

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, June 13, 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 (via teleconference) and Douglas B. Miller - Secretary

**STAFF PRESENT:** Jim Smith - General Manager, Gwyn Miller - Assistant GM, Cara Smith - Accounting Clerk, Mike DeMott - Director of Finance and Power Management, Brandy Myers - Customer and Accounting Services Manager, and Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference: Doug Tuning - LFG Site Superintendent, Andrew Jaekel - Buyer, Kevin Ricks - Renewable Energy Assets Manager, Alex Casimiro - LFG Support Assistant, Mike Nixon - Operations Manager, Brandon Walter - WWW Superintendent, Anita Clever - Energy Services Specialist, Sohn Kartes - Materials Manager, Courtney Collins - Engineering Support Assistant.

**GUESTS:** Larry Hoctor

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

**MINUTES:** **MOTION** was made by Commissioner Miller to approve the May 23, 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 13<sup>th</sup> day of June, 2023.

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

- Accounts Payable Voucher Nos. 216376 through 216534 in the total amount of \$2,334,726.23; Electronic Funds Transfer (EFT) transaction Nos. 469 through 474 and Wire and Automated Clearing House (ACH) transaction Nos. 8801797 through 8801808 in the total amount of \$3,808,630.46 for the period ending June 13, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 211738 through 211920 in the total amount of \$547,773.76 for the payroll periods ending May 21, 2023 and June 4, 2023. Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Power and Finance Report** - Mike DeMott presented the department report. Mike discussed Post 2028 above rate period high water mark (ARHWM) load forecasts. We have discussed that our power supply needs are above our share of BPA Tier 1 power supply. Mike ran scenarios of 1.5% annual growth and 2.5% annual growth for the FY28 to FY45 period. Results for the 1.5% growth scenario started at an ARHWM of 8.7MW and will grow to 24.84MW while the 2.5% scenario grows to roughly 41MW. Our Tier 2 price is locked in for BP-24 and BP-25 at \$63.83 and \$60.25/MWh, but for reference, the current forward prices for this period are currently \$87.54 and \$85.36.

Mike expects continued upward pressure on power prices and the team will be tracking this in financial forecasts. Mike reviewed the impact of these increases using current pricing forecasts and compared this to earlier assumptions. Based on a BPA system size of 7250MW as suggested in the public power Post 2028 proposal, BPA proposals indicate that KPUD will gain an additional 6 MW of Tier 1 power for the next contract. If this is the final BPA position, this would result in reductions to the above-mentioned Tier 2 power purchases, but our exposure is still significant. Mike will continue to focus on options for our ARHWM and forecasting our longer-term financial positions, noting that we need to be diligent in planning for financial impacts of increased power supply cost. Load growth, building electrification, infrastructure changes and electric vehicle growth will continue to be evaluated and studies reviewed to manage impacts. This will also likely reinforce the importance of continuing to promote and support our energy efficiency programs in the future especially as the electrification impacts increase.

Mike also reviewed progress with BPA on large customer impacts on our long-range load forecast, provided a staffing update and discussed the point-to-point transmission contracts with The Energy Authority (TEA). The Board supported renewing these contracts for another period.

**COMMISSIONER RANDY KNOWLES** - Commissioner Knowles discussed the Brown and Brown (Clear Choice Solutions) transition.

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

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller reviewed his perspective of articles written in the Northwest Public Power Association Bulletin and verified that we provided our support to the Washington Public Utility District Association regarding the net metering cost shift study being conducted by E3.

#### **ASSISTANT GENERAL MANAGER-**

- **Public Utilities Risk Management Services** - Gwyn participated in the last PURMS meeting as our voting delegate. She noted that this meeting did not have much discussion. It was mainly to vote on actions discussed in prior Executive Committee meetings. Our current insurance coverage will remain as is for now.
- **Net metering statistics review** - the current net metering statistics were reviewed. There are three applications for loads larger than 100kW. Policy states that approval of applications of 100kW or greater are to be evaluated on an individual basis and the board has the authority to approve each application, or not approve them. We are leaving this program as is until we implement the new electric utility rate structure.
- **Staffing** - We are still evaluating applications for the IT Tech positions. We have contractors available to assist Chris Evans when needed as we continue to work through the process of filling this position. Isaac Colyar has been a great asset to have in this position. He is heading to Perry Tech this fall and we hope he will consider a path that leads him back to us in some capacity. Our college interns are hired. Payton Sheridan is returning June 19 for her second summer. Our new interns are Gwyn Gilliam, Alex Contreras, Jorgia Bean, and Nate Ward. They began work on June 12.
- **Ruralite** - Gwyn recognized the efforts the communications team puts forth providing relevant content each month for our Ruralite pages. April Greenlaw, Courtney Collins, Brandy Myers and Luann Mata with the input of many others, develop content monthly to keep our customers apprised of information that is relevant to our utility and area.
- **Inventory Discussion** - With increasing our inventory, we are beginning to introduce a warehouse barcoding project. This will assist our staff with

managing our inventory, supply chain challenges and our ordering processes. Staff is working towards establishing an enterprise-wide inventory program that will support all areas of the utility, including water/wastewater and RNG.

- **Ambient Heat Exposure Rules** - We continue to monitor discussions that are taking place that are developing the rules that will implement this legislation.

**GENERAL MANAGER** - The complete report can be found at:

[http://www.klickitatpud.com/topicalMenu/commissioners/GM\\_Reports.aspx](http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx)

In place of a written report, Jim Smith presented the following information:

- **Washington Public Utility District Association** - Jim discussed the grass roots effort article regarding the delays in implementing the new building code requirements.
- **Mile Marker 28 Settlement** - We are still waiting on the completion of the legal process prior to issuing a formal press release.
- **City of Bingen meeting** - Jim and Commissioner Knowles attended a meeting with the City of Bingen on June 6. Both Commissioner Knowles and Jim commented on the group's interest in developing an understanding of what is contributing to AMI and rate design changes. The conversation lasted longer than the allotted time and the group was interested in scheduling a future meeting to explore our perspectives on how their own carbon reduction goals may impact the City. Commissioner Knowles will continue to speak with the Mayor of Bingen.
- **Therese Hampton's celebration of life** - Jim attended the event June 8<sup>th</sup> in Portland. The event was very well attended and was an indication of the impact she had on our entire region.

#### **AGENDA ITEMS:**

- A. **CARBON FREE POWER SOURCE, SMALL MODULAR NUCLEAR REACTOR INVESTIGATION** - Mike DeMott and Jim Smith discussed the project updates reported from Energy Northwest (ENW). Jim was asked to attend a meeting with the Dept of Energy and BPA tomorrow, June 14, in Portland. He will provide an update in his next report. We are still in support of participating in a program that benefits KPUD's customers and we will continue to monitor and influence the SMR projects for potential opportunities.
- B. **DISCUSSION ELECTRICAL INDUSTRIAL RATE SCHEDULE 3A8** - Discussion began by Brandy Myers, Mike DeMott and Jim Smith providing an overview of previous revisions to this rate schedule 3A8 and the flow between the large general service schedule and industrial rate schedule. Staff requested that we modify the minimum average kilowatt requirement in rate Schedule 3A8 from 2000 average KW to 1000 average KW. The minimum peak requirement would remain at 2,500 kW. There is one place in Policy 21, Electric Customer Service, which needs to be revised to go along with this proposed rate change. No changes are required to the Large General Service rate and there are no impacts to customers currently in either rate classification. Jim and Mike discussed the potential revenue and cost impacts that could occur for customers moving between the Industrial Rate and the Large General Service Rate. A high-level discussion on high-density costs was conducted. Commissioner Knowles expressed an interest in having staff facilitate a workshop with Commissioners and Mayors from the County, the Port, Goldendale, Bingen and White Salmon. His intent is for us to discuss the changing electrical wholesale markets, the potential rate impacts of continued

load growth and how our actions in regards to metering and rates could impact our County as growth occurs in our communities.

- C. SET PUBLIC HEARING: ELECTRICAL INDUSTRIAL RATE SCHEDULE 3A8 - MOTION was made by Commissioner Miller to approve the Public Hearing date be scheduled on July 11, 2023 at 3:00 p.m. and authorize staff to advertise the public hearing. Motion carried.

**Adjourned** - There being no further business, the meeting adjourned at 3:27 p.m.

                                /S/  
Randy L. Knowles, President

                                /S/  
Dan G. Gunkel, Vice President

                                /S/  
Douglas B. Miller, Secretary  
Date Approved: June 27, 2023

                                /s/  
Luann Mata, Executive Assistant