

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
Tuesday, August 23, 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, Ron Schultz-Chief Engineer, Anita Thompson-Controller, Gwyn Miller-H.R./I.T. Manager, Mike DeMott-Interim Power Manager, Brandy Myers-Customer Service Supervisor, Jeff Thayer-Materials 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 August 9, 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 23<sup>rd</sup> day of August, 2016.

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

- Accounts Payable Voucher numbers 107358 through 107467 in the total amount of \$378,742.43 and Wires, ACH and EFT numbers 8800536 through 8800544 in the total amount of \$1,272,154.39 for the period ending August 23, 2016; and
- Payroll Warrant numbers 43292 through 43293 and ACH Direct Deposit Payroll transactions 9915889 through 9915971 in the total amount of \$169,782.59 for the payroll period ending August 7, 2016.

Motion carried.

**PUBLIC COMMENTS:** None.

**REPORTS:**

**COMMISSIONER DAN GUNKEL** reported that Energy Northwest has received funding from the state Clean Energy Fund. They had requested up to \$4 million for a 4MW direct-current solar generating array across 20 acres, a 1MW battery storage system, and an IBEW technician training center. This project coincides with Governor Inslee and some of the other renewable sectors' wishes to lead the industry into a clean energy future. The project likely will require significant subsidization, and the City of Richland has shown some interest in taking the power. The project is still in the planning stages – more to come. Discussion ensued regarding pumped storage projects in general.

**COMMISSIONER RANDY KNOWLES** gave an update on the continuing work being performed by Brian Skeahan, Pumped Storage Project Coordinator.

**COMMISSIONER RAY MOSBRUCKER** reported that Governor Jay Inslee might be visiting our landfill project around October 3<sup>rd</sup>; staff will verify. He also noted that plans are coming together for the Washington PUD Association meetings in Goldendale, September 14-16, 2016.

**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, the following information was shared with the Board:

- Mr. Smith reminded the Commissioners of the Washington PUD Association meetings that will be held in Goldendale September 14-16, 2016 and the activities that have been arranged, which include a tour of our H.W. Hill Landfill Gas Project.

- Congratulations to Kevin Ricks who has been selected to serve on the Board for the Solid Waste Association of North America's WA Evergreen Chapter for 2017. Kevin will be representing the gas-to-energy portion of the association.

The report was accepted as presented.

**POWER MANAGEMENT** – Mike DeMott presented the monthly Power Management Department report for the month of July, 2016 which included slides on: Northwest Day Ahead Power Prices, Day Ahead vs. Real Time Power Prices, 2016-17 Mid C Power Prices, Mid-C Forward Power Prices, Daily Prompt Month Natural Gas, 3<sup>rd</sup> Party Future Gas Forecasts, DSC Outcomes – TEA Models, the White Creek Wind July Generation Sold & Total Load, July Physical Position Review, July and 2016 YTD Swap Outcome, WA Net Metering Incentive Update, and BPA Tier 2 Election Updates. Commissioner Gunkel reminded staff of a conversation years ago with staff that our biggest expense to the utility is power purchasing and as a result it can significantly impact our rates either positively or negatively; we should therefore be working to reduce our power expenses where possible. Commissioner Knowles asked how it would impact our business if there was another Balancing Authority (BA) available to us besides BPA – something to think about. The report was accepted as presented.

**ACCOUNTING** – Anita Thompson presented the July 2016 Financial Report, which included statements of Revenue and Expenses, as well as a Statement of Cash Flow. The reports included the 2016 year-end forecast as of 6/30/2016. Anita also noted that the State Auditors would be on site here in our offices on August 29<sup>th</sup> to conduct an audit of the Bickleton Water System USDA Loan/Grant, a requirement based on the amount of federal funds received during 2015. They will also be on site the week of September 26<sup>th</sup> for our normal accountability annual audit. The Board discussed with staff the type of financial reports they need to see in order to make informed financial business decisions. The report was accepted as presented.

**OPERATIONS DIVISION** – Ron Ihrig reviewed the operations division monthly report for July, 2016 noting that the department is meeting their reliability goal at this time. He also reported that with the Roosevelt upper evaporation pond level now down, we can start moving solids out and make repairs to the liner. We have been switching out old water meters to electronic read meters. They are being installed in Bickleton as new connections are being made and Klickitat is complete. We are in the process of staged replacements in Glenwood and Roosevelt. The side benefit of the new meters is better accuracy of readings. During the switch-out, staff found that some of the meter sizes are wrong for the service(s) being provided. We are looking into this further.

Ron Schultz gave an update on the engineering department's activities, noting that they are working on upgrades to the Darland transmission line, and they have also engineered the new underground along NE Hood Street of which our crews started working on in July. Ron also gave an update on the work assignments being performed by the meter shop crew. Discussions are continuing with PacifiCorp regarding the Condit line, and we are working with K&L Gates on the agreements we need to put in place with PacifiCorp.

The reports were accepted as presented.

### **AGENDA ITEMS:**

- A. **RESOLUTION No. 1716: Surplus Materials** – **MOTION** was made by Commissioner Dan Gunkel to adoption Resolution No. 1716, thereby authorizing the Materials Manager and/or Chief Operating Officer to declare surplus of any such items with an original purchase price of less than \$10,000 with the exception of real property, and to dispose of these items in a prudent manner through standard PUD procedures. Motion carried.
- B. **RESOLUTION No. 1717: Delegation of Responsibilities** – **MOTION** was made by Commissioner Dan Gunkel to adopt Resolution No. 1717, thereby authorizing the Human Resource Manager to executive the responsibilities of the General Manager and/or Chief Operating Officer in their absence or incapacitation. Motion carried.
- C. **EXECUTIVE SESSION: Contract Negotiations** – President Mosbrucker called for an Executive Session at 4:10pm per RCW42.30.110 for the purpose of discussing the Cliffs Water Rights. He noted that the session would last for 30 minutes. At 4:40pm, President Mosbrucker announced that the Executive Session would continue for an additional 40 minutes.

