

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
Tuesday, January 10, 2017  
2:00pm

**CALL TO ORDER:** Vice-President Randy Knowles called the meeting to order at 2:00pm.

**PRESENT:** Commissioners Randy L. Knowles-President, Dan G. Gunkel-Vice-President, and Doug B. Miller-Secretary.

**STAFF PRESENT:** Jim Smith-General Manager, Craig Lohrey-Operations Manager, Gwyn Miller-Director of HR & Business Services, Kevin Ricks-Generation Assets Manager, Mike DeMott-Interim Power Manager, Ron Schultz-Chief Engineer, Anita Thompson-Controller, Rob Rising-Line Superintendent, Cynthia Bruce-Accts Payable/Accounting Clerk, and Kathy Loveland-Executive Assistant.

**GUESTS:** None.

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

**MINUTES:** **MOTION** was made by Commissioner Dan Gunkel, seconded by Doug Miller to approve the December 27, 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 10<sup>th</sup> day of January, 2017.

**MOTION** was made by Commissioner Dan Gunkel to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher numbers 108678 through 108743 in the total amount of \$721,817.12 and Wires, ACH and EFT numbers 8800621 through 8800626 in the total amount of \$125,946.13 for the period ending January 10, 2017; and
- Payroll Warrant numbers 43320 through 43321 and ACH Direct Deposit Payroll transactions 9916697 through 9916776 in the total amount of \$175,054.74 for the payroll period ending December 24, 2016.

Motion carried.

**PUBLIC COMMENTS:**

**REPORTS:**

**COMMISSIONER DAN GUNKEL** reported that the Klickitat County Economic Development strategic planning session scheduled for tomorrow has been cancelled due to bad weather.

**COMMISSIONER RANDY KNOWLES** – No report at this time.

**COMMISSIONER DOUG MILLER** reported that he had been sworn into office at the Klickitat County Courthouse in December, and that he has spoken to all the appropriate PUD staff to get everything done and signed as a new Commissioner.

**GENERAL MANAGER** – The complete report can be found at:

[http://www.klickitatpud.com/topicalMenu/commissioners/GM\\_Reports.aspx](http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx)

In addition to the written report, Mr. Smith presented the following information:

- Retirement Plan – Per Mr. Smith's explanation and recommendation, **MOTION** was made by Commissioner Gunkel to authorize the General Manager and/or his designee to sign the documents required to implement a retirement plan for Craig Lohrey through ICMA, specifically a 401(a) plan in lieu of PERS, given the regulatory restrictions due to Mr. Lohrey's retirement from Tacoma Power. Motion carried

- Municipal Bonds are under review again by legislature in D.C. with the congress considering the value of tax-exempt bonds. NWPPA has been working with other groups to lobby to preserve the current laws and reject the notion of reducing or eliminating the tax exemption for municipal bonds. Mr. Smith reported that he has submitted comments via NWPPA to support retaining tax exempt financing as necessary for improvement of public infrastructure.
- WA Legislative Priorities – Mr. Smith provided the Commission with the Washington PUD Association’s (WPUDA) official list of legislative priorities that they will use to guide their legislative activities during the 2017 session. The legislative regular session is slated to be from January 9, 2017 through April 23, 2017.
- Klickitat County Economic Development (EDA) – EDA’s draft strategic plan includes a section on clean energy technology. Clean energy technology is a recognized term used by the Department of Commerce that includes renewable electric generation infrastructure. They are currently looking to continue to position the County for expansion of wind projects and the potential John Day Pumped Storage project. They are looking to support our HW Hill Landfill Gas to Energy project. Mr. Smith has submitted language to the County to include our potential RNG efforts. Jim asked that EDA involve him when it comes to developing and reviewing action plans.
- Organization Memberships – Mr. Smith reviewed the PUD’s list of organizations that we are members of, and made recommendations for representation given Ron Ihrig’s recent retirement and Doug Miller’s election as District 2 Commissioner. The recommendations for appointments were accepted and the list will be revised with these updates and distributed to Commissioners at the next meeting.
- WPUDA Day on the Hill – The Washington PUD Association has once again scheduled a “Day on Capitol Hill” for its PUD members on February 16, 2017. Commissioner Knowles will discuss the event further with Liz Anderson with WPUDA, and then make a decision on participation.

**GENERATION ASSETS** – Kevin Ricks presented the monthly H.W. Hill LFG report for December 2016, noting that the station output for December was 19.05 average MW (aMW), which was 2 aMW better than November, and we had a peak output of 23.7 MW during December. The theoretical maximum for the month was 19.09 aMW and we achieved a 99.98% reliability factor – almost a perfect reliability month. Commissioner Miller asked if the plant had received its new Air Operating Permit. Kevin noted that the application was deemed complete with no issues and as per Ecology rules we are operating off of the old permit at this time. The delay in the new permit is only a process issue at DOE. Kevin further reported that KPUD employee Jonah Humphreys has been in the well field every day for monitoring and optimizing the gas production. His diligent work is helping with the improved well field performance we are seeing. Commissioner Gunkel stated that our staff working on the gas collection system in the field re-enforces in his mind that the agreement with RDC is not working even though we are paying them an annual fee to optimize the fields; therefore something needs to change. It also appears that RDC has some cultural issues in their operations which they need to address. Commissioner Gunkel asked Kevin to put together a plan and timeline on when we think we can work out a resolution to this problem. Kevin stated that a joint engineering study has already been agreed to between KPUD and RDC and an engineer has been identified, which will provide further information that will help with Commissioner Gunkel’s request.

Kevin also presented a year-end 2016 H.W. Hill LFG report, noting that the average station output for the year was 16.69 aMW; reliability factor was 93.28%; and utilization factor for the year was 89.6%. Total production was 146,633 MW hours; down from last year. Kevin feels confident that 2017 will be a better year. He is meeting with Solar next week and keeping our options open for combustion turbine overhauls, if required.

An update on the RNG project was provided by Kevin Ricks and Mike DeMott, noting that they will be moving forward on a parallel path with contracts and financing.

## **AGENDA ITEMS:**

- A. ELECTION OF OFFICERS – Commissioner Knowles welcomed Doug Miller as a new Commissioner on the KPUD Board. **MOTION** was made by Commissioner Dan Gunkel to nominate Randy Knowles for President, Dan Gunkel for Vice-President, and Doug Miller (newly elected commissioner) as Secretary, which follows the normal operating parameters of the board. The motion was seconded by Commissioner Miller. Motion carried.

- B. **BID AWARD** – Bids were opened on January 5, 2017 as advertised. Per staff's recommendation, **MOTION** was made by Commissioner Dan Gunkel to reject all bids for the Bingen Substation Structural Steel, as the amount of the sole bid received was for \$38,721.00 excluding tax; the engineering estimate was \$32,000.00. Therefore the bid received exceeded the 15% above the engineering estimate as allowed per RCW 54.04.080. Motion carried.

Commissioner Dan Gunkel further **MOVED** to authorize staff to revert to the Alternative Bid Procedure for the acquisition of the structural steel package for the Bingen Substation as outlined in RCW 54.04.082, as described by staff. Motion carried.

- C. **CALL FOR BIDS** – **MOTION** was made by Commissioner Dan Gunkel to authorize staff to issue a Call for Bids for the Bingen Substation above ground construction, with a bid opening date of February 2, 2017 at 2:00pm. Motion carried.
- D. **EXECUTIVE SESSION: Potential Litigation** – President Knowles called for an Executive Session at 3:00pm per RCW 42.30.110 (1)(i) noting that the session would last for 45 minutes, for the purpose of discussing potential litigation in regard to the Mile Marker 28 Fire. Meredith Weinberg with Perkins Coie and Daniel Short with Paine Hamblen were present via teleconference. At 3:45pm, President Knowles announced that the Executive Session would continue for an additional 15 minutes.

**RCW 42.30.110 – Executive Session.**

*(1) Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:*

*(i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.*

The Executive Session concluded at 4:00pm. No action was taken.

**ADJOURNMENT** – There being no further business, the meeting adjourned at 4:01pm.

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/s/  
Randy L. Knowles, President

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/s/  
Dan G. Gunkel, Vice President

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/s/  
Douglas B. Miller, Secretary  
Date Approved: 1/24/2017

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/s/  
Kathy Loveland, Executive Assistant