

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, February 28, 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, Gwyn Miller - Assistant 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, Mark Garner - Engineering Supervisor, Sharon Blodgett - Water/Wastewater Coordinator, Brandon Walter - Water/Wastewater Superintendent, Mike Nixon - Operations Manager, and Luann Mata - Executive Assistant.

Via teleconference: Brandy Myers - Customer and Accounting Services Manager, Patrick Carroll - IT Contractor, Alex Casimiro - RNG Support Assistant, and Courtney Collins - Engineering Support Assistant.

**GUESTS:** Athan Tramountanas, Ogden Murphy Wallace Law

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

**MINUTES:** **MOTION** was made by Commissioner Gunkel to approve the February 14, 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 28<sup>th</sup> day of February, 2023.

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

- Accounts Payable Voucher Nos. 215607 through 215685 in the total amount of \$1,104,491.25; Electronic Funds Transfer (EFT) transaction Nos. 432 through 438 and Wire and Automated Clearing House (ACH) transaction Nos. 8801757 through 8801758 in the total amount of \$1,169,688.64 for the period ending February 28, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 211110 through 211200 in the total amount of \$237,382.09 for the payroll period ending February 12, 2023. Motion carried.

**MOTION** was made by Commissioner Miller to approve amended Payroll ACH Direct Deposit Payroll transaction numbers from January 29 as presented. Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Water/Wastewater Report** - Sharon Blodgett and Brandon Walter presented the department report for January. The alarm system for Rimrock water provided an early leak detection notification to staff which allowed for quick response and staff

completed repairs without requiring any outage time to customers. The Bickleton water system Department of Natural Resources lease was discussed. Sharon also reviewed the proposed changes to Policy 18 Water Customer Service and Policy 19 Wastewater Customer Service.

**Operations Report** - Mike Nixon presented the department report for January. The 2023 reliability goal is set at 99.971%. We experienced a wind event in January, but overall experienced very few outages for the month. The Goldendale crews have focused on maintenance and preparation for automated metering infrastructure upgrades. There are five customer jobs scheduled and six customers pending. In White Salmon, the crews completed the Dallesport direct buried cable replacement project, removed transformers from inactive service accounts and have three customer jobs scheduled with no customers pending. Our contractor Kemp West is working in the lower areas due to snow and have trimmed twenty-five miles so far this year. Our PUD crew removed 156 trees in January as well. Commissioner Miller asked if we were still going to pursue the dock crew bid. Mike clarified that we would bid this on a time and materials basis. The goal is to have these crews on the property by mid-April.

**Engineering Report** - Brandon Johnson and Mark Garner presented the department report for January. Brandon provided the board with an update on BPA's Rock Creek substation reliability. Courtney Collins provided additional data for review. Brandon also reviewed the success Benton REA has had with a laser bird deterrent system in substations and he is planning on installing the system at MA Collins. The Flock cameras have been installed at MA Collins in partnership with the local community. Brandon also provided a look at the padlock replacement system we are implementing.

Mark reported that there has been an uptick in customer quotes in January and February appears to be picking up as well. There have been significant inquiries on the Western Pacific Timber lands. Mark discussed our plans to serve these areas. There will be a discussion on undergrounding new services and changes proposed to Policy 16 - Line Extensions at the next commission meeting. The staking engineers have work orders and purchasing has materials on hand in preparation for when the dock crews arrive. There are several Department of Energy grant opportunities we are evaluating applying for to assist with funding our security upgrades, if awarded.

**Year-end Financial Report** - Sarah Honkala and Cynthia Bruce presented the report. Electric retail rate revenues and wholesale market revenues were 5% above budget. Overall, revenues were \$4.8 million above budget. Wholesale power purchases were \$892,000 above budget as we purchased more power to sell to our customers and total power and RNG expenses were \$119,000 below budget. In addition, T&D operation and maintenance costs came in 9.7% or \$1.6 million under budget. The year-end debt service coverage was 2.01, exceeding our budget of 1.59. We ended the year with a cash balance of \$19.99 million, \$7.1 million higher than budget. Discussion continued on wholesale power costs and the benefits of hedging efforts. Commissioner Gunkel recognized staff's efforts to manage power costs during this volatile pricing and for securing our BPA Tier 2 contract that begins in October.

Commissioner Knowles asked staff to review any 2022 projects that have been carried over to 2023 at a future meeting.

**COMMISSIONER RANDY KNOWLES** - Commissioner Knowles spoke about the current net metering bill requirements and his thoughts on the Washington Public Utility District Association's lack of effectiveness on bills that affect our ability to maintain a PUD board's local ratemaking authority.

**COMMISSIONER DAN GUNKEL** - Commissioner Gunkel discussed the meeting with Energy Northwest's CEO Bob Schuetz.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller thanked staff for their quick response to questions and discussed his thoughts on the net metering bill.

**ASSISTANT GENERAL MANAGER - Gwyn Miller**

- Retirement - Gwyn discussed our ICMA participation. We are reviewing benefits with a focus on staff education. With such a large number of our staff tenure five years or under, the importance of retirement planning education for our newer employee base is key.
- Wellness - We are continuing to implement small measures. Our Employee Assistance Program is underutilized. We are unsure if this is due to program awareness or lack of interest. The first step will be to bring in representatives to discuss the program, but if interest does not improve this year, we may consider redirecting the funds to other benefits. She also discussed other wellness program ideas.
- Damage Claims - Gwyn discussed our claims process and how we evaluate what claims we would pay and what claims we reject. After discussion, the Board supported the position presented by Gwyn.
- New Employee Luncheon - Gwyn also reminded the commissioners about the employee luncheon on March 14.

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

- Strategic Plan adoption - Jim stated that he had not formally brought the 2022 updates to the strategic plan back to the board. He said that these modifications have already been implemented by staff. The board agreed to accept the plan as presented, including two revisions requested by Jim.
- Customer Letter - We received a thank you letter from a Tunnel Road customer who experienced an outage during the inclement weather. The letter was read into record and has been shared with the crew.
- Small Modular Nuclear Reactor Projects Review - As directed by our Strategic Plan, for over a year staff has been evaluating power supply options after BPA's supply contract expires in 2027. Part of that review has been an analysis of small modular nuclear reactors. Kevin Ricks updated the board on his ongoing evaluations of Grant PUD's project, as well as options with UAMPS / Nuscale and Energy Northwest. After discussion:

**MOTION** was made by Commissioner Gunkel to authorize the General Manager to commit \$75,000 to participate in Energy Northwest's feasibility study process. This includes outreach with the Department of Energy, continued efforts on cost and financing refinements, and providing input to the development of potential participation letters. Motion carried.

- Jim provided an update on current legislative bills.

**AGENDA ITEMS:**

- A. POLICY 18- WATER CUSTOMER SERVICE: **MOTION** was made by Commissioner Gunkel to approve the updates to Policy 18 as presented. Motion carried.
- B. POLICY 19- WASTEWATER CUSTOMER SERVICE: **MOTION** was made by Commissioner Miller to approve the updates to Policy 19 as presented. Motion carried.
- C. CALL FOR BID MISCELLANEOUS POLES: **MOTION** was made by Commissioner Gunkel to approve the Call for Bid- Miscellaneous Poles as presented. Motion carried.

