

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
Tuesday, March 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, Ron Ihrig-Chief Operating Officer, Kevin Ricks-Generation Assets & Special Projects Manager, Anita Thompson-Accounting Manager, Gwyn Miller-H.R. Manager, Mike DeMott-Interim Power Manager, Rob Rising-Line Superintendent, Amber Jackson-AP/Accounting Clerk, and Kathy Loveland-Executive Assistant.

**GUESTS:** Ken McKee, Gene Callan, and Art Edwards with 101 Bar Ranch, LLC.

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

**MINUTES:** **MOTION** was made by Commissioner Randy Knowles to approve the February 23, 2016 meeting minutes as presented. Motion carried.

**CLAIMS & PAYROLL:** Presented by Amber Jackson. 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 on March 08, 2016.

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

- Accounts Payable Voucher numbers 105975 through 106075 in the total amount of \$454,187.99 and Wires, ACH and EFT numbers 8800441 through 8800447 in the total amount of \$227,158.01 for the period ending March 08, 2016; and
- Payroll Warrant numbers 43266 through 43268 and ACH Direct Deposit Payroll transactions 9914923 through 9914999 in the total amount of \$192,031.49 for the payroll period ending February 21, 2016.

Motion carried.

**PUBLIC COMMENTS:** The guests indicated that they were present only to hear any discussions that the Board might be having on water rights. Ron Ihrig noted that he has been working with Tom McDonald of Cascadia Law on Tom's position paper and on the Request for Proposals (RFP) that he hopes to bring before the Board the first meeting in April for approval to let the RFP. President Mosbrucker asked for their input on items we should consider as we put the RFP together. They suggested that we consider an outright sale or longer terms than 20 years given the capital outlay for infrastructure they would need to make to utilize the water. Failing that, we might consider a first right of renewal for an additional term or other such mechanism. Commissioner Gunkel stated that our goal is to be consistent with DNR leases, with terms up to a maximum of 20 years and keeping the water rights within Klickitat County. The guests applauded the Board for putting the Cliffs water rights to use.

**REPORTS:**

**COMMISSIONER DAN GUNKEL** reported that Energy Northwest hired a law firm from Washington, D.C. to perform a thorough investigation regarding the allegations made by anonymous parties in respect to the Columbia Generating Station's reporting of their performance. He was unable to attend Energy Northwest's Executive Board session regarding this issue, but the Executive Board made a decision to expand the scope of the investigation. The report should be complete by the March Executive Board meeting, which Commissioner Gunkel is planning to attend.

**COMMISSIONER RANDY KNOWLES** reported that he met with members of the Snowden community regarding broadband services on February 29, 2016. Also in attendance were Klickitat County Commissioner Dave Sauter and other county staff. The County has agreed to take the lead on this, as their Economic Development Department's strategic plan includes looking at the need of this type of service within the County. Commissioner Knowles talked to the group about the technologies that may be available, what facilities are already in the ground, and one of the issues was that apparently there are known sites around the county that have a meter; can we identify them? Ron Schultz will be asked to check into this issue. The group asked what assets the PUD already has in place and what the solution might be for obtaining better internet services, and asked where the radio towers are located. They were not aware of what the PUD already has in place, so they would like to have that information. It was a good discussion, and it ended up being a county-wide concern and not just Snowden. The group was once again made aware that the PUD is not interested in being an internet provider, but would assist with information as necessary.

Commissioner Knowles also announced that Supreme Court Justice Antonin Scalia had passed away unexpectedly. To date a replacement has not been announced, however a possible contender is Judge Jane Kelly from Iowa who was previously a public defender.

**COMMISSIONER RAY MOSBRUCKER** reported that he attended the Washington PUD Association meetings February 24-26, 2016 in Olympia, WA. It included a WPUDA "Day On The Hill", which he assisted in serving 25 gallons of coffee to legislators and visitors as well as a BBQ luncheon that was attended by around 300 people. The goal of the day was to educate more people on who WPUDA is and what they are about. WPUDA intends to repeat this event again next year. Commissioner Mosbrucker also gave a brief overview of the WPUDA committee meeting topics of discussion. In regard to Initiative 732, the legislation will be rewriting the bill which will be titled I-732B. There was also some discussion on the PDC's interpretation that as a public agency you cannot directly tell your customer(s) to call their legislator and tell them you support or oppose a bill. Commissioner Mosbrucker asked Mr. Smith to contact George Caan at WPUDA regarding HB2966 – electrification infrastructure, and offer his input.

**GENERAL MANAGER** – The complete report can be found at:

[http://www.klickitatpud.com/topicalMenu/commissioners/GM\\_Reports.aspx](http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx)

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

- BPA's focus 2028 – BPA is reporting that the current rate trends are not sustainable, but continuing to defend their budgets.
- Carbon – Ecology is working on a new draft of the clean air rule that we believe will be positive for the State as well as for utilities.
- Commissioner Gunkel asked if there was a recommendation from staff yet on continuing to be a BPA Slice Customer vs. Load Following Customer. Mike DeMott informed the Board that he would be providing a briefing of his findings at the next Board meeting.
- Loading Bay Area – Mr. Smith asked for the Board's input on closing in the parking garage bay area to allow space for additional offices, if we can stay within our capital budget. The Commissioners indicated their approval for staff to move forward with the construction project.
- TEA Slice/CEO Dinner – Mr. Smith invited the Board to attend the Slice-CEO/PPC dinner in Portland, Oregon on April 6, 2016 at 6:00pm. Another suggestion is to attend one of The Energy Authority's (TEA) semi-annual west coast partners' meetings, the next one being on August 2-3, 2016.

**POWER MANAGEMENT** – Mike DeMott presented the monthly report for the Power Management Department for February 2016 which included coverage of Short-Term Weather Outlook, 2016 Mid-C Power Prices, Natural Gas Prices, Short-Term Slice Forecast, KPUD Net Positions, February Swap and other edging transactions, White Creek Historical Generation, Rock Creek to COB Transmission. Mike and Anita Clever also talked through Net Metering Incentive Scenarios.

Anita Clever mentioned that since we have reached our cap, no new incentive applications have been accepted, however we still have customers signing up for net metering without the incentive being available. Commissioner Knowles stated that staff needs to make sure they have clear direction on how to move forward, should HB 2346 pass. Commissioner Gunkel commented that we need a good process in place, and to do the due diligence work so we don't find ourselves in the same position again. Commissioner Mosbrucker stated that we don't want to go over the limit, so set a margin with a safety net. Anita will keep the Board informed on the status of the Bill. As of February 26, 2016 the Bill had passed out of the House with an amendment and was referred to the Ways & Means Committee. The Board also asked to be provided with a copy of the letter that the customers will be receiving and signing when enrolling in the program, confirming that they understand that incentives offered by the State and that the program is subject to legislative changes and therefore not guaranteed.

Mike also reported that he would be providing a presentation at the next Board meeting on Slice vs. Load Following BPA products. A decision has to be made by May 31, 2016. The report was accepted as presented.

**OPERATIONS DIVISION** – Ron Ihrig reviewed the monthly Operations Divisions reports for January, 2016, noting that operations exceeded their January ASAI goal. A BPA planned outage is scheduled for Saturday, June 18, 2016 during the night. Ron also reviewed the annual update on the Engineering Department’s customer work, as well as updates regarding LED Lighting, and substation inspections by the meter shop using the infrared camera. We are looking at options for the anticipated irrigation growth in specific areas that could require substation and transmission work to support. Commissioner Gunkel commented that in regard to the increased load growth, staff needs to be certain what the load growth is predicated on, as water business has become extremely complex and perhaps their growth depends on water which may or may not be approved by the Department of Ecology yet and until that happens, our investment is at risk. The report was accepted as presented.

**GENERATION ASSETS** – Kevin Ricks presented the monthly H.W. Hill LFG report for January, 2016 noting that the average station output was 18.3 average MW. Gas quality has been poor with the amount of rain we have been getting. Normally moisture is good, but in this case, it caused some piping washouts that took some time to fix as the ground was very unstable. In regard to the McNary Hydro Fishway Project, an update on the repairs will be presented at the next Board meeting, as bids for the rewind are currently being received. The report was accepted as presented.

### **AGENDA ITEMS:**

- A. **PROFESSIONAL SERVICES CONSULTANTS** – **MOTION** was made by Commissioner Dan Gunkel to authorize the addition of the following firms to Klickitat PUD’s Professional Services Consultants listing for the 2016 period, as they have met our qualification requirements:
- Mark Yinger Assoc. of Sisters, OR
  - Heffernan Consulting of Missoula, MT
  - Bell Design Co of Bingen, WA
  - Aspect Consulting of Yakima, WA
- Motion carried.
- B. **PRE-QUALIFICATION OF CONTRACTORS** – **MOTION** was made by Commissioner Dan Gunkel to authorize the addition of the following contractors to Klickitat PUD’s Works Rosters for the 2016 period:
- IRZ Consulting LLC of Hermiston, OR – Small Works Roster
  - Town & Country Post Frame Buildings of Lynnwood, WA – Small Works Roster
- Motion carried.
- C. **BID AWARD: Pole Inspection and Treat** – **MOTION** was made by Commissioner Dan Gunkel to award the bid for Pole Inspection and treating to Quality Resource & Services, Inc. as recommended by staff, in the amount of \$104,547.50 excluding taxes. Motion carried.
- D. **BID AWARD: Tree Trimming** – **MOTION** was made by Commissioner Dan Gunkel to award the bid for Tree Trimming and Right of Way Clearing for 2016 on the Bald Mountain to Husum transmission line and Release 1 from Gilmer to Trout Lake, to Asplundh Tree Expert Company, in the amount of \$180,250.00. Motion carried.
- E. **POLICY BULLETINS:**
- (1) **No. 4-EE** – **MOTION** was made by Commissioner Dan Gunkel to approve the revisions to Policy Bulletin No. 4-EE “Personal Time Off” as recommended by staff. Motion carried.
- (2) **No. 47** – **MOTION** was made by Commissioner Dan Gunkel to approve the new Policy Bulletin No. 47 “Board Governance” as presented by staff. Motion carried.
- F. **RESOLUTION No. 1697** – **MOTION** was made by Commissioner Randy Knowles to adopt Resolution No. 1697, thereby rescinding Resolution No. 1697 and cancelling all business credit card authority of John J. Janney effective March 4, 2016 due to his resignation. Motion carried.

G. **EXECUTIVE SESSION: Personnel Matters** – President Mosbrucker called for an Executive Session at 5:15pm per RCW42.30.110 for the purpose of discussing personnel matters, noting that the session would last for 60 minutes.

**RCW 42.30.110 – Executive Session.**

(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:

*(g) To evaluate the qualifications of an applicant for public employment or to review the performance of a public employee. However, subject to RCW 42.30.140(4), discussion by a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public;*

The Executive Session concluded at 6:15pm. No action was taken.

**ADJOURNMENT** – There being no further business, the meeting adjourned at 6:16pm.

\_\_\_\_\_/s/  
Ray A. Mosbrucker, President

\_\_\_\_\_/s/  
Randy L. Knowles, Vice President

\_\_\_\_\_/s/  
Dan G. Gunkel, Secretary  
Date Approved: 3/22/2016

\_\_\_\_\_/s/  
Kathy Loveland, Executive Assistant