

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, August 13, 2019
2:00pm

CALL TO ORDER: Vice-President Douglas B. Miller called the workshop to order at 1:00 p.m. as advertised.

❖ **WORKSHOP 1:00 p.m. to 2:00 p.m.– Utilization of Drones for Line Inspections**

Vice-President Miller opened the workshop at 1:00 pm. Brandon Johnson led the presentation regarding the use of drones for line inspections. He discussed the details we evaluated in determining that in an in house drone program is very cost effective and will lead to improvements in maintenance and reliability for our customers.

Our current process of crew annual visual inspection is effective, but cannot provide details of equipment condition from inspections from the ground. For example, earlier this year we experienced an outage on one of our 230kV transmission lines. Ground based inspections could not find any issues with the line. We brought in an outside contractor to fly this line with a drone. The information was invaluable and showed how much more information is available to us with aerial inspections. We found that bird streamers were causing flashover on insulators. Given birds are habitual, there is now an opportunity to protect our equipment from fouling, while allowing the birds to use this perch and not just move to another structure.

The cost to obtain aerial inspections is about \$300.00 per structure. That equates to about \$108,600 per year if 230 kV inspections were done annually. For comparison, contracting a helicopter aerial inspection is about \$60,000 a year and we would receive data but would then need to provide manpower to process the data. Building our own program, the first year, while developing the program and purchasing equipment, including internal labor investment in training and program development, is about \$58,000. Annual costs thereafter are about \$18,000. The return on investment in future years is significant considering only 230 kV transmission inspections. In addition, we believe that significant information can be obtained to assist with our maintenance, outage management and vegetation management programs and we already have the equipment and training.

The development of the program has taken dedication by the individuals involved. We have three employee's that have completed their training and have become FAA licensed drone pilots. Staff appreciates the opportunity to utilize new tools. Commissioner Knowles asked if there were options for thermal imaging. Brandon stated that the drones they selected to get the program started are not large enough to carry the infrared cameras, but depending on how the program progresses there may be a point in time when that upgrade may be cost effective. The other focus for utilizing the drone equipment is safety. The drone is capable of providing access to areas that may be inaccessible due to storm damage. This would provide a safe vantage point to evaluate damage and repair options.

Commissioner Miller adjourned the Workshop at 1:50.

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, Beth Schroder- Accountant, Nichole Lantau- Accountant, Kevin Ricks- Renewable Energy Assets Manager, Ron Schultz- Engineering Manager, Mark Garner- Engineering Customer Supervisor, Brandon Johnson- System Technician, Greg Fahlenkamp- Staking Engineer, Alex Casimiro- Support Assistant, Jeff Thayer- Purchasing Manager and Luann Mata- Executive Assistant.

GUESTS: Larry Hoctor

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

CALL TO ORDER: President Gunkel called the regular meeting order at 2:00.

MINUTES: MOTION was made by Commissioner Miller to approve the July 23, 2019 meeting minutes as amended, making the correction to the title of Agenda item A. 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 13th day of August, 2019.

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

- Accounts Payable Voucher Nos. 204707 through 204865 in the total amount of \$533,044.21; Wire and Automated Clearing House (ACH) transaction Nos. 8801191 through 8801195 , along with Electronic Funds Transfer(EFT) transaction Nos. 55 through 58 in the total amount of \$1,099,832.47 for the period ending August 13, 2019; and
- Payroll Warrant Nos. 204706 and 204713 and ACH Direct Deposit Payroll transactions 202985 through 203156 in the total amount of \$391,994.81 for the payroll periods ending July 21 and August 4, 2019.

Motion carried.

PUBLIC COMMENTS: None-

REPORTS:

Renewable Energy Assets Report – Kevin Ricks presented the department report for July. Production in July was 3,436 dekatherms per day. This is 68.7% of Adjusted Gross Capacity Factor (5,000DTH/d basis). Operational issues and forced outages impacted plant production including failures of RDC equipment, RNG equipment and weather events. Kevin discussed the impending projects scheduled for October's outage. The outage is scheduled for October 21-29. Commissioner Knowles asked if there has been any discussion on reimbursement to the KPUD from RDC equipment failures. Kevin and Jim stated that RDC would be invoiced for direct costs of replacement of the RDC blower equipment. Contract modification discussions are ongoing with RDC. There is a meeting scheduled next month to address that question. We received a new Synthetic Minor Air Operation permit from Washington Department of Ecology. The Federal Title five permit is now revoked. Commissioner Knowles also asked if RDC has any plans to improve daily gas volumes. Answer: Yes, but contract modifications are necessary to make dramatic improvement in well field performance. Commissioner Gunkel stated that time is of the essence and asked staff to prioritize contract negotiates.

Engineering Report – Ron Schultz presented the department report for June. The Transmission Operator (TOP) required upgrades are complete and the TOP agreement is in place with BPA. There will be a fall outage scheduled for the Bingen

Substation. The crews will install the new Husum substation switch before winter. They will also use this outage to repair some hot connections at the Gilmer substation as well. We want to complete the Goldendale transformer replacement in late fall.

Craig Osborne, our newest Wireman, being a Journeyman Electrician is now a qualified worker. This qualification allows substation entry in distribution and 230kV substations which will allow him to complete monthly substation inspections and some maintenance without a Journeyman Wireman present. The Husum Hills Ranch development has not moved forward. The project appears to be ongoing but they have not paid to extend power to any of the proposed lots within the subdivision yet. Columbia River Technologies installation in Dallesport is tested and ready on our side, the customer still has work to complete before being energized. Commissioner Knowles mentioned that Columbia River Technologies will be holding an open house once they are under operation and encouraged staff attendance. Mark is completing the GIS tasks at this time with Brandon completing the work order reviews. The Engineers have revived the material standards committee and are working to begin an employee association.

COMMISSIONER DAN GUNKEL – Commissioner Gunkel reported that he met with a customer for the third time regarding account questions.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller did not have a report.

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:

- Financials– Staff has completed a preliminary yearend forecast. We are lower than where we would like to be. The Renewable Identification Numbers (RIN's) pricing has fallen in recent months. We believe this is being caused by the issuance of waiver credits by EPA. A financial review will be provided at the next meeting. At a high level for discussion, we are currently projecting our cash position to be about \$7 million below budget. That leads to a yearend forecast of Debt Service Coverage of 1.1 and a Days Cash on Hand of 100 days before we take any actions. Staff will be providing the Board with a discussion of the tools we have available and the results we believe that we can achieve using these tools by year end to improve these numbers. For this review, Nichole will be providing our traditional monthly report format so you are more comfortable with the discussion. Jim stated he is confident that the RNG volume issues are getting resolved and that this is a short term financial discussion. He asked Commissioners if there were any additional reporting they would like to see on the financial statements, they didn't provide any additional suggestions.
- RNG Dedication- We received word from the Governor's office that he intends to attend and be our Keynote speaker at the RNG Dedication scheduled for September 20th at 10 a.m. in Roosevelt. We are still awaiting details from his office which we anticipate having by the end of the week.
- Utilities Transportation Commission- has scheduled a tour of the facility on September 19th. They would like to meet with our commissioners after the tour.
- Wildland Taskforce meeting- The first committee meeting is scheduled for September 4th. Commissioner Franz is scheduled to attend this meeting. She has been very supportive of the direction the department and the utilities have headed. The final report from this taskforce is due December 2020.

AGENDA ITEMS:

- A. BID AWARD- RNG FINAL GRADING, CONDENSATE AND COMPRESSED AIR SYSTEMS IMPROVEMENT PROJECTS– **Motion** was made by Commissioner Knowles to authorize staff to award the bid for RNG Final Grading, Condensate and Compressed Air Systems Improvement Project to Crestline Construction in the amount of \$450,200.00. Bids were received until 2:00 pm on August 1, 2019.
- B. BID AWARD- RNG PROJECT BLOWERS– **Motion** was made by Commissioner Miller to authorize staff to award the bid for RNG Project Blowers to Lone Star Blower, Inc. in the amount of \$158,853.00. Bids were received until 2:00 pm on August 8, 2019.
- C. CALL FOR BID- RNG FALL IMPROVEMENTS PROJECT– **Motion** was made by Commissioner Knowles to authorize staff to advertise Call for Bid for RNG 2019 Fall Improvements Project with bids being received until 2:00 pm on September 18, 2019.
- D. RESOLUTION #1777 REIMBURSEMENT RESOLUTION– **Motion** was made by Commissioner Knowles to approve Resolution 1777 Reimbursement Resolution designating the General Manager as official responsible for carrying out conditions of the Resolution.
- E. RE-ADVERTISE CALL FOR BID- POLE INSPECTION AND TREATING 2019-2020– No action necessary.
- F. RE-ADVERTISE CALL FOR BID- TREE TRIMMING & RIGHT OF WAY CLEARING 2019-2020– No action necessary.
- G. PREQUALIFICATION OF CONTRACTORS- – **Motion** was made by Commissioner Miller to approve the addition of all of the firms listed and add them to the Professional Services Consultants Roster for the 2019 period.

AGENDA ITEMS E AND F were removed prior to the meeting. The Commissioners approved these call for bids in May. Staff advertised the bids at that time. Some fundamental changes came from staff discussions that warranted updating bid documents, and they were not issued as a result. According to our state auditor’s office, since the bids were not issued, the call for bid still stands and the documents may be distributed now. There was no action required by the board at this time.

Adjourned – There being no further business, the meeting adjourned at 3:22 p.m.

/S/
Dan G. Gunkel, President

/S/
Douglas B. Miller, Vice President

/S/
Randy L. Knowles, Secretary
Date Approved: August 27, 2019

/s/
Luann Mata, Executive Assistant