

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, March 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 GM, Brandon Johnson - Engineering Manager, Cara Smith - Accounting Clerk, Sharon Blodgett - Water/Wastewater Coordinator, Mike DeMott - Director of Finance and Power Management, Kevin Ricks - Renewable Energy Assets Manager, Mike Nixon - Operations Manager, Sarah Honkala - Accountant, Brandy Myers - Accounting and Customer Service Manager, Jeff Thayer - Materials Manger, and Luann Mata - Executive Assistant.

Via teleconference: Brandon Walter - Water/Wastewater Superintendent, Cynthia Bruce - Accountant, Anita Clever - Energy Services Specialist, Billie Quantrell - Power Analyst, Mark Garner - Engineering Supervisor, and Courtney Collins - Engineering Support Assistant.

GUESTS: Dave McKenzie and Nicolas Garcia of the Washington Public Utility District Association (WPUDA); Josh McCall, Collin Cameron, and Marty Parsons of The Energy Authority (TEA).

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the March 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 28th day of March, 2023.

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

- Accounts Payable Voucher Nos. 215800 through 215911 in the total amount of \$660,644.22; Electronic Funds Transfer (EFT) transaction Nos. 445 through 448 and Wire and Automated Clearing House (ACH) transaction Nos. 8801765 through 8801769 in the total amount of \$1,010,060.19 for the period ending March 28, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 211289 through 211379 in the total amount of \$260,117.00 for the payroll period ending March 12, 2023. Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water-Wastewater Report - Sharon Blodgett presented the department report for February. She highlighted the Klickitat Water and Wastewater projects. Sharon reported that even with the well cleaning and maintenance projects, we may reach a crossover point where we might have to replace pumps rather than clean them. We

continue to have iron bacteria plugging screens, which can cause pump failure. Sharon also discussed grant applications through Homeland Security. If granted, funds will go towards security improvements at the water and wastewater facilities. Staff is increasing their electronic records keeping process and using current technology to improve field processes. We have hired a new employee; Randi Linville is our newest support assistant. Her first day was Monday, March 27.

Operations Update - Mike Nixon presented the department report for February. Mike reported February reliability of 99.982% and provided an update on crew and contractor project status. Jeff Thayer is retiring at the end of May and we have awarded the position to our lead mechanic, Sohn Kartes.

Engineering Update - Brandon Johnson and Mark Garner presented the department report for February. Engineering staff held their second irrigators meeting in Alderdale. Bird mitigation and power quality are the main topics of discussion. The local businesses are discussing the formation of a coalition to fund projects for bird mitigation. Another topic discussed in Alderdale was the dropping water levels in their wells. Staff discussed water mitigation options at a very high level with this group. The Willis substation fiber cables are experiencing failures of individual fibers. Russ Patton has reviewed the information and found that galloping lines seem to be the problem. A review of dampener options is ongoing. Customer inquiries are picking up again. Staff is staking the Woodland Road three-phase into Box Canyon. Mark also discussed the grant opportunities we are seeking for fire mitigation response and security projects.

January Financial Review Update - Sarah Honkala presented the department report for January. January closed with revenue \$1,026,733 above budget. Overall rate revenue increased due to the December cold weather snap, RNG production reliability and miscellaneous revenue. Miscellaneous revenue is above budget due to interest rate increases and receipt of the pump storage water supply agreement payment. The revenue increase and marginal expenses offset the increased wholesale power prices overall. Our debt service coverage (DSC) is forecast at 1.79 compared to our budgeted 1.69. Sarah noted that our cash balance is \$1,200,000 above budget. We are forecasting 193 days cash on hand at year-end. Our annual Moss Adams financial audit is underway and the Washington State regulatory Clean Energy Transformation Act (CETA) engagement audit letter has been received. Staff has also been preparing for our annual inventory process, which will take place the week of April 10.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles will attend a Public Utilities Risk Management Services (PURMS) call tomorrow.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller did not have a report.

ASSISTANT GENERAL MANAGER - Gwyn Miller

- PURMS Meeting - Gwyn provided an update on the PURMS meeting agenda. The meeting is scheduled for March 29.
- Labor & Industries Update - Gwyn reviewed our Labor & Industries resilience factor. Gwyn will discuss the resilience factor results with staff and partner with staff on lowering these costs. We are also researching third party administrator options.
- Personnel Updates - Justin Beierle has been promoted to a superintendent level position in staking. We made an offer to a candidate for the RNG site supervisor position. One meter shop vacancy is filled and we have one more position still open. Sohn Kartes was selected to fill the materials manager

position and we will be posting for a mechanic to replace Sohn. We have also filled the water/wastewater support position.

- Burn Center Sponsorship - We have received our annual invitation to participate in the Oregon Burn Center Fund Raiser Golf Tournament June 24 in Hood River. It is our goal to pull a few teams together for this event.

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:

- PUD Utility Need for Change Article - We have been working with Rodger Nichols to develop an overarching article to discuss the PUD, our business and how it is changing. We are planning to time the release of this article to coincide with our Advanced Metering Infrastructure information campaign. Jim provided a copy to the board for their feedback.
- Glenwood Water and Wastewater Systems discussion - Jim wanted to discuss the status of the Yakama tribal water permit, along with what we are hearing from the Department of Ecology and the Department of Health. With Brandon Walter unavailable today, Jim asked that the board recess the meeting until Monday, April 3 at 10:00 a.m.
- Upcoming Meetings - Jim and Benton PUD General Manager Rick Dunn are facilitating a meeting with other utilities who have expressed the need for additional generation resources to serve their growing load. The intent is to discuss small modular nuclear reactor opportunities and Energy Northwest will be updating the group on their carbon free project.

AGENDA ITEMS:

A. WASHINGTON PUBLIC UTILITY DISTRICT ASSOCIATION UPDATE:

Nicholas Garcia, WPUDA Policy Director and Dave McKinsey, WPUDA Vice-President, provided a presentation and discussion with the board on their perspective of WPUDA's effectiveness as an association and the value they provide to Washington Utilities. The commissioners spoke directly about legislation that infringes on Title 54 and the impression that WPUDA is not adamantly standing up and defending the rights provided under Title 54. Mr. Garcia stated that their work is to educate the legislators and their staff on the impacts proposed legislation may have on their constituents, as well as lobby for legislation that supports WPUDA member's goals for low-cost reliable power service to their customers. This is very difficult in a legislature that is controlled by one party and this is further complicated as it the those people in the state agencies that write the rules following the passage of legislation that create issues.

Mr. McKinsey offered his thanks to Commissioner Gunkel for his leadership in crafting HB-1117, which calls for annual reviews of the potential for rolling black outs due to generation resource availability. Commissioner Gunkel reinforced his support for the need for dispatchable resources.

B. THE ENERGY AUTHORITY (TEA) MARKET UPDATE: Josh McCall and Collin Cameron discussed legislative policy requirements and their impacts on the state as a whole concerning power prices and generation resources. They also ran through the PUD quarterly market update for the board.

Commissioner Knowles acknowledged that TEA has been instrumental in working with our staff in securing power purchase and sales hedges that have saved our customers several million dollars during the volatile markets we have been experiencing. Mike noted that while the PUD has a power purchase agreement for our excess power needs with Bonneville Power Administration

after October 1, 2023, we do bear some market pricing exposure risk through the end of the summer to that time.

- C. POLICY 45 RISK MANAGEMENT: **MOTION** was made by Commissioner Gunkel to approve the updates to Policy 45 as presented. Motion carried.
- D. POLICY 23 PURCHASING: **MOTION** was made by Commissioner Gunkel to approve the updates to Policy 23 as presented. Motion carried.
- E. POLICY 21 CUSTOMER SERVICE REVISION DISCUSSION: Brandy Myers and Brandon Johnson presented a review of Policy 21 in preparation of the upcoming Advanced Metering Infrastructure (AMI) deployment. They discussed their perspectives on a potential opt out option and the costs and benefits this would provide. The board requested that the AMI committee bring back proposals for an opt out option for the board to consider. No action taken.
- F. CALL FOR BID POWER TRANSFORMERS: **MOTION** was made by Commissioner Miller to approve the call for bid power transformers as presented. Motion carried.
- G. PRE-QUALIFICATION OF PROFESSIONAL SERVICES: **MOTION** was made by Commissioner Gunkel to approve the pre-qualification of the professional services firms as presented. Motion carried.

RECESS: Commissioner Knowles recessed the meeting until **Monday, April 3, 2023 at 10:00 a.m.** at which time we will discuss the Glenwood Water and Wastewater systems.

CALL TO ORDER: President Randy L. Knowles called the meeting to order at 10:00 a.m. Monday, April 3, 2023 as announced Tuesday March 28, 2023 when the meeting was recessed.

PRESENT: Randy L. Knowles – President (via teleconference), Dan G. Gunkel - Vice President and Douglas B. Miller - Secretary

STAFF PRESENT: Brandon Walter - Water/Wastewater Superintendent, Sharon Blodgett - Water/Wastewater Coordinator, and Luann Mata - Executive Assistant.

Via teleconference: Jim Smith - General Manager, Gwyn Miller - Assistant GM, and Courtney Collins - Engineering Support Assistant.

GENERAL MANAGER REPORT CONTINUED-

Glenwood Water System - Staff reviewed the draft water permit for the Glenwood water system received from the Yakama Nation. Staff also reviewed other Yakama Nation water permits as well as the Yakama Nation water code and relayed discussions that we have had with the Department of Ecology and the Department of Health on the Glenwood water system. After discussion, the board directed staff to continue to engage further with the Tribe on these issues, as well as set up discussions with customers in Glenwood to discuss the issues and the steps we are taking.

Glenwood Wastewater System - We know there are significant upgrades required for the system and we have reached out to the Yakama Nation to explore funding options for these upgrades. Staff discussed that it is not clear if our regulatory agency is EPA or the state Department of Ecology. Staff was directed to continue to establish a working relationship with the Tribe and continue to work with DOE to determine the best path forward for the waste water system.

