

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, December 12, 2017

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

PRESENT: Commissioners Dan G. Gunkel-Vice President and Douglas B. Miller-Secretary.

STAFF PRESENT: Jim Smith-General Manager, Gwyn Miller-Director of HR & Business Services, Cynthia Bruce-Accounts Payable Clerk, Mark Pritchard-Operations Manager, Brandy Myers-Customer Service Supervisor, Ron Schultz-Chief Engineer, Nichole Lantau-Accountant, Beth Schroder-Accountant, and Luann Mata-Executive Assistant.

GUESTS: None

MINUTES: **MOTION** was made by Commissioner Miller to approve the November 28, 2017 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 the 12th day of December, 2017.

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

- Accounts Payable Voucher numbers 111481 through 111575 in the total amount of \$684,343.93 and Wires, ACH and EFT numbers 8800832 through 8800842 in the total amount of \$286,222.37 for the period ending December 12, 2017; and
- Payroll Warrant number 43351 and ACH Direct Deposit Payroll transactions 9918631 through 9918714 in the total amount of \$180,455.42 for the payroll period ending November 26, 2017.

Motion carried.

PUBLIC COMMENTS: None

AGENDA ITEMS

A. PREQUALIFICATION OF CONTRACTORS: **MOTION** was made by Commissioner Miller to approve the addition of Daybreak Construction and Rockford Corporation and authorize staff to add them to the District's Works Roster. Motion carried.

B. FACEBOOK OUTAGE PREPAREDNESS RESPONSE DRAWING: Commissioner Gunkel selected the name of the Facebook drawing winner for November. The winner, Edith Castaneda, will be contacted by Customer Service. Commissioner Miller asked how Facebook and our website reach customers if there is an outage. It was discussed that when a customer likes our Facebook page, they receive notifications when we update the outage information on our web page. During outages, this information would be available via a smart phone even when the power is out.

C. ACCOUNTS RECEIVABLE WRITE-OFFS: Following discussion **MOTION** was made by Commissioner Miller to authorize accounts to be

written off that have been uncollectable to date per staff's recommendation, in the amount of \$92,654.89. Staff will continue to work these accounts for collection. Motion carried.

D. CANCELLATION OF UNCLAIMED WARRANTS: MOTION was made by Commissioner Miller to adopt Resolution No. 1752, thereby authorizing the cancellation of unclaimed warrants for the year ending 2016 in the amount of \$1,820.67, as per RCW 36.22.100. Motion carried.

REPORTS:

GENERATION ASSESTS – Kevin Ricks presented the Generation Assets report for November. The highlights noted were that the plant was running at 21.6aMW max gas output and is at 98.9% reliability for the month. Republic is not complete with their 2017 capital projects as previously reported; they still have seven new wells left to bring on line and they expect that work to be completed before the end of the year. They also abandoned 35 wells in 2017. With the addition of the new wells there was a dramatic increase in flow to our plant, which in turn nearly tripled our daily sulfur treatment amounts. This caused minor issues with the cleaning system. With the increased flow, we are close to reaching the nameplate maximums on the turbines and are looking at the possibility of having excess gas that may require engaging the flare for the first time since 2011. December is already at 24.25aMW for the month so far. Commissioner Miller asked if there was any possibility that the extra sulfur could cause an issue with buildup on the turbines. Kevin stated that we have multiple cleaning systems in place and that the sulfur removal is one of the first systems the methane goes through as it enters the plant, so damaging the turbines is not a concern. Commissioner Gunkel congratulated Kevin on his work with the permits for the RNG project as both the Conditional Use and Storm Water permits were issued last week without issue. The Generation Assets report was accepted as presented.

POWER MANAGMENT – Jim Smith presented the Power Management December report. Power and gas prices have remained flat. There was a slight bump in pricing in California a few weeks ago with the onset of the California fires, but they leveled off again quickly. Forward curves haven't changed and our hedging activity has increased to secure and stabilize Q1 and Q2 2018 revenues from HW Hill. Our plan is to keep heavy load hours a bit long to help cover load increases in the event of colder than normal weather as pricing can increase during these events. The Power Management report was accepted as presented.

COMMISSIONER DOUG MILLER – Commissioner Miller reported that the Hirst Decision is being discussed in Olympia and is a major topic at WPUA. Along with this discussion, adding in the fact that the 2017/2018 state capital budget still has not passed, funds available for water and waste water system are in limbo.

COMMISSIONER RANDY KNOWLES – Absent

COMMISSIONER DAN GUNKEL – Commissioner Gunkel 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: **Strategic plan implementation**- We have completed the items listed in the report, however we are not as far along as we had planned to be with implementation. Jim is feeling very good about the direction the utility and staff is heading. This year took more hands on guidance and direction, but he appreciates where department heads and staff are. The plan for 2018 is working, learning and growing, focusing on the plan rather than fitting something in where time allows.

Next Meeting - Jim provided an update on the work staff has been doing on replacing the current customer information and accounting information systems. He would like to present a resolution at the December 26th Board meeting authorizing the General Manger to enter into the necessary contracts with National Information Systems Cooperative (NISC) to replace the existing PCS systems. The proposal NISC and staff worked out would replace the customer service, customer billing, accounting, payroll, asset management, inventory, purchasing, and outage management (OMS) systems. NISC also offers a feature for records retention called Document vault. This is not a full blown records management system, but is more of a records data center. We are also looking for a good Human Resource program that will probably require a 3rd party vendor.

We currently spend about \$90,000 annually for PCS and NISC's proposal is around \$135,000 annually. A very important consideration in our evaluation is that NISC is a Cooperative. As such, they are completely engaged in supporting as well as researching and developing their software solution as the 'owners' are also their customers. For example, they currently spend about 30% of their annual revenue on research and development. They currently have 11 Washington PUDs as part of the COOP and this number appears to be growing, and they hold PUD user group meetings in conjunction with WPUDA meetings. We will stage our costs for this implementation and we expect to be making the actual transition early in 2019. The total cost of the implementation will be around \$250,000, of which approximately \$75,000 will be spent in 2018. We will be taking 2018 to clean up our data and processes.

Commissioner Miller requested an update on the National Grid, John Day Pumped Storage project. Jim stated that Brian is working on the value piece and that BPA completed their feasibility study concluding that John Day substation is feasible as an interconnect point. Commissioner Miller asked if we were having any fog issues. Mark Pritchard said that the crew battled the frost all day Monday and had gone back out to complete patrolling today. More freezing fog is expected this week. Report was accepted as presented.

AGENDA ITEMS Continued

E. NET METERING WORKSHOP DISCUSSION: Jim Smith discussed the customer feedback obtained during the two Net Metering workshops held last week. There were around a dozen in attendance in White Salmon and six in Goldendale. Mike and Anita plan to discuss further in January.

RECESS: Vice-President Gunkel called for a 50 minute recess at 3:40.

RECONVENE: Vice-President Gunkel reconvened the meeting at 4:30pm.

F. 2018 OPERATING BUDGET PUBLIC HEARING 4:30pm: Vice-President Gunkel opened the public hearing at 4:30pm as advertised. Nicole Lantau and Beth Schroder presented the proposed 2018 Operating budget;

Vice-President Gunkel then opened the floor for public comments. With no public present and given there have been numerous presentations, with no changes since the last presentation on November 28th; there was no reason to go through the presentation again.

With no guests present, Nichole asked the board for any questions,

Hearing no further comments, Vice-President Gunkel closed the public hearing at 4:32pm.

G. 2018 OPERATING BUDGET- APPROVAL: Jim Smith recommended that unless the Board has further revisions to the proposed budget, the Board approve the 2018 Operating budget as presented. Commissioner Gunkel stated given that there was no public comment to consider, and given that the proposed budget is the same as presented and discussed at the November 14th and November 28th Board meetings and also considering the that that the 2018 Operating budget meets Financial Polices set by the Board and that there are no electric rate increases proposed in 2018, he is comfortable with the budget as presented. **MOTION** was made by Commissioner Miller to adopt the 2018 Operating budget as presented, including a 3% cost of living adjustment for non-union employees, including the General Manager, effective December 25, 2017. Motion carried.

Commissioner Miller stated that everyone in this utility has done a tremendous job this year. He especially appreciated that the negotiations with IBEW local 125 went as smoothly as it did.

ADJOURNMENT – There being no further business, the meeting adjourned at 4:37pm.

Absent
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: December 26th, 2017

/s/
Luann Mata, Executive Assistant