

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, July 09, 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, 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, Brandy Myers- Customer Service Supervisor, Kevin Ricks- Renewable Energy Assets Manager, Ron Schultz- Engineering Manager, Courtney Collins-Customer Service Representative, and Luann Mata- Executive Assistant.

GUESTS: Dave Warren- The Warren Group

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the June 25, 2019 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 9th day of July, 2019.

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

- Accounts Payable Voucher Nos. 204459 through 204555 in the total amount of \$514,012.72; Wire and Automated Clearing House (ACH) transaction Nos. 8801179 through 8801184 , along with Electronic Funds Transfer(EFT) transaction Nos. 47 through 48 in the total amount of \$117,250.17 for the period ending July 09, 2019; and
- Payroll Warrant Nos. 204458 and ACH Direct Deposit Payroll transactions 202817 through 202900 in the total amount of \$192,566.94 for the payroll period ending June 23, 2019.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Customer Service Report – Brandy Myers presented the department report for the first half of the year. All employees have returned from leave and the department is back to normal staffing levels. Brandy had Courtney Collins put together a presentation demonstrating that the promotions and incentives have prompted many customers to participate in our new programs. A SmartHub account allows customers to manage their information. They can submit meter readings, make payments, update their billing information and phone numbers. They can opt in for notifications. These can be system generated reminders, payment notifications, as well as outage notification and updates during an outage. Prior to the NISC conversion our participation in auto pay, paperless billing, and on line meter reading was minimal. We are still only touching around a third of our customers in these programs, but that number continues to grow. The electronic billing and the auto payment programs have shown the most growth. E-billing has doubled and the auto

payment program has increased nearly 25% compared to pre-conversion. We spent approximately \$12,000 with the \$5.00 promotion for signing up for both paperless billing and SmartHub; however, our projected postage expense reduction will surpass what we spent within the first year and provide ongoing savings. We continue to promote our SmartHub application and our Facebook page. Customer service has set two goals in this area to achieve by the end of the year. The first is to grow our Facebook following to 1500, the second is to utilize reporting tools to evaluate where we spend our time with customer contacts. Reporting should demonstrate whether calls are related to billing, tree trimming, street lights, or other aspects of our business. The system generates a customer contact form with every SmartHub inquiry received. Once we install the new phone system and implement our call capture program, the interactive voice system and NISC will generate a contact form with every call as well. Brandy's intention is to request approval of another promotion to continue to keep customers engaged. The Commissioners requested that Brandy break down the customer contact information and provide that update at a future meeting. Commissioner Knowles asked how the system flags a large bill. Brandy stated that there is criteria set up in the system that if you enter a meter reading that is higher than a typical reading for the location the system flags this reading as "high" and will ask the customer if they are certain they want to proceed.

Renewable Energy Assets Report – Kevin Ricks presented the department report for June. He noted there was an error in his reliability reporting. The actual reliability for June is 97.5% not 63% as noted within the report. There were a few notable instances that effected the plant operation. There was an Information Technology (IT) network communication issue that impacted the network availability. There was also an operator error with system set points and an equipment failure on Republic's blower.

The network communication issue has been patched and our IT group is evaluating options for a permanent upgraded solution. The set point issue is being addressed with bandwidths on set point entry and feedback to operators before they save those set points. The Republic Blower motor failed and this caused an unplanned plant shutdown. Republic did not have a spare motor available. KPUD staff located, purchased a new motor and installed it. Republic will reimburse our costs.

The down time from these issues was about 12.5% of our total production.

Commissioner Gunkel asked if the reported numbers were based upon the Board goals provided to Jim Smith. Jim said that he has not reviewed them to ensure they line up, but Jim and Kevin will evaluate the information and provide an update to the Commissioners at the next meeting.

We received notification from Department of Ecology stating that our permit adjustment is in the public comment period. This comment period expires on July 12th, then they will issue the updated air quality permit.

We will be curtailing production of the plant on July 17th, so that Republic can complete their source testing. Charis Engineering, LLC. will be on site this Thursday and Friday to assist us with evaluating how to bring the plant back online in a more timely and efficient manner. Lastly, Kevin will provide our Capital Project report at the next meeting.

Human Resources Report – Gwyn Miller presented an update on the Public Utility Risk Management Systems (PURMS) and medical claims insurance costs year to date for 2019. The increased costs in 2019 are continuing. Gwyn discussed that we have had a few anomalies this year that have driven up some of the costs. She also discussed the fact that we have a robust plan, which our employee's appreciate and is a driving factor for recruiting new employees. Gwyn asked the Board for their perspective of where to begin with plan evaluation. There are many options to consider. Some of the options discussed were an increase in premium or a reduction in benefits. Prescriptions make up a large portion of the increased costs. There have also been conversations with the PURMS group to evaluate pooling our prescription

plan coverage. Gwyn asked if we should consider an incentive program for wellness. The Board asked that Gwyn look at industry standards for retiree coverage and come back with a range of rates and options for additional evaluation.

Gwyn also discussed the recruitment challenges that we face as we work towards finding qualified employees. Our existing policy states employee's must reside within the county and some positions have a mileage requirement to limit response time. We polled other utilities and found that most do not have this requirement. Most have transitioned towards a response time requirement.

Another question that continues to surface is the nepotism policy. Mark and Gwyn polled other utilities and found that they have a reporting structure requirement, but not an ineligibility nepotism policy. It was discussed that with our structure removing the nepotism could severely impact employee's ability for advancement.

Lastly, Gwyn mentioned that she received an invitation from the County to attend a meeting to discuss the daycare struggles our public employees face. She will bring back an update from this discussion.

COMMISSIONER DAN GUNKEL – Commissioner Gunkel did not have a report.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller stated that he received notification that the F1- Personal Financial Affairs Statement reporting was due. He was not comfortable with some of the information requested in the survey. He contacted the Washington Public Utility District Association (WPUA) office for clarification and was informed that this reporting was voluntary.

COMMISSIONER RANDY KNOWLES – Commissioner Knowles stated the he had received a customer inquiry regarding when we would be free of the Washington Public Power Supply System (WPPSS) debt. He emailed the customer some information regarding his inquiry.

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:

- PGE bankruptcy Court – Jim read an article that a bankruptcy court in California has ruled that it has the authority to nullify power contract requirements through its proceedings. This would mean that the Federal Energy Regulatory Commission jurisdiction could be superseded by a bankruptcy court. The point here is that a long-term contract is not immune from bankruptcy rulings.
- Recruitment – We are evaluating Chief Engineer applicants. We have completed one interview and have two more to schedule.
- Pacific Power and Light (PP&L) Inclement weather fire risk response – Klickitat County Emergency Management was notified by PP&L that during “high fire risk” weather they may choose to open transmission lines and disconnect power to areas of high fire risk. Klickitat County Commissioners have also contacted us to discuss this policy. We will follow up.
- Bond Refinance – Mike DeMott is working on the bond refinancing process and supporting documentation. This will include a reimbursement resolution as we have done in the past. Mike will follow-up with you on further refinements, but we are shooting to be ready for re-funding in October, pending your final approvals.

AGENDA ITEMS:

- A. RESOLUTION #1776 Environmental Stewardship and Opposition of Removal of the Lower Snake River Dams– **Motion** was made by Commissioner Knowles to approve Resolution #1776 with the additions suggested by Commissioner Miller of changing the word “clean” to “carbon-free” and adding

wording of “until such time as there are alternative solutions that result in greater benefits to the Pacific Northwest.” as requested by the Board. Motion carried.

B. CONSERVATION LOAN APROVAL – Motion was made by Commissioner Knowles to approve the conservation loan number 2019-15-O for \$8,228.30 to Matt and Ashley Olson towards the purchase and installation of a heat pump for their home. Motion carried.

C. DAVE WARREN- Legislative Session/Law Making Discussion: Dave Warren attended the meeting to discuss the outcome of the last legislative session. He will return to Olympia to work with staff on the rule making for these bills in the coming months before the next session. He recognized the efforts of Kim Cushing, from the Senate Committee Services staff, being instrumental assisting him in accomplishing this task. He is facilitating a tour of the renewable natural gas (RNG) facility with ten legislative staff members tomorrow. The staff is very interested in viewing the site to understand the long-term market requirements and benefit of the project prior to the rule making process commencing. Some key staff such as Lauren McCloy and two Washington State Utilities Transportation Commissioners had scheduling conflicts. Dave anticipates scheduling a future tour for these individuals.

Dave has also been in discussions with Department of Natural Resources (DNR) regarding development of the wildfire taskforce as required by SSB 5996. Dave has been instrumental in the inclusion of a utility / DNR task force in DNR’s strategic plan and the passing of SSB 5996. A pre-meeting will be held on Friday in Olympia. Loren Torgerson is heading the taskforce. He has knowledge of operations and firefighting challenges and he also recognizes that PUD’s are viewed as second responders in these events.

Adjourned – There being no further business, the meeting adjourned at 4:20 p.m.

/S/
Dan G. Gunkel, President

/S/
Douglas B. Miller, Vice President

/S/
Randy L. Knowles, Secretary
Date Approved: July 23, 2019

/s/
Luann Mata, Executive Assistant