

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE COLUMBIA BASIN HYDROPOWER
EPHRATA, WASHINGTON JUNE 26, 2018

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President Alford called the regular meeting of the Columbia Basin Hydropower to order at 9:30 AM.

CBHP Directors

SCBID – Bryan Alford
SCBID – Richard Conrad
QCBID – Mike LaPlant
ECBID – Dennis Mickelsen
ECBID – Boe Clausen
QCBID – Phil Stadelman

Other CBHP Directors Attending

SCBID – J.J. Danz (Alt)
SCBID – Charles Lyall (Alt)
QCBID – Ko Weyns (Alt)
QCBID – John Rylaarsdam (Alt)
ECBID – Bernard Erickson (Alt)

Others Attending

Dave Solem, SCBID
Kim Hansen, Kleinschmidt
Craig Simpson, ECBID
Ray Johnson, Tacoma Power
Amy Rodman, USBR
Bill Dickens, Tacoma Power
Toni Turner, USBR
Sara Millard, USBR
Orman Johnson, ECBID
Amy Rodman, USBR
John O'Callaghan, SCBID
Maurice Balcom, SCBID
Roger Sonnichsen, QCBID
Jim Byrd, NAES Corporation
Paul Plath, E3 Consulting
Jeff Weisz, NCCM
Jim Galambas, E3 Consulting
Dr. Stan Lucks, E3 Consulting
Jason Fournier, NAES Corporation

Staff

Tim Culbertson, Secretary-Manager
Anna Franz, LKFW
Larry Thomas, Assistant Manager/Hydro Supervisor
Jacob Taylor, Treasurer
Judy Runge, Administrative Assistant
Betty Craig, Technical Information Administrator
Robert Stoaks, Engineer
Diane Smith, Payroll - Accounts Payable
Derek Wolf, Engineer

POTENTIAL INVESTOR'S PRESENTATION (9:30 AM TO 11:00 AM)

The team of New Canaan Capital Management, E3 Consulting and NAES Company gave a presentation on potential purchase/partnership for Banks Lake and existing hydropower assets.

CONSIDERATION OF MEETING MINUTES

Mike LaPlant moved that the minutes of the May 22, 2018 meeting be approved as distributed. Boe Clausen seconded the motion. Motion passed.

ACKNOWLEDGEMENT, REVIEW AND/OR APPROPRIATE CONSIDERATION OF THE FOLLOWING:

Recommendation from the Power Steering Advisory Committee

There was no recommendation from the Power Steering Advisory Committee.

Power Production Reports May 2018

Accumulated Kilowatt Hours and Energy and Incentive reports were distributed in Board packets. Total May generation was 91.60% of 2013-2017 average.

Travel Authorizations:

Richard Conrad moved to authorize attendance and payment of reasonable expenses for travel, lodging and meals for the following:

- 2018 IEEE Power and Energy Society Member Conference and Energy Storage Tutorial, Portland, OR, August 5-9, 2018
Registration \$960 – B. Stoaks
- 2018 Doble Client Committee Meetings and Conference, September 30-October 4, 2018, Nashville, TN USA,
Registration -0- - B. Stoaks

Mike LaPlant seconded the motion. Motion passed.

TREASURER'S REPORTFinancial Reports

The May 31, 2018 Balance Sheet (unaudited) and All Power Plants Income Statement (unaudited) were included in the Board packets for review.

Approval of Voucher

The Current Expense Voucher (O&M) was presented at the meeting for consideration. Check numbering is as follows:

Current Expense Voucher (O&M) – \$1,324,807.67
Check Numbers: 17155-17245

On motion by Dennis Mickelsen, seconded by Boe Clausen, which motion passed unanimously, the Current Expense Voucher (O&M) dated June 26, 2018 in the amount of \$1,324,807.67 was approved.

STAFF AND OTHER REPORTS

The following written activity reports, attached and incorporated by reference, were made available for review and comments:

Field O&M Activities (Larry Thomas)
Engineering (Bob Stoaks)
Engineering (Derek Wolf)
Technical Information (Betty Craig)

OTHER POWER BUSINESSProject Development

Kleinschmidt Associates – Supplemental Agreement No. 2 to Professional Services Contract No. 12356-08-14

Manager Culbertson reviewed with the Board the proposed Supplemental Agreement No. 2 to Professional Services, Contract No. 12356-08-14. The purpose of the Agreement is to extend one year with a 3% increase in rates.

Richard Conrad made the motion to approve the Supplemental Agreement No. 2 to Professional Services, Contract No. 12356-08-14 between CBHP and Kleinschmidt Associates, Inc. Dennis Mickelsen seconded the motion. Motion passed.

Proposed Kleinschmidt Task Order No. 10, Change Order No. 2, Contract 12356-08-14 General On-Call Engineering Support – Small Hydro Projects

Larry Thomas informed the Board that proposed Task Order 10, Change Order No. 2, Contract 12356-08-14, would extend the completion date of Task Order 10 to December 31, 2018 with no additional change in the price .

Dennis Mickelsen moved to approve Task Order No. 10, Change Order No. 2, Contract 12356-08-14 subject to the approval of the three irrigation districts. Richard Conrad seconded the motion. Motion passed.

Proposed Kleinschmidt Task Order No. 11, Change Order No. 1 Contract 12356-08-14 Banks Lake Pumped Storage Project 2018 Marketing, Engineering and Regulatory

Tim Culbertson and Larry Thomas informed the Board that proposed Task Order No. 11, Change Order No. 1 Contract 12356-08-14 expands the scope and budget and extends the time of completion of Task Order No. 11 to December 31, 2018.

Richard Conrad moved to approve Task Order No. 11, Change Order No. 1, Contract 12356-08-14 subject to the approval of three irrigation districts. Mike LaPlant seconded the motion. Motion passed.

Project Development Fund Status

Treasurer Taylor provided the Board with the Project Development Fund status for the month of May 2018 and recommendation for funding through December 31, 2018.

Richard Conrad moved to approve an additional \$720,000 for Project Development activities through December 31, 2018 subject to the three irrigation districts approval of \$240,000 each. Mike LaPlant seconded the motion. Motion passed.

Columbia River Treaty

Manager Culbertson reported on the last Power Group meeting and also reported that official negotiations with Canada have now commenced.

USBR – No report

Cities – No report

Districts – No report

DATE OF NEXT BOARD MEETING

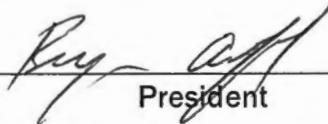
Richard Conrad moved to change the time of the July 24, 2018 Board of Directors meeting from 9:30 AM to 8:30 AM. Boe Clausen seconded the motion. Motion passed.

EXECUTIVE SESSION

At 12:30 PM President Alford called for a thirty minute executive session to discuss performance of Columbia Basin Hydropower personnel.

RECONVENE AND ADJOURNMENT

President Alford reconvened the meeting and being no further business to come before the Board, the meeting was adjourned by President Alford at 1:00 PM



President



Secretary

COLUMBIA BASIN HYDROPOWER
Activity Report

For period May 12, 2018 to June 15, 2018

Reported by: Larry Thomas Function: Field O&M Activities

All Plants

- . All plants were inspected this period by a Star Tech property insurance inspector.

Russell D. Smith Power Plant

- . Generation ranged from 1.8 MW to 5.0 MW.
- . No outages or abnormal conditions.

P.E.C. 66.0 Power Plant

- . June 6, the plant was taken offline at 0800 hours to facilitate a canal weed treatment. The plant was restarted at June 8 at 1025 hours.
- . Output ranged from 0.4 MW to 1.9 MW.

E.B.C. 4.6 Power Plant

- . No outages or abnormal conditions.
- . Output ranged from 0.9 MW to 2.1 MW.

Main Canal Power Plant

- . No outages or abnormal conditions.
- . May 22, FERC inspector performed annual safety inspection.
- . Output ranged from 18 MW to 23 MW.

Summer Falls Power Plant

- . No outages or abnormal conditions.
- . Output ranged from 64 MW to 87 MW.

Columbia Basin Hydropower

Activity Report

For Period: May 15, 2018 through June 14, 2018

Reported by: Robert Stoaks P.E.

Function: Engineering

- 1) SCADA/PLC/Relay replacement for all plants: H2E has submitted relay and control drawings for approval. Working through logic for PLC programming.
- 2) Closeout of multiple off-season projects: Calisto installation, 4.6 GSU repair, Spare PT/CT, SF MU Breaker, RDS exciter upgrade, and RDS BU Generator replacement.
- 3) Design of emergency diesel transfer switches for Main Canal.
- 4) Performing Battery Capacity test – all plants.
- 5) Performing study to increase efficiency and output of Main Canal and Summer Falls. Gathering information from vendors on efficiency upgrades and costs.
- 6) EBC 4.6 transformer tested for high gasses (Methane, Ethane, and Ethylene), decision to repair tap changer in-house by cleaning connections, drying oil, testing oil using Karl Fisher, and dielectric tests for moisture. Pulled oil samples for analysis after the unit was started.
- 7) Reviewing loadability requirements of PRC-025 to implement at Main Canal and Summer Falls.
- 8) Researching how to heat the governor hydraulic oil to lower the viscosity to less than 54cSt. Contacted experts and vendors.
- 9) Design of wireless controller for bridge crane in Main Canal shop.
- 10) Reviewing maintenance practices and making recommendations for improvement.

Columbia Basin Hydropower

Activities Report for the period of May 14th, 2018, through June 15th, 2018.

Derek Wolf, PE Mechanical Engineer

General:

- Completed annual walkthrough of all plants with the insurance inspector.
- Coordinating maintenance activities at all plants.
- Ongoing planning, coordination, and records review for the Quincy Chute Penstock recoating project.
- Completed the annual FERC inspection of the PEC Headworks project with Grant PUD.
- New north plant operator hiring process completed.
- Completed annual review of SPCC and Hazardous Communications plans.
- Improvements being implemented to the documentation process for portable fire extinguisher maintenance.
- Resolving shipping issues to the Main Canal power plant from Amazon online.

Main Canal Power Plant:

- Completed the annual FERC inspection.
- Replacement of CO2 flexible hoses that failed hydrostatic testing.
- Continuing coordination with USBR for the new steel storage building. Class III Cultural Resource Survey was performed at the site. USBR has finished review and provided comments. Waiting on USBR to submit survey findings to the Colville Tribe for their review. FERC also has submitted requirements for construction.
- Sump pump repair and associated suction piping maintenance performed.

Summer Falls Power Plant:

- Removal of generator CO2 system crossover valve piping that wasn't designed correctly.
- Replacement of CO2 flexible hoses that failed hydrostatic testing.
- U162 turbine oil catch basin return pump suction line bypass installed. An upgraded suction line will be installed during off-season.
- Sump pump #1 rebuilt. Suction piping replaced.
- Annual fire pump flow testing completed.
- 5-year standpipe flow testing completed.

EBC 4.6 Power Plant:

- Replacement of trashrack conveyor belt completed due to worn-off cleats. Modifications to conveyor system to be made during off-season.

COLUMBIA BASIN HYDROPOWER
Activity Report
For Period: May 13 through June 16, 2018
Reported by: Betty Craig Function: Technical Information Dept.

CMMS:

- CASCADE data entry is up to date.
- Project to add all PRC-005 related equipment to CASCADE is nearing completion. Awaiting final review with Electrical Engineer.

NERC/WECC COMPLIANCE:

- Reviewed NERC & WECC websites for any upcoming deadlines or revisions to existing standards.
- Completed Inherent Risk Assessment (IRA) survey and uploaded supporting documentation to WECC.
- Annual cyber training for all employees was assigned and completed.

NETWORKING & COMPUTERS:

- Routine security, maintenance, and verification of nightly backups.
- Assisted users with miscellaneous hardware and software issues.
- J5 logbook beta testing has been pushed to July.
- Auditing all personal computers for Windows 7 extended support end of life (January 2020).

HYDRO PROJECT DEVELOPMENT:

- E-filed comments on Puget Sound Energy's report with the WUTC.

OTHER:

- Scanned and created .pdf files for CBHP staff.
- Website updates.