

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Tuesday, January 12, 2016
2:00pm

11:00am – Joint Meeting with BOCC

AGENDA

Time: **KPUD Commission Meeting – Start Time of Regular Meeting, 2:00pm**
Location: 1313 S. Columbus Ave. – Goldendale, WA

- **Pledge of Allegiance**
- Approval of Minutes – 12/22/2015 Meeting
- Approval of Claims / Vouchers for period ending 1/12/2016 (*Anita*)
- Approval of Payroll for period ending 12/27/2015 & 1/3/2016 (*Anita*)

▪ ***PUBLIC COMMENT PERIOD***

▪ **REPORTS – 10 min. each:**

- Commissioners' Reports
- Manager's Bi-Monthly Report (Jim Smith)
(*see attached report*)
- Operations: Inventory Report 2015 (Jeff Thayer)
- Accounting – Nov. Financials (Anita Thompson)
- H.R. Quarterly Report (Gwyn Miller)

GUESTS:

- BPA: Kim Gilliland / Holly Harwood
- McNary: Bob Guidinger & Roger Kline
- Jonathan Lewis/Dana Peck

AGENDA ITEMS (*see Manager's Report for further details*)

- A. BPA – Friends of the Gorge Update (*Kim Gilliland / Holly Harwood*)
- B. McNARY HYDRO FISHWAY PROJECT –Runner Replacement Update (*Bob Guidinger*)
- C. GORGE LIGHTING CAMPAIGN (*Jonathan Lewis / Dana Peck*)
- D. EXECUTIVE SESSION: Potential Litigation – MM28 Fire
- E. ADJOURNMENT

FOR THE GOOD OF THE ORDER:

1/12 – Joint Meeting with County Commissioners, 11:00am
1/13-15 – WPUA Meetings & Legislative Reception, Olympia (Ray)
1/28 – PGP Meeting, Seattle (Jim)

Note: Agenda is subject to last-minute revisions which may include additions, deletions and/or changes.



Public Utility District No. 1 of Klickitat County

75 Years of Service
1938-2013

GENERAL MANAGER'S REPORT TO THE BOARD

For the January 12, 2016 Meeting

AGENDA ITEMS

- F. BONEVILLE POWER ADMINISTRATION – Kim Gilliland and Holly Harwood will be attending the meeting next week to provide the Board with an update on the Bonneville Power Administration / Friends of the Gorge settlement process.
- G. MCNARY HYDRO FISHWAY PROJECT – Bob Guidinger will be providing the Board with an update on the crane failure at the McNary Fishway project. Their new General Manager, Roger Kline, will be at the meeting as well.
- H. GORGE LIGHTING CAMPAIGN – Jonathan Lewis and Dana Peck will be at the Board meeting Tuesday. They are asking for the Board's support for the Gorge wide lighting campaign. Staff has not seen the proposal / campaign (see enclosed information).
- I. EXECUTIVE SESSION: Potential Litigation – We would like to have a brief discussion with you in Executive Session per RCW 42.30.110 (1) (i) regarding the Mile Marker 28 fire.

NON-AGENDA ITEMS

- 1. G.M. Meeting Attendance – I attended the Public Power Council monthly meetings on January 6 & 7, 2016.

PPC asked members to complete a survey on our top issues for PPC to focus on. I am attaching the results (**1.a** in your packets). My ranking was:

- 1. Long term rate / financial planning (their Focus 2028 initiative).
- 2. Western markets / CAISO. My request to PPC is to ensure that BPA focuses on market design to support maximizing value of the capacity of the federal system.
- 3. Reducing fish and wildlife costs. These costs represent about 30% of their expenditures.

This is pretty much parallel to what we are doing here at KPUD, in that we are trying to be very efficient with expenditures, provide stable rates and maximize the value of our asset.

Also for information, I am attaching two PPC summaries. First is regarding the BPA position on the development of western markets and the EIM marketplace (**1.b** in your packets). In essence, Elliott is planning to negotiate directly with CAISO. He says he does not intend on being a part of CAISO, but only to bilaterally trade with them. This is purely a BPA decision, and I have several concerns, the largest being that they have not

been proactive to date with protecting the capacity value of the federal system and whether or not BPA has the knowledge and sophistication on market design to be able to effectively work with CAISO.

The second is status on the BPA Focus 2028 initiative itself. There seems to be a feeling at PPC that BPA should be controlling costs in the long term at a level less than the level of inflation. I do not think that is realistic. I can see changing budgets in specific areas that need to be more efficient, or maintaining rate increases at low levels for some period of time, but to keep them lower than inflation forever, would suggest that they are too high today and should just be reduced today. I also suggested that BPA needs to combine this budgeting effort with effective market design to maximize the value of the assets for all rate payers.

2. Joint County Commissioner Meeting – We are planning a joint meeting with the County Commissioners at 11:00 on Tuesday, prior to our regularly scheduled Commission meeting. Items for discussion are Wishram CDBG funded water system well project, BPA / Friends of the Gorge settlement agreement status and high level HW Hill / Renewable Natural Gas project status.
3. 2016 Goals – We are going through our 2015 performance review process as well as setting goals for 2016. We need to complete my performance review. I am attaching the performance review sheets, and we can discuss at the meeting on a timeframe for my review to be completed. I suggest the first meeting in February.
4. Governance Policy – I would like to talk about your thoughts on the draft of the governance policy (enclosed) before I take it to staff for the next revision.
5. Skeahan Advisory Agreement – Per the Board’s direction at the previous meeting, I have revised the agreement with Skeahan Advisory to a month-to-month extension of the contract with the provision of that the contract can be terminated with written notice at the District’s discretion.
6. Stellar J Settlement – Per the Board’s direction at our last meeting, Athan Tramountanas, Attorney with K&L Gates, is in the process of drawing up a settlement agreement with Stellar J in the amount of \$201,250.00.
7. Mileage Rate – The IRS has announced that the business standard mileage rate for transportation expenses beginning January 1, 2016 will be 54 cents per mile. This is 3.5 cent decrease from last year.
8. Bonneville Power Administration (BPA) TOP Status Update – BPA is working through issues, but they have stated that BPA can add value in providing the service. It appears as though they are working with 10 other utilities as well. We expect that working through this with BPA will be labor intensive and we are continuing to work with Steve Fisher with Lands Energy on this task.
9. FOIA Request -- We are in a receipt of a Request for Information from DNR regarding the Mile Marker 28 Fire. A portion of the request includes a questionnaire pertaining directly to the Board of Commissioners.