

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners' Meeting**  
Tuesday, December 13, 2016

**AGENDA**

Time: **KPUD Commission Regular Meeting Start Time – 2:00pm**

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

- **Pledge of Allegiance**
- Approval of Minutes – 11/22/2016 Meeting
- Approval of Claims / Vouchers for period ending 12/13/2016 (*Cynthia*)
- Approval of Payroll for period ending 11/27/2016 (*Cynthia*)
  
- ***PUBLIC COMMENT PERIOD***
  
- **REPORTS – 10 min. each:**
  - Commissioners' Reports
  - Manager's Bi-Monthly Report (Jim Smith)  
(*see attached report*)
  - Power Management – November Report (Mike DeMott)
  - Accounting – November Financials (Anita Thompson)
  - Engineering & Operations – Nov. Reports (Ron Schultz & Craig Lohrey)
  - Generation Assets – Nov. Report (Kevin Ricks)

**GUESTS:**

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

- A. **3:00pm** –PUBLIC HEARING: 2017 Operating Budget [*Jim Smith*]
- B. ADOPTION OF 2017 OPERATING BUDGET [*Jim Smith*]
- C. RESOLUTION No. 1731 “To Rescind COO Credit Card” [*Jim Smith*]
- D. CALL FOR BID: Bingen Substation Structural Steel [*Ron Schultz*]
- E. RESOLUTION No. 1732 “Cancellation of Outstanding Warrants” [*Anita Thompson*]
- F. ACCOUNTS RECEIVABLE WRITE-OFFS [*Brandy Myers*]
- G. POLICY BULLETIN No. 51 “Customer Data Privacy” [*Brandy Myers*]
- H. CONSERVATION PROGRAM MANAGEMENT [*Mike DeMott*]
- I. DRAFT RESOLUTION RE: Special Equipment & Conditions [*Jim Smith/Kevin Ricks*]
- J. RESOLUTION No. 1730 “In Recognition of Commissioner Mosbrucker's Service”
- K. ADJOURNMENT

**FOR THE GOOD OF THE ORDER:**

12/26 – Christmas Observed, KPUD Offices Closed

12/27 – KPUD Board Meeting, 2:00pm

01/10 – Joint Meeting with Klickitat Board of County Commissioners, 11:00am

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

78 Years of Service \* 1938-2016

## GENERAL MANAGER'S REPORT TO THE BOARD

For the December 13, 2016 Meeting

### AGENDA ITEMS

- A. 3:00pm – PUBLIC HEARING – The public hearing will be opened by President Mosbrucker at 3:00pm as advertised. Jim Smith will give a presentation to the public on the proposed 2017 operating budget. The floor will then be opened for public comments.
- B. ADOPTION OF 2017 OPERATING BUDGET – Unless the Board has further revisions to the proposed budget as a result of public input, I am recommending that the Board approve the 2017 operating budget as presented.  
  
Per Policy 3 - Compensation of Non-Union Employees, I am recommending that the Board authorize a 2% cost of living adjustment for non-union staff. The appropriate indexes are attached. These numbers are included in the 2017 operating budget, and they are unchanged from the previous drafts.
- C. RESOLUTION No. 1731: Rescind Ron Ihrig's Credit Card – Due to Ron Ihrig's retirement, I am asking that the Board adopt Resolution No. 1731, thereby rescinding Ron's Klickitat PUD business credit card authority.
- D. CALL FOR BIDS: Bingen Substation Structural Steel – Staff is requesting Board approval to advertise a call for bids for the Bingen substation structural steel, with a bid opening date of January 5, 2017.
- E. RESOLUTION No. 1732: Cancellation of Outstanding Warrants – Anita Thompson and Nichole Lantau are recommending that the Board adopt Resolution No. 1732, thereby authorizing cancellation of unclaimed warrants for 2015 in the amount of \$2,541.25, as per RCW 36.22.100.
- F. ACCOUNTS RECEIVABLE WRITE-OFFS – Brandy Myers and Beth Schroder are asking for the Board's approval to write-off accounts that have been uncollectable to date, in the amount of \$37,801.81. Our staff continues to collect on these debts after being written off.
- G. POLICY BULLETIN No. 51: Customer Data Privacy – Brandy Myers is presenting a new Customer Data Privacy Policy for the Board's review and approval. This policy supports Resolution No.1722 that was adopted by the Board on October 11, 2016. It also addresses the obligations of small utilities under RCW 19.29A and other applicable Washington State laws regarding the collection, use, disclosure, and protection of personally identifying information of KPUD customers.
- H. CONSERVATION PROGRAM MANAGEMENT – Mike DeMott is presenting information regarding our conservation program in regard to funds management for discussion purposes only at this time.

- I. DRAFT RESOLUTION RE: Special Equipment and Conditions – For your consideration and comment, Kevin will be presenting a draft resolution that provides the basis for the Board to deviate from standard bid procedures to ensure our ability to minimize the risks for acquiring the process “systems” that would be required if we move forward with the renewable natural gas project. The proposed resolution takes advantage of specific RCW rules and we have legal advice that doing so is within the Commission’s authority.
- J. RESOLUTION No. 1730 – In Recognition of Commissioner Mosbrucker’s 12 years of Service.

## **NON-AGENDA ITEMS**

1. GM Meeting Attendance –
  - WPUDA, December 1-2, 2016.
  - Columbia River System NEPA public meeting, December 6<sup>th</sup>, Gorge Discovery Center.

This was a very well thought-out meeting. It was not the open public meeting forum I expected. As a result, there were no “protest” type situations. Comments were taken via submitted letter, a stenographer or could be submitted later. It was set up with a short video and then stations with expert staff in specific areas under review as part of the NEPA process. I found it very informational and I learned a great deal. I have more questions as a result of the sessions, which I guess was the whole point. I will be submitting comments to the Agencies prior to the January 17<sup>th</sup> filing deadline.
  - BPA Competitive Rates meeting, December 7<sup>th</sup> – Public Power Council offices, Portland.

BPA continues to move toward long-term rate planning and revising their budgeting and cost control process, but it is very slow. I think that they honestly believe they are moving quickly, but it is apparent to me that “low” rate increases are their target, not reductions or even as much cost cutting as they can do. There is much talk about their other obligations but it feels to me that there is no attempt to compensate for these costs or the commitment to fundamentally change how they approach these responsibilities.
2. Wishram Water Well: Public Bidding/CDBG – I am asking the Board to authorize me to sign the Call for Bid documents and ultimately the bid award letter for the Wishram water well. Our policies require a sealed bid and Board authorization for projects over \$300,000. This project is significantly less than \$300,000 and we would normally do this via the small works roster. However, CDBG requires a sealed bid process. By authorizing me to move forward, we believe that we will save about 3 weeks on the overall schedule while meeting all necessary requirements of our policies, public bid law and CDBG.
3. State Exit Audit – President Ray Mosbrucker attended our exit conference. There were no findings and we received a clean audit. As in past years, the Auditor suggested several policy and procedural changes that we will look at and will probably implement. I would like to express to the Board my continued appreciation for our staff’s willingness to engage with our Auditors in a manner that makes the process much more valuable than just a traditional “compliance” process. They are not pushovers when we disagree with the Auditors, but there is a definite willingness to listen and improve when and where we can.
4. McNary Hydro Fishway Project Status/Update – On December 9, 2016 HCMS finished repairs and testing on the wicket gates. Twelve complete cycles of the wicket gates were completed with no signs of leakage. Commissioning activities are scheduled to resume during the week of February 6, 2017. Northern Wasco PUD is in discussions with the contractor at this time, to determine costs and responsibility for the failure.

5. Bond Payments -- On December 1, 2016, the District completed payments on its 2006, 2009, 2011 and 2015 Bonds. The total amount paid of \$15,937,592 included scheduled principal payments of \$3,710,000, interest payments of \$3,452,592, and payoff of the remaining portion of the 2006B Bonds of \$8,775,000.
6. Skamania PUD Appoints Acting General Manager – Skamania PUD has announced that they are appointing their current Manager of Finance and Administration, Randy Payne, as their Acting General Manager effective December 1<sup>st</sup> until the Board has time to fill the position permanently. This is following the resignation of Brent Bischoff, who has accepted a position with Grant PUD.
7. Health & Welfare – Due to our recent review of our utility’s health care costs, I will be implementing a 5% increase to premiums effective January 1, 2017. The last premium increase was in 2012. With this increase affecting our retirees as well, I plan to meet with the Goldendale area retirees on January 11<sup>th</sup> and the White Salmon area retirees on January 12<sup>th</sup>.
8. Energy & Commerce Committee – Congressman Greg Walden has been elected as the incoming Energy & Commerce Committee Chair. He was elected by the Republican Caucus to Chair the committee next Congress. He has been a strong supporter of consumer-owned utilities and is very familiar with our mission to our consumers and the challenges we face. He has an open door policy for NWPPA and its members.
9. King County Utilities – Enclosed is a memo from John Kounts regarding King County’s newly adopted ordinance imposing annual right-of-way “rental fees” on all utilities whose service lines lie in unincorporated county right-of-ways. King County Executive, Dow Constantine is in support of the ordinance and will therefore be enacted, further raising the possibility that this measure might become a precedent for other counties. In response, Puget Sound Energy sent a letter to Mr. Constantine (enclosed) noting their concern regarding King County’s new franchise fee ordinance.
10. BPA Rolls Out Coming Changes to EE Program – The following is an excerpt from PPC’s October issue of their “Wire to Wire” newsletter: “BPA Recently sent a letter to the region outlining changes it will make to its energy efficiency program. Over the last year public power has continuously pushed BPA to make certain improvements to its EE program. Public power’s proposals had three-prongs, asking BPA to: 1) accurately right-size its program goals; 2) reconsider the amount of assumed utility self-funding to provide greater flexibility; and 3) find program efficiencies and reduce administrative hurdles to utilities in order to streamline EE acquisition. In its letter, BPA did not go as far as many had hoped. But, the agency did commit to developing a methodology to right size its program, will propose some increase its assumption of utility self-funding in the next rate period to offer utilities some added flexibility, and is in the process of internal review to reduce impediments for EE savings acquisition.” BPA’s letter to the region is enclosed.
11. BPA’s Senior Vice President Retires – Enclosed is an announcement that Mark Gendron is retiring in March, 2017. He is BPA’s Senior Vice President of Power Services.