

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
Tuesday, December 10, 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, Mark Pritchard- Operations Manager, Cynthia Bruce- AP/Accounting Clerk, Brandy Myers- Customer Service Supervisor, Jeff Thayer- Materials Manager, Mike DeMott- Power Manager, Nichole Lantau- Accountant, Kevin Ricks- Generation Assets/Special Projects Manager, and Luann Mata- Executive Assistant

**GUESTS:** Lon Ball, Larry Hoctor, Andy Ford, and Harold Wilson

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

**MINUTES: MOTION** was made by Commissioner Miller to approve the November 26, 2019 meeting minutes as presented with additions recommended by Commissioner Miller. 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 10<sup>th</sup> day of December, 2019.

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

- Accounts Payable Voucher Nos. 205986 through 206087 in the total amount of \$495,305.09; Wire and Automated Clearing House (ACH) transaction Nos. 8801268 through 8801270, along with Electronic Funds Transfer (EFT) transaction Nos. 88 through 90 in the total amount of \$101,050.18 for the period ending December 10, 2019; and
- Payroll Warrant Nos. 205984 and ACH Direct Deposit Payroll transactions 203756 through 203838 in the total amount of \$190,518.63 for the payroll period ending November 24, 2019.

Motion carried.

**PUBLIC COMMENTS:** Mr. Lon Ball addressed the Board to request consideration for relief of past due accounts. Mr. Ball has several accounts in his former company's name and stated that the accounts were left in the hands of family members to manage while he was out of the country. He does not understand how the accounts could have been allowed to become this far behind and not be disconnected. He has received print outs of account charges and has been working with staff in White Salmon to understand the balance. Lastly, he stated that the bills are difficult to read and if policy were followed, he would not have accrued these excessive charges. Commissioner Gunkel stated that it is clear that Mr. Ball has a complex utility arrangement and directed him to work through the process of evaluating the accounts with Brandy Meyers, the Customer Service Supervisor. He also stated that General Manager Jim Smith has authority to discuss these specific issues as well. If

these two options are exhausted and we are still unable to come to an agreement, this matter can be brought back to the Board for final resolution.

Mr. Andy Ford addressed the Board to discuss late notices. He stated that his account had been on the Budget for the winter. In June he paid off the outstanding budget balance and a few days later received a disconnect notice in the mail. Mr. Ford stated he was disappointed that after having twenty years of consistent service and no past issues that he would receive a notice of this nature. Brandy Myers explained that we have received multiple comments regarding this same issue. With our new billing system, we implemented a strict adherence to late notice policy parameters. We have since listened to our customer's comments and Brandy approached the Board to change our policy and adjust our process. This evaluation changed our collection notice issuance from ten days after billing to fifteen days before a late/disconnect notice would be generated by the system. This change seems to have cleared up many situations. Mr. Ford stated that he was not sure the situation had been resolved, but has not received any additional late notices. Brandy requested that Mr. Ford contact her if there are any additional issues.

Mr. Herald Wilson addressed the Board to discuss a late notice he received in the mail on a Saturday. The notice stated he had not paid his October bill. Mr. Wilson stated that he had not received his October bill. The late notice stated the service would be shut off on a specific date, which happened to be the next day. He waited all day long, on a Sunday, for one of our employee's to stop by to disconnect his service so that he could pay this late bill. No one ever arrived. He came in to the office on Monday to discuss this issue and pay the bill. Mr. Wilson just wanted to make sure that the Board was aware of these situations. Lastly, he stated that he feels our billing practices need improvement. Commissioner Knowles stated that the Board is aware that our new billing system has had some hiccups, but appreciated Mr. Wilson bringing it to their attention. Commissioner Gunkel also thanked Mr. Wilson for making them aware of the glitch.

## **REPORTS:**

**COMMISSIONER DAN GUNKEL** – Commissioner Gunkel reported that he read an article regarding California Public Utility Commission adopted a decision to keep some natural gas power plants on line for an additional three years past their planned date of retirement. He felt that this is a confirmation of a looming capacity shortage and provides even more evidence of the need for storage projects. He anticipates that there will be discussions to reconsider the coal plant retirements as well.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller stated that the Washington State Supreme Court passed a new bill allowing counties to charge for public rights of way. He asked that we reach out to our local County Commissioners and discuss their thoughts moving forward. He also felt this would be a good topic to discuss potential impacts at the next joint meeting with the Klickitat County Commissioners.

There are three town hall meetings scheduled in January to discuss the findings of the impact study if the Snake River Dams are removed.

He also discussed that the Department of Commerce awarded grants to local governments, schools and other state agencies for proposed projects to increase energy efficiency. Commerce also awarded the City of Tumwater a grant that assisted them with their investment to upgrade city buildings and facilities to improve energy efficiency.

Commissioner Miller and Brandon Walter attended the Washington PUD Association Water Committee meeting via teleconference.

**COMMISSIONER RANDY KNOWLES** – Commissioner Knowles attended the WPUA Annual Meeting. He stated that Bonneville Power Administration (BPA) provided highlights of their financial plan to be competitive in the future. BPA Administrator Elliott Mainzer stated that their transmission costs will likely become substantially higher due to

construction and modernization of the current system. He also mentioned that energy imbalance is a focus for 2022. Lastly, Mr. Mainzer stated that they have lots of energy and notably he did not focus any discussion on capacity. BPA will also be beginning to talk with customers on their post 2028 contracts in the next year; he also hinted that the outcome of the Columbia River Treaty discussions may not be very good.

Commissioner Knowles also attended a cyber security session put on by Homeland Security. He provided a hotline number they have available where you can report issues and attacks.

Commissioner Knowles also stated that he and Gwyn Miller met with the Kreps family and the insurance issue is resolved.

**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:

- Mile Marker 28- Jim informed the Board that due to Bureau of Indian Affairs not providing information we have requested, a judge extended the stay on proceedings another 3 months until the end of March; the mediation has been delayed to allow for time to supply this information.
- Pump Storage- We have completed the two initial scopes of work of the license application process that was approved for reimbursement through the Department of Commerce. As this work came in under budget, Brian Skeahan has been working with National Grid, Rye Development, and the Department of Commerce on an additional scope of work. The Department of Commerce has approved this additional scope of work for 2020 to utilize the remaining funds from the initial reimbursement approval. Jim said he is intending on extending Mr. Skeahan's contract for an additional year to assist him in meeting the Board's direction on deriving value from the development of this project.
- Republic Potential Solar Array project- We have received an inquiry on potential interest in a solar array project on Republic property. Mike DeMott will be working with them on areas that may be mutually beneficial.
- Recognition of Service- Jim presented Commissioner Knowles with a certificate recognizing his 25 years of service and his fifth term in office. He thanked Commissioner Knowles for his service and his dedication to our customers and our communities.

#### **AGENDA ITEMS:**

- A. 2019 PHYSICAL INVENTORY: Jeff Thayer discussed the new inventory process. He stated that the internal goal for inventory adjustments is 2%. This year's adjustments were 2.5%, which equates to \$41,000. He believes that the conversion to NISC and the resulting process changes contributed to the adjustment being higher than he would like and that with the process improvements over the past 6 months, 2020 will be much better. He also noted that the new inventory processes have sped up the reconciliation process. In years past inventory would take over a week to complete and we would employ the crew, internal staff and retirees. This year it was completed in two days with only internal staff. It used to take two days or more for our crews to count the trucks and they completed the counting in about half a day. Jeff will also be transitioning the inventory count from fall to spring. This will give Jeff a double check to see if we are indeed capturing the material accurately and relieving it more timely than in past practices.

Jeff will bring back a report in April after the next inventory count is completed.

B. PROFESSIONAL SERVICES PREQUALIFICATION: **MOTION** was made by Commissioner Miller to re-approve Norton Corrosion Limited, LLC and McMillen Jacobs Associates and agree to add them to the professional services roster for the remainder of 2019 and 2020. Motion carried.

C. ACCOUNT RECEIVABLE WRITE OFFS: Brandy Myers presented the board with a list of recommended accounts for write-off. We have been unsuccessful collecting these accounts and even with the write-off, we will continue to try to collect these funds. This annual submission is in accordance with Policy 7. **MOTION** was made by Commissioner Knowles to accept the write-off lists as recommended by staff. Motion carried.

D. 2018 CANCELLATION OF UNCLAIMED WARRANTS: **MOTION** was made by Commissioner Knowles adopting Resolution 1783 thereby authorizing the cancellation of unclaimed warrants for 2018 in the amount of \$2,083.59 as per RCW 36.22.100. Motion carried.

E. RATE HEARING AND APPROVAL OF RESOLUTION 1784-ADOPTING PUD ELECTRICAL SERVICE RATE SCHEDULE 8: President Gunkel opened the Rate hearing at 3:24 p.m. following the 2020 Operating Budget hearing. Jim discussed that this rate applies to PUD usage only and does not affect any retail electric customer rates. Recent BPA rate schedule adjustments impact our actual cost of power and this rate increase reflects these impacts. This cost is used to accurately account for the utility's usage. The Rate hearing was closed at 3:25 p.m.

**MOTION** was made by Commissioner Knowles to approve Resolution 1784 thereby authorizing staff to adopt the PUD Electrical Service Rate Schedule 8 becoming effective on bills issued after January 1, 2020. Motion carried.

F. 2020 OPERATING BUDGET PUBLIC HEARING: President Gunkel opened the Budget hearing at 3:00 p.m. as scheduled. Jim Smith walked through the budget presentation for the Board, staff and public present. Jim stated that he and staff believe this is a sustainable budget and that it complies with all of our financial policy requirements. Hearing no public comment, the Budget hearing closed at 3:23 p.m.

G. 2020 OPERATING BUDGET ADOPTION: **MOTION** was made by Commissioner Miller to approve the 2020 Klickitat PUD Operating Budget as presented. Motion carried.

H. EXECUTIVE SESSIONS:

- a. President Gunkel called for an executive session at 3:52 p.m. Per RCW 42.30.110(1)(g) noting that the session would last for 60 minutes, for the purpose of discussing review of a public employee- General Manager performance review.

The session ended at 4:50 p.m. No action was taken.

- b. President Gunkel called for an executive session at 4:51 p.m. Per RCW 42.30.110(1)(i) noting that the session would last for 45 minutes, for the purpose of discussing potential litigation surrounding Net Metering. Athan Tramountanas was present via teleconference.

The session ended at 5:36 p.m. No 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 5:40 p.m.

