

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, July 24, 2018
2:00pm

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

PRESENT: Randy L. Knowles- President and Douglas B. Miller-Secretary.

STAFF PRESENT: Gwyn Miller-Director of HR & Business Services, Ron Schultz-Chief Engineer, Mike DeMott- Power Manager, Cynthia Bruce- Accounting Clerk, Eileen Kelsey-College Student, Nichole Lantau- Accountant, Sharon Blodgett-Water/wastewater coordinator, Kevin Ricks- Generation Assets and Special Projects Manager, and Luann Mata-Executive Assistant.

GUESTS: Larry Bakken, Bjorn Hedges

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the July 10, 2018 meeting minutes. Motion carried.

CLAIMS & PAYROLL: Presented by Cynthia Bruce and Eileen Kelsey. 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 24th day of July, 2018.

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

- Accounts Payable Voucher numbers 113304 through 113427 in the total amount of \$832,165.77 and Wires, ACH and EFT numbers 8800983 through 8801003 in the total amount of \$1,284,688.84 for the period ending July 24, 2018; and
- Payroll Warrant number 43368 and ACH Direct Deposit Payroll transactions 9919899 through 9919979 in the total amount of \$207,095.06 for the payroll period ending July 08, 2018.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater Monthly Report– Sharon Blodgett provided a department update and discussed the water/ wastewater customer complaint spreadsheet. Staff developed the spreadsheet as a tool to assess reported system issues and track repairs and replacements. This has proven to be a valuable tool in assessing system satisfaction compared to past customer satisfaction surveys. It has helped point out issues where equipment failure is happening. The intent is to archive the information for historical reference. Currently the only other means of tracking problems with specific addresses would be to add comments to customer accounts in the billing system

Project Updates- Lyle well pump test and water sampling will take place this week. We utilized ERWOW's services and had their representative assist us in completing maintenance on fire hydrants in Roosevelt, Lyle, and Wishram. We plan to utilize their services for the hydrants in Klickitat and Glenwood as well. We plan to add this to our maintenance program practices for a biannual basis.

We have ordered the second decanter replacement for the Lyle WWTP which was a budgeted capital item for 2018.

Concerns were presented by the Board regarding frequent calls to KPUD complaining of work performed by contractors on the Complaint Log. The jobs that utilized the contractor's services were small works jobs that did not allow retainage as a form of leverage.

Engineering Monthly Report– Ron Schultz provided the department update. BPA's canceled its July outage affecting our Spearfish substation due to a customer request and the recent fire in the area. BPA will reschedule the outage. The Bingen substation CT wiring corrections are complete; we will be adding switches as well. Brandon and Mark are moving forward with the Long Rang Plan (LRP) and reviewing proposed work with the crews. The LRP identified voltage issues in Snowden, staff will schedule the maintenance work as time allows. The Metershop is currently assisting with the Renewable Natural Gas (RNG) project. Staff is reevaluating the substation construction timeline due to lack of contractor availability. We have hired Don Brantner as the project manager on the substation and switching station construction projects. We have completed our Western Electricity Coordinating Council (WECC) required testing of our 230kV substations; there were no major items to report. There will be some work required to maintain our depth in the Bingen port district as they will be changing the road grade and this reduced grade will affect our depth.

Staffing update- Brandon Johnson and Mark Garner are working on system projects with Ron Schultz. Greg Fahlenkamp is training Justin Beierle he is picking up the processes quickly. Underwood Fruit is moving forward with their factory upgrades, we do not anticipate much, if any load increase.

Operations Monthly Report– Ron Schultz provided an update on Operations in Mark Pritchard's absence. White Salmon crews still have a steady customer work schedule. The construction crew has completed their work on High Street and moved on to the 21st street direct buried wire replacement. Outage hours are still higher than our goal. We are currently at 99.923% and our goal is 99.97% reliability for the year. Weather and our Darland Substation have contributed to most of these hours. The Goldendale crew is working on the Satus wedge-taps when not completing customer work. The Tree crew is still working their way through the county clearing our right of ways and removing danger trees. Roger Parton is continuing to work with the contracted Asplundh tree crew; they are steadily working their way through the contracted locations. We also have a contracted pole testing company who is currently evaluating poles in the Centerville area.

COMMISSIONER DAN GUNKEL – Absent

COMMISSIONER DOUGLAS MILLER - Commissioner Miller discussed Grant is considering an emerging technology rate. He suggested that we consider providing educational opportunities or literature for our customers to help them understand the issues and potential hazards with running high power use equipment from their homes without consulting the PUD. Lastly, he stated that he read an article regarding PP&L selling their assets near White Swan to Yakama Nation Power.

COMMISSIONER RANDY KNOWLES – Commissioner Knowles did not have a report at this time.

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:

1. NISC update- The Customer Care and billing analysis process is complete and the accounting analysis is the first full week of August. Staff will be extremely busy working through all of the process as we prepare for the conversion. There may be a need for resource discussion depending upon the outcome of

the analysis process. We may keep our existing system operational for a few months to assure we have historical access should information require verification. The data cut verification will occur several times before implementation. Staff is holding weekly group meetings keep everyone apprised of schedules. We will provide a proposal for the call capture product at a future meeting for review. Call capture will be required if we are to provide phone payment options for our customers.

2. Staffing-

Crew Updates- The Journeyman Lineman position was awarded to Anthony Lozano. The White Salmon groundman position was awarded to Greg Dechand. John Tallman is the new Goldendale crew groundman. The tree crew vacancy will not be filled at this time. This vacancy leaves an available FTE which we will use to hire a second groundman position. The union and crew agreed to utilize staff in a different capacity.

Engineering Update- Two staking engineer positions have been filled. Justin Beierle was hired in Goldendale and Mike Hample was offered the position in White Salmon. Brandon Johnson is our Engineering Tech and we will interview a System Engineer August 6th.

The positions that are left to fill are the line superintendent, customer service representative, payroll clerk and meterman.

3. Goldendale Energy Storage project- Local government officials have sent letters to Federal Energy Regulatory Commission (FERC) in support of the project. A recently issued report stated that National Grid locked out United Steelworkers on the East Coast. In light of this report our Local IBEW chapter, who understand the value this project would bring to our area, cannot support the project at this time due to current circumstances.
4. Washington Public Utility District Association (WPUDA) legislation- We have contracted with Dave Warren to work on a legislation proposal to adjust the current employment after retirement issues. Currently if a PURMS retiree draws his retirement immediately upon retiring, they cannot work without penalties. The teachers union passed legislation to remove that language from their retirement eligibility requirements. With this precedence having already been set, we feel this is a worthwhile proposal to promote. The driver being your field does not lose the experienced workforce that could help fulfill a void on a short-term basis.

AGENDA ITEMS:

- A. **WHITE CREEK WIND UPDATE- Bjorn Hedges:** Bjorn Hedges, White Creek Wind plant manager presented the first draft of their 2019 O&M Annual Plan; the final plan will be presented for approval in November. The site has operated for nine years without a loss time incident. The maintenance plan schedules the majority of maintenance for spring months as Bonneville Power Administration (BPA) places most curtailments on the site during this same period. The existing turbines have been in operation for twelve years. There have been few major maintenance issues. A maintenance plan has been devised that when there is a main bearing replacement required, all three blades would be upgraded. Staff will retain blades that are not showing fatigue for emergency maintenance replacement parts. Due to the age of the equipment on site and the understanding that the facility will require more maintenance in the future, the Siemens Long Term Service contract cost will increase as well. The turbines have a 20-year life span rating. To assist with the attrition issues, the Siemens maintenance contract scope has increased to allow for a reduction of full time employees. A decommissioning fund is set up, in the event the off takers do not choose to renew their contracts once the project reaches its 20-year life expectancy. Insurance

requirements are an unknown factor should the facility operated beyond the year 20 mark.

- B. **RNG UPDATE- Kevin/Mike:** The pipe misalignment is the current major construction challenge. Letters were sent to contractors that require them to keep to the original schedule. There will be a change order for RFI work. There are engineers on site daily. They determine if requests are reasonably out of scope, provide documentation justifying the change order necessity. The companies came back in agreement of requirements to meet schedule and scope. The contractors have taken steps to rectify the schedule by adding a second shift and working seven days a week to meet scope. They are on target to be mechanically complete next week. Contract labor has been a struggle due to location and the large quantity of work available. Contractors are struggling with quality, so our engineering staff has warranted quality control. There has been a delay receiving the electrical material, this may slightly affect schedule. Design change on the high temperature oxygen catalyst is under review. The pipeline commissioning scheduled for Friday. We hope to work with Reliability Management Group(RMG) to set up the planned maintenance asset management group.

MOTION was made by Commissioner Miller to approve Reliability Management Group along with Learning SI and agree to add them to our professional services roster contingent upon receipt of information and final staff approval. Motion carried.

The finance committee will provide an updated Cash flow report at the next meeting or two. With the fuel certification, the M&E tax is not a concern, as the majority of the gas is for transportation fuel.

- C. **BID REJECTION- Linden Switchyard Construction:** **MOTION** was made by Commissioner Miller to authorize staff to reject all bids for the Linden Switchyard Construction based upon Engineer's recommendation, as the bids received were above the 15% threshold allowed. Motion carried.
- D. **BID REJECTION- Sonova Switchyard Construction:** **MOTION** was made by Commissioner Miller to authorize staff to reject all bids for the Sonova Switchyard Construction based upon Engineer's recommendation, as the bids received were above the 15% threshold allowed. Motion carried.
- E. **CALL FOR BID- Linden Switchyard Construction Re-bid:** **MOTION** was made by Commissioner Miller to authorize staff to call for bid on the Linden Switchyard Construction bid per Engineer recommendations. Motion carried.

Adjourned – There being no further business, the meeting adjourned at 4:14 p.m.

/S/
Randy L. Knowles, President

ABSENT
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: August 14, 2018

/s/
Luann Mata, Executive Assistant