

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners' Meeting**  
Tuesday, March 14, 2017

**AGENDA**

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

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

➤ **Pledge of Allegiance**

- Approval of Minutes – 2/28/2017 Meeting
- Approval of Claims / Vouchers for period ending 3/14/2017 (*Cynthia*)
- Approval of Payroll for period ending 3/05/2017 (*Cynthia*)

➤ **PUBLIC COMMENT PERIOD**

➤ **REPORTS – 10 min. each:**

- Commissioners' Reports
- Manager's Bi-Monthly Report (*Jim Smith*)  
-(see attached report)
- Generation Assets (*Kevin Ricks*)

**GUESTS:**

- Jonathan Hoff, Attorney at Law  
with K&L Gates

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

**A. PRE-QUALIFICATION OF CONTRACTORS** [*Rob Rising*]

**B. 3:30pm - EXECUTIVE SESSION** Per RCW42.30.110(1) RE: H.W. Hill Landfill Gas Contracts

**C. ADJOURNMENT**

**FOR THE GOOD OF THE ORDER:**

3/15 – Goldendale Kiwanis, 7:00am, Simcoe Café, Goldendale  
3/21 – White Salmon-Bingen Rotary, 12:00, White Salmon  
3/22 – Klickitat Customer Meeting, 6:30pm, Klickitat  
3/29 – Wishram Customer Meeting, 5:00pm, Fire Hall, Wishram

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 March 14, 2017 Meeting

### AGENDA ITEMS

- D. PRE-QUALIFICATION OF CONTRACTORS – Staff is requesting Board approval to add two new contractors to KPUD's Small Works Roster for the 2017 calendar year, as they have met our qualification requirements. They are: TK Contractors LLC of Rathdrum, ID and Sturgeon Electric Co. of Troutdale, OR.
- E. 3:30pm EXECUTIVE SESSION – We would like to request that the President call for an Executive Session per RCW42.30.110(1) for the purpose of discussing H.W. Hill Landfill Gas contracts. Jonathon Hoff, K&L Gates will be present via teleconference.

### NON-AGENDA ITEMS

1. GM Meeting Attendance:  
March 1 – Trout Lake Customer Meeting  
March 9 – PPC Executive Committee  
March 10 – Powerex
2. BPA's Financial Outlook – BPA is potentially facing two major rate issues in the coming months. First, NOAA, the Army Corps of Engineers and the Bureau of Reclamation are actively working on the new Biological Opinion (BiOp) and the new NEPA process as a result of Judge Simon's ruling that the current 2014 BiOp is illegal. He had also stated that the region would continue with the current river operations under the current BiOp until the new process is completed in 3 to 5 years. Recently however, the State of Oregon asked the Court for injunctive relief and asked that the spill levels be increased. I also heard that although Washington State has always opposed this position, their view may be changing even though they have not formally filed anything in support. Oregon is also requesting that 9 specific projects currently underway be stopped. This appears to be because the projects are intended to improve fish survivability and that works against dam removal. The issue here is that with the amount of spill being requested, along with the capital changes, there is an estimated potential for a 6% impact in electric rates. Given that spill season starts in April, the Judge is likely to decide this issue quickly. **Attached** [2.a] is the PPC full report on this subject for your review.  
Second, BPA's surplus revenues are continuing to fall which is no surprise, given the markets we have been seeing. The forecasts are that surplus revenues could be as much as \$100 million below budget. Normally \$20 million is about 1% in rates, so this could be 5% in addition to the fish issues above. This has led to a year-end forecast that cash reserves availability for risk is falling to essentially zero. This may drive a Cost Recovery Adjustment Clause (CRAC) one time rate charge. The laws / rules surrounding a CRAC would require BPA to implement a CRAC without any Administrator discretion if the revenues available for risk fall below negative \$5 million. BPA management has stated they are trying to avoid a CRAC by reducing expenditures. **Attached** [2.b] is an email communication from our BPA account executive for your review.

3. Customer Meetings – Attached [3.a] is the latest schedule for Community meetings. Please let Kathy know if you will be attending.
4. Strategic Planning – Therese Hampton would like to set up some dates for the first couple of planning sessions with the Board and senior staff. She is recommending March 30<sup>th</sup> and potentially April 14<sup>th</sup> if necessary. I would like to get your input on these dates at the meeting next week. Location is yet to be determined.
5. Financial Reports – As a follow-up to last meeting's discussion regarding LFG power sales, Mike DeMott will be providing revised 2018-2021 forecasted financial statements with the impacts of the Powerex power purchase agreement incorporated, for review and discussion
6. Customer Survey Awards – We survey our electric customers every-other year and have historically awarded three \$100 account credits to customers whose names are drawn from each of the 3 commissioners' districts. This year we would like to change our award process to encourage more customer participation and would like to award six (6) \$50 account credits. This will improve our ability to address customer concerns since it is a more bundle of ZIP codes. Additionally we would like your approval to award two (2) \$50 account credits for customers who engage with Klickitat PUD via social media. When customers "Like/ Follow" us on Facebook, it increases our ability to reach customers with important messages and outage information. The award would encourage social networking with our customers. At this point we are "Liked/ Followed" by over 600 people.
7. Benton REA – In September, the Yakama Nation informed Benton REA of its intention to provide electric service to everyone within the external boundaries of the Yakama Nation Indian Reservation through its utility, Yakama Power. After reviewing their options, Benton REA felt this proposal was the best solution for all members. When put to vote, the members voted 3,458 to 384 in favor of the transfer of electric facilities within the Yakama nation Indian Reservation boundaries to Yakama Power. Benton REA will continue to serve the nearly 14,000 accounts that are outside the Yakama Nation Indian Reservation.
8. Storm Recovery Costs – We received the following announcement from the State office of Emergency Management, "Right now it does not look like we will have enough damages statewide for a presidential disaster declaration, but keep an eye on things and let us know if you have any significant costs or damages. We are starting to see river flooding and damages to roads and railroads from the rain the past few days. If you learn about anything more, feel free to contact us."
9. DOE Retirement – Tom Loranger has given notice that he is retiring as manager of the Department of Ecology's Water Resources Program at the end of June. Deputy Director Polly Zehm is planning to have a new Program Manager onboard before his retirement to ensure a smooth transition.
10. H.W. Hill LFG Plant Reciprocating Engines – H.W. Hill Air Operating Permit states that "it shall be grounds for rescission...if operation of the facility is discontinued for a period of 18 months." Staff and Ecology have previously agreed to maintain the portion of the Air Operating Permit that pertains to the recip as active, maintaining the units available for backup. After 60 months of inactivity, it's becoming more difficult for ecology to justify a waiver on this language. Additionally, having the recip engines as a source of potential emissions will make permitting of a possible RNG facility more difficult. Staff is seeking direction from the Board concerning future of the recip engines.