

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, March 14, 2023
2:00pm

CALL TO ORDER: President Randy L. Knowles called the meeting to order at 2:00 p.m. as advertised.

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

STAFF PRESENT: Jim Smith - General Manager, Brandon Johnson - Engineering Manager, Cara Smith - Accounting Clerk, Mike DeMott - Director of Finance and Power Management, Kevin Ricks - Renewable Energy Assets Manager, Jeff Thayer - Materials Manger, and Luann Mata - Executive Assistant.

Via teleconference: Mike Nixon - Operations Manager, Geoffrey Lacefield - System Engineer, and Courtney Collins - Engineering Support Assistant.

GUESTS: Larry Hocter; Greg Cullen - Energy Northwest Vice President for Energy Services and Development

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the February 28, 2023 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Cara Smith. 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 14th day of March, 2023.

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

- Accounts Payable Voucher Nos. 215686 through 215799 in the total amount of \$1,354,577.04; Electronic Funds Transfer (EFT) transaction Nos. 439 through 444 and Wire and Automated Clearing House (ACH) transaction Nos. 8801759 through 8801764 in the total amount of \$1,500,523.91 for the period ending March 14, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 211201 through 211288 in the total amount of \$264,518.39 for the payroll period ending February 26, 2023. Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy Assets Report - Kevin Ricks presented the department report for February. He highlighted the team effort to obtain the highest daily average to date. Interviews and candidate evaluations are underway for the Site Supervisor position. Daniel Bartholomew attended vibration analysis training. He will utilize the training to train other site personnel. March production is on track to continue to beat budget, but does not look like it will exceed February's production.

Energy Northwest will be on site to discuss a small modular nuclear reactor project in partnership with X-energy. As part of our analysis on alternative forms of power supply, we have been talking with Grant PUD and with Energy Northwest about their small modular nuclear reactor (SMR) projects. There is a potential to utilize tax credits, access to low interest federal funding along with federal loan guarantees to assist with developing these resources. Greg Cullen, Energy Northwest's Vice President for Energy Services and Development will be on site today to discuss their project further.

Power and Finance Update - Mike DeMott presented the department report for March. He deferred his full market update as The Energy Authority (TEA) representatives will attend our March 28 commission meeting and provide a full market update. This market update will be reflective of information TEA provides to KPUD RMC quarterly.

Mike also reviewed the current Bonneville Power Administration (BPA) Post 2028 contract discussions. He attended a workshop on March 9. The focus was on the current contract proposal, which did not appear that BPA has taken into consideration any of the potential options provided by Northwest Requirements Utilities (NRU) or the Public Power Council (PPC). It also does not appear that BPA has any interest in increasing the Tier 1 system size, or in encouraging utilities to develop alternate carbon free choices to meet their load needs. He also discussed various other aspects of the negotiation process and current contract wording. Utilities with load growth and utilities who have undertaken self-funded energy conservation seem to have the most significant impacts under the proposed contract. There are additional workshops scheduled in April. Mike and Jim plan to provide representation for KPUD. Staff continues to evaluate all potential options to cover our future load growth. We expect that BPA will be seeking contract execution late 2025.

Mike recapped our 2022 standard and peak loads. We averaged 60.5 MW with a December peak in excess of 100MW. We receive 46.5 MW from BPA and a total of 4.1 MW between the McNary and Packwood projects. We purchased the remaining 10 MW from the market.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles discussed his review of HB 1427, which covers on premises generation including the net metering program and its impact on our local rate making authority under RCW Title 54. His conclusion is that it is highly questionable whether there are legal grounds for the stipulations in the bill. His concern is that the impacts of proposed legislation will impede on a utilities' ratemaking authority. This along with other challenges to local ratemaking authority in proposed bills should be a topic of discussion next meeting when Washington Public Utility District Association President, Garry Arseneault is present. An emergency meeting of the Public Utility Risk Management Services Executive Committee is set for March 28. Commissioner Knowles plans to attend and will provide an update.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller participated in a zoom update WPUDA provided last week on the current status of legislative bills. The summaries of these meetings are provided Friday's during the legislative sessions. He also had an opportunity to talk with Representative Dan Newhouse today. Representative Newhouse was in the area touring the pumped storage site with Kevin Ricks and the project developer. He also discussed a customer interaction regarding the updated irrigation rates. Lastly, he plans to attend the Bickleton, Ponderosa, Klickitat and Lyle customer meetings.

ASSISTANT GENERAL MANAGER - Gwyn Miller was absent, attending to other utility business. She will provide an update at the next 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, Jim Smith presented the following information:

- **LFG Improvement Fund contracts** - We have received funding assistance agreements from the Klickitat County Commissioners. These agreements covered funding assistance approved by the LFG Improvement Fund committee in September 2022. According to our contract with the County, a representative from the Klickitat County Commission and one from Klickitat Public Utility District Commission form the improvement committee. There must be a unanimous decision from these two individuals to approve the recommendation to fund a project request. Jim wanted to confirm that he signs these contracts as we have in the past, as the approval comes from the committee, not the PUD Commission. Commissioner Gunkel verified that Klickitat PUD's General Manager approves contracts based upon recommendations of the committee. Commissioner Gunkel will review this process with County Commissioner Anderson.
- Jim provided an update of the house and senate legislative bills.

AGENDA ITEMS:

- PRE-QUALIFICATION OF PROFESSIONAL SERVICES CONSULTANTS:** **MOTION** was made by Commissioner Gunkel to approve the addition of the firms as presented and agree to add them to the Professional Services roster for the 2023 period. Motion carried.
- POLICY 43 LARGE END USER INTERCONNECTION:** **MOTION** was made by Commissioner Gunkel to approve the updates to Policy 43 as amended. Motion carried.
- POLICY 16 LINE EXTENSION:** **MOTION** was made by Commissioner Miller to approve the updates to Policy 16 as amended. Motion carried.
- ACKNOWLEDGEMENT OF MA COLLINS CONSTRUCTION CONTRACT AWARD:** Commissioner Gunkel asked the board that they acknowledge the contract award to Palouse Power in the amount of \$947,070.00 plus tax as presented. All three responded affirming the award per RCW 39.04.280 due to the impacts delayed project completion would pose on the electric customers in the area.
- PRE-QUALIFICATION OF CONTRACTORS:** **MOTION** was made by Commissioner Gunkel to approve the addition of Proper Plumbing and agree to add them to the small works roster for the 2023 period. Motion carried.
- ENERGY NORTHWEST SMALL MODULAR NUCLEAR REACTOR PROJECT UPDATE:** Greg Cullen from Energy Northwest was on site to discuss an X-energy Small Modular Nuclear Reactor project. He reviewed project development, location and anticipated costs. After discussion Greg Cullen left the meeting, the board confirmed to staff their direction to engage with Energy Northwest for \$75,000 to explore their project further and provide input into potential project participation agreements.

Adjourned - There being no further business, the meeting adjourned at 5:45 p.m.

 /S/

Randy L. Knowles, President

/S/

Dan G. Gunkel, Vice President

/S/

Douglas B. Miller, Secretary
Date Approved: March 28, 2023

/s/

Luann Mata, Executive Assistant