

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, January 23, 2018
11:00am

CALL TO ORDER: Vice-President Gunkel called the meeting to order at 11:00 am as advertised at the Klickitat County courthouse to conduct a joint meeting with the Klickitat County commissioners. This meeting recessed at 11:30am, the board reconvened at the Klickitat PUD office and the regular meeting opened at 2:00 pm. Vice-President Gunkel updated Klickitat County commissioners on Klickitat PUD projects and they expressed interest in the large load inquiries in the Dallesport and the Aluminum Plant locations.

PRESENT: Dan G. Gunkel-Vice President and Douglas B. Miller-Secretary.

STAFF PRESENT: Mark Pritchard-Operations Manager, Anita Clever-Energy Services Specialist, Gwyn Miller-Director of HR & Business Services, Kevin Ricks-Generation Assets Manager, Jeff Thayer-Materials Manager, Cynthia Bruce-Accts Payable/Accounting Clerk, and April Greenlaw-Support Assistant.

GUESTS: Larry Bakken

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the January 09, 2018 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 23th day of January, 2018. **MOTION** was made by Commissioner Miller to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher numbers 111818 through 111940 in the total amount of \$1,066,660.95 and Wires, ACH and EFT numbers 8800861 through 8800872 in the total amount of \$1,450,942.35 for the period ending January 23, 2018; and
- Payroll Warrant number 43354 and ACH Direct Deposit Payroll transactions 9918877 through 9918955 in the total amount of \$167,475.68 for the payroll period ending January 7, 2018.

Motion carried.

PUBLIC COMMENTS: None.

AGENDA ITEMS:

- A. Anita Clever and Mike DeMott put together an action item for a public hearing to be held on February 27, 2018 at 6:00pm for the potential setting of the KPOD Net Metering Rate. Anita presented the proposed changes to Policy Bulletin No. 25 Net Metering as well as the Net Metering documents to support the proposed rate structure. The policy has been adjusted to align with what's currently happening in Washington State with Net Metering programs. We moved more of the detailed items of how things should occur to the Agreement rather than everything being included in the policy. The agreement will outline a timeline and requirements. Staff has set a date for a final workshop. It is scheduled for February 7th at 6:00pm. The meeting is to provide opportunity for additional questions to be considered before finalizing the policy changes and rate design. We are working

on a published rate and have presented three potential options to roll out for KPUD net metering. Gwyn asked if the process we have gone through will be recapped at the February 7th meeting. An overview will be provided, but only new concerns will be addressed. Commissioner Gunkel wanted to hold off on making any determination on rate design direction until Commissioner Knowles was able to review the presented information. Commissioner Miller asked how often rates would change; Anita stated rates would be reviewed annually, but would only be adjusted if needed. Commissioner's requested that we bring this information back to the board at the next meeting since many employees were unable to attend today. Commissioner Miller asked that Anita send the board the accepted version of the policy proposal and back up documentation as the red-lined version was difficult to read. Commissioner Gunkel asked that staff bring information to the next meeting that demonstrates what the delta is between the tier one and tier two costs for the rate structure options. With all discussions complete, a **Motion** was made by Commissioner Miller to authorize staff to Call for Public Rate Hearing to take place on 2/27/2018 at 6:00 P.M. for purposes of setting KPUD Net Metering Rate and approve revisions to the Net Metering program and contract changes.

- B. Policy Bulletin No. 7- Credit Sales-Collections/Charges and Adjustments. With the absence of employee's the Commissioners deferred this to the next board meeting.
- C. RNG Update- Kevin Ricks completed a site visit of the Morrow and BCKK plants. They appear to be on schedule with the exception of one of the Morrow skids which is behind schedule by a few weeks. Kevin will travel back to Texas in about two weeks to review their progress. BCKK's delivery will consist of about ten truckloads of material and equipment, Morrow probably has double that amount. Kevin also followed up on the pipeline construction products, he was only provided the material certifications on a portion of the pipes; he discovered there were multiple manufacturers without the proper paperwork. We are being very firm with the contractor, enforcing that nothing goes into the ground without the proper paperwork. Rockford mobilized and currently has about forty men on site. We are pushing Kobelco to do the witness test on the two compressors without a cost. Kevin has confirmed that the engineer, whom we met on the first inspection, lives near the site and will be conducting the second and third tests. Mission Construction began their work on the Morrow foundations. A current nuisance we are experiencing is whether the electric panels have a UL stamp or not (Washington State WAC panel certifications). Since we are unsure, it is not worth the risk of getting them on site only to have them rejected by Washington State Labor and Industries (L&I). KPUD will be issuing a change order to Morrow, so they will have the panels stickered on the manufacturer's site. We are also trying to confirm whether or not L&I has jurisdiction of the High BTU plant because the current generation plant does not fall under their jurisdiction. Kevin will research this question and bring the determination back to the board. If it is determined that L&I has jurisdiction there is a compliance cost associated with that requirement. Doug Senn is our resident project representative and he is received training on the pipeline. This training has already proven valuable to have our own trained personnel on the pipe project. By having Doug available we have the opportunity to have eyes on the construction full-time and can attest to certain things. We will have 1000's of photos that show the pipeline construction that require preservation for the lifetime of the project. The County Road Department is doing well working with KPUD. We are pending one last permit that is required for crossing East and Middle Rd. The current specs call for an open-trench crossing, Rockford believes they can do it with directional boring which may save KPUD \$80-120k on this project. We have asked Rockford to draft a proposal for the boring option. McMillen's geotech engineers are skeptical about the possibility of directional boring. Commissioner Miller asked if this project has two road crossing and two pipes and if the crossing will be filled with concrete. Kevin stated it is one road crossing and two pipes and we will be filling them with sand. Commissioner Miller also asked if there would be a permanent culvert road

cut section on this portion of the road, the answer was no. Lastly Kevin stated that they have started working on the foundations for the plant itself and hope to be pouring concrete within a couple of weeks, during good weather.

REPORTS:

Generation Assets Update – Kevin presented the Generation Assets year-end report. The total plant generation for 2017 was 185,579MW-HR for the year, this was truly a record! This reflects all of the progress we have made with tuning the field. Jim is working closely with Don Tibbetts to make clarification to the Optimization Agreement. 2017 Failures, we had two actuator failures which cost less than \$30,000, for both, to repair. This failure was due to wear on items that are making continuous minute adjustments over the past 7 years. Steam continued to run well except it could really use a redesign on the steam-end bearing. Instead of getting the anticipated 10-15 years, we are only getting two years from the bearing. We have one employee who remains off on long term disability and we have hired an additional technician.

W/WW Update – Sharon presented the end of year water and wastewater updates. The SCADA within the Water and Wastewater Systems has proved a positive addition. Currently the SCADA system for Rimrock has shown a pattern of high water flows on the weekends starting at midnight each time. Tom Svendsen has been informed in hopes of requesting the community to be watching for any suspicious activity. The pump and column was pulled from Klickitat well #2. The column was found to have holes in one section which could be the result of a defective pipe. We were to have a refurbished pump installed unfortunately the pump and the motor would not marry properly. The old pump that was pulled is a very good pump however it was inundated w/ iron bacteria and Brandon Walter said absolutely no way would we allow this pump to be installed back in to the well thus a new pump and motor were ordered. It is anticipated that the well will be brought online Wednesday. The Meter Shop had transferred the VFD from well 1 to well 2 and found the pumping was being interrupted. The VFD was too far from the source so it wasn't working properly as it can only be 100' away and moving to well 2 made it now 500'. Rather than allow the continued interruption (which could damage the pump if allowed over an extended amount of time), they chose to shut the pump off and continue w/ well 3 until they are ready to do the pump test. Once the pump test is completed they will review the well inspection report to make sure the report is good before spending money for a new VFD. If the report is bad we will have avoided the unnecessary expense for a new VFD. We will keep well #2 offline until the pump test is performed next week by Aspect. The well can be turned on for emergency if needed, but currently is not necessary. Commissioner Gunkel asked if Aspect or Schneider had determined the extent of the iron bacteria in well #2 and if this will cause a reduced volume and production from this well. Sharon stated that she has not received the report yet from Aspect and will follow up on this. The Water/Wastewater report was accepted as presented.

Operations Update – Mark Pritchard presented the Annual ASAI goal determination for 2018. The 2017 goal was 99.9720% reliability; the new goal for 2018 is 99.9709%. The majority of outages from December were due to frost on the East end of the county, snow and trees were the main factors on the West end. The worst five substations are listed with Gilmer being at the top of this list. This has been one of our main focus areas with the tree trimming contractors that we brought in this year. It will continue to be a focus area in 2018 as well. This is an area we anticipate quite a bit of improvement once the majority of the trees have been trimmed. From experience, most of the outages have been tree related. Commissioner Gunkel stated that historically the outages on the East end used to primarily be caused from the direct buried wire. Commissioner Miller asked why we extend the decimal place out four places. Mark noted that it is an industry standard to carry the ASAI decimal out four places. The Operations report was accepted as presented.

Engineering Update: The Engineering report was accepted as written.

AGENDA ITEMS CONTINUED:

- D. Prequalification of Professional Services Consultants- **Motion** was made by Commissioner Miller to approve the addition of all of the firms listed and agree to add them to the Professional Services Consultants Roster for the 2018 period.
- E. Policy 43- Electrical Interconnection Requirements- **Motion** was made by Commissioner Miller to approve the revisions to Policy Bulletin 43 and the implementation of the interconnection process and application.
- F. Call for Bids- Six Prong Substation and Sonova Switching Station- **Motion** was made by Commissioner Miller to authorize advertisement of call for bids for the Six Prong Substation and Sonova Switching Station materials, with a bid opening date set for February 15, 2018 at 2:00 pm.
- G. Facebook Social Media focus- Customer Survey drawing- Commissioner Miller selected the candidate to receive their \$50.00 bill credit. Customer Service will notify the winner. (#51)

COMMISSIONER DAN GUNKEL did not have a report.

COMMISSIONER DOUGLAS MILLER did not have a report, however he will present updates from February's WPUDA meeting upon his return.

COMMISSIONER RANDY KNOWLES Absent

GENERAL MANAGER – The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

ADJOURNMENT – There being no further business, the meeting adjourned at 3:04pm.

Absent
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Doug B. Miller, Secretary
Date Approved: February 13, 2018

/s/
April Greenlaw, Support Assistant