

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

Tuesday, October 24, 2017

AGENDA

Time: **KPUD Commission Regular Meeting Start Time – 2:00pm**
Location: 1313 S. Columbus Ave. – Goldendale, WA

- **Pledge of Allegiance**
- Approval of Minutes – 10/10/2017 Meeting
- Approval of Claims / Vouchers for period ending 10/24/2017 (*Cynthia*)
- Approval of Payroll for period ending 10/15/2017 (*Cynthia*)

- **PUBLIC COMMENT PERIOD**

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

- A. **RENEWABLE NATURAL GAS (RNG) UPDATE** [*Kevin/Mike*]

- B. **BID AWARD-RNG Pump Skid** [*Kevin*]

- C. **BID AWARD-RNG Chiller** [*Kevin*]

- D. **REJECTION OF BID-RNG Candle Stick Flare** [*Kevin*]

- E. **STREET LIGHT RATE HEARING 3PM** [*Ron S.*]

- F. **ENERGY SERVICES PROGRAM REVIEW-** [*Anita C.*]

- G. **NET METERING PROGRAM REVIEW-** [*Mike*]

REPORTS – 10 min. each:

- Engineering - Monthly Report
- Operations - Monthly Report
- Water/Wastewater - Monthly Report
- Financial- Monthly Report
- Commissioners' Reports
- Manager's Bi-Monthly Report (*Jim Smith*) -
report attached

GUESTS:

- Don Jarrett

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

11/14-KPUD Board Meeting, 2:00pm



Public Utility District No. 1 of Klickitat County

79 Years of Service * 1938-2017

GENERAL MANAGER'S REPORT TO THE BOARD

For the **October 24, 2017** Meeting

AGENDA ITEMS

- A. **RENEWABLE NATURAL GAS (RNG) UPDATE:** Kevin, Don Jarrett and Mike will provide the monthly update on the project.
- B. **BID AWARD- RNG Pump Skid:** Kevin will present the bid award information for the pump skid. He will be requesting that we award this item to Mark Heuett in the amount of \$140,000 plus tax as he was the only contractor that bid on the project.
- C. **BID AWARD- RNG Water Chiller:** Kevin will present the bid award information for the water chiller. We received three bids and we would like to award to Johnson Controls for \$122,200 plus tax as they were the low successful bidder.
- D. **RNG Candle Stick Flare Negotiation:** The bid opening for this item was held on October 18th. No bids were received on this item. It is a specialized piece of equipment and staff is requesting that we authorize staff to negotiate with the two vendors for this equipment per RCW 54.04.080.
- E. **STREET LIGHT RATE HEARING 3:00 pm:** Ron Schultz has discussed the street light rate changes being designed to allow for the new LED streetlights last meeting. Ron and Brandy Myers have completed the street light rate changes necessary and will present the rates for your consideration in the rate hearing.
- F. **ENERGY SERVICES PROGRAM REVIEW:** Anita and Mike will review our Energy Services Program to give you the opportunity to review current program and provide input on future direction of the program.
- G. **NET METERING PROGRAM Update:** This is a continuation of earlier discussions related to the KPUD Net Metering program. Staff wishes to update the Board with recent findings and seeks further direction and perspective.

NON-AGENDA ITEMS

1. **G.M. Meetings:**

Public Generating Pool (PGP) Strategic Retreat, Quincy WA October 19 & 20. Mike and I attended the annual strategic planning session. The focus of the PGP for 2018 will continue to be on carbon markets and the potential impacts on electric generation. This

impacts the value of BPA secondary revenues, but it also directly includes the use of Renewable Natural Gas (RNG) in the future and that is our largest interest. 2018 will also include continued work in California with CAISO and the CEC on the value of Pacific North West low cost, low carbon generation.

Retiree Coffee: On October 11th and October 12th. I met with retirees in Goldendale and White Salmon. We had six retirees attend and the discussions centered on organizational changes in the past year, electric and www rates and RNG.

2. **National Grid/Rye Energy MOU and Value Agreement Status:** Brian Skeahan and I had a conference call with Nate Sandvig and Eric Steimle to discuss their feedback on the value proposal we delivered to them a couple weeks back. In general, they are supportive of our proposal, although they pushed back on several issues. They are currently completing further due diligence with respect to the option agreements and they will provide a proposal back to us in the form of an MOU for our review. I did send them a letter of support for their filing of a preliminary permit application. They are interested in filing that application this week. The 60 day public comment period is expected to start in about 90 to 120 days and any final, definitive agreement between us is due prior to the completion of that public comment period.
3. **Preliminary 2018 Budget Report:** My first high level review of the 2018 budgets would indicate that we are generally within the same financial performance as forecasted last year for 2018, but without the forecasted electric rate increases. However, we have not completed our detailed reviews and compiled the total budget numbers. The Capital projects budgeted amounts have increased in 2018 however, due to east end substation and transmission line extensions in the long range plan. Our initial review is that our cash flow supports these expenditures and our days cash on hand remains within our policy limits.
4. **Wishram Well and Funding Status:** Current project forecasts indicate that we will likely be about \$60,000 over the budgeted \$896,000. The key cost item is the well drilling itself. Given the potential for having to continue drilling into the Grande Ronde aquifer if sufficient water was not found in the Wanapum basalt aquifer, the well necessary was 16” in diameter rather than 12”, which led the well costs to be about \$150,000 more than the original budget for a traditional well. There were also additional costs of \$26,000 associate with the water disposal system. That indicates the remainder of the work was under the original budgeted cost.
5. **Bank of the West Line of Credit Account:** Bank of the West has concluded the annual review and approval of our existing Line of Credit. As KPUD currently maintains no other accounts with the bank they have proposed a substantial increase to the annual fee. This increase can be avoided by opening a deposit account with the bank. Staff is recommending that we follow through with opening the account and Mike will be on hand at the meeting to discuss the issues and the recommendation.