

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, October 11, 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: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Kevin Ricks - Renewable Energy Asset Manager, Cara Smith - AP/Accounting Clerk, Mike DeMott - Director of Finance and Power Management, Mike Nixon - Operations Manager, Sarah Honkala - Accounting Clerk, Cynthia Bruce - Accountant, Brandy Myers - Customer and Accounting Services Supervisor, Jeff Thayer - Materials Manager, and Luann Mata - Executive Assistant.

Via teleconference: Geoffrey Lacefield - System Engineer, Brandon Walter - W/WW Superintendent, Brandon Johnson - Engineering Manager, Alex Casimiro - RNG Support Assistant and Courtney Collins - Engineering Support Assistant.

GUESTS: Jena MacLean and Meredith Weinberg of Perkins Coie via teleconference.

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

MINUTES: **MOTION** was made by Commissioner Gunkel to approve the September 27, 2022 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 11th day of October, 2022.

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

- Accounts Payable Voucher Nos. 214404 through 214555 in the total amount of \$1,067,693.79; Wire and Automated Clearing House (ACH) transaction Nos. 8801705 through 8801709, along with Electronic Funds Transfer (EFT) transaction Nos. 388 through 393 in the total amount of \$1,109,655.01 for the period ending October 11, 2022; and
- Payroll Warrant No. 214403 and ACH Direct Deposit Payroll transactions 210223 through 210307 in the total amount of \$221,386.01 for the payroll period ending September 25, 2022.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Financial update - Sarah Honkala and Cynthia Bruce presented the financial update for August. Year to date we are ahead of budget for residential rate revenue and renewable natural gas generation. September's irrigation rate and the intertie market were also ahead of budget and we expect to exceed year end revenue budget by approximately \$3,000,000. Year end expenses are forecast to be about \$250,000 over budget, which is less than half of one percent. Our year end debt service coverage is forecasted to end the year at 1.83, which is up from our budgeted DSC of 1.59.

We expect to end the year \$3,800,000 above budget.

Finance and Power Management update - Mike DeMott discussed 2022 YTD Mid-C power pricing noting high prices in early September. September hedges provided protection against these high prices for wholesale power purchases. White Creek Wind revenues were also above budget due to high market prices. Mike discussed surplus sales activity in the BPA balancing area and the fact that Clark PUD has asked BPA to remove their River Road combined cycle combustion turbine plant from their dedicated resources in their contract.

Methodology for calculation of BPA CHWM was reviewed with impact of changes in load and dedicated resources was discussed. The BPA Rate settlement appears likely to be approved. If this moves ahead, BPA rates will largely be held flat and we have locked in our Tier-2 rates for the next two years. The revenue distribution clause financial benefit to KPUD was discussed as currently proposed. Lastly our Super Peak election has yielded almost \$140,000 in financial benefit since inception.

Renewable Energy update - Kevin Ricks presented the department report for September. The blower project is online, but staff is working through challenges. Kevin reviewed additional repairs completed during the planned outage. A significant amount of capital and effort was spent this year to increase efficiency and maintain our reliability. We still have an ongoing corrosion issue, but have found a permanent fix for that as well. Another major accomplishment were modifications that allow operators to start the plant faster.

Kevin discussed where the Grant PUD Small Modular Reactors project stands to date. He also reviewed Utah Associated Municipal Power Systems progress as well. We have also engaged McMillen Jacobs to evaluate the small hydro option and if viable, initiate discussions. The climate commitment act rules are out. Carbon tax costs and potential impacts of carbon tax credits were also reviewed. Kevin reviewed the Department of Revenue ruling received last week regarding the sales tax exemption on the RNG construction costs. Our general legal counsel is confident in our case. Lastly, Kevin reviewed the equipment surplus bids received. The Board was in agreement that the General Manager continue to remain the authorized approval of the surplus agreements as stated under Resolution No. 1824 adopted July 26, 2022.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller stated that the next Economic Development Association meeting would be held on October 25, 2022. These meetings are held quarterly on the fourth Tuesday of the month.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles stated that he attended two community meetings last week. Both meetings had good community involvement.

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

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

- Field equipment fire control settings - Mike Nixon reported that the Industrial Fire Precaution Levels were lowered from level 3 to level 2 this morning. With this reduction in IFPL staff will be placing 10 of the 33 breakers back to their normal settings. We will reevaluate the IFPL levels on a weekly basis and place the equipment back to normal operation as the fire danger decreases. Jim Smith requested that Operations bring back a report on the impacts of the fire protection settings on the overall outage hours and reliability statistics.
- Automated Metering Infrastructure presentation - Jim reviewed the information provided to staff at the last safety meeting on AMI. After the review it was suggested that we should run through the AMI presentation that that board received on May 26th with our staff.

