

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, January 24, 2017
2:00pm

CALL TO ORDER: President Randy Knowles called the meeting to order at 2:00pm.

PRESENT: Commissioners Randy L. Knowles-President, Dan G. Gunkel-Vice President, and Doug B. Miller-Secretary.

STAFF PRESENT: Jim Smith-General Manager, Craig Lohrey-Operations Manager, Gwyn Miller-Director of HR & Business Services, Kevin Ricks-Generation Assets Manager, Mike DeMott-Interim Power Manager, Ron Schultz-Chief Engineer, Anita Thompson-Controller, Rob Rising-Line Superintendent, Jeff Thayer-Materials Manager, Cynthia Bruce-Accts Payable/Accounting Clerk, and Kathy Loveland-Executive Assistant.

GUESTS: Ron Ihrig, Donna Smith & Steve Miller-DOE staff.

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

MINUTES: **MOTION** was made by Commissioner Dan Gunkel to approve the January 10, 2017 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 10th day of January, 2017.

MOTION was made by Commissioner Douglas Miller to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher numbers 108745 through 108896 in the total amount of \$1,812,875.07 and Wires, ACH and EFT numbers 8800627 through 8800636 in the total amount of \$1,368,869.05 for the period ending January 24, 2017; and
- Payroll Warrant numbers 43322 through 43323 and ACH Direct Deposit Payroll transactions 9916777 through 9916853 in the total amount of \$167,410.39 for the payroll period ending January 8, 2017.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

COMMISSIONER DAN GUNKEL reported that as an informational item, NuScale has reached the point with their design of small modular reactors to move forward with submitting a design certification application with the Nuclear Regulatory Commission. However the certification process with NRC is lengthy. This is an important milestone for the energy industry to make note of, as they will probably eventually have small modular reactors deployed around the world long before they are permitted in the US.

COMMISSIONER DOUGLAS MILLER reported that he attended the Washington PUD Association's new commissioner orientation on January 11th where he met many of the other new PUD Commissioners. The next orientation will be held February 15th at which time the Assistant Attorney General will be giving an inservice on the Open Public Meeting Act.

COMMISSIONER RANDY KNOWLES reported that he did not attend the Washington PUD Association meetings January 11-13 due to storm conditions. However, he will be meeting with Senator Jim Honeyford on January 25th in Olympia. Also, there is a meeting in Hood River regarding roof top solar that he would like to attend if he hasn't already missed the date. Commissioner Knowles further reported that the Van Hoff group, who has been doing some work for us on wind, is now talking about expanding their scope to include pumped storage. They have been doing outreach on legislature and other work related to wind out of California. The question today to our Board, is whether or not they are interested in investing \$1,000 with the group for them to include the pumped storage project in their study, with additional funding coming from two other surrounding counties. Our project manager, Brian Skeahan, has more information regarding this. Following discussion, the Board authorized Jim Smith to make the decision on whether or not to expend the funding for this study. Mr. Smith will also spend some additional time with our new Commissioner, Doug Miller on the subject of pumped storage.

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 information:

- **January Ice Storm** – Governor Jay Inslee has issued a proclamation for a state of emergency for several counties, including Klickitat. Staff will be looking into whether or not we qualify for any cost refunding through FEMA. Commissioner Knowles thanked staff for alerting him of the outages and keeping him up to date. He did receive one call from a customer who was unable to reach the PUD due to busy lines, and asked if staff had looked into some type of message system. Mr. Smith will look into that option again.
- **Murdock WWTP** – Klickitat County is completing a feasibility study to build a wastewater treatment facility in Murdock, and has asked whether or not the PUD would entertain the idea of operating the plant since we already have an agreement with them to operate the Dallesport WWTP. There are two options they are looking at and one of them would involve tying into the west end of the existing County-owned Dallesport wastewater system, and serves approximately 100 customers. Jim asked for a philosophical perspective from the Board members, who noted that the request seems reasonable. Commissioner Miller noted that a second aeration system might be needed, which would make it easier to handle the industrial waste in Dallesport as well. Staff will do some feasibility work with the County and keep the Board informed.
- **McNary Hydro Project** – The Northern Wasco PUD operations staff have invited us to join their Board in recognizing the efforts of the McNary staff and everyone who has supported them through the turbine blade replacement project, which is scheduled for start-up on February 6, 2017. Mr. Smith asked the Board if they were interested in having a joint meeting with their Board in February. The Board members agreed that it was time for another joint meeting; Jim will schedule the meeting on February 14th or 28th, with February 28th as the preferred date as it is several weeks after the planned start-up of the project.
- **Broadband** – Klickitat County Chairman, Jim Sizemore, contacted Mr. Smith for feedback on new legislation regarding broadband services. Mr. Smith provided background information to Mr. Sizemore on KPUD's position and the perspective of PUDs in general. He also stated that KPUD would support PUDs obtaining the authority to provide broadband services, however it is not something that we are interested in doing at this point.
- **H.W. Hill Landfill Gas Plant** – Kevin Ricks and Mike DeMott gave the Board an update on the potential Renewable Natural Gas project, noting that conversations are ongoing regarding contracts and financing.

POWER MANAGEMENT – Mike DeMott presented the 2016 year-end Power Management Department report which included the following slides: Forecasted Load vs. Actual Results, Annual Load Recap for various Substations, 2016 average Daily Load/Temperature, White Creek Total Generation 2010-2016, White Creek 2016 Generation Monthly, 2016 Physical Position Review, December Swap Activity, Current Forward Prices vs. Budget, 2016 Hedging Outcome, 2017 Hedging Month to Month Position which includes the LFG Plant running the full 12 months, KPUD Net Position, Energy Services 2016 Overview, and Energy Rebates Completed by Type. Anita Clever is developing tools to show where we are with funding on the rebate programs on an ongoing basis. The Jim and the Board would like to be kept aware of any large energy conservation related projects coming up. There's some new legislation being proposed this year regarding the conservation related programs that staff will be monitoring closely. The report was accepted as presented.

OPERATIONS -- Craig Lohrey presented the December 2016 operations department monthly report. Detailed outage logs were shared with the Board and Craig reviewed the substation reliability statistics for the year, noting that overall the results were good. A report on the Water and Wastewater Department call-outs regarding frozen meters was shared with the Board, as well as the 2016 customer survey results for the Water-WW Department. The December Safety meeting included an in-service on trips, slips and falls.

To date in January, we experienced a major outage on the 18th affecting approximately 5,000 customers on the west end of the county starting around 10:45am due to a BPA outage at Bald Mountain. With Ron Schultz interfacing with our crews, Pacific Power and BPA, and with Rob Rising and the line crews we were able to come up with an alternate source of power from PacifiCorp's Condit Line and reroute our distribution system to restore power to customers on the Bingen, White Salmon and Snowden areas by 1:00 and the majority of our customers in Northwestern Lakes, Husum, Trout Lake and Glenwood between 4:00 and 5:00pm. KPUD's website and Facebook page (maintained by Lori Froehlich and Sharon Blodgett) were utilized for communicating outage information to our customers, which has been well received. We reached 1,800 people in doing so. Pretty much every department was involved with answering phones

and ensuring documentation is in place in the event an emergency is declared and Mr. Smith and the Board expressed their appreciation for everyone's positive attitudes and efforts.

Skamania County PUD also got hit hard with the storm and they asked for mutual aid to assist in repairing all the damages. We sent a four-man crew with equipment including a backhoe to help get into locations loaded with snow and ice. Rob Rising noted that the crew worked 56 hours in 3 days. Skamania PUD expressed their thanks for our assistance and the good attitude of our crew members.

Rob Rising gave an update on the vegetation management program for December 2016. The crew has been very productive, even with travel modes being challenging with all the snow. The crews have also been out assessing circuits in the area the last couple of weeks, with 260 miles of line assessed so far. This will give us better tools to work with in planning system upgrades throughout the county. Commissioner Gunkel asked staff to keep the Board up to speed on the progress of inventory and make sure what the timeline is for dealing with inventory. The Board looks forward to seeing the plan.

The reports were accepted as presented.

ENGINEERING – Ron Schultz presented the monthly water-wastewater engineering report from Russ Patton. Russ's report included updates on the new water wells for Wishram and Lyle.

Commissioner Gunkel questioned that in regard to the Wishram well, is there anything affecting the construction schedule? Ron noted that he had met with the landowner and that property purchase agreements are now with our attorney and will hopefully be signed this week. He has also been working with the homeowners' association regarding construction issues for the Wishram well. Title issues have been addressed. Commissioner Knowles inquired about the expected online date for the Wishram well. Ron stated that the current timeline is July, but trying to push it up to June. Commissioner Gunkel reminded staff that the community of Wishram was told that the new well would be up and running before the next fire season.

Ron then presented the monthly Engineering Department report for December 2016 which included updates on our Meter Shop's completed and upcoming work, Bonneville Power's new fiber installations, Bingen Substation construction, Condit Line Acquisition with PacifiCorp, and wastewater system alarms.

Mark Garner's customer engineering report was also presented by Ron Schultz, noting that customer work throughout the county is down due to the weather. However the Goldendale engineers are continuing to meet with irrigators on the east side regarding load growth, and the White Salmon engineers are working on jobs in Dallesport and Roberts Road.

The report was accepted as presented.

HUMAN RESOURCES – Gwyn Miller presented the fourth quarter 2016 H.R. report. In regard to health and welfare, a 5% increase for health insurance premiums was implemented January 1, 2017 due to an increase in health care costs throughout, including our shared group coverage with other utilities. We reached out to our retirees to provide the information on costs and the rationale behind the increase. The last increase was in 2012. Gwyn noted that she is proud of what we have done to preserve the benefits for our employees and retirees as we do offer better benefits than other plans and she believes it is cost effective for the coverage provided. Gwyn will be researching the health care insurance market for alternatives to our current plan, but is not anticipating finding anything with better coverage or any more cost effective.

Workers' compensation claims was also reviewed by Gwyn. We are insured through the State and this year they had the highest incidents ever recorded. KPUD had 3 L&I claims for 2016, down from 7 that were recorded in 2015. Our workers' compensation coverage is a cost based plan and our rates are related to the number of incidents. Gwyn would like to educate our employees further regarding incidents and the cost related to it.

Staffing update – we have 3 employees retiring as of January 31, 2017. As a result, we are currently advertising for a hot apprentice/lineman and accountant/accounting clerk and will be advertising for a lineman shortly.

The report was accepted as presented.

AGENDA ITEMS:

- A. **2:00pm – WASTEWATER AWARDS** – Craig Lohrey introduced Donna Smith and Steve Miller from the Washington State Department of Ecology who were in attendance to present the Water-Wastewater Department staff with awards for outstanding wastewater treatment plant performances in 2015 for the Lyle, Klickitat and Wishram waste water plants. Donna Smith stated that the purpose of the awards is to recognize operators who have maintained their treatment plants at 100% compliance with the discharge elimination permits. Operators recognized for outstanding service were Brandon Walter-Lead Operator, Tim McMurrin, Greg Watson, Rod Kiser and Noah Halm. Sharon Blodgett was also recognized for her efforts. Klickitat PUD's W-WW Department has received awards for previous years as well – 7 years in a row for Wishram, 8 consecutive years for Klickitat, and 10 consecutive years of perfect performance for Lyle which is very rare. Donna

