

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, November 10, 2020

A G E N D A

ONE TIME USE Call in number option: 888-387-8686 (Participant Pin No. 7737637#)
Due to the office closure associated with COVID-19 precautionary standards, we will not have public present at our meeting.

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 - 10/27/2020 Meeting

➤ Approval of Claims/Vouchers for period ending 11/10/2020 *(Cynthia Bruce)*

➤ Approval of Payroll for period ending 10/25/2020 *(Cynthia Bruce)*

➤ **PUBLIC COMMENT PERIOD**

REPORTS - 10 min. each:

- Power and Finance Update *(Mike DeMott)*
- Commissioners' Reports
- Assistant General Manager Operational Report *(Gwyn Miller)*
- Manager's Bi-Monthly Report *(Jim Smith)*
(see attached report)

GUESTS:

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

- A. Glenwood Water System: Water Rights and Approved Connections - *(Jim Smith)*
- B. Policy 18: Water Customer Service update - *(Jim Smith)*
- C. Budget Review: 2nd Draft *(Jim Smith, Gwyn Miller, Mike DeMott)*
- D. Existing Line of Credit Renewal discussion *(Mike DeMott)*
- E. Set Public Hearing Date- Electric Rates and 2021 Operating Budget *(Jim Smith)*

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

- **PPC Annual Conference: November 14, 2020**
- **WPUDA Annual Conference: December 2-4 (virtual)**
- **Budget Approval Hearing: December 8, 2020**

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

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the November 10, 2020 Meeting

AGENDA ITEMS:

- A. Glenwood Water System Water Rights and Approved Connections - as we discussed last week, there have been two items that have led to concerns about water availability in the Glenwood water system.

First, there have been significant leaks in the past two years and while we have repaired leaks we have located, there still appears to be leaks that we have not been able to locate to date. In the past two years, these leaks have totaled in excess of 20% of the water usage on the system. As you know, this system is old, has an extremely large amount of pipe and, for most of the year, the water table is above the pipes. These leaks have now lead to the point that we are very near our water rights limits. Unless we can find, repair and demonstrate that leaks have been reduced, we cannot add further connections. We are currently pressure testing the system a piece at a time, but with the high water table and many miles of line on the system, these leaks could be very difficult to find and repair. We will keep you posted as we proceed.

Second, we have seen a significant increase in connection requests in the past several months on the system. As with all of our systems, we obtain Department of Health (DOH) approval on the number of water connections that we are able to provide. These available connects are based on water rights, well capacity, storage capacity, and those types of factors. The issue we face with our smaller systems is that load growth is very small, so we struggle with DOH on increasing available connections and one modest sized development for an increase in connection request can deplete the approved connections.

All of this leads us to the conclusion that we cannot offer further water connections at this time. Policy 18 revisions, in the next agenda item, address taking service applications into a queue until the issues are resolved. Staff will be present to talk through these issues and arrive at an agreed upon path forward and communications with the Community.

- B. Policy 18-Water Customer Service revision - Sharon Blodgett will discuss the updates that we are recommending for Policy 18.
- C. Second Review of the 2021 Operating Budget - Gwyn, Mike and I will provide an overview of revisions to the proposed budget made since the last meeting.
- D. Existing Line of Credit Renewal Discussion - It is time to renew our line of credit with

Washington Federal. I am continuing to support maintaining the operating line of credit to ensure staff has flexibility throughout the year. The Financial Policy is still in place that sets guidelines on how we use this facility. COVID-19 has presented some additional interest savings potential, so now is a good time to renew this line of credit and lock in the interest savings benefit. We are looking for the board to authorize the general manager to approve the documents when provided.

- E. Set the 2021 Operating Budget Hearing for December 8, 2020 at 3:00 - I will request that the board set the Budget and Rate Hearing for December 8, 2020.

Set the 2021 Electric Rate Hearing for December 8, 2020, also at 3:00 - I will request that the board set the Electric Rate Hearing for December 8, 2020. I would also note that the proposed rate adjustments would go into effect for bills issued after April 1, 2021.

NON-AGENDA ITEMS:

1. **Port District Water System Operations and Maintenance Contract** - I think you all have heard that Marc Thornsby is no longer the Port's executive director. Our O&M and billing contract with the Port expired July 1, 2020 after a ten-year term and ten, one-year extensions. This document was with Marc to revise. After speaking with Port Commission President Wayne Vineyard and Margie Ziegler of the Port District, I sent them a simple contract extension that merely extends all terms and conditions until March 31, 2021 to allow time to negotiate a new contract. I do not think it will take that long, but I wanted to make sure we do not have to worry about the date.

Some of the operating work on the water system was completed by Port District employees in the past. Commissioner Vineyard asked me to consider our operators completing more of this work, as we would do for any other water system. I committed to creating a draft with our WWW staff for them to consider. I will run this draft past you once we are getting close unless you have further direction for us.

2. **WPUDA Manager's Meeting** - I am attaching the WPUDA's legislative priorities 2021 document from my WPUDA general managers meeting last week. If you have issues or bills you would like us to propose, push for or follow, please let me know.



3. **Goldendale Energy Storage Project** - National Grid has formally sold or transferred their position in the pumped storage project to Copenhagen Infrastructure Partners, Inc. Nate Sandvig is now employed by Rye Development, so they are maintaining continuity in people working on the project. Erik has stated that their intent is to complete the water supply agreement with KPUD by the end of the year.

We have also communicated formally with NSC and with Rye Development on our requirements to provide water service to the proposed pumped storage project. Brian will be working with both parties to try and arrive at contracts and agreements that support the development of the project and provide the benefits to KPUD that were agreed to in our MOU with Rye and now with Copenhagen. Our 2021 budget includes funds for Brian to continue to work on these agreements if they are not completed by year-end and if Brian is willing to continue to work with us. He is actively winding down his workload and looking to actually retire.

4. **Lower Snake River Dams** - PPC involved me in the early drafting of the PPC position paper on the lower Snake River Dams and I am happy with the result. As far as I can tell, there is no dissention within the PPC membership with the position developed. PPC will issue their position in the next couple of weeks.
5. **PPC Annual Meeting** - I was re-elected onto the PPC Executive Board. Gwyn Miller is our alternate. I have been a member of the Board since 2013.

At the annual meeting, revisions to the bylaws were approved. There had been proposals to limit the ability for board members to be on the Executive Board in order to ensure that working level knowledge and experience is brought on to the board. That proposal was not well received. The bylaws, as approved, were revised with the following language:

“Given the highly technical nature of the Council’s work, it is preferable that the person serving on the Executive Committee holds a senior leadership role at a Member utility, and has demonstrated the type of breadth and depth of management, leadership, and electric utility experience that would aid the Council in carrying out its purposes and mission.”

Liz Green, Skamania County Commissioner, was elected onto the PPC Executive Board in the elections for 2021.