

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners' Meeting**  
Tuesday, November 22, 2016

**AGENDA**

Time: **KPUD Commission Regular Meeting Start Time – 2:00pm**

Location: 1313 S. Columbus Ave. – Goldendale, WA

- **Pledge of Allegiance**
- Approval of Minutes – 11/08/2016 Meeting
- Approval of Claims / Vouchers for period ending 11/22/2016 (*Cynthia*)
- Approval of Payroll for period ending 11/13/2016 (*Cynthia*)
  
- ***PUBLIC COMMENT PERIOD***
  
- **REPORTS – 10 min. each:**
  - Commissioners' Reports
  - Manager's Bi-Monthly Report (Jim Smith)  
(*see attached report*)
  - Power Management – October Report (Mike DeMott)
  - Accounting – October Financials (Anita Thompson)
  - Engineering & Operations – Oct. Reports (Ron Schultz & Craig Lohrey)

**GUESTS:**

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

- A. PRE-QUALIFICATION OF CONTRACTORS [*Craig*]
- B. RESOLUTION NO. 1723 “Certifying Officer/Deputy Certifying Agent” [*Craig*]
- C. RESOLUTION NO. 1725 “Delegates in Absence of General Manager” (*Jim*)
- D. RESOLUTION NO. 1726 “Designation of Auditor / Deputy Auditor” (*Jim*)
- E. RESOLUTION NO. 1727 “FEMA Representatives” (*Jim*)
- F. RESOLUTION NO. 1728 “Appointees to W.C. Public & W.C. Project Boards” (*Jim*)
- G. RESOLUTION NO. 1729 “Authorize Business Credit Card for Power Manager” (*Jim*)
- H. POLICY BULLETIN NO. 45 “Risk Management” (*Jim*)
- I. 2017 OPERATING BUDGET REVIEW – 2<sup>nd</sup> Draft (*Jim*)
- J. SET PUBLIC HEARING DATE / TIME – 2017 Operating Budget (*Jim*)
- K. H.W. HILL LANDFILL GAS / RNG PROJECT (*Jim / Kevin / Mike*)
- L. ADJOURNMENT

**FOR THE GOOD OF THE ORDER:**

11/24-25 – Thanksgiving Holiday – KPUD Offices will be Closed  
11/30-12/02 – WPUDA Annual Meetings, Vancouver WA

Note: Agenda is subject to last-minute revisions which may include the Board calling for an executive session.



# Public Utility District No. 1 of Klickitat County

78 Years of Service \* 1938-2016

## GENERAL MANAGER'S REPORT TO THE BOARD

For the November 22, 2016 Meeting

### AGENDA ITEMS

- A. PRE-QUALIFICATION OF CONTRACTORS – Staff is recommending that the Board approve the addition of J&R Dirt Diggers Inc. of Carson, WA to KPUD's Small Works Roster for the 2016 period. They have met our qualification requirements.
- B. RESOLUTION NO. 1723 "Certifying Officer/Deputy Certifying Agent" – With the retirement of Ron Ihrig, we have several changes that need to be made in regard to appointments and authorities. The first change is to appoint a Certifying Officer and Deputy Certifying Agent to certify KPUD vouchers in accordance with our purchasing procedure.
- C. RESOLUTION NO. 1725 "Delegates in Absence of General Manager" – I am recommending that the delegation of authority to Ron Ihrig be rescinded due to his retirement, and that the Human Resources Manager, who is now our Director of Human Resources and Business Services, be authorized to execute the responsibilities of the GM in my absence, and that the Operations Manager be authorized to execute the responsibilities of the GM in my and/or the Director of Human Resources and Business Services absence or incapacitation.
- D. RESOLUTION NO. 1726 "Designation of Auditor / Deputy Auditor" – With the change in Anita Thompson's position title, I am recommending that the resolution be updated to note the position of Controller vs. the position of Accounting Manager.
- E. RESOLUTION NO. 1727 "FEMA Representatives" – With the change in Anita Thompson's position title, I am recommending that the resolution be updated to note the position of Controller vs. the position of Accounting Manager.
- F. RESOLUTION NO. 1728 "Appointees to W.C. Public & W.C. Project Boards" – This resolution changes the appointment of the Power Manager to serve as the District's alternate Board member for the Board of Directors of White Creek Project LLC and White Creek Public LLC due to the retirement of Ron Ihrig.
- G. RESOLUTION NO. 1729 "Authorize Business Credit Card for Power Manager" – I am recommending that the Board authorize the procurement of a business credit card for Mike DeMott for business transactions only.
- H. POLICY BULLETIN NO. 45 "Risk Management" – I will be presenting my recommended changes to the Risk Management Policy for your approval. The changes at this time reflect changes to electronic confirmations for power trades, as well as changes to the make-up of the Risk Management Committee and a stated direction to develop enterprise risk policies in addition to this risk policy, which is centered on power trading risk.
- I. 2017 OPERATING BUDGET REVIEW – The second draft of the budget is being presented to the Board for further input and direction.

Note: Agenda is subject to last-minute revisions which may include the Board calling for an executive session.

- J. SET PUBLIC HEARING DATE / TIME – 2017 Operating Budget – I am recommending that the Board set a public hearing date for the presentation of the 2017 Operating Budget for Tuesday, December 13, 2016 at 3:00pm.
- K. H.W. HILL LANDFILL GAS / RNG PROJECT – We will be presenting another update on the due diligence work we have been completing per the Board’s direction, for the potential renewable natural gas project.

### NON-AGENDA ITEMS

1. GM Meeting Attendance –
  - PGP Meeting, November 17 – primary discussions are centered around State, Regional and California carbon initiatives. I will provide additional information on Tuesday.
  - White Creek Annual Meeting – November 18, 2016 at Cowlitz PUD to complete the formal budget adoption process. The overall 2017 White Creek O&M budget proposal is 5.5% below the 2016 estimated Year-End Forecast expense, which is about 5% below the 2016 approved budget. Bjorn Hedges, Tom Svendsen and the team are doing a very sound job in responding to the poor market conditions the partners are facing.
2. December Board Meetings – I am recommending that we continue to schedule the December Board meetings on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays as usual. However, we will try and keep the December 27<sup>th</sup> agenda to approval of vouchers and payroll warrants.
3. BPA 2018 Rate Process – BPA announced their initial rate increase proposal is an average of 3.5% for power and 1.1% for transmission for the October 1, 2017 through September 30, 2019 rate period. These are average increases with customer specific impacts yet to be determined. You will notice we have utilized slightly different increase assumptions for budgeting purposes in an attempt to predict the actual net outcome of BPA increases. Administrator Elliott Mainzer has already committed to a second Integrated Program Review (IPR) process to further scrub this proposal. Customer-specific impacts are yet to be determined.
4. Quarterly Joint Meetings / Reports with Klickitat County Board of Commissioners – The next scheduled meeting is January 10, 2017. I would like the Board’s input on agenda items or information that you are looking for from the Klickitat County BOCC.
5. Bid Law – I will be presenting the Board with a draft resolution at the next meeting for consideration of adoption, in regard to the Bid Law.
6. McNary Update – On Thursday, November 10 while watering in the turbine at the McNary Fish Hydro Project, the unit leaked water and oil sheen was observed in that water. Commissioning activities were suspended and an investigation began. On Friday, November 11, supported by KPUD staff and equipment, it was determined that the wicket gate cartridges were leaking and the severity of the leak was compounded by a plugged drain line. Turbine overhaul contractor, McMillen & Associates, is currently developing a recovery plan and is expected to begin repair work on the leaking cartridge seals in the next couple of weeks.

The faulty components are thought to be O-rings that are too thin for the application, and replacement of these O-rings should take a couple of weeks. A plumbing contractor fixed the plugged drain line on Tuesday, November 15.

Unfortunately, as a result of this work, the turbine overhaul commissioning has been postponed until the week of February 6, 2017.
7. Wishram Water Well Location – As requested by Commissioner Gunkel, enclosed is the Wishram well location recommendations from Aspect Consulting. Staff concurs with their recommendation.