

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, October 13, 2020
2:00 p.m.

Due to the office closure associated with COVID-19 precautionary standards, in person attendance is still restricted. Attendance is noted below.

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

PRESENT: Dan G. Gunkel - President, Douglas B. Miller - Vice President, and Randy L. Knowles - Secretary.

STAFF PRESENT: Gwyn Miller - Assistant General Manager, Mike DeMott - Director of Finance and Power Management, Brandon Johnson - Engineering Tech, and Luann Mata - Executive Assistant.

Via teleconference: Mark Pritchard - Operations Manager, Cynthia Bruce - AP/Accounting Clerk, Beth Schroder - Accountant, Ron Schultz - Engineering Manager, Kevin Ricks - Renewable Energy Assets Manager, April Greenlaw - Operations Support Assistant, Sharon Blodgett - Water-Wastewater Coordinator, Nichole Lantau - Accountant, Brandy Myers - Customer Service Supervisor, Mark Garner, Engineering Customer Supervisor, and Anita Clever - Energy Services Specialist.

GUESTS: Larry Hoctor

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

MINUTES: MOTION was made by Commissioner Knowles to approve the September 22, 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 13th day of October, 2020.

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

- Accounts Payable Voucher Nos. 208433 and 208435 through 208682 in the total amount of \$1,184,295.66; Wire and Automated Clearing House (ACH) transaction Nos. 8801370 through 8801374, along with Electronic Funds Transfer (EFT) transaction Nos. 174 through 176 in the total amount of \$1,253,289.73 for the period ending October 13, 2020; and
- Payroll Warrant No. 208434 along with ACH Direct Deposit Payroll transactions 205690 through 205772 in the total amount of \$197,912.90 for the payroll period ending September 27, 2020.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy Assets Update - Kevin Ricks presented the report for September. He highlighted that we set a new production daily average and obtained 100% reliability for the month. The fall shutdown will begin next week to complete annual maintenance and complete a number of capital improvements. The

commissioners recognized that the production and reliability are trending in a positive direction and recognized the crew's hard work.

Power and Finance Update - Mike DeMott presented the report for September. He discussed power pricing trends and stated that he will be looking to utilize financial hedging to lock in December prices to protect budget against unforeseen price spikes from weather impacts.

Mike provided the renewable natural gas sales update. The remaining RNG in storage will be sold by the end of the month. We will accrue this RIN and LCFS related revenue; it is likely the LCFS related payments will not be received until after the beginning of the year. RIN related payments occur within 1-2 months of RIN generation. Our year-end forecast expectations are based upon current RIN/LCFS pricing and known volume.

White Creek reached the Tier 1 production threshold in late September. It is likely 2020 will result in the highest generation seen by the project since commercial operation started. Mike asked for board feedback on evaluating "super peak" options available under the BPA power purchase contract. Under this option KPUD would shape delivery of its non-BPA market purchase into the super peak hours and receive credit offsetting demand charges. While the BPA-related savings are relatively known, the cost of scheduling and power purchases is under investigation. The board asked Mike to consider if we could utilize our current resources versus a market purchase in the future.

August Financial Report - Mike DeMott stated that Fitch has reaffirmed our rating during their recent credit review of KPUD. This means that our rating has remained the same but notes that they recognize our improved financial position upon repayment of RNG related debt.

He also reviewed August financial results and year-end forecasts prepared by Accounting. Financial statements were included in the board materials provided. Another item of note was that our customer base has increased by 162 customers compared to the same period last year. The majority of this increase is in the residential customer class. The report was accepted as presented.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller discussed an article in the Yakima Herald Republic regarding an Ecology project decision.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles did not have a report.

ASSISTANT GENERAL MANAGER - Gwyn Miller presented the current operational update.

- Current COVID-19 Update - Gwyn provided the board with highlights of the county COVID status.
 - Gwyn stated that the Washington state reporting sites have been offline for several months now as they realized that there was inconsistent information being reported. With the inconsistency in reporting, Klickitat County is at a standstill since the Safe Start program relies upon this information. The Utilities Trade Commission (UTC) extended customer related proclamations for Investor Owned Utilities (IOU) until April 30, 2021. This requires waiving disconnects, allowing up to 18 mo. payment arrangements, along with offering and funding COVID programs. The board discussed the financial impacts that similar proclamations from the governor for PUDs could have on our utility and the likelihood the disconnect moratorium could continue through the end of the year.

- o Gwyn provided a pumped storage support process follow-up.

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

AGENDA ITEMS:

- A. PRELIMINARY BUDGET DISCUSSION: Capital, Expense, and Labor - Mike DeMott, Gwyn Miller and Brandon Johnson presented a high-level review of the 2021 budget process and initial results. The focus was on what we can realistically accomplish, while maintaining expenses at levels close to 2020 budgeted amounts. The first review prompted many department level discussions. The board engaged in discussions and asked that staff continue to evaluate budget expenditures over the next few years in preparation of the next draft budget. It was discussed that before certain budgeted items are completed, that we ensure that specific levels of revenue are received. Future budget timeline was presented. No action was taken.
- B. STRATEGIC PLAN ADOPTION - **MOTION** was made by Commissioner Miller to approve the Strategic Plan as presented. Motion carried.
- C. RESOLUTION 1796 - RESCINDING RESOLUTION 1288: Surge Protectors - **MOTION** was made by Commissioner Miller to approve Resolution 1796 and Rescind Resolution 1288: Surge Protectors. Motion carried.
- D. WPUA EDUCATIONAL SCHOLARSHIP NOMINATION - **MOTION** was made by Commissioner Miller to approve the nomination of Tiana Watson for the annual WPUA Educational Scholarship drawing. Motion carried

Adjourned - There being no further business, the meeting adjourned at 4:44 p.m.

ABSENT

Dan G. Gunkel, President

/S/

Douglas B. Miller, Vice President

/S/

Randy L. Knowles, Secretary

Date Approved: October 27, 2020

/s/

Luann Mata, Executive Assistant