CALL TO ORDER: President Dan Gunkel called the meeting to order at 2:00pm.

PRESENT: Commissioners Dan G. Gunkel-President, Ray A. Mosbrucker-Vice President and Randy L. Knowles-Secretary.

STAFF PRESENT: Jim Smith-General Manager, Ron Ihrig-Chief Operating Officer, Holly Dohrman-Power Manager, Ron Schultz-Chief Engineer, Anita Thompson-Accounting Manager, Kevin Ricks-LFG Site Manager, Brandy Myers-Accountant, and Kathy Loveland-Executive Assistant.

GUESTS: Sherry Carver- public at large; Dave Quinn-Consultant; and Odine Husemoen-Consultant.

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

MINUTES: Motion was made by Commissioner Randy Knowles to approve minutes of the October 14, 2014 meeting as presented. Motion carried.

CLAIMS & PAYROLL: Brandy Myers presented the Claims and Payroll data for the Board's approval. MOTION was made by Commissioner Ray Mosbrucker to approve payroll warrants #43173 through #43174 and direct deposits #9912150 through #9912226 in the amount of $160,282.62 as presented for the payroll period ending October 19, 2014; to approve accounts payable vouchers #101428 through #101535 and Wires #8800197 through #8800199 as presented in the amount of $730,473.69 for the period ending October 28, 2014; and to approve special vouchers #101424 through #101427, #101536 through #101539 and Wires #8800200 through #8800202 as presented in the amount of $118,029.54 for the period ending October 28, 2014. Motion carried. Ray asked that we thank the Goldendale Grange for their excellent lunch at our Annual Employee Meeting.

PUBLIC COMMENTS: None.

REPORTS:
Commissioner Ray Mosbrucker reported that he attended the WPUDA Budget Committee meeting October 17, 2014 at which their staff presented their accomplishments throughout the year. The budget was discussed at length as well, with the outcome of a 2.4% reduction in our District's annual WPUDA membership fee. Their building maintenance fund was also discussed at the Budget meeting, with the outcome being to leave the fund at its current amount of $100,000. The WPUDA revised budget was approved by those in attendance. Commissioner Mosbrucker also reported that he had attended the annual Energy Northwest Member Forum at which several good topics were presented. Jim Smith also attended a portion of the Forum on Thursday to hear the presentation by BPA on the Energy Imbalance Market (EIM). Jim gave a brief overview of BPA’s presentation to the Commissioners, and how the EIM process might work for power scheduling. Commissioner Knowles stated that power managers of the region should meet to discuss the details and how this could work. Jim said that this is already happening at the Northwest Power Pool and their task forces on this initiative.

Commissioner Randy Knowles gave an update on the pumped storage project. He noted that few entities responded to our Notice of Intent; although the Yakama Nation has responded negatively at this point. A representative from Senator Patty Murray’s office is scheduled to be onsite on November 19, 2014, which should be the last of the legislative group on the tour schedule.

Commissioner Dan Gunkel reported that Energy Northwest’s Columbia Generating Station has been running at 100% availability and doing well without any limiting factors, and is expected to continue doing so.
GENERAL MANAGER - Jim Smith presented the General Manager’s bi-monthly report. The subjects covered included: Renewable Natural Gas (RNG) marketing; BPA Energy Imbalance Market (EIM) / Security Constrained Economic Dispatch (SCED) evaluation; Bond re-financing; Irrigation loads/rates, and topics of discussion at the recently held annual strategic planning session of the Public Generating Pool (PGP) group. Jim reported that he and Ron Schultz attended the Port of Klickitat meeting on 10/21/2014 to present the District’s annual business update. Jim also noted that the annual Washington PUD Association (WPUDA) meeting is scheduled for December 3-5, 2014 at which time Ron Ihrig will be presented with the Lifetime Achievement Award in recognition of his exceptional leadership and dedication to the ideals and principles of the Washington PUD Association. Jim invited the Commissioners to attend the awards ceremony on Thursday, December 4, 2014 at 5:30pm during the WPUDA reception/banquet. The report was accepted as presented.

POWER MANAGEMENT – Holly Dohrman presented the monthly Power Management Department report for September, 2014. Her reported included slides on natural gas prices, September daily electric prices, hourly vs. daily electric pricing, total system generation, average daily load vs. resources for September, hedging outcome for the month, forward pricing, net position, dollars at risk, the value of Rock Creek to COB transmission, and a comparison of Slice vs. Load Following contracts with BPA. This comparison shows that the BPA Slice product has resulted in less cost to the District and our rate payers than the Full Requirements product would have. Holly also reported that in regard to the Conservation Program, BPA has decreased their reimbursement amount for Duct Sealing from $300 to $200 for mobile homes and $250 for stick built homes. Holly recommended that the District continue with the previous reimbursement levels for the program by using a portion of the administrative fees we receive from BPA to bring the amount back up to the $300 level for duct sealing. The Commissioners concurred with staff’s recommendation. The report was accepted as presented.

ACCOUNTING – Anita Thompson presented the monthly report for the Accounting Department for September, 2014. Her report included Income Statements and Statement of Cash Flow, and in regard to investments, the report included the average monthly balance by institution and investment interest rates, as well as a report on capital spending thru September 2014. The report was accepted as presented.

OPERATIONS DIVISION – Ron Ihrig presented the outage statistics for September, noting that apart from January’s major ice related outages, the numbers would be in line with the department’s goal. Ron also provided an update on the Bickleton water system project. He is anticipating submitting a request for approval to call for bids at the November 12, 2014 Commission meeting. Ron Schultz presented an update on the engineering projects (i.e., MA Collins substation expansion, Transmission Operator agreement with BPA, and possible purchase of a used portable transformer). The reports were accepted as presented.

HUMAN RESOURCES – Gwyn Miller presented the H.R. report for 3rd quarter 2014, noting that the District’s health and welfare costs are holding steady. At year-end Gwyn will do additional analysis for trending with more solid numbers than we have at this point. We have had 8 workers’ compensation claims to date in 2014. Gwyn is reviewing each claim to look at the causes and see if they could have been prevented. Gwyn has also been presenting training to the management team, which is ongoing. The PUD employees continue to be involved with school activities. Ron Schultz will be a guest speaker in an “engineers are super heroes” program to encourage youth to look at careers in engineering; and Lori Fakesch and Judy Woody attended the Klickitat School’s annual career day. The report was accepted as presented.

AGENDA ITEMS:

A. PROFESSIONAL SERVICES – MOTION was made by Commissioner Ray Mosbrucker to authorize the addition of Lilien Systems of Beaverton, Oregon and Robert Kowalczyk, Ltd of Incline Village, Nevada to Klickitat PUD’s Professional Services Consultant listing for the 2014 period, as they have met all of our qualification requirements. Motion carried.

B. EXECUTIVE SESSION: Potential Litigation RE: Mile Marker 28 Fire – President Gunkel called for an Executive Session at 3:45pm per RCW42.30.110 for the purpose of discussing potential litigation in regard to the Mile Marker 28 fire, noting that the session would last for 45 minutes.

RCW 42.30.110 – Executive Sessions.
(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;

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(i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation.

The Executive Session concluded at 4:30pm. No action was taken.

C. RECESS – President Gunkel called for a recess at 4:30pm, for the purpose of the Commissioners and staff traveling to The Dalles, Oregon for a joint meeting with Northern Wasco County PUD Board of Commissioners, as advertised.

D. RE-CONVENE – President Gunkel re-convened the meeting at 6:35pm. PRESENT: Klickitat PUD Commissioners Dan Gunkel-President, Ray Mosbrucker-Vice President, and Randy Knowles-Secretary. N. Wasco PUD Commissioners Barbara Nagle-President, Dan Williams-Vice President, Clay Smith-Secretary, Milt Skov-Treasurer, and Howard Gonser-Director. KPUD Staff present: Jim Smith-General Manager, Ron Ihrig-Chief Operating Officer, Holly Dohrman-Power Manager, Kevin Ricks-LFG Manager, and Ron Schultz-Chief Engineer. N. Wasco PUD staff present: Dwight Langer-General Manager, Kathy McBride-Executive Assistant, and Bob Guidinger-Hydro Department Manager. Public at large present -- Kenneth Leibham of The Dalles, Oregon, Sherry Carver of Goldendale, Washington, and Don Jarrett with McMillen.

AGENDA ITEM: McNARY HYDRO FISHWAY PROJECT

Don Jarrett of McMillen and Bob Guidinger of Northern Wasco PUD (NWPUD) presented the engineering report and recommendations regarding the turbine blade issues at the McNary Hydro Fishway project. The recommendation was that given the weld repair performance and the increased cracking of one specific turbine blade, the Districts should move forward with procuring and installing a new turbine runner assembly as soon as practical. Both Districts concurred with this assessment.

The first step in this process is to authorize NWPUD to move forward with engaging McMillen to complete an additional engineering analysis to determine the specific scope of the work for the repairs and replacement of the turbine runner and prepare contract documents. Don Jarrett stated that he would be worried about failure if the turbine were his and that moving forward with replacement as soon as possible would be prudent due to the uncertainties of the blade fatiguing and cracking.

Discussion ensued as to whether an emergency should be declared by NWPUD to reduce the time schedule to replace the turbine blade by over four months. This would reduce the risks of the blade failing before it is replaced, which would be in the best interest of the rate payers involved. It is expected that the total blade replacement project will be just over $2.5 million, the costs to be shared by both parties.

MOTION was made by KPUD Commissioner Ray Mosbrucker to authorize the KPUD’s General Manager and Northern Wasco PUD to move forward with engaging McMillen to complete the scope of work discussed. Cost estimate is a sharing of $133,000 between the two Districts. KPUD Commissioner Randy Knowles seconded the motion. After further discussion, the motion was approved.

ADJOURNMENT: There being no further business, the meeting adjourned at 8:30pm.

/s/ Dan G. Gunkel, President

/s/ Ray A. Mosbrucker, Vice President

/s/ Randy L. Knowles, Secretary

Date Approved: 11/12/2014

/s/ Kathy Loveland, Executive Assistant