

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, October 23, 2018
2:00pm

CALL TO ORDER: President Knowles called the meeting to order at 2:00 pm as advertised.

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

STAFF PRESENT: Jim Smith- General Manager, Gwyn Miller- Director of Human Resources and Business Services, Kevin Ricks- Generation Assets and Special Projects Manager, Mike DeMott- Power Manager, Mark Pritchard-Operations Manager, Brandy Myers- Customer Service Supervisor, Beth Schroder_Accountant, Mark Garner- Engineering Customer Supervisor, Brandon Walter- Lead Water/Wastewater Operator, Sharon Blodgett- Water/Wastewater Coordinator, Nichole Lantau-Accountant, Cynthia Bruce-Accounting Clerk, Anita Clever- Energy Services Specialist, and Luann Mata-Executive Assistant.

GUESTS: Larry Bakken, Dustin Conroy- Pioneer Surveying, Nico Turek, Addison Godine, and Stephen Maulden of Getaway Washington, and Brad Bookmyer- Pathfinder Reality.

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the October 09, 2018 meeting minutes. 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 23rd day of October, 2018.

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

- Accounts Payable Voucher numbers 114081 through 114329 in the total amount of \$3,470,644.63 and Wires, ACH and EFT numbers 8801042 through 8801052 in the total amount of \$1,289,395.75 for the period ending October 23, 2018; and
- Payroll Warrant numbers 43375 through 43376 and ACH Direct Deposit Payroll transactions 9920482 through 9920567 in the total amount of \$206,882.88 for the payroll period ending October 14, 2018.

Motion carried.

PUBLIC COMMENTS: Nico Turek, Addison Godine, and Stephen Maulden of Getaway Washington LLC discussed the proposed project they are working on in Glenwood. The project involves installing water, sewer, and electric services to feed 40 tiny house structures. These aren't actually tiny houses as we think of them, they are much smaller as they are around 125 sq. ft. in size. They are designed to be utilized as a nightly rental, similar to the existing Lodge project currently in operation on the property in Glenwood. After reviewing, the development design and type of use proposed, Staff felt the use fit the Recreational Vehicle (RV) installation under our current water/wastewater rate structure. Staff will provide a response to the County regarding the Conditional Use Permit application.

REPORTS:

Water/Wastewater Report- Sharon Blodgett presented the Water/Wastewater report for October. Coastal Services has painted the concrete water reservoir in Lyle.

There were substantial water stains from normal weepage, which is expected from normal use. The paint really made a difference in the reservoir's appearance. This work was included as part of the Lyle Well project.

There will be a contractor on site next week to replace the decanter in the Lyle Wastewater plant.

The last of the radio read meters are expected to be installed in Glenwood by the end of the week. Commissioner Miller asked staff to consider mapping options for locating the meters once the project is completed. These meters will have a GPS location tied to our mapping system.

Generation Assets Report—Kevin Ricks presented an update of the RNG project. All of the systems are pressurized. Commissioning of the BCCk system will start next week and we are currently drying the systems, as any moisture buildup will create ice. The Morrow system has been running consistently since last week. We have begun to staff the plant 24 hours a day again. We have not completed gas testing yet. Everything we are seeing at this time demonstrates that the gas quality is meeting our expectations. In order to supply the California market we will need to be able to demonstrate processing efficiency, we will need this metering in place to process billing for Republic as well. The monitoring systems will assist us in calculating efficiency over time. All of the contractors on site are very responsive, everyone is preparing for project completion. One of our follow up process will be to address the smaller punch list items once gas is flowing to the pipeline.

Operations and Engineering Report—Mark Pritchard presented the updates for both the Operations and Engineering departments for September.

Operations- The outage statistics are remaining consistent and we are not on target to reach our goal this year. However, with all of the maintenance work we have completed and have scheduled over the next two months, we believe that we will be better positioned to meet our goal next year. Some of the projects we have worked on are re-routing a few poles on Bickleton Hwy to allow for easier access during inclement weather, we also replaced underground wire on 21st Street and Simcoe Drive in Goldendale to assist with reliability. We are replacing two structures at the Conboy Lake refuge that were damaged in last year's fire as well as we are continuing to remove dead trees along our right of way in this area.

Engineering- We are still working with BPA on a Goldendale transmission breaker solution and relocation options for the Goldendale substation. We are continuing to evaluate voltage information, which we will utilize for our long range planning. The metershop is continuing to work on site at RNG until commissioning is complete. We are deferring the Sonova Switch and Sixprong Substation until 2020, as load is not increasing as quickly as originally projected. We will be reconfiguring the MA Collins feeders in 2019. Customer inquiries for new power are average for this time of year. We have halted acceptance of new joint use applications for Century Link until we have a signed contract.

COMMISSIONER DAN GUNKEL – Commission Gunkel reported on the Horn Rapids Solar, Storage and Training project Energy Northwest is proposing. Energy Northwest has requested that we pass a resolution in support of the project. This project is in collaboration among Energy Northwest, the City of Richland, IBEW Local 77, and Potelco/Quanta. The cost estimate of this project is \$6,500,000. Energy Northwest was awarded a grant from Washington State Department of Commerce for 50% of the project costs up to \$3,000,000. Under this proposal, Energy Northwest would fund the remainder of the project from the Northwest Business Development fund, which the City of Richland would reimburse. There was no recommendation to approve a Resolution in support of the project at this time.

The Landfill Gas Infrastructure Improvement Fund Committee will meet on November 6th to discuss a proposal from the Dallesport Water District. The funding request is to for system improvement and connection of the Airport Well as a new primary water source.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller will attend the Washington Public Utility District Association (WPUDA) Meeting in November. One of the items on the agenda is the WPUDA Budget approval.

COMMISSIONER RANDY KNOWLES – Commissioner Knowles will attend the Public Utilities Risk Management Services (PURMS) meeting next week. Staff will provide feedback from the Department of Natural Resources (DNR) meeting in case there is a discussion on evaluation of fire strategy at the PURMS meeting.

GENERAL MANAGER – The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx
Mr. Smith did not present any additional report items.

AGENDA ITEMS:

- A. **2019 DRAFT OPERATING BUDGET PRESENTATION:** Jim Smith presented the 2019 Draft Budget to the Board. He reviewed the major changes from the 2018 Budget. Those changes included the additional maintenance costs for the new Customer Service and Accounting system upgrade, increased investment in tree trimming contractor fees, travel and training due to the substantial number of employees in new positions or new to our industry. Apart from those cost, the rest of the expenses are flat from 2018. We are back to our 2011 staffing levels. There are some conservative income projections from the RNG project included, with a potential to explore other revenue streams once operations are established. We are also planning for retirements that are pending in 2019. We anticipate increases to our Medical and Dental plans. Being self-insured, we absorb the costs of use. The projections anticipate a 1.5% Rate increase each year for the next five years. This is to help absorb a portion of the anticipated Bonneville Power rate increases, which we anticipate being 4%.
- B. **ENERGY SERVICES PRGRAM ANNUAL REVIEW:** Anita Clever presented her annual program update. We are half way through the 2018-2019 program cycle. We began the Biennium with a Budget of \$737,769.64, we have utilized \$600,183.14 in rebates so far. We have \$104,697.77 pending distribution upon project completion. This leaves \$32,888.73 available for utilization between now and September 2019. We will begin accepting applications for funding projects for the next Biennium. We have put out requests for bi-lateral funds should they become available. We completed forty low-income projects. One of the larger projects was a ductless heat pump installation for the Rhine Village apartment complex. Anita is hoping to do more of these types of installations in the future. Industrial was the next largest benefactor of the funds. Agriculture has been a large beneficiary of funds in past years, but was slower during this Biennium. The Centerville Grange completed a lighting and HVAC project, benefiting from this program. The appliance rebates are small amounts, but customers still apply for them. This program may not be supported in the future, but customers appreciate it, so we may want to come up with additional funding ourselves to continue to offer the appliance rebate program.

We have twelve active conservation loans. This number is lower than in past years as customers are able to obtain funding with a lower percentage rate than the 4.5% we offer; we have also noticed that customers are paying their loans off early. There is also a rebate for New Manufactured homes. If customers provide the efficiency, paperwork they are eligible for a \$1,000 rebate.

We have 97 legacy Net Metering customers. We have added 18 new customers since we have re-opened the net metering program with the revised policy. The Washington State legislation has a \$110,000,000 cap on the program. After

January 31, 2019 customers are not guaranteed access to the state incentive program. At this time installers are not taking on new customers either.

A discussion of the KPUD Meter Based Surge Arrestor Program was held. We currently discontinued installing these devices as the manufacturer has stated that they have outlived their warranty and have never paid on a claim. We have chosen to pay the claims for customers who have them installed. That being said, a majority of the equipment still installed in the system has extended its useful life expectancy and may not work as well as the program originally promoted. Staff will discuss an exit strategy for this program, as we do not have an alternative to offer at this time. We have 360 customers with surge arrestors currently in use. The board was supportive of an exit strategy discussion.

Adjourned – There being no further business, the meeting adjourned at 5:28 p.m.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: November 13, 2018

/S/
Luann Mata, Executive Assistant