

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, September 13, 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-Controller, Gwyn Miller-H.R. Manager, Ron Schultz-Chief Engineer, Rob Rising-Line Superintendent, Cynthia Bruce-Accts Payable/Accounting Clerk, and Kathy Loveland-Executive Assistant.

GUESTS: Vincent Jussila of Wishram, WA.

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

MINUTES: **MOTION** was made by Commissioner Randy Knowles to approve the August 23, 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 13th day of September, 2016.

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

- Accounts Payable Voucher numbers 107468 through 107606 in the total amount of \$444,967.28 and Wires, ACH and EFT numbers 8800545 through 8800554 in the total amount of \$1,197,500.76 for the period ending September 13, 2016; and
- Payroll Warrant numbers 43294 through 43298 and ACH Direct Deposit Payroll transactions 9915972 through 9916138 in the total amount of \$375,248.68 for the payroll periods ending August 21, 2016 and September 4, 2016.

Motion carried.

PUBLIC COMMENTS: Vincent Jussila of Wishram asked for an update on the new water well construction project for the Wishram water system. Ron Ihrig gave an update, noting that the schedule is to complete the hydrology studies, site the well and complete the design this year and complete the project next year. Mr. Jussila commented that one of the sites being looked at for the new well is on Native American land, so the PUD may want to look into that parcel of land further. He thanked staff for the update. The Board thanked Mr. Jussila for attending the meeting and presenting his concerns.

REPORTS:

COMMISSIONER DAN GUNKEL – No report at this time.

COMMISSIONER RANY KNOWLES – No report at this time.

COMMISSIONER RAY MOSBRUCKER reported that the Washington PUD Association meetings are starting tomorrow at Klickitat PUD's facilities.

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 presented to the Board:

- 1) In regard to an email received from a customer appealing the ruling of our Hearing Officer regarding a re-connect fee, the Commissioners asked Mr. Smith to review and respond on their behalf, with copies of his response to the Commissioners.
- 2) Fire Response Procedure – Mr. Smith reported that he has enlisted the help of the Perkins Coie law firm in Portland in putting together an internal procedure for staff who respond to electrical issues when fires are involved. Commissioner Knowles asked that Jim share this information with the Public Utility Risk Management Services (PURMS) Board, and that he would arrange for Jim to be added to their agenda to have this discussion with them as well, and also recommended that Jim keep Jan Essenburg in the loop since he is an attorney for PURMS.

- 3) JD Pool Pumped Storage Site – A tour has been scheduled for Friday, September 16, 2016 of the upper JD Pool site. Commissioner Knowles and Jim Smith will be involved. Confirmed attendees to date are:

Brian Bonlender-Director with the Department of Commerce, Chris Green-Department of Commerce, Jim Honeyford-State Senator, Gina McCabe-State Representative, Schuyler Hoss with Senator Inslee's office, Dave Sauter-Klickitat County Commissioner, Dave McClure-Klickitat County Economic Development, Dana Peck-Goldendale Chamber of Commerce, Bob Guenther-IBEW (retired), Amanda Hoey-Mid-Columbia Economic Development District (MCEDD), Dave Van't Hof-Energy Consultant, and Nate Sandvig-National Grid NW Regional Director.

Additional attendees possibly attending are Gary Thompson-Sherman County Judge, Steve Shaffer-Gilliam County Judge, and staffers from Senators Cantwell, Murray and Murkley's offices.

Commissioner Knowles asked whether or not Klickitat PUD wants to advance the project and put any additional financial support toward it, or work in just a facilitation role. This is a key question for discussion as a private entity, National Grid, is potentially interested on taking the project on.

Commissioner Gunkel proposed that we need to represent our ratepayers in the best fashion, and getting the project built would be in their best interest if it can be done without exposing the District to financial risk.

After discussion, it was the consensus of the Commissioners to continue with their current position in that the District advance the project without further expenditure past the existing project coordinator contract, but we continue to help facilitate the project getting built.

The report was accepted as presented.

GENERATION ASSETS -- Kevin Ricks presented the August 2016 H.W. Hill Landfill Gas Power Plant Report noting that average station output was 12.93 average MW, and the reliability factor was 66.43%. Kevin also reported that Combustion Turbine (CT) No. 1 remained out of commission during August, with an expected return to service week of September 19th; and on Augusts 11th CT 2 tripped and was offline for one hour due to a large voltage transient on BPA's system which caused a loss of 13MW of production.

Kevin also gave an update on the replacement of the runner blade on the turbine at the McNary Dam Hydro fishway project. Restart testing is currently planned for November 7, 2016.

Citations received during a recent L&I Inspection at the LFG site were reviewed by Kevin. The deficiencies have been corrected and the cases have been closed, with the exception of one citation of which a penalty has been assessed. It was a good exercise for staff and efficiencies will improve.

The report was accepted as presented.

AGENDA ITEMS:

- A. **2015 FINANCIAL AUDIT RESULTS** – Julie Desimone with the Moss-Adams firm was in attendance to provide the Board with the results of the 2015 Financial Audit. She noted that it was a big year for the utility accounting-wise, including implementation of the new GASB 68 (Government Accounting Standards Board) Accounting and Financial Reporting for Pensions requirements. The Audit found no deficiencies in internal controls that rise to the level of significant deficiencies or material weaknesses. In addition, the results of their audit disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. The Commissioners thanked Julie for her presentation. Board action was not required.
- B. **2017 OPERATING BUDGET SCHEDULE** – Anita Thompson reviewed the budget schedule and deadlines with the Commissioners, noting that the first draft of the budget will be presented at the November 8th meeting, and a second draft at the November 22nd meeting. Following presentation of the second draft, staff will be asking the Board to set a public hearing date for December 13, 2016 at which time staff will present their final recommendations for the 2017 operating budget. No action is required at this time.
- C. **CALL FOR BIDS: Bingen Substation Construction** – **MOTION** was made by Commissioner Dan Gunkel to authorize staff to advertise a call for bids for the Bingen Substation Underground Construction and Concrete, with a bid opening date of 10/6/2016 at 2:00pm. Motion carried.

D. EXECUTIVE SESSION Per RCW42.30.110(1): (Legal Counsel, Tom McDonald, was present via teleconference) – President Mosbrucker called for an Executive Session at 3:45pm per RCW42.30.110 for the purpose of discussing LFG contract negotiations as well as the Cliffs water rights contract negotiations. He noted that the session would last for 2 hours. At 5:45pm President Mosbrucker announced that the Executive Session would continue for an additional 30 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 6:15pm.

MOTION was made by Commissioner Dan Gunkel to adopt Resolution No. 1718, thereby authorizing the use of a portion of the District's Cliffs water rights as mitigation by the 101 Bar Ranch. The Resolution also authorized the General Manager to enter into the associated contracts with 101 Bar Ranch. Motion carried

ADJOURNMENT – There being no further business, the meeting adjourned at 6:20pm.

/s/

Ray A. Mosbrucker, President

/s/

Randy L. Knowles, Vice President

/s/

Dan G. Gunkel, Secretary

Date Approved: 9/27/2016

Kathy Loveland, Executive Assistant