

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, August 28, 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 Gunkel-Vice President, and Douglas B. Miller-Secretary.

STAFF PRESENT: Jim Smith- General Manager, Gwyn Miller-Director of HR & Business Services, Ron Schultz- Engineering Manager, Mike DeMott- Power Manager, Mark Pritchard-Operations Manager, Kevin Ricks- Generation Assets and Special Projects Manager, Eileen Kelsey–College Student, Nichole Lantau-Accountant, Jeff Thayer- Purchasing Manager, and Luann Mata-Executive Assistant.

GUESTS: Larry Bakken, Steven Spolek

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

MINUTES: **MOTION** was made by Commissioner Gunkel to approve the August 14, 2018 meeting minutes. Motion carried.

CLAIMS & PAYROLL: Presented by Eileen Kelsey and Nichole Lantau. 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 28th day of August, 2018.

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

- Accounts Payable Voucher numbers 113588 through 113711 in the total amount of \$987,050.09 and Wires, ACH and EFT numbers 8801015 through 8801021 in the total amount of \$416,110.71 for the period ending August 28, 2018; and
- Payroll Warrant numbers 43371 and ACH Direct Deposit Payroll transactions 9920147 through 9920231 in the total amount of \$200,921.59 for the payroll period ending August 19, 2018.

Motion carried.

PUBLIC COMMENTS: Steven Spolek addressed the board regarding the connection fees and General Facility Charges (GFCs) for the Roosevelt Wastewater system. The customer purchased property in Roosevelt and was under the impression that the Local Utility District (LUD) fee that was assessed to the property covered his connection fees. He realizes now that this is not the case. Mr. Spolek requested that the board consider adopting a payment plan for the GFCs. The Board recognized that there could be interest and was willing to discuss the possibility of this option with staff.

REPORTS:

Water Wastewater Report– Sharon Blodgett presented the August Water Wastewater report.

During the fire near Wishram, fire crews contacted Brandon Walter to obtain access to the reservoir for fire protection and found no issues with water supply. The Department of Health contacted us to discuss how the infrastructure was helping

with the fire suppression. Communications worked well and the water supply was not taxed as it has been in the past. Also in Wishram there was a failure of one of the new water booster pumps. We had to demand that the manufacturer send someone to evaluate the booster pump issues. When they arrived, they were able to pinpoint the issues and ordered a new pump. It is unclear if the pump will be replaced under warranty or not. Staff chose not to send in the faulty pump back to the manufacturer pending the determination of whether this will be a warranty replacement or not. A representative from the manufacturer will be on site tomorrow.

We budgeted for water sampling stations in 2018. We have purchased the equipment and the crew is beginning the installation process.

Discussion of Mr. Spolek's request continued. Sharon stated that she has been asked this question for years. The facts are that the GFC's are a part of rates and would require a rate hearing to change. The systems are self-funded, and if this charge is spread out over time, the system could be underfunded. We have no mechanism for tracking the collection of these funds. Lastly, should the owner choose to sell, collection from the new owner for the remainder of the funds would take manpower to track and would be susceptible to human errors. It was the consensus of the Board that we not move towards the payment plan option for the GFC. The Commissioners requested that Sharon bring back a response letter for review.

Engineering July Report– Ron Schultz provided the department update for July.

Ron reviewed the status of work with BPA including rescheduling of the Spearfish outage and he updated the board on registration status for transmission operator agreements.

It was determined that the White Creek substation outage last month was caused by a failed fiber shoe. We are replacing everything on the structure that failed as well as similar equipment on the poles on either side of the failure. In conjunction with our long range plan and with postponing the bids of the Sonova switch and Sixprong Substations, regulators have been installed to address voltage issues on the East end of the county.

Metershop has almost completed their portion of the RNG project work and will roll into substation inspections. Engineers in White Salmon are busy with customer inquiries and the Goldendale office has been evaluating system improvement projects with customer inquiries being addressed as they come in. Linden switchyard construction bid is scheduled to open September 4th. Justin Beierle is settling in well in Goldendale and we just hired Jared Balcom as the new staking engineer in White Salmon.

It has come to our attention that LS Technologies is considering supplying high-speed fiber to Bingen. They are working through the details. There is still investor interest in building at the former Goldendale Aluminum plant location. BPA is speaking with the developer and we have submitted the feasibility study application, funded by the developer.

Operations July Report– Mark Pritchard provided the department update for July.

The July outage statistics are below our goal. Brandon Johnson and Mark have been working together on how to improve these statistics. Protection coordination was identified as an area to evaluate to reduce the outage hour numbers.

The Goldendale crew is working on wedge tap connectors when not working on customer installations. They are also completing pole replacements identified from the pole testing process. The White Salmon crew is mainly focused on customer work. The Construction crew is finishing their underground cable replacement work on 21st

street and Golden Ridge. The Tree crew has been working in town due to the Industrial Fire Precaution levels remaining at a level 3. The Department of Natural Resources won't issue work permits at this time. Asplundh has pulled their crews off as well. Once the ban is lifted we have requested that Asplundh return the same crew we have had on site this year. July's removal and trimming numbers were high again, but there will be a significant reduction in August's numbers as we work on secondary wire trimming.

Washington Department of Labor and Industries has issued a citation for the electrical contact incident from June. We will be taking formal exception the citation as we feel the determination was incorrect and should be reconsidered. Mark will work with Athan Tramountanas.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller reported that he read an article regarding the Watershed funding rule. There will be a meeting in Union Gap on October 2nd that he plans to attend as they will discuss the stream flow restoration program. There was also an article in Yakima Herald Republic referencing the Switzler Canyon water supply. The article stated that Klickitat and Benton Counties were working together on the development of this project. Staff will watch this project and have representation present for the meeting next month in support.

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

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. Operating line of credit- Mike DeMott had a conversation with our Fitch rating agency representatives. They do not view a line of credit as negative and utilizing an operating line of credit is common practice in the utility industry. There is no real downside as long as it's utilized properly and paid off regularly. Fitch suggested that we create a Policy to dictate the usage, but did not see a negative, moving this direction.
2. RNG audit- International Sustainability and Carbon Certification representatives were on site last week. They are evaluating the European renewable natural gas compliance for the portion of gas that will be delivered to the European market. The preparation work and the review took time but was very beneficial and permitting is in process. The Auditor was on site to observe our operation. The Audits should be complete by the end of week. Commissioner Gunkel asked if we discussed the accounts receivable (AR) issues since the RNG produced will be stored by BP until the project is certified. Mike will review this question with Fitch.
3. Goldendale Pumped Storage project – Dana Peck of the Goldendale Chamber of Commerce is coordinating a tour for the Blue Green Alliance, which is an environmental and labor association. Brain will represent the District at the tour, which is planned for October 2nd.
4. Lyle Well- We have researched the infrastructure fund. There is \$585,000 available. We anticipate requesting \$325,000 for the Lyle Well project. This would leave \$260,000 remaining in the fund.
5. Budget- Staff is working to complete their head counts and expense budgets now. We anticipate presenting the second formal budget review at the Board meeting on November 13th. We expect that this will then roll into the strategic plan discussion on November 14th. There will be additional time to review the budget after the strategic planning session before adopting the budget.

6. BPA costs for Fish Mitigation- Power Conservation council released a report stating that \$450,000,000 is being spent on fish and wildlife mitigation. This is about 15% of BPA's budget and has been as high as 30%.
7. Wastewater treatment awards- The Klickitat, Lyle, and Wishram wastewater systems have received awards again this year. A representative from the Department of Ecology will attend our next meeting to present these awards to staff.
8. US Forest Service Claim- We have received a claim from the forest service for fire suppression costs from the Mile Marker 28 fire. The claim is for \$4,200,000.
9. McNary Project- Kevin presented information regarding the McNary August 22nd forced outage. On August 22nd there was an equipment failure that forced and emergency shutdown of the project. Kevin and Kirt Konger from Northern Wasco (NWPUD) met Monday August 27th to inspect the unit. Since the outage occurred, the team had dewatered the project and they found damaged brushes and a small rub mark. They realized at that point that the unit had lifted somehow. What they found was that there was a rapid close of the Wicket gates. It was determined that a solenoid failed, so the slow close didn't realize the trip. After a full evaluation it was determined that there was no significant damage and that once the repairs are complete the unit should be able to restart tomorrow. Staff will closely monitor the operation and submit oil samples for testing. It was suggested that we install an events historian and a sequence event recorder to record detected fault information as well as implement several improvements to the wicket gate controllers. They will be working on those ideas and have a more detailed report at the September joint NWPUD and KPUD Board meeting. Kevin commented that the NWPUD team completed a thorough and very competent investigation and that he is impressed with their knowledge and the condition of the facility.

AGENDA ITEMS:

- A. **VEHICLE DISCUSSION:** Jeff Thayer presented the board with our vehicle replacement guidelines and provided the board with the 5-year vehicle plan. He also discussed adding a contingency to the vehicle budget in the future. This would allow a fund available for catastrophic vehicle failure. Once funded the money would carry through so if there are no issues then funds would not be used. The Commissioners were supportive if we have the margin to do this upon reviewing the budget. Jeff also asked for support to order the two larger trucks that will be in the 2019 budget proposal. These trucks take longer than 12 months to receive and to ensure delivery and payment in 2019 we need to place those orders this year. **MOTION** was made by Commissioner Gunkel to authorize purchasing manager to order the two major vehicles slated under the 2019 budget. Motion carried.
- B. **PREQUALIFICATION OF CONTRACTORS:** Staff has reviewed the qualifications of Flow Technologies, Inc. and recommended they be added to the Small works roster for the remainder of 2018. **MOTION** was made by Commissioner Miller to approve the addition of Flow Technologies, Inc. to the Small Works roster for 2018. Motion carried.
- C. **PREQUALIFICATION OF PROFESSIONAL SERVICES CONSULTANTS:** Staff has reviewed the qualifications of Historical Research Associates, Inc. and HDR Inc. and recommended the addition of both companies to the Professional Services roster for the remainder of 2018. **MOTION** was made by Commissioner Gunkel to approve the addition of Historical Research Associates, Inc. and HDR, Inc. to the Professional Services roster for 2018. Motion carried.

Adjourned – There being no further business, the meeting adjourned at 3:52 p.m.

