

REVISED

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Goldendale, WA

Tuesday, June 27, 2017

AGENDA

Time: **KPUD Commission Regular Meeting Start Time – 2:00pm**
Location: 1313 S. Columbus Ave. – Goldendale, WA

- **Pledge of Allegiance**
- Approval of Minutes – 6/13/2017 Meeting
- Approval of Claims / Vouchers for period ending 6/27/2017 (*Sharon, Cynthia*)
- Approval of Payroll for period ending 6/11/2017 (*Sharon, Cynthia*)

- **PUBLIC COMMENT PERIOD**

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

- A. RENEWABLE NATURAL GAS- Schedule and Budget update [*Mike/Kevin*]
- B. RESOLUTION 1744 APPROVAL- Miscellaneous Material Surplus [*Jeff*]
- C. CALL FOR BID- C.I.C. Conductor Bid 2017 [*Jeff*]
- D. CALL FOR BID- Miscellaneous Poles Bid 2017 [*Jeff*]
- E. RESOLUTION No. 1745 – To Rescind Resolution 1736 [*Jim*]
- F. EXECUTIVE SESSION: Per RCW 42.30.110 (1)(f) of Open Public Meeting Act (OPMA)
- G. CHIEF OPERATING OFFICER (COO) EMPLOYMENT CONTRACT [*Jim*]

REPORTS – 10 min. each:

- Operations- Monthly Report
- Engineering Monthly Report
- Accounting- Monthly Financials
- Water/Wastewater Monthly Report
- Commissioners' Reports
- Manager's Bi-Monthly Report (*Jim Smith*) - report attached

GUESTS:

- Don Jarrett- McMillin Jacobs Assoc.
- Dan Wanio- ES Engineering

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

7/11 – KPUD Board Meeting, 2:00pm

Note: Agenda is subject to last-minute revisions which may include the Board calling for an executive session.



Public Utility District No. 1 of Klickitat County

79 Years of Service * 1938-2017

GENERAL MANAGER'S REPORT TO THE BOARD

For the **June 27, 2017** Meeting

AGENDA ITEMS

- A. RENEWABLE NATURAL GAS- Schedule and Budget update [Mike/Kevin] Kobelco, BCCK, and Morrow purchase agreements are in place. Griffith PSA needs to be developed. Miscellaneous equipment purchases will be bid and awarded over the next several months. Williams interconnect agreement is under review. Property purchase and lease closed on May 30, 2017. Republic easement has a verbal agreement; final easement draft is with Republic for signature. Permitting and Engineering are moving forward updates will be discussed at the meeting.
- B. RESOLUTION 1744 APPROVAL- Authorizing Jeff Thayer the Materials Manager to surplus miscellaneous materials.
- C. CALL FOR BID- C.I.C. Conductor Bid 2017/[Jeff] Due to considerations regarding conductor, we had surplus stock on hand, so this contract did expire. After full consideration of the increased savings over spot purchasing and even longer lead times and due to current volatile market conditions, we recommend having a contract in place, which will still the ever-rising costs of conductor for a firm time frame from August 1, 2017 through August 31, 2018, with options to extend.
- D. CALL FOR BID- Miscellaneous Poles Bid 2017/[Jeff] We have enjoyed the benefits of firm pricing and improved delivery: Not subject to market volatility, i.e., price and availability. In addition, the vendor carries specified quantities and sizes of poles in his inventory for immediate release to KPUD in case of storm damage. We recommend continuing to have a contract in place, to avoid volatile market conditions and emergency deliver demand. Bids will be received until July 19, 2017 at 2:00 p.m. Time frame will be from September 1, 2017 through August of 2018.
- E. RESOLUTION No. 1745 – Resolution 1745 authorizes staff to Rescind Resolution 1736 which authorized Leo Perth a Business Credit Card upon his separation.
- F. EXECUTIVE SESSION: Per RCW 42.30.110 (1)(f) of Open Public Meeting Act (OPMA)

NON-AGENDA ITEMS

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1. GM Meeting Attendance:
 - a. June 15 – Public Generating Pool Meeting, Sea-Tac
2. Vehicle Replacement- Truck 37: Jeff Thayer the Purchasing Manager has request quotes from various vendors and will review these quotes prior to purchasing the trucks from either the state bid or joint purchasing group.

3. Wishram Well Replacement Update- As of June 23rd the well depth is at 339'. Advancement has been slow this week due to drilling through Shale and Basalt layers. Flow rate tests were scheduled for today, but due to the drilling issues encountered, did not take place. Due to insufficient yield from the existing wells to meet Water System demand, the replacement well (Well No. 3) is being constructed to be the water system's primary water supply.
4. 101 Bar- Record of Examination (ROE) ISSUED- The Record of Examination (ROE) is Ecology's final permit issuance decision. However, it is an order that has a 30 day appeal period. Due to some court rulings, Ecology will generally start the 30 day appeal period on the date they expect notified parties will have received the ROE. So to be safe a conservative date to assume the 30 day window would start would be late next week. Once the 30 days expires Ecology should issue the permit but there is always a delay of a few days in case an appeal comes in on the last day—appeals are filed on the 11th hour.
5. Lyle Well System Update – An extension request has been filed on our behalf with Ecology by Tom MacDonald. The original dates in the permit stated we would complete drilling in August. Due to the delays with the Gorge Commission approvals, the earliest we could drill would be this fall, and the weather could impact the pad construction and drilling activities. That would move the construction and drilling to spring, however a stipulation of the permitting requires that we do not disturb the area where there might be Meconella Oregana blooming. With that restriction we believe it is probably in our best interest to delay all construction activities until May of 2018. The Gorge Commission did approve our application on June 14th, and the public appeal process ends July 14th. Updates will be provided after the appeal process is over.
6. KPUD Budget Plan Impact- As of today, we have under recovered \$325,000 in electric revenue from winter. We are in the process of revising budgets to ensure 100% recovery of this revenue over the next 12 months. Currently we update budgets annually (in June), or after a rate increase. Some utilities 1) require accounts be settled annually before a new budget is set, 2) while others due a rolling average budget that is recalculated monthly. Both of those options are nice for revenue collection, but don't provide a "set annual amount". If the \$325,000 under-collected is unsettling we would be happy to look into other options for the future.
7. Rimrock Well Discussion- Doug Miller met with Sharon Blodgett to discuss property owner request of the property Well #1 resides on. Contact has been made with the property owner where Well #1 is located in Rimrock concerning the possibility of transferring the well. Loraine Reynolds is the point of contact for the property owner. We presented what KPUD was considering and the property owner feels comfortable with everything except the need to pay the monthly fee immediately. The property owner would like to be able to pay for the meter/installation and backflow device but to waive the monthly fee until someone actually is ready to start using water. The property owner also asked if the Board would consider reducing the requirement of a commitment to be a part of the water system to be only 5 years rather than 10.
8. BPA BP-18 Rate Case Record of Decision- BPA recently released the BP-18 Draft Record of Decision (ROD) covering both power and transmission rates in FY2018 and FY2019. The expected power rate increase is around 5.5% and transmission rates are not expected to change or may decrease slightly. For more details and context regarding the projected rate increase and other BP-18 rate case issues, I encourage you to read Elliot's Draft ROD Preface (attached). Below is a table below that provides a line item breakout of the drivers for the power rate increase.

Power Rate Drivers	
	Estimated Rate Impact
Costs beyond BPA's direct control	7%
BPA's program costs	2%
Debt-management actions	- 4.5%
Replenishing Power financial reserves	1%
Expected overall power rate change	Around 5.5%

Decisions outlined in the Draft ROD are not final. A Supplemental Draft Record of Decision is scheduled for release on June 21, which will address the establishment of a Spill Surcharge, the proposed mechanism for recovering spill costs incurred as a result of the March 27 ruling by the U.S. District Court. The Administrator will make final decisions in the Final ROD, expected to be released July 26. **Customer specific rate impacts will be available shortly thereafter.**