

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, May 24, 2016
2:00pm

CALL TO ORDER: President Ray Mosbrucker called the meeting to order at 2:00pm.

PRESENT: Commissioners Ray A. Mosbrucker-President and Randy L. Knowles-Vice President.

STAFF PRESENT: Jim Smith-General Manager, Ron Ihrig-Chief Operating Officer, Kevin Ricks-Generation Assets & Special Projects Manager, Anita Thompson-Controller, Gwyn Miller-H.R. Manager, Mike DeMott-Interim Power Manager, Ron Schultz-Chief Engineer, Rob Rising-Line Superintendent, Cynthia Bruce-Accts Payable/Accounting Clerk, Jeff Thayer-Materials Manager, and Kathy Loveland-Executive Assistant.

GUESTS: None.

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

MINUTES: **MOTION** was made by Commissioner Randy Knowles to approve the May 10, 2016 meeting minutes as amended. Motion carried.

CLAIMS & PAYROLL: Presented by Anita Thompson and 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 this 24th day of May, 2016.

MOTION was made by Commissioner Randy Knowles to approve the following as presented:

- Accounts Payable Voucher numbers 106570 through 106697 in the total amount of \$566,163.96 and Wires, ACH and EFT numbers 8800483 through 8800492 in the total amount of \$5,418,530.76 for the period ending May 24, 2016; and
- Payroll Warrant numbers 43280 through 43281 and ACH Direct Deposit Payroll transactions 9915401 through 9915477 in the total amount of \$164,640.29 for the payroll period ending May 15, 2016.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

COMMISSIONER DAN GUNKEL (absent)

COMMISSIONER RANDY KNOWLES asked again that the Board reconsider their decision to enter into a long-term energy sales agreement as contemplated. Commissioner Mosbrucker responded that he would prefer that the entire Board be present to do so. Commissioner Knowles also reported that he attended the Glenwood customer meeting along with Jim Smith and Ron Ihrig on May 17, 2016. Only 2 members of the community were present.

COMMISSIONER RAY MOSBRUCKER reported that he attended the NWPPA annual conference in Tulalip, WA on May16-18, 2016. One of the main topics of discussion was preparing for disasters; most importantly having auxiliary power for communications. Commissioner Knowles commented that the Corps of Engineers is going through an earthquake scenario, with the assumption that their Portland office would be gone. Their drill is to determine communication pathways and who to communicate to, possibly somewhere in Idaho for regional back-up. Jim Smith noted that Klickitat County is also putting together an emergency management plan.

Commissioner Mosbrucker also reported that he has been re-elected to serve on Energy Northwest's Participants Review Board (PRB), as was also elected as Chairman of that group.

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 provided a presentation from the Department of Ecology on the proposed carbon rule concepts and timeline. The draft clean air rule (CAR) is expected to be released next week. Public meetings will be held in mid to late June, with comments due the 2nd week in July. The Final Rule is due by the end of summer.

The Public Generating Pool's (PGP) analysis indicates that the CAR will increase costs to Washington Natural Gas Combined Cycle (NGCC) as well as other impacts to PGP Interests. Therefore the PGP group will be sending requests for modification of the CPP to Ecology as well as attending public meetings to provide comments.

Mr. Smith announced that Klickitat Valley Health's wellness program will be on site in the Goldendale office on Wednesday June 15th, from 7:00 AM until 10:00 AM for Blood tests. Diagnostic imaging screens are also available by appointment at KVH (773-1020) Monday–Friday, 8am-5pm.

Mr. Smith also noted that the District would be participating in the Backpack for Kids Program, of which CenturyLink is partnering with this year. They will be matching the amount of donations received from June 6-17, 2016.

The report was accepted as presented.

POWER MANAGEMENT – Mike DeMott presented the monthly department report for April, 2016 which included: White Creek (W.C.) Wind Economics, Short-term weather/slice outlook, short-term slice forecast, 2016 Mid-C power prices, Mid-C calendar strips, Henry Hub natural gas prices, KPUD High Load Hours/Low Load Hours Net Position, Near Term Financial Net Position, Physical Position review for April, April Swap outcome, Additional financial hedges, Citigroup credit exposure, W.C. historical generation, Rock Creek to COB Transmission, Net metering incentive .5% cap scenario, and net metering incentive scenario final thoughts.

Mike also reported that he anticipates that we will have guests at future Board meetings later this summer as the net metering incentive program continues. Anita Clever was present to answer any questions the Board may have regarding the program. The report was accepted as presented.

ACCOUNTING – Anita Thompson presented the monthly financial report for March, 2016 that included the Income Statements for Revenue and Expenses, a Cash Flow statement, as well as an outline of investment interest rates. The first quarter year-end budget forecast was included in the report as well. The report was accepted as presented.

OPERATIONS – Ron Ihrig reviewed the outage statistical data for the month of April, 2016. He also reported that he has been following up with real estate agents regarding water and wastewater stand-by fees that are outstanding on properties for sale. Our attorney has indicated that we do not have the right to put liens on property in these situations. Therefore we will be investigating other options of attaching some type of notice on properties to contact the PUD for possible outstanding or past due bills owed.

Ron Schultz presented an update on projects the engineering department is working on. He also noted that he and Jim Smith met with PacifiCorp regarding acquisition of the Condit to Bingen line.

Rob Rising presented the Board with an outline of plans for vehicle purchases, including descriptions of the vehicles that need to be replaced due to mileage and/or hours of usage and the cost of maintaining such.

The reports were accepted as presented.

GENERATION ASSETS – Kevin Ricks presented the monthly H.W. Hill LFG report for April, 2016 noting that the average station output was 18.3 MWs; theoretical maximum was 8.45 average MW, and reliability factor was 99.44%. Combustion Turbine 2 tripped when operators were attempting to change compartment ventilation air inlet filters. A bump in the air pressure activated the fire suppression system. A revised procedure for changing the filters will be implemented. A layoff at the facility was also implemented as of yesterday to reach budgeted staffing levels. The report was accepted as presented.

AGENDA ITEMS:

- A. **BID AWARD** – **MOTION** was made by Commissioner Randy Knowles to award the bid for the Bingen Substation Power Transformer to Virginia Transformer Corporation in the amount of \$385,709.00 excluding taxes. Bids were opened on May 12, 2016 at 2:00pm as advertised. Motion carried.
- B. **CALL FOR BID**: **MOTION** was made by Commissioner Randy Knowles to authorize staff to advertise a call for bids for Collection & Recycling Service for Scrap Metal 2016, with a bid opening date of June 15, 2016 at 2:00pm PST. Motion carried.
- C. **3:30pm PUBLIC RATE HEARING**: President Mosbrucker opened the public rate hearing at 3:30pm as advertised. Ron Ihrig gave an overview of staff's recommendations for rate revisions to the 9 water systems and 5 wastewater systems of which the District owns and/or operates. Ron noted that staff has met with each of the communities where we have water and / or wastewater systems prior to today's hearing and discussed their rates with them.

President Mosbrucker then opened the floor to public comments. Hearing none, the hearing was closed at 3:40pm.

- D. RESOLUTION No. 1713: Following the public rate hearing, **MOTION** was made by Commissioner Randy Knowles to adopt Resolution No. 1713, thereby approving the revised rates for the water and wastewater systems as recommended, effective on all bills issued after May 31, 2016 as outlined on Attachment A1 of the resolution. Motion carried.
- E. RESOLUTION No. 1714: **MOTION** was made by Commissioner Randy Knowles to adopt Resolution No. 1714, thereby approving of the updated Water Use Efficiency Goals for each water system which were originally established and approved via Resolution No. 1560 on May 25, 2010. These goals are to be evaluated and re-established every six (6) years and/or any time a water system planning document is submitted to the Department of Health for approval. Motion carried.
- F. RESOLUTION No.1715: Following discussion regarding the pros and cons of switching from the Slice product to a Load Following customer with BPA, **MOTION** was made by Commissioner Randy Knowles to adopt Resolution No. 1715, thereby authorizing the General Manager and/or his designees to execute the “Right to Change” option of the power purchase agreement No. 09PB-13059 between the Bonneville Power Administration and Klickitat PUD, to become effective 10-1-2019. Motion carried.
- G. EXECUTIVE SESSION: (per RCW42.30.110 for the purpose of discussing personnel matters). The Board elected to not go into an Executive Session, but instead moved forward with the following action:
MOTION was made by Commissioner Randy Knowles to authorize the President of the Klickitat PUD Board of Commissioners to sign the renewal contract between the District and the General Manager with amended contract terms as previously discussed. Motion carried.

ADJOURNMENT – There being no further business, the meeting adjourned at 4:40pm.

Ray A. Mosbrucker, President

Randy L. Knowles, Vice President

Dan G. Gunkel, Secretary
Date Approved: _____

Kathy Loveland, Executive Assistant