

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, July 26, 2016
2:00pm

CALL TO ORDER: President Ray Mosbrucker called the meeting to order at 2:34 pm meeting was delayed from the advertised time, due to Commissioner being delayed by local road construction.

PRESENT: Commissioners Ray A. Mosbrucker-President and Dan G. Gunkel-Secretary.

STAFF PRESENT: Kevin Ricks-Generation Assets & Special Projects Manager, Gwyn Miller-H.R./I.T. Manager, Ron Ihrig- Chief Operating Officer, Cynthia Bruce-Accts Payable/Accounting Clerk, Brandy Myers- Customer Service Manager, Ron Schultz- Chief Engineer, and Luann Mata- Engineering Administrative Assistant.

GUESTS: None.

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

MINUTES: **MOTION** was made by Commissioner Dan Gunkel to approve the July 12, 2016 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by 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 26th day of July, 2016.

MOTION was made by Commissioner Dan Gunkel to approve the following as submitted:

- Accounts Payable Voucher numbers 107115 through 107240 in the total amount of \$516,934.52 and Wires, ACH and EFT numbers 8800517 through 8800527 in the total amount of \$1,175,443.99 for the period ending July 26, 2016; and
- Payroll Warrant numbers 43288 through 43289 and ACH Direct Deposit Payroll transactions 9915721 through 9915802 in the total amount of \$172,463.78 for the payroll period ending July 10, 2016.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

COMMISSIONER DAN GUNKEL reported that he has no report at this time.

COMMISSIONER RANDY KNOWLES – Was absent from this meeting.

COMMISSIONER RAY MOSBRUCKER reported that he attended the WPUDA Commissioners meeting in Port Angeles. Clallam County PUD has a new office building and warehouse. They had the opportunity to purchase a former Costco building to use as their warehouse, there was enough property acquired in the purchase that they were able to build a new Office and have sufficient parking for all vehicles, employees and customers. This purchase also allowed for all operations to be housed in one location. They stated this has been a successful project and rate payers seem happy even with the rate increase implemented due to the construction.

GENERAL MANAGER'S REPORT – The complete report can be found at:

http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, the following information was presented to the Board:

- Condit- Bingen Transmission Line Acquisition - Ron S. to discuss in Jim's absence. This will fall under the operations portion of the meeting.
- Clean Air Rule- Kevin will discuss during the executive session. Commissioner Mosbrucker stated that he spoke with Dave Warren at WPUDA about the rule and the general consensus is that it does not meet any of the current laws in place and that it would go against the standard regulations that landfill gas was designed around.
- Employee Safety- Policy 21 review will be discussed under the operations report section.

- Performance Reviews- These are underway and should be completed on schedule.
- Buildings Update- There was new carpet installed in Administration and the hallway to the Lunch room. Installation went well, had multiple employees assisting with the move of the office equipment and then moving it back upon completion of the installation. Project was overall successful with minimal interruption to daily processes.

HR QUARTERLY REPORT-

- Health Care- Our health care costs are on the rise again this year. There are multiple assumptions as to why this is happening, but it could exceed our 2012 costs which were our highest to date. If claims continue to rise we could be required to increase our premiums 3-4%. That would be if we changed nothing regarding our plan coverage. We have not had any discussions recently regarding the restructure of our plans. Concern is that an increase impacts everyone, but it is a much larger impact on our retiree's as they pay the entire premium.
- Workman's Comp Claims- There have only been two (2) Workers Comp claims this year, both were hand/wrist injuries.
- Recruitment Update- We are currently actively recruiting for the 2nd Staking Engineer to replace Miquette Ihrig's position in White Salmon. We had several acceptable candidates from the initial interviews that our plan is to hire from that original pool of applicants. The Meter Reader position is closed and testing of potential candidates will be completed this week. Interviews will be scheduled for the first week of August. We have withdrawn our CFO search. Ron Ihrig will be working in the office two (2) days a week.

ACCOUNTING REPORT- Anita Thompson was not present to present. Will follow- up next meeting

OPERATIONS REPORT-

- New Hire- We have hired Aaron Estey as our new White Salmon Staking Engineer. He will replace the position that has opened up with Mike Blumenstein's retirement at the end of July. He worked for Century Link for approximately 20 years, so he knows our area and is familiar with some of equipment and processes. Miquette Ihrig will be retiring in October, so we are still currently looking for the person who will fill that position.
- Water Right Contract- We are currently working out contract language for the Water Use Contracts with 101 BAR. Discussions are being held and requirements for both parties are being determined.
- System Reliability- We had 747 Outage hours in June. Most of those hours were associated with a breaker failure in the Darland Substation. With the anticipation of lightning storms going through, we anticipate that we may see some underground outages associated with these storms. We are currently meeting our reliability goals for 2016.
- Cliffs water rights- With the anticipated load that 101 BAR will bring, we will be required to build a new substation to meet their need. Our plan at this time would be to build a 34.5 kV feeder out of the Energizer Substation. With the information provided to date, we anticipate about a 10 MGW load. They would like to have the Substation operational in 18 months. We have notified them that we cannot meet that deadline. So we are looking at temporary options. The company is looking to build a winery and hotel. This may provide us with an opportunity to utilize our fiber for internet and telemetry services. If we do this our estimate is that we may be able to get our fiber to the river by 2019. Our substation estimate at this time is approximately 3 million if we include the Energizer upgrades.
- BPA Outages- Jim Smith and Ron Schultz met with BPA regarding their Rock Creek Substation outage scheduled for 2017. Due to customers being served from our White Creek Substation we were looking at alternatives to meet our customer required load during their maintenance outage. Our thought was that if we built a tie to the Harvalum 230 line outside of our Linden Switch we could keep White Creek in power by bypassing Rock Creek Sub. Our request at this meeting was to have BPA provide some compensation to assist with the required upgrades to complete the project. BPA was unwilling to contribute to project costs; they stated they may contribute funds towards the required studies, but not much more. We also approached White Creek Wind, as this would keep their station service on during the outage, however they are not willing to contribute at this time either. BPA did concede to push the outage out from 2017 to 2019 which give us a little more time to plan.
- Engineering Update- Electrical Consultants Inc. (ECI), an engineering firm out of Montana that we have used for years, has just opened a Portland office. We are out for bid on the circuit switcher for the Bingen Substation. We plan to award this bid at our August 9th Meeting. A Purchase Order was issued for the Lyle Tap Switch. BPA has changed adjusted their costs for this project, we are negotiating with them now. We should have a design complete by tomorrow.
- Pacific Corp Line Acquisition We received a draft agreement yesterday. There are two exhibits One (1) to be filed with FERC and the other with the state. This approval process may take some time. Diane Stoke will work with us on the easement acquisition portion. We still have not received the shape files. These will assist us in detecting any gaps in the line

coverage that may require follow up or additional easements being acquired. Ron Schultz will contact land owners should we need any additional easements. Jim Smith and Mike DeMott are looking at the transfer agreements. They are also looking at a Generation Transmission Agreement that could potentially be worth \$125,000 per year as potential revenue on this line. Crossing costs are still \$250,000, however if we wait 10 years there is a possibility we may get the crossing for nothing as Pacific Corp will no longer have a use for the crossing due to infrastructure changes they are implementing. BPA has not expressed any interest in purchasing this crossing.

- Substation Upgrades- We are still planning to build an additional substation in the Alderdale area to meet the requests that we have received from Mercers and other parties. Anticipate a new sub in this area in 2018. Engineering has been working the Jim Smith and Mike DeMott regarding the additional power need that is anticipated in the upcoming years. We have had discussions regarding the possibility of issuing a Contract to buy a block if needed. Our excess power available under our Tier 1 rates is about maxed out.
- BPA discussion- We have a New Customer Service representative for our area, BPA has been bombarded with Solar Array's on the West side of the state wanting transmission agreements.
- Water/Wastewater Update- Wishram's lower well VFD has been kicking out, meter shop has installed a telemetric alarm and it has been adjusted to alarm when the reservoir gets down to 14 ft. This however still restrains the system from normal operation, so the alarm has been readjusted to alarm at a higher level. One item that meter shop identified in our process is that when contractors install or work on equipment in our system we need to provide our VFD set up parameters to the contractor. This would alleviate some of our recent issues. We didn't run out of water this time. The Wishram Fire chief rejected our proposal of bringing in two 8500 gallon water tanks from LFG, to use for fire suppression outside of the Wishram town limits. KPUD is still not allowing anyone to draw water from the system for fire suppression outside of the district. Communications are still an issue. There is line of site between the two wells and may use radios for communications, there would be a monthly cellular service cost for this option.
- Credit Card Payment Processing- PSN is our credit card processing provider. We have been using this service since we were instructed by PCS, our Accounting/Customer service vendor stated they were the only company they would work with for this option. We have undergone major discussions recently with PCS, we have had some major issues with PSN's product being unreliable and have asked PCS to reconsider PSN being the only authorized service to use. Around the 1st of July PCN's system was the attacked, which after some research we found had taken down our payment processing service for several days. Then on the 19th of July their system was temporally down, which effected our credit card payment processing again. We require reliability for our customers and this service is unacceptable. We will be diligent in our efforts to rectify this situation.

AGENDA ITEMS:

A. PRE-QUALIFICATION OF CONTRACTORS *(Ron I) approved*

MOTION was made by Commissioner Dan Gunkel to authorize staff to approve the qualification of contractors James Dean Construction and Cipriano Excavation as presented. Motion carried.

B. POLICY BULLETIN 21 REVISIONS *(Brandy M.)*

MOTION was made by Commissioner Dan Gunkel to authorize the approval of the Revision Policy Bulletin 21 as presented. Motion carried.

C. EMERGENCY DECLARATION- WAVING OF COMPETITIVE BIDDING REQUIREMENTS DUE TO EMERGENCY *(Kevin R.)*

MOTION was made by Commissioner Dan Gunkel to authorize waiving of the competitive bid requirements due to the emergency situation incurred at LFG with the generator. Motion carried.

D. EXECUTIVE SESSION- CONTRACT NEGOTIATIONS LFG

President Mosbrucker called for an Executive Session at 3:42pm per RCW42.30.110 for the purpose of discussing contract negotiations for Landfill Gas (LFG), noting that the session would last for 15 minutes.

