

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners' Meeting**  
Goldendale, WA

Tuesday, April 11, 2017

**AGENDA**

**SPECIAL MEETING: 12:00 Noon**

- Executive Session Per RCW 42.30.110 RE: Old Hwy 8 Fire & MM28 Fire

**REGULAR MEETING: 2:00pm**

- **Pledge of Allegiance**
- Approval of Minutes – 3/28/2017 Meeting & 3/30/2017 Strategic Planning Session
- Approval of Claims / Vouchers for period ending 4/11/2017 (*Cynthia*)
- Approval of Payroll for period ending 4/02/2017 (*Cynthia*)
- **PUBLIC COMMENT PERIOD**
- **REPORTS – 10 min. each:**
  - Commissioners' Reports
  - Manager's Bi-Monthly Report (*Jim Smith*)  
- (*see attached report*)
  - Accounting – Financial Report
  - Generation Assets Monthly Report (*Kevin Ricks*)
  - H.R. Quarterly Report (*Gwyn Miller*)

**GUESTS:**

- Jena MacLean, Perkins Coie
- Meredith Weinberg, Perkins Coie
- Dan Short, Paine Hamblen

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

- A. PRE-QUALIFICATION OF CONTRACTORS** (*Leo*)
- B. BID AWARD: Pole Test & Treat** (*Leo*)
- C. BID AWARD: Tree Trimming** (*Leo*)
- D. CALL FOR BIDS: Cities Street Lighting Project** (*Ron*)
- E. RESOLUTION No. 1735 "Surplus of Vehicles"** (*Leo*)
- F. DESIGNATION OF NWPPA VOTING DELEGATE** (*Jim*)
- G. ADJOURNMENT**

**FOR THE GOOD OF THE ORDER:**

4/11 – Glenwood Customer Meeting, 7:00pm, Grange Hall, Glenwood  
4/13 – Dallesport/Murdock Customer Meeting, 7:00pm, Community Center, Dallesport  
4/28 – Board Strategic Planning Session, 10:00am, Goldendale  
5/09 – RimRock Customer Meeting, 6:30pm, Goldendale  
5/16 – Bingen City Council Meeting, 7:00pm, Bingen

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 April 11, 2017 Meeting

**SPECIAL MEETING** – A special meeting has been advertised for 12:00 noon at which time we will go directly into an Executive Session per RCW 42.30.110 to discuss Old Hwy 8 Fire and MM28 Fire with attorneys present.

### **AGENDA ITEMS**

- A. **PRE-QUALIFICATION OF CONTRACTORS** – Staff is requesting Board approval to add R&S Flagging LLC of The Dalles, Oregon to KPUD's Small Works Roster for the 2017 calendar year, as they have met our qualification requirements.
- B. **BID AWARD: Pole Test & Treat** – Staff is recommending that the bid for Pole Inspection and Treating for 2017 be awarded to Pacific Pole Inspection, LLC in the amount of \$102,925.39 including taxes.
- C. **BID AWARD: Tree Trimming** – Staff is recommending that the bid for Tree Trimming & Right of Way Clearing be awarded to Asplundh Tree Expert Company in the amount of \$281,500.00. This is within the 15% of the engineer's estimate allowable by bid law.  
Please note that this is in excess of the 2017 budgeted tree trimming amount of \$200,000. We have been working in the Snowden area and have completed the three phase lines this past winter and we planned on finishing the remaining single phase areas in 2018 or 2019. We have been doing well in our expenditures in operations so far this year and I want to advance that single phase work to complete this work in 2017 and believe that we will still be below budget for the department for 2017. Our focus for 2018 will be the Glenwood transmission line.
- D. **CALL FOR BIDS: Street Lights** – Staff is asking for the Board's approval to advertise a call for bids for LED Street Lights, with a bid opening date of May 10, 2017 at 2:00pm pacific time.
- E. **RESOLUTION No. 1735** – Resolution No. 1735 is being presented for Board adoption, thereby authorizing surplus of District vehicles #50, 72 & 77.
- F. **NWPPA VOTING DELEGATE** – With Commissioner Knowles attending NWPPA's annual meeting, I am recommending that we authorize him to serve as KPUD's representative and voting delegate at NWPPA's annual meeting in May.

## NON-AGENDA ITEMS

1. Meeting Time Schedule – Our meeting next week will start off with a special meeting/ executive session at 12:00 to discuss Old Highway 8 Fire with attorneys Jena MacLean and Meredith Weinberg with Perkins Coie, as well as a discussion on the MM28 Fire with attorney Dan Short with Paine Hamblen. The regular portion of the meeting will begin at 2:00pm as per our normal schedule.
2. GM Meeting Attendance:  
 March 28 – Wishram School Board Meeting  
 March 29 – Portland Metro tour of the landfill and the W Hill generating facility  
 March 29 – Wishram Community Meeting  
 April 03 – Lyle Community Meeting  
 April 06 – PPC Executive Committee Meeting
3. Strategic Planning – Part 2 of our strategic planning session is scheduled for Tuesday, April 25<sup>th</sup>, 10:00am to 2:00pm at which time our regularly scheduled Board meeting will begin.
4. Tier II Power Purchase – Mike and his department purchased the 7 aMW tier 2 power supply at the following prices using financial instruments:
  - Purchased 7mw Q4 2017 Peak MidC @ \$28.50 from Macquarie Energy
  - Purchased 7mw Q4 2017 Off-Peak MidC @ \$23.65 from Macquarie Energy
  - Purchased 7mw Cal18 Peak MidC @ \$24.35 from Macquarie Energy
  - Purchased 7mw Cal18 Off-Peak MidC @ \$18.75 from Macquarie Energy
  - Purchased 7mw Jan18-Sep18 (Q1-Q3) Peak MidC @ \$23.66 from Morgan Stanley
  - Purchased 7mw Jan18-Sep18 (Q1-Q3) Off-Peak MidC @ \$17.58 from Morgan Stanley

Here is the pricing breakdown by product:

	Previous Indicative			Today's All Hours Indicative (yellow executed)				
	Peak	Off-Peak	All Hours	Today's Mid	Morgan	EDF	Macquarie	Change
Q4 2017	\$26.89	\$22.36	\$24.85	\$26.25	\$26.50	\$26.45	\$26.32	\$1.47
Cal 2018	\$23.74	\$17.95	\$21.20	\$21.75	\$22.10	\$22.05	\$21.89	\$0.69
Q1 2019	\$25.68	\$23.27	\$24.63	\$24.00	\$24.25	\$24.40	n/a	(\$0.38)
Q2 2019	\$18.85	\$10.68	\$15.29	\$13.75	\$14.25	\$14.70	n/a	(\$1.04)
Q3 2019	\$29.93	\$17.42	\$24.40	\$24.25	\$24.50	\$24.65	n/a	\$0.10

Previous estimate FY18 & 19	\$23.75
Transacted FY18 & 19	\$22.12

5. Renewable Natural Gas Financing: Bond Resolution – Subordinate Lien Revenue Bond Draft for Discussion – Attached for your review and comment is the final draft of the Bond Resolution regarding the financing for the potential renewable natural gas project. Even though we are talking about a line of credit, it is still considered “bonding” in Washington State, hence the

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“Bond” resolution. This draft has been reviewed extensively with our Bond Counsel, Pacifica Law Group and our Financial Advisor, Alan Dashen and Associates. We have still not made a commitment on proceeding with this project at this time. This draft is to ensure we can move quickly if directed.

6. Energy Storage Technologies – I have submitted comments to the Utilities & Transportation Commission of Washington regarding their investigation into electrical storage technologies (enclosed). We would not normally provide comments to the Utilities Commission as we are not regulated by the Commission; however, the issue of storage clearly impacts both the private and public utility space. Our comments focused on input on their study work and ensuring that pumped storage projects are included in their review.
7. BPA Power Rates Forecast – I am attaching a PPC summary of BPA’s current outlook on the 2017 – 2019 rate period rate adjustments. Bottom line is BPA is expecting an average rate increase of 5.5% for non-slice customers, up from 3.5% originally forecast including the current surplus power revenue reductions and additional cost cutting measures being implemented. We budgeted for a 4% increase October 1<sup>st</sup>. For reference, a 1.5% increase in BPA rates results in a wholesale cost increase for us of about \$250,000 annually.
8. Facilities Improvements – Hale Construction from Hood River is beginning the loading bay / office reconstruction on Monday April 10<sup>th</sup> and our purchasing department issued the call for bids for the White Salmon roof replacement April 6<sup>th</sup>. Bids are due May 3<sup>rd</sup>. Both projects are budgeted improvements for 2017.
9. BPA Oversupply Protocol – So far in 2017, BPA has curtailed 60,000 MWh of generation due to the increased spill and dissolved gas issues experienced with the high run off. This exceeds the total MWh curtailments in 2012, the last time the protocol was implemented. While BPA has not published the costs of displacing this generation, the value of PTCs alone are estimated at about \$23 / MWh.

As a side note of interest, California is experiencing the same situation given the amount of water they have been receiving and the solar growth they are experiencing. On April 2<sup>nd</sup>, the BPA curtailed 19,953 MWh and CAISO curtailed more than 10,000 MWh in just that one day.