presented the department report for April. Our outage hours are still down year to date from last year. There were two outages in April. The first was a failed arrestor that was then replaced, the second was on the Harvest Wind 230kV line. After additional research using a drone to take aerial pictures, it was determined that bird streamers leading to a flashover of the 230 kV insulators were the likely cause of the outage. Staff is evaluating solutions to prevent future issues on the 230 line. Customer work is increasing, we have begun work to complete the upgrades required at the Dallesport Industrial area to accommodate the new 10 MW customer, and the crew will begin work on the Hill Road transmission upgrades. The tree fallers have removed approximately 500 trees so far this year. They have been put on hold for now to allow staff to complete customer work. When they return they will be working to fall dead trees on the Status feed. Asplundh has completed their work; John and Roger's inspection will determine if they have completed their contract. The state auction items are available for bid. Safety Standards will be evaluating the safety awards program and the safety focus for the month was heat stress, dog bite, arch flash and personal protective equipment.

Brandon Johnson walked the board through pictures obtained by drones in finding the cause of the 230 kV line fault this month. As we could not find the cause of the fault, we hired a company to fly a drone over a few of the structures that were in the area that our protection relays projected the fault to be. That evaluation identified bird perch locations and equipment fouling from bird droppings that was not identifiable from the ground. We are evaluating options to protect insulators from this fouling. Installing devices to not allow birds to perch is usually not effective as they just move to the next structure. We are continuing to evaluate development of a drone program due to the cost of having this service performed. We feel this would be a cost effective, highly useful tool for use in the future.

**Engineering Report** – Ron Schultz presented the department report for April. Discussions continue with Bonneville Power Administration over moving their 115 kV to 69 kV Goldendale substation into our EE Clouse substation. Turlock will be moving their local wind project away from BPA as their balancing authority, and we will be working with them in the required metering changes. BPA is apparently planning a Rock Creek substation outage in September. We do not have any specific information on this outage yet.

We have a meeting scheduled to discuss the Invenergy's EE Clouse to Linden interconnection. If this project moves forward, it will require a Transmission Interconnection Agreement and a 230 kV interconnection. We have completed a portion of our WECC testing. Our plan is to complete the Harvest testing during the Rock Creek outage, by doing so it should have minimal impact to customers. We are planning a Bingen substation outage to complete the load transfer. The buss work is now complete, but we will replace the regulator during this outage. Ron stated he met with ECI last week to evaluate the Goldendale substation transformer swap. The transformer will require the radiator installation and testing. There is preparation work required for this project.

Commissioner Knowles requested an update on the Condit line acquisition. Pacific Power has said that they have been evaluating their need for this line as BPA has recently completed system studies in this area. We have reached out to Laura Raypush with PacifiCorp by email again last week to discuss this project. To date she has not responded to that inquiry.

**Financial Report-** Mike Demott and Nichole Lantau presented the financial update for March. They provided the first draft of a financial report that is similar to the documents the board has become accustomed to reviewing. The report will be complete for the April monthly reports during the next presentation in June.

**COMMISSIONER DAN GUNKEL** – Commissioner Gunkel did not have a report at this time.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller stated that he spent some time with Mike DeMott reviewing the financial reporting. He felt this was a very valuable session and suggested that this type of training be provided to new personnel and commissioners. He also requested that staff follow up with the Department of Natural Resources to pursue reducing payments made for the lease of property for the water well that serves the community of Bickleton.

**COMMISSIONER RANDY KNOWLES** – Commissioner Knowles will attend the Public Utility Risk Management meeting June 5th and 6th. He will provide an update at the next meeting.

**GENERAL MANAGER** – The complete report can be found at:  
[http://www.klickitatpud.com/topicalMenu/commissioners/GM\\_Reports.aspx](http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx)

In addition to the written report, Jim Smith presented the following information:

- Dallesport Large Load – The contracts are signed for the 10MW project in Dallesport. This project will comprise of 20% of our average load once it is operational. The contracts include the carbon liability pass through language previously discussed. We will continue to monitor other liability factors that come from the new regulations.
- Dave Warren- Jim asked the board to consider keeping Dave Warren engaged another year to assist our efforts in the rule making requirements coming from the multiple bills that passed this past legislative session.
- Bill 5116- Clean Energy- Staff will focus on aligning our strategic plan to be in a positive place when the rules for this bill are implemented. As you know, there are low-income requirements included within the language of the bill. Brandy will follow this bill to see if any of our current programs would fall under these regulations.
- Net metering - Anita Clever has received calls from three local solar installers. They have inquired about KPUD changing our infrastructure fee based upon new regulations. Our statement has been that we anticipate no changes at this time.

#### **AGENDA ITEMS:**

- A. **POLICY 7- CREDIT SALES COLLECTIONS REVIEW:** **Motion** was made by Commissioner Knowles to accept the proposed changes to Policy 7 as presented. Motion carried.
- B. **POLICY 28- RESIDENTIAL CUSTOMER DAMAGE CLAIMS REVIEW:** **Motion** was made by Commissioner Knowles to rescind existing Policy 28 and address customer damage claims by implementing RCW 4.96.020 compliant damage claim form and process document. Motion carried.
- C. **PREQUALIFICATION OF PROFESSIONAL SERVICES CONSULTANTS:** **Motion** was made by Commissioner Knowles to approve the addition of Crosstrails Engineering and agree to add them to the Professional Services Roster for the 2019 period. Motion carried.
- D. **RESOLUTION 1775-APPOINTMENT OF AGENT OF RECORD TO RECEIVE CLAIMS:** **Motion** was made by Commissioner Miller to accept the addition of Gwyn Miller as an Alternate Agent of Record for Klickitat PUD. Motion carried.

E. WATER/WASTEWATER RATE HEARING 3:00 p.m.: Commissioner Gunkel opened the Public hearing at 3:00 p.m. Mildred Lykens and Marilyn Grandstaff attended the rate hearing as representatives of the Lyle community. Jim summarized the actions staff completed in notifying the communities prior to the hearing. He stated that we met with community councils in Dallesport, Ponderosa, Klickitat, Bickleton and Rimrock. We received a request from Glenwood to send a letter with the information. We didn't receive any response from Lyle's community council so we sent the customers in that community a letter as well. Roosevelt and Wishram customers received letters consistent with past years. All of the systems are operating in the black. The rate increases proposed are between 3% and 5%. Ponderosa requested that we apply a 5% increase to their rates to build up reserves for impending projects. The Rimrock community also asked for a \$10 a month increase to build up their reserve funds. The 2019 rate adjustment for Rimrock is proposed as a base fee increase only.

Jim noted that as the guests are from Lyle, the Lyle system is showing a 5% increase. While the Lyle water system is forecast to have over \$250,000 in the bank at the end of this year, there are a lot of old steel pipes that have had leaking problems in the past that we are concerned may require replacement in the near future. If replacements are required, the cost of these repairs could easily exceed the \$250,000 the system has available at this time. That would leave the system with no money in the bank. We are planning to complete work over the next two years to determine how big this risk is and if no work is required, we will adjust the rates accordingly. It is staff's opinion that some work will be required. Work on the second well is going smoothly, Jim also stated that the Lyle water system received \$370,000 in grants and from the County and KPUD's Landfill Infrastructure fund and this is why the bank account reserves exist.

The Dallesport system is subject to their normal increase that the County applied to the system. Cliff's water shows a 3% increase.

Mildred Lykens addressed the board requesting clarification on the wording within the letter of the 2019 5% increase and future increases. The proposed rate increase of 5% is for 2019 only. We will present all future rate changes, if any, through the same hearing process. After reviewing the impending system maintenance items Ms. Lykens understood the process. Hearing no additional questions, Commissioner Gunkel closed the hearing at 3:14 p.m.

F. RESOLUTION 1774- ADOPTION OF WATER AND WASTEWATER SYSTEM RATES 2019: **Motion** was made by Commissioner Miller to accept the proposed Water and Wastewater rates as presented. Motion carried.

G. EXECUTIVE SESSION: Review of Performance of a Public Employee (1)(g) – President Gunkel called for an Executive Session at 4:25 p.m. per RCW 42.30.110 (1)(g) noting that the session would last for 1 hour, for the purpose of discussing the General Manager's evaluation. The session ended at 5:25 p.m. No action was taken, although Mr. Smith will implement the goals set by the Board.

**RCW 42.30.110 – Executive Session.** (1) *Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:*

**Adjourned** – There being no further business, the meeting adjourned at 5:27 p.m.

/S/

Dan G. Gunkel, President

/S/  
Douglas B. Miller, Vice President

/S/  
Randy L. Knowles, Secretary  
Date Approved: June 11, 2019

/S/  
Luann Mata, Executive Assistant