

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
Tuesday, January 22, 2019  
2:00pm

**CALL TO ORDER:** Vice President Miller called the meeting to order at 2:00 p.m. as advertised.

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

**STAFF PRESENT:** Jim Smith- General Manager, Gwyn Miller- Director of Human Resources and Business Services, Kevin Ricks- Generation Assets Manager, Mike DeMott- Power Manager, Ron Schultz- Engineering Manager, Mark Pritchard- Operations Manager, Jeff Thayer- Purchasing Manager, Eileen Kelsey-Accounting Clerk Trainee, and Luann Mata-Executive Assistant.

**GUESTS:** Deanna Gregory- Pacifica Law Group, Mark Thornsbury- Port of Klickitat, Ken McKune, and Sandy Dement.

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

**MINUTES:** **MOTION** was made by Commissioner Miller to approve the January 8, 2018 meeting minutes as presented. Motion carried.

**CLAIMS & PAYROLL:** Presented by Eileen Kelsey. 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 22<sup>nd</sup> day of January, 2019.

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

- Accounts Payable Voucher numbers 114995 through 115133 in the total amount of \$1,133,197.65 and Wires, ACH and EFT numbers 8801092 through 8801102 in the total amount of \$2,196,354.07 for the period ending January 22, 2019; and
- Payroll Warrant numbers 43384 and ACH Direct Deposit Payroll transactions 9920985 through 9921064 in the total amount of \$184,714.90 for the payroll period ending January 06, 2019.

Motion carried.

**PUBLIC COMMENTS:** Mr. Ken McKune addressed the board, providing information on some new technology he has been researching. The company name is Bloom Energy and they promote fuel cell technology. Mr. McKune felt it would be of potential interest to the County and the PUD.

Mr. Mark Thornsbury from the Port of Klickitat wanted to extend thanks to the utility for their assistance with completion of the West Harbor utilities project. He wanted to especially thank Mark Garner and Ron Schultz for their responsiveness. The port is also looking at a new project in Dallesport, Ron Schultz will arrange a follow up meeting with Mr. Thorsbury.

Sandy Dement addressed the board with a few questions regarding the Renewable Natural Gas (RNG) project. She asked if the projected RNG budget figures from September had changed from the stated \$38,000,000. Jim Smith confirmed that the budget figure has not changed. She requested confirmation of the projected monthly revenue and if we have reached this threshold yet. Since the project is still in the commissioning phase, we have not reached our projected monthly revenue yet, but

expect to for January. Lastly Sandy asked what the power costs from Bonneville Power Administration (BPA) were and how do they compare to the other power products in our portfolio. We receive power from BPA at a preferential rate. That cost at this time is roughly \$35.00 MWh. Our White Creek Wind project runs about the same and our McNary Hydro power is around \$29.00 MWh. We do not market Solar, so we do not have an accurate cost at this time.

## **REPORTS:**

**Water/Wastewater Report** – Sharon Blodgett presented the December report. She presented the Wishram water right modification information to the Board. Russ Patton is working with Aspect Consulting on creating a required metering plan. This plan is due by June 1, 2019. There was an unscheduled sewer system event in Klickitat at the Community Center. Upon investigation with the customer, staff found that there are in fact two sewer outflow pipes, and one was never connected to the waste water system. The connection is being made and staff will install a grinder pump. We are continuing to improve our system data and tracking. Russ has created a form for each water system to assist with reporting static water levels with a consistent method. This should help us ensure our well status is more accurately tracked and recorded to help us ensure the condition of our water sources. Sharon also provided the “Complaint log” for 2018. Since moving away from the customer surveys, the log should provide the Board and Staff with information regarding customer experiences. Lastly, we have installed SCADA in most of the facilities. This program has been very useful in notifying us early of potential issues.

**Operations Report-** Mark Pritchard presented the December report. As expected, due to an ice / wind event in early 2018, we did not meet our goal for 2018 outage hours. The 2019 goal is 99.72% reliability. This calculation is based upon an 8-year average. Every year, we try to address the issues on the five worst substations on the reliability rankings. In 2017, our Gilmer substation was rated the worst substation for reliability. In 2018, it was not on the list any more. Trees caused very few of our issues this year. Most were equipment and conductor failure. We had an outage a few weeks ago where our outage protocol failed and we did not post outage information on our normal social media platforms. We have reviewed our processes with personnel and the answering service. We do not anticipate any additional communication breakdowns. Mark discussed the current outage protocol with the board. The crews have been completing maintenance work. They have been replacing conductor and poles in various areas, all of the crews have worked on tree trimming, and the Construction crew is replacing some aging underground wire near Alderdale. The crews have conducted transmission line inspections and complete customer work as it comes in. We continue to work through our customer tree-trimming log and Asplundh is still working on the Glenwood transmission. Once Asplundh completes the transmission, they will move on to the 18 miles of Gilmer distribution. We will evaluate the need for mechanical clearing in 2019 as well. Preparation work for replacing the failed regulators at the MA Collins substation is underway. There will be an outage early spring to make the repairs and transfer everything back to normal. We experienced a fiber failure on the Energizer to Willis transmission line; repairs will be completed in the next couple of weeks. Crews have been working out East trying to keep frost from damaging the lines. The tree-trimming question Commissioner Knowles brought forth has been addressed. The customer asked that debris be pushed into a pile to burn. Crews were working to complete this, but with the wet winter, the customer asked that we postpone our work until spring when it dries out a little.

**Engineering Report-** Ron Schultz presented the December report. BPA is completing their Transmission Operator Planning work, and we anticipate the work will be completed within three months. Brandon Johnson and Mark Garner are working on the Long Range Plan. Voltage and current monitors are being installed throughout the system to validate our data. According to the plan, we need to reconductor and install regulators in the Snowden, Acme, and Bristol Road areas. Our ultimate goal would be to have loop feeds and eventually three phase throughout this area. There are still four outstanding electrical issues to complete at RNG. We

have a contractor on site completing this work. Metershop is completing infrared testing of substation equipment. Very few issues have been detected. The Linden substation work is completed and the system feeds are back to normal. Mark Garner and Joli Munkers are working with NISC to port the mapping data into the new system. With the expectation of Underwood Fruit expanding in the future, sectionalizing in Bingen will become a necessity. Lastly, we are still looking to fill the wireman position.

**Renewable Natural Gas (RNG) Update**– Kevin Ricks presented the RNG update. In December, the plant operated at 47% of capacity, and the cooler failure led to curtailing capacity. However, since replacing the cooler, the plant capacity increased to 86% and we are currently processing all the gas from the landfill. There are still some outstanding punch list items that may wait to be fixed, as we do not want to curtail the plant at this time to make these repairs. Kevin spoke with Department of Ecology they discussed the Notice of Construction permit and the Air Operating permit. Both permits need to be modified. Kevin will work through the modification process. The Sulfur volumes in the gas have increased significantly since transitioning to RNG. Engineers are evaluating our options for treatment to ensure the system is effective and stable.

Kevin has been in conversation with Republic regarding the RNG dedication. They are very interested in collaborating with us with both the planning and the funding of the event. We are working on the event details and our tentative date is June 1<sup>st</sup>. Miland Walling and Dana Peck are working with the Governor's office before we finalize the date.

Kevin and Mike DeMott had a meeting with an individual from Solar on Friday. They plan to tour the RNG facility and discuss possible parameters to market the turbines.

Kevin requested that we remove the Domnick- Hunter siloxane treatment equipment. Siloxanes are now being removed as part of the Morrow Brother's equipment and he sees no need to retain the equipment. He will bring a resolution back at the next meeting.

**COMMISSIONER DAN GUNKEL** – Commissioner Gunkel did not have a report.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller did not have a report.

**COMMISSIONER RANDY KNOWLES** – Commissioner Knowles did not have a report.

**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:

- Joint meeting Klickitat PUD and Klickitat County Commissioners- A status update of the RNG project was provided to the County Commissioners. We provided information regarding the dedication event we are planning. The Commissioners requested an invitation to the event. There was a brief discussion regarding an assistance opportunity for Veterans. The PUD provided information on how we administer our low-income programs. This was a fact-finding discussion only.
- Chris Corry- Jim stated that he had a discussion with Representative Corry regarding a customer concern with our Net Metering program. The Representative was provided with background information and the Representative indicated that he would follow up with the customer.
- NISC- The Accounting implementation of the conversion will be completed next week. We anticipate we will be working thorough issues for some time. Customer Service has been working within the system for a few weeks now.

There have been a few challenges and we have made deliberate decisions regarding billing. The employees have been working weekends and evenings to work through these billing delays. The feedback received on the Smart Hub application has been positive. We anticipate that the conversion will benefit employees as well as customers.

**AGENDA ITEMS:**

- A. FINANCIAL RESOLUTION #1769- Mike DeMott and Deanna Gregory presented the Bond Resolution. No closing date has been established yet, but should be determined this week. The resolution is for a revolving line of Credit. Nothing has changed in terms and conditions since the last discussion, except the interest rate has reduced recently.

**MOTION** was made by Commissioner Knowles to approve Resolution 1769- Bond Resolution-Subordinate Lien Revenue Bond based upon legal recommendation, authorizing staff to move forward with acquiring the Operating line of credit. Motion carried.

- B. POLICY 9- FINANCIAL POLICY- Mike presented the Policy 9-Financial Policy revisions. He incorporated the items the Board brought forth at the last meeting. He also removed reference to Line extension and Local Utility Districts as they each have their own policies. The Board reviewed the changes and the **MOTION** was made by Commissioner Knowles to approve the changes made to Policy 9. Motion Carried.

- C. PROFESSIONAL SERVICE APPROVAL- **MOTION** was made by Commissioner Miller to approve the renewal of the firms listed and agree to add them to the Professional Services Roster for 2019. Motion Carried.

- D. APPROVAL OF CONTRACTORS **MOTION** was made by Commissioner Knowles to approve the addition of Veteran Tree Services, the renewal of the contractors listed, and agree to add them to the Works Rosters for 2019. Motion Carried.

- E. RESOLUTION #1770- Surplus of Equipment- Removed from Agenda.

- F. EXECUTIVE SESSION: Review of Performance of a Public Employee (1)(g) – President Gunkel called for an Executive Session at 4:13 p.m. per RCW 42.30.110 (1)(g) noting that the session would last for 60 minutes, for the purpose of discussing the General Manager’s evaluation.

**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:*

The Executive Session concluded at 4:42 p.m. No action was taken.

**Adjourned** – There being no further business, the meeting adjourned at 4:43 p.m.

                                  /S/                                    
Dan G. Gunkel, President

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Douglas B. Miller, Vice President

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Randy L. Knowles, Secretary  
Date Approved: 02/12/2019

                                  /s/                                    
Luann Mata, Executive Assistant