

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, May 22, 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 G. Gunkel-Vice President, and Douglas B. Miller-Secretary.

STAFF PRESENT: Jim Smith- General Manager, Gwyn Miller-Director of HR & Business Services, Mike DeMott- Power Manager, Ron Schultz-Chief Engineer, Mark Pritchard- Operations Manager, Jeff Thayer- Purchasing Manager, Cynthia Bruce-Accounting Clerk, Kevin Ricks- Generation Assets Manager, Sharon Blodgett-Water Wastewater Coordinator, Beth Schroder- Accountant, Nichole Lantau- Accountant, Brandon Walter- Water Wastewater Lead Operator , and Luann Mata-Executive Assistant.

GUESTS: Brian Skeahan and Larry Bakken.

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the May 08, 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 22nd day of May, 2018. **MOTION** was made by Commissioner Gunkel to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher numbers 112780 through 112914 in the total amount of \$829,715.30 and Wires, ACH and EFT numbers 8800945 through 8800956 in the total amount of \$6,720,599.73 for the period ending May 22, 2018; and
- Payroll Warrant number 43364 and ACH Direct Deposit Payroll transactions 9919587 through 9919664 in the total amount of \$184,726.38 for the payroll period ending May 13, 2018.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater Report – Sharon Blodgett and Brandon Walter presented the Water and Wastewater report for April. In Lyle there is a contractor working on Columbia Drive and the reservoir painting project is scheduled to begin next week. Aspect has completed the performance assessment of Well 2 in Klickitat. The assessment summary recommended that we operate the well at a lower flow rate, complete well capacity tests regularly, and pull the pump to clean the well every few years.

The final topic was a discussion of inactive meters. Staff noted that during a review of the radio read meter installations it became apparent that there are water meters that were installed years prior and had never been utilized. Staff is considering leaving the existing meters installed in the inactive locations. This will assist with two issues, we will know where the inactive accounts are located and the system will

not bear the cost of installing a new meter that is not being utilized. Staff also stated that a DOH approved connection is any connection that is attached to the water system. Essentially an inactive account takes up an approved DOH connection. That being said some of our systems are close to the maximum number of connections. After further discussion, the board asked staff to research the questions and bring back proposed options to address the inactive accounts.

Fleet/GPS Demonstration – Jeff Thayer presented the Zonar software demonstration of the GPS tracking system we purchased for the fleet, approved in the 2018 Budget. Zonar is the only company that offers Electronic Verified Inspection Reporting (EVIR) that meets the Department of Transportation (DOT) tracking requirements. That means a vehicle has a series of locations that require inspections daily and the system will log when these inspections occur. The ground traffic control section shows the vehicle location when called up on the traffic system map. The main benefits are paperless tracking of inspections and maintenance issues, precise locations of where crews are located which can be utilized to determine the closest responder when customer calls are received, and the ability to track lone workers in the field for employee safety. Issues found during the preflight inspections will be sent directly to the mechanics. There are about 15 or 16 utilities that currently use this program. We are planning to install the devices on approximately 60 vehicles. The installation time is approximately six weeks to be fully installed and functional.

Financial Report – Beth Schroder and Nichole Lantau presented the financial report for April. Expenses and revenue forecasts have been updated with the actual monthly costs to date plus normal monthly budget through the end of the year. Our formal detailed forecast will be presented in June with financials through the end of May. The Board was asked if the V75 portion of the Cliffs water mitigation should be added back to the forecast in the amount of approximately \$225,000 due to the likelihood that we could receive those funds in late December.

This report includes revenue adjustment for shutting down LFG on June 4th and an adjusted startup date for RNG. Those revenue changes impact our Debt service coverage ratio and the days cash on hand forecasted at year end. We have not budgeted or included any Renewable Identification Number (RIN) revenue expectations in our forecasts to date. The finance committee will continue to review the timing of receiving RIN certification and will make recommendations on whether we should include this revenue or not. Weaver is working on the EPA certification but they expect a 4 – 6 month process once the project is in commercial operation.

Staff also asked if the commissioners want to continue to have the narrative provided in the packet each month. The Board stated that the narrative is a very beneficial portion of the report and should be continued. Mike DeMott discussed the latest information on ending the Powerex contract early due to the revised LFG shutdown date. Original estimates were thought to be in the \$300,000 range, but Mike had received information that the impact will be around \$60,000, which was not reflected on April financials yet.

Engineering Report – Ron Schultz presented the Engineering report for April. The Long Range Plan is moving forward with Brandon and Mark reviewing projects with the crews. Bernie came up with some additional ideas for the Bingen area that will work into our plan as well. The RNG electrical work is almost complete. The Metershop will continue to help with a few other projects. The Sonova switch construction is out for bid and we anticipate completion by Mid-October or Early November. The Sixprong substation construction design is 70% complete and should go out to bid within the next few weeks. Once we transfer load from MA Collins to the Sixprong Substation, it will free up around 4MW from MA Collins and we will be able to remove the Portable Substation at that time.

Invenergy has been contacting landowners regarding solar and wind development in the area north of Roosevelt. They have also inquired about interconnections with the Sixprong 115kV transmission line. This project would be several years out, but if

they paid to interconnect, it could potentially assist us with our system loop prospects as well as the Cleveland Substation upgrade.

Housing construction is continuing to keep the White Salmon Stakers busy; the Goldendale Stakers are continuing to work on maintenance and capital projects.

Operations Report – Mark Pritchard presented the Operations report for April. Outages have been way down this month with calm weather. The White Salmon crew is staying busy with customer work. The Goldendale Crew will be completing maintenance on the Satus feed replacing wedge taps. The Construction crew is still working on Knight Road transmission, this project is expected to be complete next week. The Tree crew will be working on the Satus feed until it's complete. They worked with the timber company and the state to obtain a wider right of way in this area, there are still a few spots to clean up. We still have Asplundh on the property working on the 2018 tree trimming project bid. They have been trimming Gilmer transmission. J&R Dirt Diggers have been working on opening up the Glenwood Transmission road access prior to the contractors moving to that location.

COMMISSIONER DAN GUNKEL – Commissioner Gunkel did not have a report.

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

COMMISSIONER RANDY KNOWLES – Commissioner Knowles stated that he is going to be running unopposed this term and that he is ready to transition to electronic board packets. He would like to discuss equipment options.

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:

Active Shooter Training- Staff went through active shooter training with the Goldendale Police Department last week. It was an informative drill. Law enforcement and Staff ideas will be incorporated into our security plans. Chief Bartkowski will be providing recommendations to senior staff and our safety committee. Jeff is also working on engineering for the new front office remodel of Goldendale and White Salmon.

Meeting with Klickitat County Commissioners- The Klickitat county commissioners have called a meeting to discuss the Dalleport-Murdock infrastructure availability for expansion. Staff will attend this meeting on May 31st at the Klickitat County Commissioners Chambers. Commissioner Miller will also attend.

Disgruntled Customer- A few weeks ago we had an individual, and his family, in the front office upset that he was disconnected for non-payment. Staff pushed the panic button and established protocol was followed. Several employees went up front to stand by for assistance. The customers did not calm down, so law enforcement was contacted. The situation was defused and the customer left the building. Brandy has drafted a letter to this customer to notify him that his actions could deem him a threat and that if he is deemed a threat, his service could potentially be disconnected until such time a threat is not perceived.

AGENDA ITEMS:

- A. **JOHN DAY PUMP STORAGE Project Update:** Brian Skeahan from the Skeahan Advisory Group was present to discuss the pump storage project process to date and the scope of work that will be required by the end of the year.

The Army Corp of Engineers Lease “The Corp” is the highest priority. The Corp is working with Brian and NSC Smelter, LLC (NSC) on the lease transfer. The Corp has requested a Map of the visual layout option areas. Russ is working on producing this map. The Corp has talked about a new lease, our preference due to

time constraints is to transfer and extend the existing NSC lease. Additional discussions will determine the plan of action. The Corp has stated that they will want a survey completed on the property.

The meeting with the legislators and tour of the prospective location went very well, with 47 people attending. All of the comments received after the tour appeared to be positive. This project is an economic development focus for Klickitat County as it could increase the tax base and bring new jobs to our area.

- B. **PREQUALIFICATION OF CONTRACTORS** – Jeff requested that the board approve the addition of Pimley Electric and agree to add them to the small works roster. **MOTION** was made by Commissioner Gunkel to approve the addition of Pimley Electric and agreed to add them to the 2018 small works roster. Motion Carried.
- C. **BID AWARD- Sonova Switchyard 115kV Relay and Control Panel Contract**- Ron Schultz requested that the board approve the award of the Sonova Switchyard Relay and Control Panel bid to Electrical Power products as the low successful bidder. Bids were opened on May 16th and three bids were received. **MOTION** was made by Commissioner Gunkel to award the Sonova Switchyard 115kV Relay and Control Panels to Electrical Power Products in the amount of \$71,050.00 plus applicable tax. Motion Carried.
- D. **CALL FOR BID- Sonova Switchyard Construction**- Ron Schultz requested that the board authorize staff to advertise the call for bid for the Sonova Switchyard Construction. The bid opening date is scheduled for June 14th. **MOTION** was made by Commissioner Gunkel to authorize advertisement of call for bids for the Sonova Switchyard Construction, with a bid opening date of June 14, 2018 at 2:00 P.M., Pacific Time. Motion Carried.
- E. **RNG UPDATE**- Kevin and Mike presented the RNG April report. The equipment is all on site, but our focus is working with the construction contractor as some of the pipe interconnection points are off by a few inches, which is requiring cutting and reworking, and is taking extra time. We have notified the manufacturers of the piping issues. With the exception of the piping, the project is making good progress.
Ecology was at the site today, the new director was reviewing the Air Operating Permit. They appeared pleased with progress and seemed supportive of the project. Mike has received a quote for business interruption insurance. He is waiting to make a decision until he receives quotes from AEGIS and AIG. The goal is to have this insurance in place before the project startup date if economical. Republic has been completing gas supply source testing. Our gas quality has increased some since our meeting with Republic a couple of weeks ago. We had the new operator, who is replacing an operator who left the utility, start last week and we will have Jonah return to his position as field inspector soon. June 4th is the schedule date to shut down the turbines. Since the turbines will have over 50,000 hours of operation on them, Kevin felt that this milestone should be celebrated with staff at the site.
- F. **PUBLIC RATE HEARING:** The Hearing was called to order at 3:00 pm. Jim Smith presented the proposed 2018 Water and Wastewater rates and the changes to Electrical industrial Rate Schedule 3A8. Jim stated that he, staff and Commissioners had visited communities, where we provide Water and Wastewater services, over the past few months to discuss the proposed rates. He also stated that letters were sent to Wishram and Roosevelt customers as their representatives could not be contacted and we therefore did not hold community meetings in these locations. Discussions were interactive and positive. There was no opposition to the rates being proposed at those community meetings. Larry Bakken addressed the board with a question asking if the new well in Wishram had any impact on the rate increase. The answer was that it did not have any impact on the rate increase.

