

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, June 27, 2017

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

PRESENT: Commissioners Randy L. Knowles-President, 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, Nichole Lantau- Accountant, Cynthia Bruce-Accounts Payable/Accounting Clerk , Jeff Thayer-Materials Manager, and Luann Mata-Executive Assistant.

GUESTS: Don Jarrett-McMillin Jacobs Assoc., Dan Waimeo-ES Engineering, Aaron Parker- ES Engineering

MINUTES: MOTION was made by Commissioner Doug Miller to approve the June 13, 2017 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Cynthia. 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 27th day of June, 2017.

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

- Accounts Payable Voucher numbers 109958 through 110084 in the total amount of \$557,796.54 and Wires, ACH and EFT numbers 8800718 through 8800729 in the total amount of \$3,373,111.59 for the period ending June 27, 2017; and
- Payroll Warrant number 43335 and ACH Direct Deposit Payroll transactions 9917650 through 9917726 in the total amount of \$185,380.32 for the payroll period ending June 11, 2017.

Motion carried.

PUBLIC COMMENTS: None.

AGENDA ITEMS

A. RENEWABLE NATURAL GAS(RNG)- Schedule and Budget update Kobelco, BCCK, and Morrow purchase agreements are in place. These contracts represent approximately 60% of the capital expenditures and include the critical path items. The remaining miscellaneous equipment purchases will be bid and awarded over the next several months. The Williams pipeline interconnect agreement is currently being negotiated with Williams. The property purchase and lease for the off-site portion of the pipeline route closed on May 30th and we have a verbal agreement with Republic for the remaining portion of the easement. The final

easement draft is currently with Republic for signature. All long lead time materials and equipment are already ordered. Commissioner Miller asked what the Pipeline minimum burial depth would be and if any of the pipeline is within the landfills use footprint. The depth will be between 24”-36” minimum. The entire route is outside of the permitted landfill footprint. An RNG finance group is meeting weekly to track project costs and future expenses and the engineering team is also meeting weekly. The team is also working with Tom McDonald on the SEPA application which is almost complete. Russ will be the lead on the SEPA process.

- B. RESOLUTION 1744 APPROVAL- Motion** was made by Commissioner Doug Miller to adopt resolution 1744 Authorizing Jeff Thayer the Materials Manager to surplus miscellaneous materials.

- C. CALL FOR BID- C.I.C. Conductor Bid 2017 Motion** was made by Commissioner Doug Miller to authorize staff to advertise Call for Bid for Cable In Conduit (CIC) Conductors for the timeframe of August 1, 2017 through August 31, 2018, with bids being received until July 19, 2017 at 2:00 p.m.

- D. CALL FOR BID- Miscellaneous Poles Bid 2017 Motion** was made by Commissioner Doug Miller to authorize staff to advertise a call for bids for Miscellaneous Poles 2017, with bid opening date of July 19, 2017 at 2:00pm.

- E. RESOLUTION No. 1745 – Motion** was made by Commissioner Doug Miller to adopt resolution 1745 Authorizing staff to Rescind Resolution 1736 which authorized Leo Perth a Business Credit Card upon his separation.

- F. EXECUTIVE SESSION: Per RCW 42.30.110 (1)(f) of Open Public Meeting Act (OPMA)**

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:

(f) To receive and evaluate complaints or charges brought against a public officer or employee. However, upon the request of such officer or employee, a public hearing or a meeting open to the public shall be conducted upon such complaint or charge;

Entered into the Executive Session at 3:45 and the Executive Session concluded at 3:59 pm. No action was taken.

- G. CHIEF OPERATING OFFICER (COO) EMPLOYMENT CONTRACT - Motion** was made by Commissioner Dan Gunkel to authorize the General Manager to enter into an Employment contract with Ron Ihrig under the title of Chief Operating Officer. The motion was seconded by Commissioner Randy Knowles. The motion carried, unanimously.

REPORTS:

OPERATIONS – Jeff Thayer presented the monthly Operations reports and outage statistics for May. Board gave approval last meeting to move forward with the purchase and commitment of funds for the replacement of truck 37 which won't be delivered until the 2018 budget year. Jeff said that he decided to utilize the National joint purchasing agreement, which will save roughly \$6,000-7,000 for this vehicle and we won't be required to pay for anything until the truck is delivered. Jim Smith stated that this vehicle be listed first on 2018 vehicle budget list. The Tree crew is working on the Satus Pass feeder, Asplund is working in the Snowden area, and the pole inspectors are in Bingen and White Salmon. The Operations report was accepted as presented.

ENGINEERING – Jim Smith presented the monthly May Report for Ron Schultz. Pacific Corp has not yet signed the contract for the Condit transmission line purchase. Given that they then have to take this contract to all five of their Public Utility Commissions, completion is not likely until next summer instead of this fall. BPA potentially would like the river crossing and KPUD has first right of refusal for that line within the contract language. Ron Schultz is working with Hood Rover Electric Co-Op and BPA on the potential for further system reinforcements in the area. Preliminary engineering is underway for the Goodnoe Station project. Karen VandeGraff is working with engineering for their new project off of Six Prong road as well. Report was accepted as presented. These two projects could each add in the order of 4,000 acres of grape production in Klickitat County.

ACCOUNTING – Nichole Lantau presented the monthly financials for May. Financial performance for 2017 remains strong. The year to date Net Margin as of the end of May is \$2,515,035 which is significantly better than the budgeted \$273,965. The Debt service coverage is 1.70 versus the budgeted 1.46. This improvement comes from both improved revenues from budget as well as costs coming in below budget. We have 264 days of cash on hand. The Accounting report was accepted as presented.

WATER/WASTEWATER – Sharon Blodgett presented the monthly May Report. Bickleton water system connections are still being completed, although even customers who are not yet connected are paying the monthly fees. Sharon and Commissioner Miller discussed the potential for transferring the Rimrock well No.1. Discussion was that landowner should not have to pay for the monthly fees until they do connect to the system and then they would be committed for a 5 year period from the date of connect. We would also relinquish our easement on this property, but only warrant the well for non-potable use. We received notification that the Vogt property was being Perk Tested, it would be up to Department of Health to determine whether a septic could be installed on these well properties or not. The Wishram Well drilling is still in the interbed of the Wanapum at around 400 feet; once they reach the next solid basalt surface they will begin to test the water availability. They believe they are getting close. Given the status of the well drilling, it will be September or later before the well is on line, and we will not make our June deadline as hoped. Report was accepted as presented.

COMMISSIONER DOUG MILLER – reported that he has been working with Sharon Blodgett, Jim Smith and Loraine Reynolds on the Rimrock property water well request. There have been no additional inquiries from Bureau of Indian Affairs wanting connections to any of our water or wastewater systems.

COMMISSIONER RANDY KNOWLES – reported nothing to report.

COMMISSIONER DAN GUNKEL – calling into the meeting for the Executive Session.

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:

4. KPUD Retail Electricity Sales Equal Payment Plan Impact - As of today, we have under recovered \$325,000 in electric revenue from winter. With an equal payment plan, in warmer winters, when loads are lighter than normal, we over collect and this is then adjusted for the remainder of the year. In very cold winters, such as this year, loads were higher than normal and we therefore under collect revenues. This is a normal situation, however, with the extreme cold and the duration of that cold spell, there is a larger aggregate impact. We are in the process of revising payments to ensure 100% recovery of this revenue over the next 12 months. Currently we update budgets annually (in June), or after a rate increase. Some utilities 1) require accounts be settled annually before a new budget is set, 2) while others due a rolling average budget that is recalculated monthly. Both of those options are nice for revenue collection, but don't provide a "set annual amount". No comments.

ADJOURNMENT – There being no further business, the meeting adjourned at 4:08pm.

/s/
Randy L. Knowles, President

/s/
Dan G. Gunkel, Vice President

/s/
Douglas B. Miller, Secretary
Date Approved: July 11, 2017

/s/
Luann Mata, Executive Assistant