

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, November 08, 2016
2:00pm

CALL TO ORDER: President Ray Mosbrucker called the meeting to order at 2:00pm.

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

STAFF PRESENT: Jim Smith-General Manager, Craig Lohrey-Operations Manager, Gwyn Miller-H.R. Manager, Kevin Ricks-Generation Assets & Special Projects Manager, Ron Schultz-Chief Engineer, Anita Thompson-Controller, Mike DeMott-Interim Power Manager, Cynthia Bruce-Accts Payable/Accounting Clerk, and Kathy Loveland-Executive Assistant.

GUESTS: None.

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

MINUTES: **MOTION** was made by Commissioner Dan Gunkel to approve the October 25, 2016 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Cynthia Bruce. Vouchers were audited and certified by the auditing officer as required by RCW 42.24.080, and all expense reimbursement claims presented were certified as required by RCW 42.24.090 and were recorded on a listing made available to the Board 8th day of November, 2016.

MOTION was made by Commissioner Randy Knowles to approve the following as submitted:

- Accounts Payable Voucher numbers 108070 through 108179 in the total amount of \$484,447.64 and Wires, ACH and EFT numbers 8800583 through 8800586 in the total amount of \$85,048.48 for the period ending November 8, 2016; and
- Payroll Warrant numbers 43308 through 43313 and ACH Direct Deposit Payroll transactions 9916378 through 9916459 in the total amount of \$177,581.67 for the payroll period ending October 30, 2016.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

COMMISSIONER DAN GUNKEL reported that TIP Strategies will be presenting their Economic Development Strategy to the Klickitat County Economic Development group on Monday, November 14, 2016 of which he will be attending.

COMMISSIONER RANDY KNOWLES reported that he attended the Pacific Underwriters (PURMS) Board meetings November 2-3, 2016 in Seattle, WA. A number of resolutions were passed at those meetings, most of which are required by law. The group voted to alter the amount of the Liability Pool's reserve funds from \$2.3M to \$3.5M. Members will also be seeing some increases in the different layers of insurance, which Commissioner Knowles discussed in detail with PURMs Attorney Jan Essenburg. An internal committee is also being formed to conduct an administrative review of the organization over the next 6-12 months, to look at what is being provided to members versus the value and costs. Additionally, health care costs are continuing on an upward trend which will likely affect our premiums. One of the resolutions adopted was for new insurance coverage for cyber security breach claims, which will be going into effect; and they will be establishing some minimum requirements that utilities will have to meet. Staff responded that KPUD has been through 20 reviews with PURMs and has met the required standards. Commissioner Knowles also noted that PURMS had received a claim from Klickitat PUD for the generator failure at the LFG project; staff will provide additional information on the claim to Commissioner Knowles following today's meeting.

COMMISSIONER RAY MOSBRUCKER reported that he attended the Energy Northwest joint meeting, which included their full Board, Executive Board, and the Participants Review Board on October 26, 2016. He also attended Energy Northwest's Public Power Forum, October 27-28, 2016 in Kennewick, WA. One of the outcomes of the joint Board meetings was a request that the Executive Committee keep members of the full Board and the PRB Board more informed on what projects they are working on. The biggest concern at the Forum was cybersecurity. A presentation was also given by Energy Northwest's general counsel, Robert Dutton, regarding net billing agreements and whether or not they are still relevant. Commissioner Mosbrucker stated that overall it was a good forum and very informative. He felt that the main takeaway was that Energy Northwest would like a better understanding of the types of services they should be offering to their member utilities.

GENERAL MANAGER – The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, Mr. Smith presented the following:

- (1) PPC Executive Committee Elections – The Public Power Council's election of their Executive Committee is in progress. The official ballot includes 21 candidates for the 21 Executive Committee seats. Mr. Smith is included on the ballot, for re-election to a third term. He asked the Board to authorize him to submit the vote to PPC to elect the 21 nominees to the Executive Committee as listed. The Board concurred.
- (2) McNary Hydro Fishway Project – Mr. Smith has been in discussions with Roger Kline, Wasco County PUD's General Manager regarding staffing of the McNary Project. He will be having further discussions with Mr. Kline and walk through the staffing process with him. Commissioner Gunkel stated that the McNary Project is actually in Washington State, not Oregon.

The report was accepted as presented.

GENERATION ASSETS – Kevin Ricks presented the monthly H.W. Hill Landfill Gas report for October 2016. He noted that the average station output was 17.1 average MW with a 98.41% utilization factor, and the reliability factor of 100%. The gas availability from the landfill continues to be disappointing this month. As a result of this, Kevin has made some staffing changes at our plant, to assign Jonah full time to the well field. This will allow us the time to monitor and analyze the performance of the well field ourselves. To make this change more feasible for our staff, Kevin recommended purchasing an ATV for the field tech to provide him with the tools needed to be successful in this new job assignment; the Board concurred. In regard to the contract with RDC, Commission Gunkel stated that it appears that they are in breach of our contract if they are not delivering the product as stipulated in the contract. Mr. Smith noted that he would be meeting tomorrow with Don Tibbets, Republic's RDC manager, at which time he will reiterate the Board's position in this matter. He will report back to the Board on the outcome of this discussion. The report was accepted as presented.

AGENDA ITEMS:

- A. PROFESSIONAL SERVICES APPROVAL – **MOTION** was made by Commissioner Dan Gunkel to authorize the addition of Sierra Research of Sacramento, CA and McMillen Jacobs Associates of Boise, ID to Klickitat PUD's Professional Services Consultant listing for the 2016 period as they have met the District's qualification requirements. Motion carried.
- B. 2017 OPERATING BUDGET – The first draft of the 2017 operating budget was presented by Jim Smith for the Board's review and input. It was the consensus of the Board that we move into the 2017 operating budget without the potential income from the Cliffs water rights at this time. Given that even though the contract is signed, there is significant work to do before the revenues are secure. Mr. Smith ran through the detailed budget assumptions with the Board, and provided a proposal for organizational memberships in 2017 as well. He also noted that capital investment in future years will likely need to increase to look after system improvements and that during 2017, staff will be firming up a long-term capital project plan to give the Board a better idea of what projects are on the horizon. Staff will be presenting the second draft of the budget at the next meeting. No action is required at this time.
- C. H.W. HILL LANDFILL GAS / RNG UPDATE – Staff are continuing with the due diligence process per the Board's direction, and provided an update on their progress.

