

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, July 25, 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- Power Manager, Nichole Lantau- Accountant, Cynthia Bruce-Accounts Payable Clerk , Ron Ihrig- Chief Operating Officer, Beth Schroder- Accountant, Ron Schultz- Chief Engineer, Sharon Blodgett-Water/Wastewater Coordinator, Brandy Myers-Customer Service Supervisor, and Luann Mata-Executive Assistant.

GUESTS: Don Jarrett- McMillen Jacobs Assoc.

MINUTES: MOTION was made by Commissioner Gunkel to approve the July 11, 2017 meeting minutes as modified. 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 25th day of July, 2017.

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

- Accounts Payable Voucher numbers 110201 through 110330 in the total amount of \$531,486.81 and Wires, ACH and EFT numbers 8800737 through 8800747 in the total amount of \$1,202,272.54 for the period ending July 25, 2017; and
- Payroll Warrant number 43337-43338 and ACH Direct Deposit Payroll transactions 9917811 through 9917891 in the total amount of \$188,855.52 for the payroll period ending July 09, 2017.

Motion carried.

PUBLIC COMMENTS: None.

AGENDA ITEMS

- A. **RENEWABLE NATURAL GAS (RNG)**– Kevin Ricks, Mike DeMott, and Don Jarrett presented the updated budget and schedule for the RNG project. Don reported that meetings and interfacing between the contractors is going well and progress is being made. BCCK brought forth a concern regarding specifications; Kevin and Dan Waineo met with them in

Midland Texas and worked through the issues. Commissioner Knowles asked if minutes from these meetings were being added to the project record. Kevin stated they are being uploaded and distributed on the Procore project management site. Commissioner Gunkel asked if we have any other vendors or equipment issues that could cause setbacks in schedule or cost. Don stated that there isn't anything at this time that they can foresee. The Air Operating Permit (AOP) questions have been submitted for review and will be followed up on. The Application has been published and the comment period ends on August 3rd. We will proceed with permitting if no comments are received. The Williams pipeline agreements were signed July 24th, 2017. The Williams Gas Quality agreement does have some additional imposed requirements regarding the siloxane concentration. The team will work with the RNG coalition to come up with a mutually agreed upon solution. We have not had any additional draws on the account since last presented; any additional payments will follow normal business processes. We have received quotes back on the construction Insurance plan, we have asked for a compliance checklist which was received late last Friday. Liberty Insurance appears to be the insurer that will probably be the awarded insurance carrier. We are advancing in our SEPA process and the cultural surveying associate should finish his evaluation of the property this week. We anticipate publishing our SEPA determination of non-significance soon. ES Engineering is continuing their design work, continuing to review schedules and contracts are being watched closely. Everyone is bought in on schedule importance. Inspection trips are planned through various stages of the construction process. Commissioner Miller stated his concern regarding meeting the April delivery date for the major equipment being delivered to the site. Discussion concluded.

- B. POLICY 21- CUSTOMER SERVICE POLICY ELECTRIC Revision: **Motion** was made by Commissioner Miller to approve the revisions to Policy 21.
- C. WHITE CREEK POWER SALES AGREEMENT WITH POWEREX: **Motion** was made by Commissioner Gunkel to approve the KPUD participation in the power sales agreement and authorized the General Manager to enter into the contract as presented to board today.
- D. RESOLUTION 1746- Federal General Services Administration (GSA) Schedules 70 and 84: **Motion** was made by Commissioner Gunkel to approve the resolution.

REPORTS:

ENGINEERING – Ron Schultz presented the monthly Engineering report for June. Ron provided an update on the status of the Bingen substation construction, Wishram and Lyle wells, and Condit line purchase. He also stated that the staking engineers have been consistently busy with new construction inquiries and system improvement projects. Three of the larger projects the engineers are working on would be substation and transmission construction to offload MA Collins Substation, service to 101 Bar Ranches and the Glenwood Fish hatchery service upgrade. The Engineering report was accepted as presented.

OPERATIONS – Ron Ihrig presented the monthly Operations report for June. There is a BPA outage planned effecting Lyle transmission on August 11th at midnight, the following day August 12th, there will be an outage that affects the Bingen and White Salmon areas including Gilmer

and Husum substations. We will also plan an outage on the Klickitat substation to convert to the new pole and tie into new poles at twin bridges as well, but that date is still undetermined. Todd Niva was awarded the Goldendale crew position and Rob Rising was awarded the Construction crew position. We will be hiring a temporary journeyman position to help with workload. The Tree crew is still on Satus Pass and Asplund, our tree trimming contractor, is working near Acme Rd in Snowden. Roger Parton is inspecting their work. We will be hiring an additional crew from Asplund under a Time and Materials contract to work on specific areas identified during inspections. The Operations report was accepted as presented.

WATER/WASTEWATER – Sharon Blodgett presented the Water/Wastewater report for the month of June. The pump in Klickitat Well No.1 well started pulling air. This well serves untreated water to the irrigation system at the bus barn location. Our crews completed some testing and they determined that the recharge rate is not sufficient to meet the needs. The issue appears to be iron bacteria. The community requested that we assist them in keeping the fields greened up for their upcoming Canyon Days; we have met that request by feeding them with treated water from the system. However, Commissioner Gunkel noted that we should not be using the system to feed irrigation and that staff should work with the community to find alternatives. The Water/Wastewater report was accepted as presented.

ACCOUNTING – Nichole Lantau and Beth Schroder presented the monthly Financials and Accounting report for June. Overall financial performance has been strong year to date, with revenues above budget, expenses below budget and our capital spending within budgets. The year-end forecast is to exceed our 2017 budget forecasts significantly. The cash flow statement has been re-organized to show more clearly RNG expenditures and loan draws. The Landfill Gas Combustion Turbine sinking fund was moved to the general fund as authorized by the Board last meeting. The Accounting report was accepted as presented.

COMMISSIONER DOUG MILLER reported that John Kounts sent out a Department of Ecology (DOE) video file depicting 100 years of DOE history. The relatively small Okanogan PUD is restoring the Enlow dam on the Similkameen River as an additional power source for their utility.

COMMISSIONER RANDY KNOWLES – Randy stated that he no report at this time.

COMMISSIONER DAN GUNKEL – Dan stated that he had no 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:

Fitch's Affirmation of A- Stable Rating – After completing documentation requests and after discussions with Fitch regarding our semi-annual bond rating review, they affirmed our current rating. There were a few items referenced in the report that Jim felt didn't fully represent the utilities risk factors, but overall was very happy with the report and rating. Jim will complete a press release or a Ruralite back page article referencing the bond communities' confidence in our financial performance and our clean audits.

Irrigator Projects: The Goodnoe station water supply permit application was approved June 19th. The appeal period ends the 29th of July. No comments have been received by ecology to date. Staff has sent out estimate letters to Karen Van de Graff and the Goodnoe Station associates.

Wishram Well- Russ is working with the engineers on well flow calculations. The well and system work is expected to be completed the end of September.

Large Power Consumers: Jim discussed with the board that we have had industrial customer inquiries and the staff is working on the appropriate rate calculations. We are still working through the process but wanted board to be aware of conversations.

Staffing: We have posted for the Operations Manager position. We have received one resume since posting, but we have talked with three people who are potentially interested.

Call to Action Request: We have received a call to action request regarding the Federal hydro bill. The Wade bill covers the additional spilling over the local dams. Upon discussion completion it was determined that we would compose a letter to our local representative and thank them for their support.

Wishram Customer Follow-up: Staff and Commissioner Miller reviewed the files regarding the question with the Wishram Water and Wastewater lines. Jim has scheduled a meeting with the property owner and will provide an update at the next meeting.

ADJOURNMENT – There being no further business, the meeting adjourned at 4:19pm.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: 08-08-17

/S/
Luann Mata, Executive Assistant