

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Tuesday, May 14, 2019

AGENDA

Time: **KPUD Commission Meeting Start Time – 2:00 p.m. as Advertised**

Location: 1313 S. Columbus Ave. – Goldendale, WA

➤ **PLEDGE OF ALLEGIANCE**

➤ Approval of Minutes – 04/23/2019 Meeting

➤ Approval of Claims / Vouchers for period ending 05/14/2019 (*Cynthia*)

➤ Approval of Payroll for periods ending 04/28/2019 (*Cynthia*)

➤ **PUBLIC COMMENT PERIOD**

REPORTS – 10 min. each:

- Financials January Report (*Nichole/Beth*)
- Power Management Report (*Mike*)
- Renewable Energy Assets April Report (*Kevin*)
- Commissioners' Reports
- Manager's Bi-Monthly Report (*Jim Smith*)
-*(see attached report)*

GUESTS:

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AGENDA ITEMS - (*see Manager's Report for further details*)

A. Professional Services Approval (*Ron*)

B. Executive Session – Review of Performance of a Public Employee

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

Wellness Screening- Goldendale Office May 15th from 7a.m.-9a.m.

Water/Wastewater Rate Hearing May 28th at 3p.m.



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the May 14, 2019 Meeting

AGENDA ITEMS:

- A. Prequalification of Professional Services Consultants- *(Ron)*
- B. Executive Session- Review of Performance of a Public Employee. Board President Dan Gunkel asked for an executive session to review the performance the General Manager.

NON-AGENDA ITEMS:

1. **2019 Financials** – Mike and Nichole will be covering the financial discussion as part of the Power Management report. While we are still working on the details of the monthly reports, we do have our financial position. The intent of the report is to talk through revenues, expenses and provide a year-end forecast.
2. **Customer Disconnect Notices** – during our implementation of the billing portion of the NISC integration, we set the system up using billing and late notice timelines per policy. The policy states that a bill is due 15 days after issuing and we may send out a disconnect notice 5 days after that. We do have flexibility in the 5 days for sending late notices, and over the years this has typically been 10 days. However, computer triggers are strict in their implementation and late notices were sent out at 5 days and we did not catch that. This generated many phone calls from customers who pay their bills regularly. That 5 days makes a large difference. We have already changed the notice times in the NISC billing system, but we wanted to let you know this occurred and we will likely want to talk at the next meeting about the Policy changes we think should be implemented.
3. **Cliffs Water System Plan** – We are continuing to work with National Grid, Rye Energy and NSC aluminum on the Goldendale Energy storage project. Erik Steimle and I are meeting with Tom MacDonald next week to discuss water supply issues to their project. We have also discussed other potential customers that are interested in the former aluminum company site with Scott Tillman. Staff is reviewing the water system plan with John Grimm and we are working with Tom MacDonald to apply to Ecology for municipalizing the water right based on water supply to White Salmon.
4. **Republic Land Fill Gas Optimization Agreement (LFGOA)** – When we started the renewable natural gas project, at Republic's request, we put a memorandum of understanding in place to restate the LFGOA and the previous contracts so there is one document to implement, rather than the multiple layered contracts developed over the years. Specifically stated in that agreement is that we would improve the optimization agreement, that we would install a trim flare and collection system blower upgrades paid for by both Republic and KPUD and that we would

restate the contract, not renegotiate it. Republic would be doing the redrafting as I do not think it is necessary, but the review itself has many benefits. We have spoken to different folks within Republic regarding the day to day issues and concerns we are having and those issues are being addressed. We will be active in the larger contractual discussions starting in a couple of months.

5. **2019 Legislative WPUDA Summary** – I am attaching the latest summary from WPUDA we used as a guide in our recent Managers Section meeting this week. The major victories in my opinion are the bid limit bill (5418) that doubles the limits to work we can complete with our own internal crews, our DNR fire liability bill (5305) and our RNG tax bill (1070).

The summary contains a page on the improvements that were made to the 100% clean energy bill (5116) since the first draft was introduced into the legislature. As we have discussed, it was clear from the outset the bill was going to be passed and it did so on party lines. I think that WPUDA, the member utilities and groups like the Public Generating Pool made significant improvements to the bill, whether we agree with the overall bill itself. WPUDA noted that there were improvements to the low-income implications we discussed with Therese Hampton, but I have not explored those changes. There will still be many issues for us to work through.

The next step will be an intensive rule making process. That will involve the same people and the same groups over the next year to ensure the interpretation of the bill is reasonable and meets the intent of the bill signed. There is also a consensus that low carbon fuel standards, carbon cap and trade and carbon tax proposed legislation will be very active from now right through the next short session and that any legislation introduced will already be baked and ready to go as it is a short session.

We will have our own work cut out for us here on completing the changes necessary for us to comply with new laws and understand more fully the impacts on the utility and our customers.

There are also significant funds for water and waste water projects. I spoke with John Weidenfeller, GM at Thurston PUD regarding the Dallesport Water system. He provided some ideas that I would like to discuss with you.

Lastly, there was a budget item included in the State general budget for \$750,000 to study Federal dam removal.

6. **Dallesport Data Processing Load**– the developer has paid us funds to purchase long lead time materials for the interconnection, but they have not yet paid for the full interconnection. They have been working with Mike on an industrial service contract, but that is not yet completed either, although they tell us they are very close to moving forward. If they do move forward, we will have the funds in place for the construction and the deposits necessary to ensure that our customers will not be exposed if the venture fails. We have no reason to believe that they will and they have been very good to work with so far.
7. **Staffing** – we released an employee at HW Hill prior to them completing their probationary period and we have received a resignation from a member of the tree crew. We do not plan on refilling the tree crew position at this time and are continuing to evaluate our vegetation management program. We also have open position vacancies for a Chief Engineer and positions in our Meter shop, IT department, and a lineman position that was not backfilled after John's promotion to Superintendent.

8. **Surge Arrestor Program** – we have received in the order of 20 comments in response to our letter regarding the termination of the surge arrestor program. We want to bring these to you for discussion.
9. **Goldendale Pumped Storage Project Public Meetings** – the meetings were well attended. Overall, I think there was solid support of the project voiced, although there were also lots of questions regarding construction and the local impacts.
10. **FERC Issues a License for the Swan Lake Pumped Hydro Project** – I am attaching on article for your information.
11. **Water and Waste Water System Customer Meetings** – we have completed the annual meetings for this year. We are sending letters to customers in Glenwood, Wishram, Roosevelt and Lyle as they are not having meetings. I thought all the conversations were good two way dialogue and the only items of note is that people attending from Ponderosa Park asked for 5% increase and Rimrock asked for a flat \$10 a month increase to build reserves in those systems. They will go back to others and we will see if there are additional comments raised as result of these requests. I fully support them.

Attached is the redlined rate sheet proposal, so you can review proposed rates for the individual systems prior to the rate hear May 28th.