

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners' Meeting**  
Tuesday, April 12, 2016

11:00 a.m. – Board Workshop (BPA Contracts & HW Hill LFG Electric Sales Offtake Alternatives)

5:00 p.m. – Joint Work Session with N. Wasco PUD Board (McNary Hydro Project)

**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 – 3/22/2016 Meeting
- Approval of Claims / Vouchers for period ending 4/12/2016 *(Anita/Nichole)*
- Approval of Payroll for period ending 3/20/2016 *(Anita/Nichole)*
- **PUBLIC COMMENT PERIOD**
- **REPORTS – 10 min. each:**
  - Commissioners' Reports
  - Manager's Bi-Monthly Report (Jim Smith)  
*(see attached report)*
  - Generation Assets Report – March (Kevin Ricks)

**GUESTS:**

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

- A. FOLLOW-UP / ACTION FROM 11:00AM WORKSHOP DISCUSSIONS
- B. CALL FOR BID: Bingen Substation Transformer *(Ron S.)*
- C. RESOLUTION No. 1710 – Surplus of Vehicles *(Ron I.)*
- D. PROFESSIONAL SERVICES CONSULTANTS *(Ron I.)*
- E. RESOLUTIONS No. 1711 & 1712 – In Recognition of Senator King & Rep. Johnson *(Jim)*
- F. 3:00pm – EXECUTIVE SESSION: WATER RIGHTS
- G. ISSUE REQUEST FOR PROPOSALS – Water Rights *(Ron I.)*
- H. 4:00pm – RECESS MEETING
- I. 5:00pm – RECONVENE MEETING / Joint Working Session with N. Wasco PUD Board
- J. ADJOURNMENT

**FOR THE GOOD OF THE ORDER:**

4/14 – Dallesport Customer Meeting, 7:00pm

4/26 – RimRock Customer Meeting, 6:00pm

4/28 – Bickleton Customer Meeting, 6:30pm

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

75 Years of Service

1938-2013

## GENERAL MANAGER'S REPORT TO THE BOARD

For the April 12, 2016 Meeting

11:00 a.m. – Board Workshop: BPA Contracts & HW Hill LFG Electric Sales Offtake Alternatives)  
5:00 p.m. – Joint Work Session with N. Wasco PUD Board (McNary Hydro Project)

### AGENDA ITEMS

- A. CALL FOR BID – Staff is asking for authorization to advertise a call for bids for the Bingen substation power transformer, with a bid opening date of 5/12/2016 at 2:00pm
- B. RESOLUTION No. 1710 – Surplus of Vehicles – Staff is asking the Board to authorize vehicles #48, #26, and #80 to be declared surplus property.
- C. PROFESSIOINAL SERVICES CONSULTANTS – Staff is asking for Board approval to add the following two firms to KPUD's Professional Services Consultants roster for the 2016 period: Sapere Consulting and ES Consulting.
- D. RESOLUTION No. 1711 & 1712 – In Recognition of Senator King and Representative Johnson for legislative leadership in support of expansion of PUD authority, allowing Klickitat PUD to maximize our renewable energy generation from the H.W. Hill Landfill Gas project.
- E. EXECUTIVE SESSION: WATER RIGHTS – Tom McDonald will be available by phone to discuss water rights issues.
- F. CALL FOR PROPOSALS FOR LEASING OF WATER RIGHTS – Staff is recommending that the Board issue a call for proposals for the leasing of 4,000 acre-feet of water rights from the Cliffs water system.
- G. 4:00pm – RECESS MEETING – President Mosbrucker will be recessing the regular meeting at 4:00pm, in order for the Commissioners to travel to The Dalles, Oregon for a joint workshop with the Northern Wasco PUD Commissioners.
- H. 5:00pm – RECONVENE MEETING / Joint Working Session with N. Wasco PUD Board

### NON-AGENDA ITEMS

1. G.M. Meeting Attendance – Ron Ihrig and I attended the Klickitat customer meeting on the 23<sup>rd</sup>; Ron Ihrig, Rob Rising, and Kevin Ricks attended the Wishram customer meeting on March 30<sup>th</sup>. I also attended the Public Generating Pool (PGP) meeting on the 24<sup>th</sup>, and the Public Power Council meetings on April 6-7. Commissioner Knowles and I also attended an open forum discussion with Senator Maria Cantwell with other leaders within or County.

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

2. BPA Focus 2028 – I attended the PPC Member’s Forum on the BPA Focus 2028 process at this month’s PPC meeting. BPA was represented by Mark Gendron. I am extremely disappointed with BPA’s progress to date. I have provided specific comments to PPC and to Mark in the past, but I will likely be sending a formal letter stating my thoughts. I doubt it will matter, but I will continue with my efforts. Elliott and Mark continue to say the words that the past rate trajectories are not sustainable, but their staff follows it up with justification of their budgets and talk about a long-term strategy development that will take much time. I think it is as simple as they need to cut budgets and live within inflationary pressures.

PPC staff reported that the BPA first quarter business report for 2016 mentions a \$110 million drop in secondary sales citing low water and pricing. Keep in mind that Q1 for BPA is October 1 – December 31, 2015. PPC stated that they had not received advance warning of this. BPA is also just starting their work on the next rate period and, no surprise, they are already talking about a 5% increase due to inflation and potentially 6% to make up for the secondary revenue shortfall. So, it appears to me that they are starting at 11% again? I will bet that any reductions to this will come from refinancing of CGS debt and not any real budget control by BPA.

3. BPA Ancillary and Control Service Rates – BPA released results of a “mock selection” process it conducted with customers to project the level of wind in the BPA balancing authority for the BP-18 rate period. The interesting result is that while there is currently 4,778 MW of wind interconnected to BPA, the results show a total of 2,606 MW of wind would like to leave the BPA balancing authority to other balancing authorities during the rate period (it won’t go away, it would just be transferring to other BAs). These are non-binding indications, so I do not know whether this is real or just a signal to BPA.
4. Customer Meetings – Customer meetings for April have been scheduled as listed below.
  - April 14 – Dallesport, 7:00pm
  - April 26 – RimRock, 6:00pm
  - April 28 – Bickleton, 6:30pm
5. Recruitment Update: Carl MyCoff has started the Chief Financial Officer recruitment process. Staff has also met with one potential candidate and planning a formal interview with that individual in the next couple of weeks.

We extended an offer of employment to a potential operations manager.

6. Mile Marker 28 Fire – We are in receipt of the amended DNR Investigation Report.