

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, May 24-26, 2022
2:00pm

CALL TO ORDER: President Douglas B. Miller called the meeting to order at 2:00 p.m. as advertised.

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

STAFF PRESENT: Gwyn Miller - Assistant General Manager, Mike Nixon - Operations Manager, Jeff Thayer - Materials Manager, Brandon Johnson - Engineering Supervisor, Mark Garner - Engineering Supervisor, Sharon Blodgett - Water/Wastewater Coordinator, Kevin Ricks - Renewable Energy Assets Manager, Mike DeMott - Director of Finance and Power Management, Cynthia Bruce - Accountant, Russ Patton - Project Engineer, and Luann Mata - Executive Assistant

Via teleconference: Jim Smith - General Manager, Robbie Cacy - Procurement Specialist, Geoffrey Lacefield- System Engineer, Brandy Myers - Customer and Accounting Services Manager, Jonah Humphreys - RNG Site Supervisor, and Courtney Collins - Engineering Support Assistant

GUESTS: Lori Zoller-Present; Via Teleconference: Brian Skeahan and Erik Steimle, Rye Development.

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

MINUTES: **MOTION** was made by Commissioner Knowles to approve the May 10, 2022 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Isabelle Carroll. 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 24th day of May, 2022.

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

- Accounts Payable Voucher Nos. 213339 through 213450 in the total amount of \$1,669,192.79; Wire and Automated Clearing House (ACH) transaction Nos. 8801640 through 8801647, along with Electronic Funds Transfer (EFT) transaction Nos. 344 through 349 in the total amount of \$4,222,308.86 for the period ending May 24, 2022; and
- Payroll Warrant No. 213338 and ACH Direct Deposit Payroll transactions 209349 through 209430 in the total amount of \$251,453.31 for the payroll period ending May 8, 2022.

Motion carried.

PUBLIC COMMENTS: Eric Steimle provided an update on the Goldendale Energy Storage project. He thanked the PUD Commissioners and staff for the support and assistance that has been provided to the project. He wanted to make sure we were aware that the Environmental Impact Statement (EIS) will be released in the next few weeks and that there is a 60-day comment period. There is opportunity for the public to comment on the EIS in person on June 21 at the Goldendale Grange Hall from 6-8 p.m. Written and oral comments are accepted during this review timeframe as well. He also reviewed partnership information and the efforts working towards the water supply agreement. Once the State Environmental Policy Act (SEPA) process is complete, they anticipate the Federal Energy Regulatory Commission (FERC) licensing process to move along and they are hopeful for approval the second

quarter of 2023. Commissioner Knowles asked if they have off taker projection. One off taker has shown interest in 800MW.

REPORTS:

Water/Wastewater Report - Sharon Blodgett presented the April/May water wastewater updates. She verified that the follow up discussions, with staff, related to the elevated sewer line and the high water mark in Lyle were completed. The Department of Health has approved the Glenwood corrosion control project and forwarded the water rights request to the nation. Staff has completed the update to the well No. 2 pump in Ponderosa, which will provide increased flow rates. The contractor in Roosevelt has signed the bulk water fill contract for construction water this summer. This contract will bring in extra cash for this system. Jim mentioned staff has been evaluating capital projects necessary to extend the life of the systems and will be applying for system funding for four systems from the LFG Improvement Fund this year to assist with these capital project costs.

Operations Report - Mike Nixon and Jeff Thayer presented the report for April. Mike stated that the Average System Availability Index (ASAI) goal of 99.971% is still not being met we are at 99.935% through April. The late April snowstorm contributed to these numbers.

Crews are completing a combination of maintenance and customer work. In Goldendale, there are 12 customers ready for installation with 10 of them scheduled. In White Salmon 9 are ready with 8 of them scheduled. Currently we have 22 customers that still have requirements to meet before we can schedule them. We believe that our transformer inventory is sufficient to get us through the summer construction months, but we anticipate challenges this fall if we do not find additional transformers before our next expected delivery in December. So far, we have not had a customer that has had to wait for a transformer.

Kemp West has three crews on the property. At this time, they are trimming approximately one mile per week per crew, as they are working off-road. We are completing an average of about 10 miles per month. Dale Stelter has mulched approximately 312 hours this year, which includes 100 hours this month alone. Staff removed 64 hazard trees in April.

So far, we have increased our annual inventory by about one million dollars from last year. Some of this increase is price related while the other is increased stock. We have completed our annual inventory review and adjustments totaled 1% for 2022. The goal is 2% or less adjusted. Jeff mentioned that the inventory process is going well, but the inventory group has reviewed lessons learned from 2022.

Commissioner Knowles asked if the majority of the total dollar increase was due to price increases. Jeff felt that inventory increase are both pricing and increased volumes and that it appears to be base material required to produce the products. Prices of transformers obviously have increased significantly. PVC is another item with the significant pricing adjustment, but many of our materials did not raise significantly. Commissioner Miller asked what budget impacts we expect to see with the increased fuel prices. Jeff felt that we could reasonably expect to have an increase to our fuel budget of \$100,000 by year-end.

Engineering Report - Brandon Johnson and Mark Garner presented their reports for March.

The MA Collins substation transformer is soaking; commissioning is pending a few punch list items. The existing transformer will remain energized for backup. EE Clouse transformer bids are in and are under evaluation. Final design work is under way for the 69/115kV transmission line between EE Clouse and the existing Goldendale substation. The EE Clouse construction bid package is nearly complete. We expect to ask to issue a call for bid within the next few weeks. The new regulators in Bingen will be installed during an outage on June 3 to tie those into the system.

Lastly, monthly inspections and transformer testing of the Goldendale substation transformer determined we had a bad arrestor, leaking bushing and a damaged neutral bushing. The oil was cleaned and the bushings were replaced. This should address all of the known transformer issues within this substation.

Currently the staking engineers' activity is 95% customers who are actively progressing through their installation requirements. Nathaniel Hill is helping with capital project work and assisting Aaron Estey with customer work in White Salmon. Mark reviewed his previous transformer update and clarified where we are to date. He agreed with Jeff's assumption that we should make it through summer, but will likely face challenges this fall. Mark reviewed the current direct-bury boring project locations with the board and stated that Titan Electric is continuing work on Glenwood Highway pole upgrades.

Last month staff sent out 54 customer installation letters. This month that number was 61 to date. With the locations of development properties available being more and more remote, jobs are getting larger and more complicated and require extensive engineering and construction. Commissioner Miller asked if staff is reviewing design requirements, specifically, if transformer philosophy is under review. Mark stated that evaluations are based upon load calculations and potential future need; but the philosophy is evolving.

April Financial Update - Cynthia Bruce presented the April financials. Rates and generation income are favorable, at or above budget. Staff revised miscellaneous revenue to include the fee increase of our pole contacts and increased projected Aid in Construction (AIC) collection. Wholesale power expenses have risen driven by increased power used through our rate classes. A detailed forecast update from second quarter will come after 2nd quarter review. Our year-end Debt Service Coverage is forecast at 1.73 as compared with budget of 1.59 and our Day's Cash is forecast to be 214 as compared to 192 budgeted.

COMMISSIONER DOUGLAS MILER - Commissioner Miller wanted to recognize that we are attempting to hire locally and train new employees where practical and "grow our own." He also asked that staff re-establish the job shadow program with the schools.

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

COMMISSIONER DAN GUNKEL - Commissioner Gunkel expressed support of including small modular nuclear reactors in our research of future sources of power supply and explore working directly with Energy Northwest to evaluate options.

ASSISTANT GENERAL MANAGER - Gwyn Miller reported on:

- **Summer Students** - Our college students are coming on board over the next month. This year we expanded the program by reducing the age requirement from graduates to 16 and older. Many have expressed interest in exploring careers at the PUD. Our focus is on students who are exploring careers that may include the PUD as much as possible. We will also provide job shadow and education opportunities whenever possible.
- **Future Farmers of America Agriculture Day program** - We have been asked to participate in the Goldendale High School FFA Ag Day program June 3. Our plan is to focus on promoting electrical safety. The students are 10 years and under. Our staff is focused on starting relationships with young students and keep them interested in growing their knowledge of the utility and career opportunities in the future years.
- **Staffing** - We had a new lineman begin yesterday. This was the first position we have applied the sign-on bonus and finder's fee to. These bonuses are associated with critically hard to fill positions. The Information Technology department is still very short on resources, but we have a college student

slated to assist for the summer and are working with Patrick Carroll via professional services to assist on a trial basis as well.

- NWPPA Work Order training class - We brought in a trainer to our location and involved most of our employees. The training was very well directed and engagement was very open. We felt the training was successful.
- Workshop - We are holding the automated metering infrastructure workshop on May 26 at 11 a.m. in the new commission room.
- PURMS meeting update - Commissioner Knowles and Gwyn will attend the operational meeting on May 26. The Executive Board meeting is scheduled for June 1-2.

GENERAL MANAGER - The complete report can be found at:

http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, Jim Smith presented the following information:

- Jim summarized his thoughts on information provided throughout the meeting. Reinforcing that there may be material pressure in fall if we cannot secure additional pad-mount transformers before this fall. He also acknowledged staff's effort in completing MA Collins before the irrigation season is in full swing. He agreed with Gwyn's opinion of staff's engagement during the work order process training and the team building that occurred.
- Future growth - We have been basing our budgets on a 1% annual growth, which has grown to more like 3% over the past three years. Other areas have experienced 5-7% annual load growth average over the past 10 years. This is just something to stay abreast of, especially as we see where the load is today on our system.

AGENDA ITEMS:

- A. GOLDENDALE ENERGY WATER SUPPLY AGREEMENT DISCUSSION – Jim stated that Kevin Ricks, Brian Skeahan, and Erik Steimle have been working with Copenhagen Infrastructure Partners to complete a water supply agreement. The negotiations are nearing completion. No action taken.
- B. McNARY ACCESS UPDATE - Mike DeMott and Kevin Ricks stated that the project committee is working through the review process. The next step is a discussion with the US Army Corps of Engineers to complete some maintenance on the stairs. No action taken.
- C. WATER/WASTEWATER RATE AND WATER USE EFFICIENCY GOAL SETTING HEARING 3:00 p.m. –
 - Commissioner Miller opened the public rate hearing, as well as the Water Use Efficiency public hearing at 3:00 p.m. Staff reviewed the projects and costs associated with each system. Jim also reviewed each systems' cash standings and the proposed rate increases. Staff discussed these items during public meetings held with most of the systems. Customers whose systems do not hold regular meetings received letters.

Water increase recommendations were as follows:

- Rimrock 3%
- Ponderosa 3%
- Wishram 3%
- Roosevelt 0%

- Klickitat 5%,
- Glenwood 5%
- Lyle 3%
- Bickleton 3%
- Cliffs 3%.

Wastewater increases were as follows:

- Wishram 0%
- Roosevelt 3%
- Klickitat 3%
- Glenwood 2.5%
- Lyle 5%

Prior to this hearing, we received a petition from Klickitat residents requesting the addition of a fire hydrant to their system.

- In addition to water and wastewater rates, staff reviewed the current fill station rate. The recommendation was to change the rate to an interruptible bulk water rate with an application fee that is estimated cost or \$100, whichever is greater, a \$100 minimum monthly fee and increasing the price per 1000 gallons from \$5.00 to \$20.00. This rate would apply for interruptible bulk water supply from systems with existing hydrants or fill stations.
- Sharon Blodgett informed the board that the Water Use Efficiency Goals were discussed with customers at community meetings and posted on KPUD website for their review. Three water systems had slight changes to their goals since the goals posted on the website for review. Wishram’s demand goal per connection consumption 3-year average changed from “265” to “255” gallons daily. The words “even as growth occurs” were added to the goal. Roosevelt’s demand goal changed from saying “maintain” to now say “reduce.” Per connection 3-year consumption average changed from “375” to “320” gallons or less and the words “even as growth occurs” were added. Lyle supply side goal had a change from “annual” reporting to “monthly” reporting with local fire department and DOT to record authorized consumption.
- Upon completion of the review, Commissioner Miller opened the floor for the public comment. Hearing no comments, he closed the public comment period.
- The hearing closed at 3:22 and regular meeting resumed.

D. RESOLUTION 1819 SETTING OF THE 2022 WATER AND WASTEWATER RATES - MOTION was made by Commissioner Gunkel to adopt Resolution 1819 Setting the 2022 Water and Wastewater Rates as presented. Motion carried.

E. RESOLUTION 1820 ADOPTION OF INTERRUPTIBLE BULK WATER RATE REPLACING THE EXISTING FILL STATION WATER RATE - MOTION was made by Commissioner Gunkel to adopt Resolution 1820 Adopting the new Interruptible Bulk Water rate replacing the existing Fill Station Water rate Resolution 1545 as presented. Motion carried.

F. RESOLUTION 1821 SETTING OF 2022 WATER USE EFFICIENCY GOALS - MOTION was made by Commissioner Gunkel to adopt Resolution 1821 Establishing Water Use Efficiency Goals for each water system effective for six years as presented. Motion carried.

Commissioner Miller recessed the meeting at 3:56 p.m. until Thursday, May 26 at 11:00 a.m. for the purpose of completing Agenda Item G- Executive Session.

CALL TO ORDER: President Douglas B. Miller called the meeting to order at 11:00 a.m. as stated on May 24, 2022 for the purpose of completing Agenda Item G- Executive Session.

President Miller stated that the EXECUTIVE SESSION: Review of Real Estate Sales or Lease of Property options for pumped storage water supply agreement per RCW 42.30.110 (1)(b) was no longer needed; no action was taken.

RCW 42.30.110 – Executive Session.

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 11:02 a.m. on May 26, 2022.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

Absent
Dan G. Gunkel, Secretary
Date Approved: June 14, 2022

/s/
Luann Mata, Executive Assistant