

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, January 28, 2020
2:00pm

CALL TO ORDER: President Dan G. Gunkel called the meeting to order at 2:00 p.m. as advertised.

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

STAFF PRESENT: Jim Smith- General Manager, Gwyn Miller- Assistant General Manager, Mike DeMott- Director of Finance and Power Management, Mark Pritchard- Operations Manager, Ron Schultz- Engineering Manager, Kevin Ricks- Renewable Energy Assets Manager, Cynthia Bruce- AP/Accounting Clerk, Sharon Blodgett- Water/Wastewater Coordinator, Brandy Myers- Customer Service Supervisor, Anita Clever- Energy Services Specialist, Nichole Lantau- Accountant, and Luann Mata- Executive Assistant.

GUESTS: Russ Schneider- EES Consulting and Larry Hoctor

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

MINUTES: MOTION was made by Commissioner Knowles to approve the January 14, 2020 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 this 28th day of January, 2020.

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

- Accounts Payable Voucher Nos. 206376 and 206379 through 206506 in the total amount of \$624,155.70; Wire and Automated Clearing House (ACH) transaction Nos. 8801281 through 8801285 , along with Electronic Funds Transfer (EFT) transaction Nos. 101 through 105 in the total amount of \$1,952,110.28 for the period ending January 28, 2020; and
- Payroll Warrant Nos. 206377 through 206378 and ACH Direct Deposit Payroll transactions 204087 through 204170 in the total amount of \$194,279.11 for the payroll period ending January 19, 2020.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water Wastewater Report- Sharon Blodgett presented the department report for December. She provided an update on projects and activities. There is a 30-unit condominium development planned on the southwest side of State Route 14 near

Lyle Point. The planning department required a boundary line adjustment and has since issued a Conditional Use Permit. The developer did request a “will serve” letter. Currently the developer is planning to serve the units with one or two water meters. KPUD Water department has requested a meeting at our Goldendale office with the developer to update all departments involved of the developer’s current plans.

Russ and Sharon will continue to evaluate General Facilities Charges (GFC’s). Staff will be talking with communities in March and April in preparation for the annual May rate adjustments. We will work to tie these discussions into community meetings.

Sharon stated that KPUD applied for a \$30,000 Search Grant with USDA for the Klickitat water system to supply funds for the water source evaluation that was estimated to be \$81,000. The application was denied since the system has more funds than their threshold limits. Staff will continue to be diligent moving forward finding project funding sources. Since the funding was not received, staff will revise the scope of work on an alternative water source, pending information received from the Well #3 testing. Site visits to surface water treatment facilities will be a primary staff focus this year.

October Financial Report- Nichole presented the October Financial report. From the figures presented, we are still forecasting retail revenue to be above budget, but this is more than offset with RNG revenues being forecast below budget for the end of the year. Our purchased power costs were higher due to higher loads early in 2019, and the revenues previously mentioned offset this increase. As of October, our year-end Debt Service Coverage (DSC) is forecast at 1.10 and year-end Days Cash On Hand is forecast to be 250 days. Jim noted that the DSC numbers are without any rate stabilization fund transfers.

Operations Report – Mark Pritchard presented the department report for December. We ended the year well above the goal set in January 2019. We calculated a total outage hours of 13,000 compared to the 56,000 from 2018. The reliability goal for 2020 is 99.976%. This reliability comes with a price and from staff effort. This year there was a focus on fuse coordination and breaker installation and upgrades; weather also played a role. We continue to employ Northwest Line Clearance in Bingen and White Salmon. We will be asking for a call for bid later in the meeting. Contractors may change with this time and material bid, but we have been very happy with the work produced from Northwest Line Clearance to date. We are also working on an updated system review of the hazard/danger tree evaluations.

With the two journeymen leaving in December, we have combined the Goldendale and Construction crews. We allocate work based upon jobs. Staff is also focused on Snowden fuse coordination.

There was an outage in Bingen last week caused by a substation transformer low voltage bushing failure. We transferred load to the spare transformer until repairs are made. We have been experiencing sporadic blinks on the Wishram 69 kV line recently that the crew is struggling to pinpoint. We have added fault indicators and are planning to install new breaker controls that will allow us to determine the distance to the fault from the controls. We will also take advantage of future outage opportunities and tighten the sag in this line. When we go to work on this line in March, while the loads are still low in spring, one option is to transfer load to John Day. Lastly, the worst substation for outages this year was Gilmer. Staff is looking at improvements to increase the reliability.

Engineering Report- Ron Schultz presented the department report for December. Ron is continuing to discuss the Goldendale Substation rebuild with Bonneville Power Administration (BPA), as well as discussing options to serve future load. The schedule for the BPA Rock Creek outage in May is still being finalized. The latest date is May 11th for two weeks. There will be some additional maintenance at White Creek, Harvest Wind and Linden during the switching process.

The January 17th Bingen outage was caused by a failed bushing. During a routine inspection staff found that there was oil on the side of the transformer. The crew transferred the load back to the old transformer and the new transformer was taken out of service. The outage time was minimal due to the construction of this substation. Staff inspected the bushing and contacted the manufacturer. The manufacturer will replace this bushing under warranty.

The Metershop will be installing breaker controls at Gilmer that will add current and high impedance fault detection. We will work towards this standardization in all of our transmission controls as opportunity allows.

Staff is focused on the drone program development, joint use contact updates and the plans for Bingen and White Salmon sectionalizing.

Renewable Energy Asset Report- Kevin presented his report for December. The plant produced 136,352 dekatherms in December with a 98.7% reliability factor. This is 88% of the 5000 dekatherms per day gross capacity.

We had two outages at the site in December. One was due to heat tracing failure on one of the compressors which caused a transmitter line to freeze. This line was defrosted and the plant was restarted. The Amine system reboiler heater tripped on an overheat code as well. We are continuing to work through weather related issues and make adjustments as we find these items. Reliability continues to increase. We will continue to monitor these items and will make upgrades and adjustments when scheduled outage opportunities arise. The restart process continues to get smoother. We are still planning a spring outage to complete projects to continue to address reliability.

Williams NW Pipeline has asked to utilize the project site for a video production. We have agreed and they will be on site in April for filming.

Kevin continues to work with Republic staff on well production. The spare 400hp compressors are inspected and ready to ship in a week or two. We have a call for bid for the MCC building and variable speed drives to be reviewed for approval later this meeting. We will also need to install sulfur filtration as well.

COMMISSIONER DAN GUNKEL- Commissioner Gunkel provided an update on the Columbia Generating Station. They are at above average output and below budgeted costs for the year. The project is performing well, which is beneficial for Northwest power users.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller did not attend the legislative reception due to the weather. He will participate in the WPUA “Day on the Hill” event in February.

COMMISSIONER RANDY KNOWLES- Commissioner Knowles did not have a report.

GENERAL MANAGER – The complete report can be found at:

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

In addition to the written report, Jim Smith presented the following information:

- LFG Optimization agreement- Staff continues to work with Republic on the LFG optimization agreement and Jim has been happy with Republic’s efforts. Both parties are focused on increasing field output to promote future growth and production.
- WPUA Legislative Bill watch list- HB2495 would allow incineration of municipal solid waste in King county. The sponsors purport that the incineration creates fewer emissions than rail transport. Dave Warren is following this legislation for us.

- HDR / ERM- We have received updated contracts for the Pumped Storage licensing scope. This additional work scope should get National Grid and Rye Energy to their filing of the final license application. The Department of Commerce has agreed to the additional scope and will reimburse us for this additional focus.

AGENDA ITEMS:

A. EES CONSULTING – COST OF SERVICE ANALYSIS REVIEW: Russ Schneider with EES Consulting was on site to discuss the draft results of the Cost of Service evaluation. Russ stated their process includes a review of overall revenue and costs allocated to overall rate classes, a review of last rate design and an analysis of future steps. The evaluation demonstrated that most rate classification are covering their costs according to the assumptions. Our current irrigation rate was below cost recovery as it has been historically. The analysis does include the BPA irrigation discount.

Staff stated that there would be additional future discussions on this topic.

B. ANNUAL PREQUALIFICATION OF CONTRACTORS: **Motion** was made by Commissioner Knowles to approve the group as presented. Motion carried.

C. CALL FOR BIDS-

a. 2020 Pole Inspections- **Motion** was made by Commissioner Miller to approve the call for bid- 2020 Pole Inspections. Motion carried.

b. 2020 Tree Trimming- **Motion** was made by Commissioner Miller to approve the call for bid- 2020 Tree Trimming. Motion carried.

D. ANNUAL PREQUALIFICATION OF PROFESSIONAL SERVICES CONTRACTORS: **Motion** was made by Commissioner Miller to approve the 26 renewing firms and the addition of Quanta Utility Engineering services. Motion carried.

E. POLICY 45- RISK MANAGEMENT AND TRADING REVISION: **Motion** was made by Commissioner Knowles to approve the changes provided to Policy 45 Risk Management and Trading- updated version B as submitted. Motion carried.

F. EXECUTIVE SESSION: Review of Performance of a Public Employee - President Gunkel called for an Executive Session at 4:15 p.m. per RCW 42.30.110 (1)(g) noting that the session would last for 45 minutes, for the purpose of discussing the General Manager's evaluation. The session ended at 5:00 p.m. No other action was taken.

RCW 42.30.110 – Executive Session.

(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:

Adjourned – There being no further business, the meeting adjourned at 5:05 p.m.

/S/
Dan G. Gunkel, President

/S/
Douglas B. Miller, Vice President

/S/

Randy L. Knowles, Secretary
Date Approved: February 11, 2020

/s/

Luann Mata, Executive Assistant