

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, February 14, 2017
2:00pm

CALL TO ORDER: President Dan Gunkel called the meeting to order at 2:00pm.

PRESENT: Commissioners Randy L. Knowles-President, Dan G. Gunkel-Vice President, and Douglas 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, Rob Rising-Line Superintendent, 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 Miller to approve the January 24, 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 14th day of February, 2017.

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

- Accounts Payable Voucher numbers 108897 through 109027 in the total amount of \$528,921.85 and Wires, ACH and EFT numbers 8800637 through 8800647 in the total amount of \$1,547,460.02 for the period ending February 14, 2017; and
- Payroll Warrant numbers 43324 through 43326 and ACH Direct Deposit Payroll transactions 9916854 through 9917012 in the total amount of \$386,135.30 for the payroll periods ending January 22, 2017 and February 5, 2017.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

COMMISSIONER DAN GUNKEL reported that the Klickitat County Economic Development's February 8, 2017 meeting was cancelled due to bad weather, pushing the county's strategic planning off to a future meeting once again.

COMMISSIONER DOUGLAS MILLER reported that bills have been introduced in the current Legislative session (SB5745 & HB1805) that would require public water systems to replace all lead water services to schools and daycare centers at their own expense by July 1, 2020. (This does not include brass fittings.) If passed, it would also require public water systems to replace all other lead service lines by July 1, 2030. Philosophically it is a good idea, but there are other ways to accomplish their goal.

Commissioner Miller also reported that he met with Therese Hampton earlier today for a pre-strategic planning discussion. He further reported that he would be attending the Washington PUD Association's New Commissioner Orientation session February 15th, and their Water Committee meeting February 16, 2017 in Olympia, WA.

COMMISSIONER RANDY KNOWLES reported that he met with Senator Jim Honeyford in Olympia, WA on Wednesday, January 25, 2017. He further reported that he would be attending the Washington PUD Association committee meetings February 15-17, 2017 in Olympia.

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:

- **Customers' High Bills** – After Mr. Smith's annual KPUD business presentation to the Goldendale City Council, the Goldendale Sentinel called for follow-up information and asked what to expect with ongoing bad weather. Brandy Myers contacted The Sentinel and informed them of the many resources we have been providing to our customers to prepare them for higher bills this winter. We have placed notices on our website and on our Facebook page in an attempt to alert our customers that they can expect higher bills during this type of weather. We have been attempting to do as much public outreach as possible to assist our customers.
- **Community Meetings** – Mr. Smith noted that his message to the communities this spring in regard to budgets will be that we did not raise rates in January 2017, but there was a potential for a 3-4% electric increase in the budget. PUD staff has been working to reduce the need for a rate increase this July and are making good progress, however we will be re-evaluating this again at the end of the first quarter. He will also address efforts with Cliffs water rights, LFG / RNG options as well as active budget controls. The Board agreed with Mr. Smith's approach.
- **Cliffs Water Rights** – 101 Bar Ranch, LLC is moving along as quickly as possible with their proposed project and Ecology has stated that they are hoping to have the ROE (Report of Examination) issued by the end of April. That was not a commitment, but a desire on Ecology's part. They are currently in the public comment period which ends February 21st. A site visit for interested parties is scheduled for February 24th. The potential revenue from this project has not been included in our budgets at this time.
Commissioner Gunkel noted that Ecology has come up with a new mechanism for wells that are drilled and tied in with continuity to the Columbia River. They are trying to limit the depth of new wells to be no lower than the river elevation with the intent of limiting withdrawals from the river. Mr. Smith commented that there are also two bills in legislature that WPUA is following closely – HB1885 which would modify regulation and mitigation of water resources provisions with regard to the roles of state and local governments; and HB1918 that would protect instream flows by modifying provisions relating to the treatment of groundwater under state water codes. While these bills do not necessarily affect us directly, they do impact development within our County.
- **Wishram Water Well** – although the budget is tight due to well drilling bids coming in higher than expected, staff has worked and we believe that we should be at budget costs and on schedule prior to the fire season. There is a potential issue that staff is trying to mitigate. The current budget is for a 500ft well terminating in the Wanapum basalt aquifer. However if the interface to the Grand Ronde aquifer is reached prior to getting sufficient water output, there would be additional expenses for the drilling, sealing the interface zone, water treatment and facilities to house the water treatment equipment. Sharon Blodgett is looking into options for emergency funding should that scenario occur. Commissioner Knowles recommended that staff look into the possibility of obtaining funds from the LFG Improvement Fund through the County, or at least alert the county of the potential need for funds.

GENERATION ASSETS – Kevin Ricks presented the monthly H.W. Hill Landfill Gas Project report for January 2017, noting that the average station output was 20.01 average MWs, utilization factor was 99.14%, and reliability factor was 99.89%. Last month was the best January on record and the best month since August of 2014. The planned outage this spring is scheduled for the week of June 5th with start-up June 11th. The shutdown will be limited in scope and will focus on cleaning and boroscoping to ensure we are okay operating the CTs until the end of 2017. Arc flash study by Ron Schultz is almost complete for LFG.

An update on the landfill gas field and discussions we have been having with Republic Services was also provided to the Board. The Board asked to keep abreast of all issues in that regard in order for them to be able to make informed decisions.

Kevin also gave an update on the McNary Hydro Fishway Project, noting that the new turbine was tested on February 11th for the first time since installment. They will start a 24-hour test run in automatic mode February 15th, followed by a 72 hour test with the plan to put it online unrestricted by the 21st. So far everything looks good, with output at 10MW.

AGENDA ITEMS:

- A. **CALL FOR BID: Tree Trimming** – **MOTION** was made by Commissioner Gunkel to authorize staff to advertise a call for bids for tree trimming and right of way clearing for 2017, with a bid opening date of March 16, 2017 at 2:00pm. Motion carried.

- B. CALL FOR BID: Pole Test & Treat – **MOTION** was made by Commissioner Miller to authorize staff to advertise a call for bids for pole inspection and treating for 2017, with a bid opening date of March 16, 2017 at 2:00pm. Motion carried.
- C. PRE-QUALIFICATION OF CONTRACTORS – **MOTION** was made by Commissioner Gunkel to approve the qualifications of three new contractors and authorize staff to add them to the District’s Work Rosters as follows:
 - I.V. Riley Materials of White Salmon WA – Small Works Roster
 - Pacific Pole Inspection LLC of Kelso WA – Small Works Roster
 - Electrical Utility Services LLC of Davenport WA – Small & Large Works Rosters
 Motion carried.
- D. RESOLUTION No. 1733 – Auditor & Deputy Auditor Appointments – **MOTION** was made by Commissioner Miller to adopt Resolution No. 1733, thereby appointing Jim Moss as the District’s Auditor, and Beth Schroder as the District’s Deputy Auditor. Motion carried.
- E. POLICY BULLETIN No. 45 – **MOTION** was made by Commissioner Miller to approve the revisions to the “Risk Management and Trading” policy as submitted by staff. Further revisions will be forthcoming in October as we transition to BPA’s load following product. Motion carried. Motion carried.
- F. EXECUTIVE SESSION – President Knowles called for an Executive Session at 3:15pm per RCW 42.30.110(1)(i) for the purpose of discussing potential litigation with legal counsel, Athan Tramountanas via teleconference, noting that the session would last 30 minutes. The discussion was in regard to the Old Hwy 8 Fire.

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:
 (i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which *the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.*

The Executive Session concluded at 3:45pm. No action was taken.

RECESS: President Knowles called for a 15 minute recess.

RECONVENE: President Knowles reconvened the meeting at 4:00pm and opened the workshop as advertised.

- G. 4:00pm – BOARD WORKSHOP - FINANCIAL FORECASTING – Staff presented revised financial models to the Board, comparing landfill gas generation operational scenarios. Options were discussed to help set the baseline for future decisions. No action was taken.

ADJOURNMENT – There being no further business, the meeting adjourned at 5:00pm.

 Randy L. Knowles, President

 /s/
 Dan G. Gunkel, Vice President

 /s/
 Douglas B. Miller, Secretary
 Date Approved: 2/28/2017

 /s/
 Kathy Loveland, Executive Assistant