

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, February 11, 2020
2:00pm

CALL TO ORDER: President Dan G. Gunkel called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Dan G. Gunkel- President and Douglas B. Miller-Vice President

STAFF PRESENT: Gwyn Miller- Assistant General Manager, Mike DeMott- Director of Finance and Power Management, Mark Pritchard- Operations Manager, Cynthia Bruce- AP/Accounting Clerk, Beth Schroder- Accountant, Kevin Ricks- Renewable Energy Assets Manager, and Luann Mata- Executive Assistant.

GUESTS: None

PLEDGE: The Pledge of Allegiance was recited by those present.

MINUTES: Motion was made by Commissioner Miller to approve the January 28, 2020 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Cynthia Bruce. Vouchers were audited and certified by the auditing officer as required by RCW 42.24.080, and all expense reimbursement claims presented were certified as required by RCW 42.24.090 and were recorded on a listing made available to the Board this 11th day of February, 2020.

Motion was made by Commissioner Miller to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher Nos. 206507 through 206508 and 506510 through 206609 in the total amount of \$940,628.38; Wire and Automated Clearing House (ACH) transaction Nos. 8801286 through 8801290 , along with Electronic Funds Transfer (EFT) transaction Nos. 106 through 108 in the total amount of \$114,013.79 for the period ending February 11, 2020; and
- Payroll Warrant Nos. 206509 and ACH Direct Deposit Payroll transactions 204171 through 204252 in the total amount of \$184,983.82 for the payroll period ending February 2, 2020.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy Assets Report - Kevin Ricks presented the department report for January. The January production was 134,000 dekatherms and the plant ran at 84% efficiency. There were two outages in January. One was a power supply. There was an issue with the 230kV transmission line that caused an outage. This would not have had such an impact if the plant generator had operated properly. The generator did not start, so when the uninterruptable power supply (UPS) battery expired the Programmable Logic Controller (PLC) underwent an unplanned shutdown and it corrupted the equipment. The second was caused by cold weather. The amine system experienced icing issues. A temporary fix has been implemented and a permanent fix will be implemented during the spring outage. Each outage resulted in approximately a full day production loss (4680 for transmission, 4450 for amine).

The Renewable Natural Gas Blowers were delivered Saturday. We are requesting a call for bid today for an after cooler and Variable Frequency Drives (VFD) to be added to the blower system. The VFD bid was revised to specify Allen Bradley drives. There is a significant advantage in the standardization of staying with the Allen Bradley brand.

Kevin has also been working with Republic on an agreement for drilling new "KPUD" optimization wells; he will bring more information to a future meeting. The additional wells will provide increased gas supply and get us closer to full load on the RNG plant.

Power Management Report - Mike DeMott presented the department report for January. Current low Mid C Power and Sumas Gas pricing reflects the mild winter and adequate gas storage. Current pricing compared to prior year pricing was reviewed. The 2019 swap results were reviewed and provided net benefit to KPUD. Current 2020 outstanding hedges were presented with hedges expected to provide better than budgeted results for KPUD non-BPA power purchases. The current Renewable Identification Number (RIN) pricing was reviewed and impact of recent court reversal of small refinery exemptions discussed. This has resulted in recent price increases. Staff is working with BP to capture value from this increased pricing by selling RINs for future delivery at current prices. Staff to receive additional details from BP trading desk on how RIN related transactions are executed and provide this information to the Board at a future meeting. The provisional pathway application with California Air Resources Board is still pending submittal and approval.

2019 retail load results were provided and show that KPUD loads continue to grow. This growth has occurred independent of the impact of new industrial customers and additional RNG load.

Northwest Requirements Utilities is working with Bonneville Power Association on their post 2028 discussions. Future work to protect the Irrigation Rate Discount may require Board and irrigator participation.

White Creek generation for 2019 was reviewed and ended the year around budget after a slow start early in 2019. 2020 generation has been much higher than average. In January, the facility produced the highest January generation output received by KPUD. This wind production comes during the times when power pricing is low. High January generation may impact late 2020 generation received as KPUD has elected to not receive Excess Output from the facility once we receive our Tier One allocation of 63,848 MWh.

Financial Report – Mike DeMott presented the November Financial Report. He stated that Accounting is focused on 2019 year-end closing. He reviewed the year-end forecast. He stated that when possible, the 2019 actuals for December are included in this forecast. There are no large changes expected upon completion of the year-end closeout. Our retail revenue is forecasted to end the year above budget. Year-end forecast includes unbilled revenue added to December. This unbilled revenue is from December utility bills where payment is received in January and applied to December customer usage. Overall, we are under budget on total revenue. We were also under budget on overall expenses. Forecasted Debt Service Coverage is 1.19 for overall KPUD debt and 2.37 for senior debt. Days cash on hand is forecasted to result in 278 days cash on hand and 373 days liquidity on hand.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel did not have a report.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller did not have a report.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles was absent from this meeting.

GENERAL MANAGER – The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, Gwyn Miller presented the following information:

- Legislative Session Update - Bills of interest this week were the wildfire prevention preparedness, which is still moving forward. Pole contact fees are a focus to watch, Russ Patton will continue to work on this. Lastly, pumped storage was unanimously supported and is gaining momentum. Our March Ruralite will have a feature story on pumped storage.
- Moss Adams - We have retained Moss Adams again in 2020 to complete our 2019 financial audits for continuity.

AGENDA ITEMS:

- A. PROFESSIONAL SERVICES APPROVAL - **Motion** was made by Commissioner Miller to approve the renewal of all of the firms listed and agree to add them to the Professional Services Consultants Roster for the 2020 period. Motion carried.
- B. PREQUALIFICATION OF CONTRACTORS - **Motion** was made by Commissioner Miller to approve the addition of Granite Construction Company and Rebuild-it Services Group and agree to add them to the Small Works roster for the 2020 calendar year. Motion carried.
- C. CALL FOR BID- RNG Blower Gas Aftercooler 2020 - **Motion** was made by Commissioner Miller to approve the Call for Bids- RNG Blower Gas Aftercooler with bids being received until 2:00 p.m. on March 4, 2020. Motion carried.
- D. CALL FOR BID- RNG Blower Variable Frequency Drives 2020 - **Motion** was made by Commissioner Miller to approve the Call for Bids- RNG Blower Variable Frequency Drives project with bids being received until 2:00 p.m. on March 4, 2020. Motion carried.
- E. EXECUTIVE SESSION: Collective bargaining update - President Gunkel called for an Executive Session at 3:12 p.m. per RCW 42.30.140 (4)(a) noting that the session would last for 15 minutes, for the purpose of discussing the Collective bargaining status. The session ended at 3:27 p.m. No action was taken.

RCW 42.30.140 – Controlling- Application.

(1) Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:

Adjourned – There being no further business, the meeting adjourned at 3:28 p.m.

/S/
Dan G. Gunkel, President

/S/
Douglas B. Miller, Vice President

Absent
Randy L. Knowles, Secretary
Date Approved: February 25, 2020

/s/
Luann Mata, Executive Assistant