

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, February 26, 2019**  
**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 via tele-conference, and Randy L. Knowles- Secretary

**STAFF PRESENT:** Jim Smith- General Manager, Gwyn Miller- Director of Human Resources and Business Services, Mike DeMott- Power Manager, Mark Pritchard- Operations Manager, Cynthia Bruce- AP/Accounting Clerk, Eileen Kelsey- Accounting Clerk Trainee, Sharon Blodgett Water-Wastewater Coordinator, and Luann Mata, Executive Assistant.

**GUESTS:** None

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

**MINUTES:** **MOTION** was made by Commissioner Knowles to approve the February 12, 2019 meeting minutes as presented. Motion carried.

**CLAIMS & PAYROLL:** Presented by Eileen Kelsey. 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 26<sup>th</sup> day of February, 2019.

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

- Accounts Payable Voucher Nos. 203310, 203313 through 203465 in the total amount of \$834,574.68 and Wire, ACH Nos. 8801111 through 8801120 in the total amount of \$2,267,656.89, EFT Nos. 8 through 10 in the total amount of \$12,045.78 for the period ending February 26, 2019; and
- Payroll Warrant Nos. 203311 & 203312 and ACH Direct Deposit Payroll transactions 201983 through 202150 in the total amount of \$190,052.22 for the payroll period ending February 17, 2019.

Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Water Wastewater Report** – Sharon Blodgett presented the department report for January. There was a water leak found in Ponderosa Park this past weekend that was detected with the SCADA system we have installed. Noah Halm responded and water was shut off as the leak was on the customer side of the meter. We anticipate finding additional leaks once the snow melts. We have advised Customers through KPUD website and Facebook to be watchful for signs of possible water leaks. Rod Kiser won a year of free training for 2019 from Evergreen Rural Water of Washington. With the recent influx of short plat requests within the Glenwood Water & Wastewater Systems, we will be reaching out to the community council to update them of the availability of system connections. We could see more inquiries for short-plats as property owners are considering the option to sell traditional family farms. We had three contractors attend the Lyle Water Well bid walk through. A Klickitat

customer would like to attend the next commission meeting to present a request to the board regarding a consideration for special conditions related to sewer charges for his seasonal rental property connections.

**Operations Report** – Mark Pritchard presented the department report for January. The 2019 reliability goal is 99.972% and we are currently at 99.983%. The Goldendale crew is completing a large re-conductoring project in Alderdale, in preparation of the future substation construction. White Salmon customer work has slowed so they are currently completing customer work one day a week. They are tree trimming and dealing with outages the rest of the time. The Construction crew has been working in Alderdale replacing aging underground infrastructure and have been completing tree trimming as fill in work. The Tree crew has been working on completing the customer call in requests. In January between our crews and a contractor hired to assist, we removed 261 trees. Asplundh has not been on the property since the weather dumped the snow, but will return once they can gain access to the Glenwood Transmission line again. We have had a contractor on the property treating the transmission right of way from Bald Mountain to Husum.

Brandon Johnson has been focused on risk management. Operations and Engineering have also been looking at installing additional protection equipment and creating loop feeds to reduce the length of our outages and the number of customers affected. Staff is evaluating inactive services within our territory. The focus will be on accounts that have been inactive for many years. The initial review was for accounts made inactive prior to 2000. We found there are 280 services that meet this criteria and have equipment installed but not used. We are looking at the largest services first. We will provide a certified letter to customers providing options moving forward. Mark will bring back additional information in next month's report. Next week NISC will be on site to train staff on the Outage Management System. Mark Garner and Joli Munkers have been concentrating on the mapping integration with NISC. There have been many changes to our work order flow and material processes and we anticipate that our efforts will result in a more effective process. Jeff Thayer has been focusing on evolving the inventory process with the new NISC system as well and has worked with the warehouse staff relabeling and developing inventory relief sheets to assist with the changes. The warehousemen have established, under Jeff's guidance, a revised metal salvage process. They are now separating metals and salvaging previously discarded materials. With the separation of metals we have the ability to recycle them when the market prices are higher.

The Safety standards committee is very active and participation is high. They have established a pre-construction meeting checklist; they are working to develop tailboard forms, and are in the process of updating our mayday procedure. The safety banquet planning is underway. Employees are also interested in becoming more engaged in community electrical power line safety education and they are eager to provide training at the schools and to other community agencies. Mark is also looking to bring in a hi-voltage demonstration trailer in to use at the County Fair this year. Mark plans to provide staff training on fire response protocol similar to blue card training. Commissioner Knowles suggested that a representative from each department speak at the safety banquet and promote what they have been doing in the realm of safety.

Mark wanted to assure the board that he and his department have been active and although many things are being changed, he believes that the changes are not because things are broken but a focus on improving the systems and processes we have in place.

**Engineering Report** – Jim Smith presented the department report for January. Ron Schultz is at RNG working through a fusing issue. We received notification from the Bonneville Power Administration (BPA) regarding Transmission Operator notification protocol violations. With BPA being our Transmission Operator there are certain notification protocols we are required to follow. One of the violations was based on us not notifying them upon completion of an outage. The second was a

paperwork submission error on BPA's side. As mentioned in the Operations report the crews are completing work near Alderdale rebuilding line and preparing for substation repairs so we can swap load between the main transformer and the portable transformer located at MA Collins. This will also provide us with some ability to back feed a portion of our load if needed and will provide us some breathing room on the Sixprong Substation and Transmission line construction. There are two Metershop openings at this time, although there is an offer pending for one position. It appears that there is a project that will provide the Port of Klickitat with fiber service. LS Network has issued a make ready proposal from the Echo Glen area to the Port of Klickitat that contacts 135 of our poles. Commissioner Gunkel asked if this is tied in with BPA or with NoaNet. The Engineering group restructuring is working out well. Brandon is excelling in the System Technician role, the four Staking Engineers are working well together and expanding their construction knowledge.

**COMMISSIONER DAN GUNKEL** – Commissioner Gunkel stated that he plans to attend the Economic Development Board meeting this evening and will provide an update at our next meeting.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller did not have a report, but asked if staff is discussing property access planning should flooding occur.

**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](http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx)

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

- **NISC Update-** Customer Service is now completing their second billing cycle with NISC. The first billing period was difficult, but we expected that. It appears that the second billing went much smoother. Staff will face some challenging collection efforts, but plan to be fairly aggressive with this. Lyle and Wishram have some antiquated water meters that are creating challenges for our billing staff. The water department is evaluating moving up the radio read meter installations in these two areas to assist with this issue. Customer engagement appears to be high with the new Smart Hub account access application we have available. We have 1300 customers on e-bill, previously there were 400. We have more than doubled our autopay which is currently at 2100. There are 2200 customers set up on Smart Hub and we have over 1400 followers on Facebook. Staff feels that this is very impressive since we essentially took a soft approach in promoting these tools. The conversion was essentially seamless for most customers. Customer Service Representatives are finding that the calls they are receiving at this time are time consuming, but very worthwhile as they are helping customers access the new account tools.

The Accounting implementation has also been a difficult process. Completing this conversion at the beginning of the year while trying to close our 2018 financials has meant a large workload, but it also means there will be very little ongoing conversion of data from the old system to NISC for 2019. They have closed and booked 2018, but are still working on clearing out the accounts. Jim Smith is expecting the 2018 yearend financial performance to be very close to our forecasted numbers previously presented. Jim Moss will be assisting accounting with cleaning up accounts. We found there were several old repository accounts he will focus on first. Mike is working on improved reporting tools for financials.

The outage Management System (OMS) is scheduled to go live on April 15<sup>th</sup>. Along with this system, will be a call capture and auto dial out product, which

we feel this will streamline the outage call process as well as offer reverse notification options for billing, outages, and other utility notification information. Staff chose to retain Futura as our GIS and staking software and this is proving to be a sound decision.

- Federal Bill HR530- We received a request from the American Public Power Association (APPA) to support their efforts on HR530, which regulates costs for utility pole attachments. After reviewing the proposal, our position is to abstain from comment.
- Legislation Session Update- After reviewing the Proposed Senate Bill 2SSB 5116 Washington's 100% Clean Energy bill, the Commissioners felt it was prudent to schedule a workshop to discuss the potential implications of this bill on the District if it passes. It was agreed that staff should try and schedule a workshop for Tuesday March 12<sup>th</sup> from Noon until 1:45 p.m. to discuss this bill. Commissioner Knowles urged everyone to read this bill in its entirety prior to the workshop. Commissioner Gunkel asked staff to consider bringing in a third party, who is knowledgeable about the bill, to aid in our understanding.
- Annual Conservation District Irrigator's Meetings- Staff attended the West side meeting in Goldendale on February 20<sup>th</sup>. The Bickleton East side irrigators meeting was canceled due to inclement weather. We expect that this meeting will be rescheduled.
- RNG Water Right- When we began the LFG project design, engineering evaluations determined that there may be additional water needs under certain circumstances. As a result, we permitted a water right using 89-acre feet of water from the Cliffs water system as mitigation water. That need did not materialize and we have to make a decision on the permit. We are not currently using the water and we need to do some work to maintain the permit. Tom McDonald has said that if we let the permit go, there should not be a problem getting it back again in the future, if water was required for some unforeseen need. Jim recommended that we relinquish the permit and release the mitigation water at Cliffs. The Board concurred.
- Dallesport Tribal Housing – The proposed development is 66 units. They have finally approached our engineering group and they are submitting their applications to the County planning department. Additional discussions will be required to determine the most efficient way to service this development.
- Electric Rates- Our 2019 Operating Budget anticipated a 1.5% rate increase effective April 1<sup>st</sup>. Jim stated he sees nothing in our financial performance so far this year that indicates we should deviate from that plan. He did state however, that with the system conversion affecting reporting timelines, he feels it is prudent to push the proposed increase out until May 1<sup>st</sup>. We will start our electric rate process and schedule a public rate hearing in April to present an electric rate increase of 1.5% effective May 1<sup>st</sup>.
- Rate Stabilization- Our year-end forecast indicated a debt service coverage (DSC) of 1.62 and 168 days cash on hand. This was with the \$950,000 transferred from the rate stabilization fund. At this time, staff feels there is no reason for us to exceed a DSC ratio of 1.5. Our financial forecasts project a DSC of 1.5 in 2019, 1.4 in 2020, 1.2 in 2021. At this point we recommend leaving the \$950,000 in the Rate Stabilization account when closing the 2018 financials, which will result in a 2018 year end DSC in the range of 1.52. The board concurred.
- RNG-BP question on Index gas pricing- British Petroleum brought forth a question to Mike DeMott regarding the requirement of utilizing the first of the month gas-pricing index for the natural gas pricing for the gas in the variable component of the RNG contract. Their proposal was to use the Daily Sumas index, which would allow for more flexibility with our hedging the product. The first of the month index is just a price set in time and actual prices could be higher or lower. We do not see long-term downside to this option.
- RNG update- There was a power disturbance Monday afternoon that shut down the RDC blower, which tripped the plant. During startup, they found an issue starting one of the compressors. After trouble shooting the system staff found a cable termination failure. The plant is being restarted, but we will not

