

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Tuesday, September 13, 2016

AGENDA

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

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

▪ **Pledge of Allegiance**

- Approval of Minutes – 8/23/2016 Meeting
- Approval of Claims / Vouchers for period ending 9/13/2016 *(Cynthia)*
- Approval of Payroll for period ending 8/08/2016 & 8/22/16 *(Cynthia)*

▪ ***PUBLIC COMMENT PERIOD***

▪ **REPORTS – 10 min. each:**

- Commissioners' Reports
- Manager's Bi-Monthly Report (Jim Smith)
(see attached report)
- Generation Assets, August Report (Kevin Ricks)

GUESTS:

- Julie Desimone, Moss-Adams

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

A. 2015 FINANCIAL AUDIT RESULTS *(Julie Desimone/Anita)*

B. 2017 OPERATING BUDGET SCHEDULE *(Anita)*

C. CALL FOR BIDS: Bingen Substation Construction *(Ron S.)*

D. EXECUTIVE SESSION Per RCW42.30.110(1):

- a) Contract Negotiations – LFG
- b) Contract Negotiations – Water Rights

E. ADJOURNMENT

FOR THE GOOD OF THE ORDER:

9/14-16 – WPUDA Meetings, Goldendale

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 September 13, 2016 Meeting

AGENDA ITEMS

- F. 2015 FINANCIAL AUDIT RESULTS – Julie Desimone with Moss-Adams will be in attendance to provide the Board with the results of the 2015 Financial Audit.
- G. 2017 OPERATING BUDGET SCHEDULE – Anita Thompson will review the budget schedule and deadlines with the Board on Tuesday.
- H. CALL FOR BIDS: Bingen Substation Construction – Ron Schultz is asking for the Board's authorization to advertise a call for bids for the Bingen Substation power transformer, with a bid opening date of 10/6/2016 at 2:00pm
- I. EXECUTIVE SESSION Per RCW42.30.110(1): LFG Contract Negotiations & Cliffs Water Rights Contract Negotiations.

NON-AGENDA ITEMS

- 1. GM Meeting Attendance – I attended the September Trout Lake community meeting with Ron Schultz. We provided an update on system improvement work and customer activity in the area, as well as an update on financials and rates. I also met with the Executive Director of the Public Generating Pool to discuss the potential of her facilitating our PUD Strategic planning process. I also attended the PPC Executive Committee meeting and along with Scott Corwin and 8 other General Managers, met with Elliot Mainzer and CFO Javier Fernandez (see Item 7 below) regarding their BP18 rate process.
- 2. Washington PUD Assoc. Meetings – Just a reminder that the fall WPUDA meetings are scheduled to be held at our District offices this Wednesday thru Friday, the 14th to the 16th. Enclosed is a schedule of the meetings being held during that time as well as activities, which includes a tour of our LFG Project on Wednesday and a dinner Thursday evening. I think it would be good if you could attend the meetings and activities as hosts. I am planning to tour guide with Kevin Ricks on Wednesday and looking after getting the BBQ pit going on Thursday afternoon / evening at the golf course along with Ron Ihrig.
- 3. Staffing Changes – I wanted to make you aware that in efforts to reduce costs of production at the HW Hill generating facility, we eliminated the LFG Administrative Support position the beginning of September and laid off one employee as a result.
- 4. JD Pool Site – A JD Pool site visit has been scheduled for Friday, September 16th, with the Director of Commerce, Brian Bonlender. To date, those attending are:
 - Governor's Office - Schuyler Hoss
 - Senator Jim Honeyford
 - Representative Gina McCabe
 - Dep't of Commerce – Brian Bonlender and Chris Green
 - Klickitat County Commissioner Dave Sauter

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

- Other tentative attendees - Dave McClure, Dana Peck, Gary Thompson, Steve Shaffer, Bob Guenther, Senator Cantwell staffer, Senator Murray staffer, Senator Merkley staffer
 - Jim Smith, Randy Knowles and pumped storage coordinator Brian Skeahan will be attending for KPUD
5. Cliffs Water Rights – Tom McDonald will be on the phone in our executive session to discuss the water supply contract and we will have a contract and Resolution for consideration and approval.
 6. Staff Appointments – Congratulations to Gwyn Miller, who will be serving as Chair of the Labor & Employee Relations Group for 2017.
 7. Bonneville Power Administration (BPA) – I was also asked to be part of smaller group of PPC members who are scheduled to meet more regularly with senior BPA staff to provide input. We met last week. My input was very blunt and focused on what we have done with staffing and budgets and we expect BPA to do the same. Since the power markets changed, we have reduced staff by 10% and our 2015 actual O&M expenditures were only 4% above 2009. BPA's Integrated Program Review costs are about 20% above their 2011 levels. I am skeptical that there is enough commitment from BPA management to reduce their costs, although there may be hope with the new CFO. We will see how their process goes.
 8. Pumped Storage Hydropower Systems – Attached is the proposal that the District made to the Department of Ecology for an Energy Grant; we did so along with Pacific Northwest National Laboratory, Argonne, Columbia Basin Hydropower, GE, Kleinschmidt, National Grid, NW Hydroelectric Association, and HDR. The project title is: “Value-Driven Technology Innovation and System Design in Pumped-Storage Hydropower Systems.”