

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Tuesday, April 23, 2019

AGENDA

Time: **KPUD Commission Meeting Start Time – 2:00 p.m. as Advertised**

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

➤ **PLEDGE OF ALLEGIANCE**

- Approval of Minutes – 04/09/2019 Commission Meeting and
- Approval of Claims / Vouchers for period ending 04/23/2019 (*Cynthia*)
- Approval of Payroll for periods ending 04/14/2019 (*Cynthia*)

➤ **PUBLIC COMMENT PERIOD**

REPORTS – 10 min. each:

- Water-Wastewater March Report (*Sharon*)
- Operations March Report (*Mark*)
- Engineering March Report (*Ron*)
- Commissioners' Reports
- Manager's Bi-Monthly Report (*Jim Smith*)
-(see attached report)

GUESTS –

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

- A. Prequalification of Contractors (*Jeff*)
- B. Call for Bid- Pole Inspections (*Mark*)
- C. Call for Bid- Tree Trimming (*Mark*)
- D. Set Water Rate Hearing Date - (*Jim*)
- E. Electric Rate Hearing 4:00pm - (*Jim*)
- F. Resolution No. 1773 - Adoption of Electric Rates (*Jim*)

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

Community Meetings: Klickitat 4-24 and Rimrock 4-30; Letters are being sent to Glenwood, Wishram, Roosevelt and Lyle.



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the April 23, 2019 Meeting

AGENDA ITEMS:

- A. Prequalification of Contractors- Staff is recommending approval of Hurricane Tree Service as a new small works contractor.
- B. Call for Bid Pole Inspection- We are requesting bids for our annual inspecting and treating of poles throughout the system. By locating these poles early, we can repair or replace them before they cause outages and leave our customers without power.
- C. Call for Bid Tree Trimming- Tree trimming and right of way clearing is necessary from a safety aspect. It also improves system reliability.
- D. Setting Water Wastewater Rate Hearing Date- Staff is requesting that the Board set the Water/Wastewater Hearing for Tuesday May 28th, 2019 at 3:00 p.m. Staff has contacted each community and provided the proposed rate information that will take effect in June.
- E. Electric Rate Hearing- The approved 2019 Budget demonstrated an increase in our revenue requirement of 1.5% of retail electric revenues. This was proposed in the 2019 Operating Budget as a 1.5% electric rate revenue increase and our initial reviews indicate we are slightly behind on our revenues to date, so Staff recommend that we move forward with the electric rate increase as budgeted.
- F. Resolution No. 1773 Adoption of Electric Rates 2019- Staff is requesting that the Board approve resolution 1773 adopting the proposed 1.5% rate increase anticipated in the 2019 Operating Budget.

NON-AGENDA ITEMS:

- 1. **Financial Discussion** – we are continuing to work on the transition from our old accounting systems to the new National Information Solutions Cooperative (NISC) system. That conversion is going well, but a challenge we are finding is that in order to get you our normal detailed monthly report, we need all our costs into the right places. That data work is still ongoing. We know our revenues, cash balances, and costs, but we are still working on getting ALL the details for assigning those costs. If we miss one item, the numbers are not right and we do not want to present incorrect information. Accruals and the interface with the new billing system are compounding those challenges. Once we get that correct and we are happy with it, subsequent monthly financials will flow shortly after. We will discuss this more with you at the meeting so you can ask questions and get a better sense of where we are with this process.

2. **RNG EPA/RINS**- EPA has approved our facility registration and we have received an EPA Facility ID number. All parties involved (BP/IGI, Weaver, etc...) are now focused on ensuring RINs can be generated starting 3rd quarter 2019. Similar work is underway for establishment of ability to generate LCFS related credits in a similar timeframe. Staff will provide updates as this process continues.
3. **Debt Refinancing** – we have the opportunity to refinance the 2009 bonds as they have a call date of December 1st, 2019. There is no question we can reduce our interest charges if we do so, but that is not the only variable. We also want to retain our flexibility in repayment options. If we used a traditional bond refinance arrangement, this would place restrictions on our ability to repay these bonds early. We are looking at options such as a loan that would allow total flexibility in repayment. Mike will be bringing you details on these options. The timeframe would be before the end of the year.

We are also still working on the larger financial structure picture as it relates to our strategic goals.

4. **NISC Outage Management System** – staff has completed the configuring and training of the primary users for this system and it is live. We have all been extremely impressed with its functionality that allows us to better trouble shoot and control our restoration process. There is also a very important component for keeping internal staff apprised of outage status automatically through texts, email and our AppSuite application on our phones and mobile devices. There are also detailed maps available that are extremely helpful in multiple outage situations.

We will be working on the options for automatically updating our customers as well. The system has options that include texts and emails and there is an application that would allow us to post general maps to our website that would give customers a better indication of where the outages are. We have been very successful in improving our communications to our customers during outages and this could advance that interaction even further. One item to discuss with you is using these tools to help encourage our customers to utilize the Smarthub tool we have available for them.

We are planning on bringing in staff in the near future to show you what the system can do for our internal communication and providing up to date outage information to our customers.

5. **Winter High Usage** – we are coming out of winter and we experienced a winter where we went from mild temperatures to extended extreme cold very quickly. During this cold weather we were completing our customer service billing system conversion. During that time frame, we tried to be accommodating for our customers as we resolved issues. Unfortunately, we do have some customers that take advantage of situations. We are working with those customers to get them caught up in their payments, but wanted you to know that this challenge exists and that our staff have been working hard to remedy the situation.
6. **Legislative Update** –

Our Renewable Natural Gas Tax Bill is on its way to the Governor. The bill passed the Senate 47 – 1 and the House 95 – 0. Unfortunately that is the first vote against one of our bills so we ruined our perfect track record over the past 4 bills, but we'll take the win.

The DNR Electric Utility Wildland Fire Bill is also on its way to the Governor. It passed the

Senate 95 – 0 and the House 49 – 0.

The net metering bill also passed, raising the cap to 4%. There are no changes to the wording regarding your authority to determine costs. It does provide for a task force to discuss issues such as cost shift and it does provide that once a utility reaches the 4% cap or 2029, whichever comes first, there are no restrictions or requirements on your treatment of net-metered customers. The bill passed 29 – 19 and 55 – 40.

The Governor's 100% Clean Energy Bill is on its way to the Governor. It passed the Senate 28 – 19 and the House 56 – 42. That was a party line vote.

It appears as though the various carbon bills that cover carbon tax, carbon cap and trade and the low carbon fuel standard will sit until next session. I would not rule out some deals getting done and something moving forward, but I am not hearing much at this time.

7. **Fitch Bond Rating** – Fitch has reached out to us that they are revising their rating methodology. They are, in essence, putting their rating on hold until they work through that process. This affects about 200 others as well. I am attaching their notification for info purposes.
8. **Water and Waste Water System Community Meetings** – Dallesport Waste Water System and Ponderosa Water System Community Meetings were both well attended. The Dallesport meeting also had the Yakima Housing Authority in attendance, which drew a large audience. The group that attended Ponderosa accepted my recommendation that we increase rates 5% this year rather than 3% to address a dwindling cash issue. They will be advertising that within their own communications chain and we may hear more about that.

I also wanted to let you know that we are sending our budget information directly to customers in Roosevelt and Wishram as we did last year as there are not active Community Councils. We were asked by Glenwood to go ahead and send out the information as well as their attendance has been minimal. We have been unsuccessful reaching the Community Council in Lyle, so we will be sending their update to them as well.

9. **PUD Safety Banquet May 11** – I wanted to invite you to attend the safety banquet on May 11th. It is being held at the Goldendale Golf course. I hope you come celebrate a revitalized safety culture at the utility. The invitations are attached. If you decide last minute to attend, don't worry about RSVPs, we'll have food for you.