

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, August 09, 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 (via teleconference) 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-Controller, Gwyn Miller-H.R. Manager, Ron Schultz-Chief Engineer, 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 July 26, 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 the 9th day of August, 2016.

MOTION was made by Commissioner Dan Gunkel to approve the following as submitted:

- Accounts Payable Voucher numbers 107241 through 107357 in the total amount of \$640,036.70 and Wires, ACH and EFT numbers 8800528 through 8800535 in the total amount of \$924,990.43 for the period ending August 9, 2016; and
- Payroll Warrant numbers 43290 through 43291 and ACH Direct Deposit Payroll transactions 9915803 through 9915888 in the total amount of \$178,228.12 for the payroll period ending July 24, 2016.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

COMMISSIONER DAN GUNKEL – No report at this time

COMMISSIONER RANDY KNOWLES - No report at this time.

COMMISSIONER RAY MOSBRUCKER reported that he sat in on the Energy Northwest meetings July 27-28, 2016 in Pasco, WA for training purposes as the new Participants Review Board Chairman. The information gleaned from the meetings was very beneficial, as well as the extremely interesting personal tour of the Columbia Generating Station.

GENERAL MANAGER – The complete report can be found at:

http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, the following information was discussed with the Board:

- **Item #3 of Managers' Report – 2015 Debt Service Coverage:**
Following discussion, the Board authorized the General Manager to transfer \$500,000 to the Rate Stabilization Fund in the closing of the 2015 financial statements, thereby deferring this amount of revenue to a future year, to be posted as part of the District's official audited financial documents.
- **Item #4 of Managers' Report – Reserve Funds:**
Following discussion, **MOTION** was made by Commissioner Dan Gunkel to authorize the General Manager and staff to implement the required processes and documentation to effect the following Reserve Fund actions, to achieve 2016 year-end forecast "Total Cash Available" levels in the range of \$6,000,000 as recommended by the General Manager as follows:

- Transfer full amount of LFG Reciprocal Engines Sinking Fund to Available Cash in the amount of \$479,182.
- Transfer \$600,000 in Capital Reserve Fund to Available Cash.
- Do not make the \$744,502 deposit into the Operating Reserve Fund for 2016.
- Ensure that the year-end forecast for the Combustion Turbine sinking fund is as budgeted, not \$100,000 over as currently forecasted.

Motion carried.

The report was accepted as presented.

POWER MANAGEMENT – Mike DeMott presented the monthly Power Management Department report for the month of June, 2016 which included slides on the following topics: Short-term Slice Forecast, June Swap Outcome/Additional Hedges, KPUD High Load Hours (HLH) / Low Load Hours (LLH) Net Position before Hedges, HLH/LLH Net Position after 2017 LFG Hedges, Near-Term Financial Net Position, White Creek June Generation that was sold, White Creek Generation Calculations, June Total Load, June Physical Position Review June Swap Outcome / Additional Hedges, BPA Product Switch Decision Outline, WA Net Metering Incentive Update, and Balancing Authorities/Energy Imbalance Market (EIM). The report was accepted as presented.

GENERATION ASSETS – Kevin Ricks presented the monthly H.W. Hill Landfill Gas report for the month of July, 2016, noting that the plant output was 15.06 average MW for the month, with a theoretical max of 19.46 average MW. Utilization factor was 77.1%. Kevin also gave an update on the CT1 generator failure. CT2 is at full load. The report was accepted as presented.

ACCOUNTING – Anita Thompson presented the year-end financial forecast for 2016, and noted that the financial statements for the month of June were included in the packets for the July 26, 2016 meeting. Her report included income statement forecasts for Revenue & Expenses, as well as the Statement of Cash Flow forecasts for year-end 2016. As of mid-year, these are the forecasted numbers as presented today. The report was accepted as presented.

AGENDA ITEMS:

- A. **MISCELLANEOUS POLE BID EXTENSION, 2016** – **MOTION** was made by Commissioner Dan Gunkel to award an extension of the District’s current pole bid agreement with McFarland Cascade/Stella Jones Corporation until August 31, 2017. Motion carried.
- B. **BID AWARD: Bingen Substation Circuit Switcher** – **MOTION** was made by Commissioner Dan Gunkel to award the bid for the Bingen Substation Siemens 115kV Circuit Switcher to General Pacific in the amount of \$43,173.00 before taxes. Bids were opened on August 2, 2016 at 2:00pm as advertised. Motion carried.
- C. **EXECUTIVE SESSION: Contract Negotiations** – President Mosbrucker called for an Executive Session at 3:45pm per RCW42.30.110 for the purpose of discussing H.W. Hill Landfill Gas contract negotiations as well as Cliffs Water Rights contract negotiations. He noted that the session would last for 60 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:

(d) To review negotiations on the performance of publicly bid contracts when public knowledge regarding such consideration would cause a likelihood of increased costs.

The Executive Session concluded at 4:45pm. No action was taken.

ADJOURNMENT – There being no further business, the meeting adjourned at 4:46pm.

_____/s/
Ray A. Mosbrucker, President

_____/s/
Randy L. Knowles, Vice President

_____/s/
Dan G. Gunkel, Secretary
Date Approved: 8/23/2016

_____/s/
Kathy Loveland, Executive Assistant