

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, August 08, 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, Cynthia Bruce-Accounts Payable Clerk, Anita Clever-Energy Services, Ron Ihrig- Chief Operating Officer, Ron Schultz- Chief Engineer, and Luann Mata-Executive Assistant.

GUESTS:

MINUTES: MOTION was made by Commissioner Dan Gunkel to approve the July 25, 2017 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 the 8th day of August, 2017.

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

- Accounts Payable Voucher numbers 110331 through 110424 in the total amount of \$281,384.45 and Wires, ACH and EFT numbers 8800748 through 8800755 in the total amount of \$260,879.68 for the period ending August 08, 2017; and
- Payroll Warrant number 43339 and ACH Direct Deposit Payroll transactions 9917892 through 9917976 in the total amount of \$185,792.54 for the payroll period ending July 23, 2017.

Motion carried.

PUBLIC COMMENTS: Marth Quigley- Canceled and will call to reschedule. No Public present.

AGENDA ITEMS

A. PRE-QUALIFICATION OF CONTRACTORS – Ron Ihrig presented Apollo Inc. and Battery Power Systems, LLC for the small works roster approval. **Motion** was made by Commissioner Doug Miller to authorize the addition of the following contractors to the KPUD's Small Works Roster for 2017 calendar year as they have met our qualification requirements.

B. PRE-QUALIFICATION OF PROFESSIONAL SERVICES CONSULTANTS: **Motion** was made by Commissioner Doug Miller to authorize the addition of Norton Corrosion Limited to Klickitat PUD's Professional Services Consultants listing for the 2017 period as recommended by staff, as they have met our qualification requirements. Motion carried.

REPORTS:

POWER MANAGEMENT – Mike DeMott presented the Power Management report for July. Power and Gas pricing was reviewed and compared to previous Power Management report. Total July loads came in high due to summer heat and additional retail revenue is expected as a result. BPA announced their Tier 1 Power rate for the BP-18 period and it appears to have a 5.4% average increase with decreases to Demand and Load Shaping charges. We assumed a 4% increase in our budgets and expect our actual observed rate increase will be close to the budgeted amount. Transmission rates were announced to remain flat or slightly decrease. We had a 4% transmission rate increase budgeted. Washington Customer Generation program incentive update- Anita has had several conversations with WSU staff, but no concrete decisions yet so impact on existing and future customers is yet to be determined. We have created and utilized an “expressions of interest” form for customer use to be placed on a ‘waiting list’ for the new program. The state has given October 31st as the time frame to have the program established. Anita has a rough draft of a net-metering agreement which will be revisited when program details are known. WSU is awaiting response from DOR concerning several items including the ability of the utility to make existing customers whole in future periods. Jim will reach out to legislatures’ on their interpretation of the bill. EES consulting is completing the cost of service study now which includes an analysis of infrastructure and net metering rates. The Power Management report was accepted as presented.

GENERATION ASSETS – Kevin Ricks presented the monthly Generation Assets report for July. The plant has been running at 22.1 aMW average with 99% reliability. Regarding the application to modify the existing Air Operating Permit for the RNG plant, Ecology made their first request for more information and we’ve responded. The public comment period for the permit modification ended August 3rd. We do not know yet whether or not Ecology received any comments. There was a Circuit card failure on CT #1. This was the 3rd loss of this type in the last 6 years and appears to be heat related. There was also a failure on the HRSG#2 mud-drum door gasket. Personnel – We have one employee back from medical leave. He is on limited light duty for six weeks. He is catching up on the paperwork and some operator duties as well. Republic had some success recently, being awarded for the projects they have partnered with KPUD on. Kevin completed a quick analysis of LFG sinking fund savings by not signing the ESA or the BUSA agreements. The estimated savings over the past five years comes out to be around \$10,000,000 since we haven’t had to pay Solar for the monthly maintenance fees and overhaul fees associated with the maintenance. The benefit of using internal employees has been valuable. Solar is coming out next week to help us evaluate other markets for the combustion turbines. We can associate our low maintenance costs and extended turbine longevity to the filtration systems we installed originally. We will be completing a request for proposals regarding the removal and sales of the reciprocating engines soon. This bid will be for a total package removal. Renewable Natural Gas project update, we will be placing the order for the

thermal oxidizer soon. There is a Geologist on site and our crew is digging potholes for the pipeline geotech study. The Williams Northwest Pipeline contract was signed and executed. There is a progress payment for \$466,000 due upon execution of the contract, so this payment will be processed prior to next board meeting. The Generation Assets report was accepted as presented.

PLANNED OUTAGE REPORT – Ron Ihrig presented the planned outage report for the months of August and September. There will be an outage in the Bingen and White Salmon areas Saturday from Midnight to 5am. There is a Klickitat outage scheduled for August 18th. Commissioner Miller asked if we staff our phones for these outages. Ron stated that we send out notification letters informing customers and we only staff phones for these situations should we anticipate going past the scheduled outage completion time. Commission Miller asked and staff verified that affected water systems will be ready for the power outages as necessary. The report was accepted as presented.

COMMISSIONER DOUG MILLER – Commissioner Miller reported that he also followed up with a customer on a billing question. In September Doug will be attending the WPUDA Annual Water meeting in Leavenworth.

COMMISSIONER RANDY KNOWLES – Commissioner Knowles had nothing to report at this time.

COMMISSIONER DAN GUNKEL – Commissioner Gunkel reported that upon review of the Klickitat and Skamania new job summary for June there was an increase of 130 jobs, 40 in manufacturing, 60 in hospitality and 30 in government. Not sure what the numbers are based upon and if seasonal employment is included in the figures. Bonneville Power sent an official request to Energy NW to not engage in any unusual Operation and Maintenance work due to the heat causing increased loads. BPA wants to ensure that there is not working being completed that could lead to an inadvertent loss of generation at CGS.

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:

Wishram Well update- The well drilling is completed and the well drillers are off site as of last week. The schedule from the contractor that will complete the piping and booster pump work indicate the system should be completed mid-October. Commissioner Gunkel, Brandon Walters and Jim Smith held an update meeting for the community on August 7th.

101 Bar permit issuance- We received notification from our water rights attorney Tom McDonald that the water rights permit for the 101 Bar Ranches was issued the end of last week.

Renewable Natural Gas (RNG) Coalition Testimony- Kevin Ricks traveled to Washington D.C. to testify at an EPA-hearing on behalf of the PUD's RNG project. The hearing was to hear testimony on the draft EPA renewable fuel volumes for 2018. Although the D3 cellulosic RIN is the smallest volume of renewable fuels, it is also the most valuable. As a result, 40 of the 160 people testifying were from the RNG coalition. Kevin also took the opportunity to meet with K&L Gates attorney in D.C. regarding the Williams Pipeline Northwest tariff.

Construction- The roof on the White Salmon large truck bay is being removed this week. We have contracted with the same contractors that completed the Goldendale office renovation. We were very happy with the results in Goldendale.

Customer Letter- We received a letter from a customer commending our staff on assisting with the removal and relocation of a birds nest in Glenwood.

Low Income and Elderly discount- We received a call from Martha Quigley last week. She was inquiring about the Low Income/Elderly discount being continued into summer months. Her situation is that during the winter she doesn't see the high energy bills as she has wood heating, however in the summer with the prolonged hot days, she is utilizing her air conditioner and that results in larger energy bills during the summer. Discussion ensued and the Board directed staff to carry out analysis and bring back some ideas on how this might work for their consideration. The only condition is that the current funding of \$55,000 be maintained. The commissioners also recommended that staff contact the customer to discuss weatherization and heat pump programs in case those would assist Ms. Quigley as well. Staff will follow up with customer and extend the offer to attend a meeting if she'd like to discuss further.

Ray Wisemen- Yakama Power General Manager (GM). Jim received a call from Ray Wiseman, the GM at Yakama power. He was inquiring as to why we would not consider supporting the power installation for a housing development. Jim stated to Mr. Wiseman that our employee's met with the developers and the county and discussed options. We have not had any request for service and Jim and Mr. Wiseman agreed to ensure that the appropriate staff is involved to ensure service is provided per our Policies.

Schedule- Jim has vacation scheduled beginning Thursday the 10th and will return on Tuesday the 22nd.

ADJOURNMENT – There being no further business, the meeting adjourned at 3:40pm.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: 08/22/17

/S/
Luann Mata, Executive Assistant