

Board of Commissioners Meeting
Tuesday, May 09, 2017

CALL TO ORDER: President Knowles called the meeting to order at 12:00 noon as advertised.

PRESENT: Commissioners Randy L. Knowles-President (present via teleconference during Executive Session, and Agenda Items A, B & C), Dan G. Gunkel-Vice President, and Douglas B. Miller-Secretary.

STAFF PRESENT: Jim Smith-General Manager, Kevin Ricks-Generation Assets Manager, Gwyn Miller-Director of HR & Business Services, Mike DeMott-Interim Power Manager, Leo Perth-Electric Operations Manager, Ron Schultz-Chief Engineer, Cynthia Bruce-Accts Payable/Accounting Clerk, Sharon Ohnstad-Accounting Clerk, and Kathy Loveland-Executive Assistant.

GUESTS: Jena MacLean and Meredith Weinberg with Perkins Coie were present during the Executive Session.

AGENDA ITEMS

- A. **EXECUTIVE SESSION: Potential Litigation RE: MM28 Fire** – President Knowles called for an Executive Session at 12:24pm per RCW 42.30.110 for the purpose of discussing the Potential Litigation in regard to the Mile Marker 28 Fire. Attorneys were present. It was noted that the session would last for 60 minutes. At 1:24pm President Knowles announced that the session would continue for an additional 30 minutes.

RCW 42.30.110 – Executive Sessions.

(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:

(i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

The Executive Session concluded at 2:00pm. No action was taken.

- B. **RESOLUTION No. 1739:** **MOTION** was made by Commissioner Gunkel to adopt Resolution No. 1739, which ratifies and approves Resolution No. 1738 and certain contracts related to the Renewable Natural Gas (RNG) project, and also incorporates Resolution No. 1749. Motion carried.

C. RESOLUTION No. 1740: **MOTION** was made by Commissioner Miller to adopt Resolution No. 1740, thereby authorizing the issuance & sale of Subordinate Lien Electric System Revenue Bonds in an amount not to exceed \$35 million, and thereby rescinding Resolution No. 1737. Motion carried.

PASSING OF THE GAVEL: President Knowles turned the meeting over to Vice President Dan Gunkel due a meeting conflict.

MINUTES: **MOTION** was made by Commissioner Douglas Miller to approve the April 25, 2017 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Sharon Ohnstad and 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 9th day of May, 2017.

In addition, it was noted that vouchers presented for the period ending April 25, 2017 at the previous Board meeting that although checks were issued for the correct amount, the reports presented to the Board were overstated by \$3,552.88 due to a software issue that was found after the last Board meeting. Amended voucher approval listings have been made available to the Board this 9th day of May, 2017. **MOTION** was made by Commissioner Douglas Miller to approve accounts payable vouchers and payroll in the amounts as amended:

- Accounts Payable Voucher numbers 109574 through 109676 in the total amount of \$419,980.65 and Wires, ACH and EFT numbers 8800689 through 8800694 in the total amount of \$88,301.86 for the period ending May 09, 2017; and
- Payroll Warrant number 43332 and ACH Direct Deposit Payroll transactions 9917408 through 9917487 in the total amount of \$174,282.74 for the payroll period ending April 30, 2017.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

COMMISSIONER DAN GUNKEL reported that an emergency was declared today at the WA Department of Ecology's Hanford Nuclear site. The emergency was declared after a portion of a tunnel that contains rail cars of nuclear waste, collapsed. There was a concern of radio activity going airborne; however that was not the case and no workers were inside the tunnel at the time of collapse. It also did not have any effect on the Columbia Generating Station operated by Energy Northwest which is 12 miles away from the site of the collapse.

COMMISSIONER DOUG MILLER reported that he attended the Public Power Council meeting in Portland on May 4, 2017. BPA representatives were in attendance, as well as the CEO of California Independent System Operator (CAISO). In listening to BPA's presentation, Commissioner Miller is of the opinion that BPA is focused too much on fish issues, and not enough on moving power the most efficient way possible.

GENERAL MANAGER – The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, Mr. Smith presented the following information:

- In March, Portland U.S. District Judge Michael Simon ordered increased spill from 8 dams on the Columbia and Snake rivers in 2018 to improve survival of downstream-migrating salmonids. This could possibly mean a 2% rate increase from BPA next year, as there will be additional water being spilled rather than generating electricity. BPA is still talking about the potential for implementing the Cost Recovery Adjustment Clause (CRAC) this year to ensure their required probability of making their treasury payments, and their current forecast is looking like 4-6% rate increase October 1st of this year, although they are still in the rate process at this point. We have accounted for approximately a 4.5% rate increase in our budget.
- Our quarterly joint working session with the Klickitat Board of County Commissioners is scheduled for Tuesday, May 23rd at 11:00am at the County Courthouse.
- Cliffs Water Rights – The Department of Ecology has issued their draft and record of examination and there is a public comment period during May, and they should issue the final record of examination in June followed by another public comment period. The permit could be issued as early as July. The Goodnoe Station folks are in the process of putting a master plan together for their project. Our engineering department is involved in the planning stages in regard to power requirements. It is looking very encouraging at this point.

GENERATION ASSETS – Kevin Ricks presented the monthly H.W. Hill LFG report for April 2017, noting that the average station output was 22.74 average MW which is a record for the facility; reliability factor was 99.6%; total production was 16,372 MW hours. The station continues to operate in compliance with the Air Operating Permit. The 2017 spring outage is scheduled for the week of June 5th, with restart on June 11th. The focus of this shut down is to inspect and clean the combustion turbines to ensure their safe and reliable continued operation. Staff continues to have discussions with Republic Services management to resolve landfill operational issues.

Kevin Ricks also presented an update on the Renewable Natural Gas Project as far as the engineering and equipment portion; Mike DeMott presented an update on the financial portion of the project. Commissioner Gunkel questioned staff on when the Board would be receiving a construction schedule and timeline. Kevin noted that the Project Manager will be in attendance at the next Board meeting to provide that information. The reports were accepted as presented.

ADJOURNMENT – There being no further business, the meeting adjourned at 3:15pm.

 /S/
 Randy L. Knowles, President

 /S/
 Dan G. Gunkel, Vice President

 /S/
 Douglas B. Miller, Secretary
 Date Approved: May 23, 2017

 /S/
 Kathy Loveland, Executive Assistant