

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, August 8, 2023
2:00pm

CALL TO ORDER: President Randy 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, Cara Smith - Accounting Clerk, Brandon Walter - WWW Superintendent, Sharon Blodgett - WWW Coordinator, Chris Evans - Network Administrator, Mike DeMott - Director of Finance and Power Management, Sarah Honkala - Accounting Clerk, Kevin Ricks - Renewable Energy Assets Manager, and Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference: Mike Nixon - Operations Manager, Mark Garner - Engineering Supervisor, Andrew Jaekel - Buyer, Sohn Kartes - Materials Manager, Patrick Carroll - IT Consultant, Cynthia Bruce - Accountant, Courtney Collins - Engineering Support Assistant.

GUESTS: Mark Gendron - Utah Associated Municipal Power Systems (UAMPS) and Kevin Sipe.

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

MINUTES: **MOTION** was made by Commissioner Gunkel to approve the July 25, 2023 meeting minutes as amended. 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 8th day of August, 2023.

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

- Accounts Payable Voucher Nos. 216920 through 217045 in the total amount of \$1,165,984.33; Electronic Funds Transfer (EFT) transaction Nos. 494 through 500 and Wire and Automated Clearing House (ACH) transaction Nos. 8801826 through 8801832 in the total amount of \$605,965.53 for the period ending August 8, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 212306 through 212399 in the total amount of \$334,743.05 for the payroll period ending July 30, 2023. Motion carried.

PUBLIC COMMENTS: Kevin Sipe, a resident of Trout Lake, addressed the board on behalf of what he referred to as Klickitat County concerned citizens against smart meters. He spoke out about his concern that KPUD's Advanced Meter Infrastructure program was not aligned with our vision statement and took an authoritarian approach to the AMI project implementation. He also stated that the residents of Trout Lake did not want AMI meters installed due to medical and privacy concerns. He voiced concern that KPUD did not hold or attend any public meetings or had not reviewed published national safety concerns prior to moving forward with the project. Mr. Sipe informed the board that "the residents of Trout Lake would protect their property against installation of smart meters using any means necessary". General Manager Jim Smith addressed Mr. Sipe. KPUD holds commission meetings the

second and fourth Tuesdays. These meetings are all open to the public and that we have been discussing AMI for several years. KPUD staff has been meeting with communities since March. We met with the Trout Lake Community Council in May. He noted that the PUD has not received any invitations from any “concerned citizen” groups to have KPUD attend any meetings. Commissioner Knowles addressed Mr. Sipe regarding misinformation that the “No Smart Meters” group is publishing and expressed his disappointment no one from this group asked for input prior to publishing this inaccurate data. Our business practices do not allow for third party data sales and we will expand our knowledge of the usage of the product we sell to make sound business decisions. We will not have communication with household devices and our data security will continue to meet or exceed all required security requirements. Commission Knowles also stated that simply because a potential risk exists does not mean the threat is going to occur. Commissioner Knowles added there is an opt-out option. Mr. Sipe expressed his feeling that the opt-out was too restricted. Public comment period was closed.

REPORTS:

Renewable Energy Assets Update - Kevin Ricks presented his report. He reviewed the Newell Road fire events that led to the production shut down of RNG for 6 hours. He noted that during start-up, the NRU equipment froze up and repairs were required, extending the down time to three days. Efficiency improvements, automation improvements and the Loci system improvements all contributed to 2023 increased gas production being 11% over the previous two years.

SMR updates: Mark Gendron, Project Manager of the Utah Associated Municipal Power Systems (UAMPS) project presented the Board with a project overview. Our previous evaluation of UAMPS, was brief due to not having the transmission access, but this issue appears to have the potential to be resolved with the Boardman to Hemmingway transmission line moving forward.

Power and Finance Update - Mike DeMott reviewed Mid-C pricing trends. 2023 pricing is still around \$10-12/MWh above budget assumptions. BPA Tier 2 prices for BP-24 and BP-25 are substantially below current market pricing, but higher than our Tier 2 contract pricing. BPA held an update meeting to review their post 2028 contracts process. They are proposing a 7250 MW system size. It appears that the contracts are following most of the input received from the Public Power Council. The contract term is proposed at twenty years from contract signing in 2025, even though power deliveries under the contract do not start until October 1, 2028. Mike maintains that there needs to be a larger focus on Tier 2 rate details and the integration of non-federal resources if BPA will not be increasing their system size.

The irrigation and low-density discounts remain untouched for now. Mike mentioned that his involvement with the Northwest Investment Utilities (NIU) and Northwest Requirements Utilities (NRU) are very beneficial as they do a good job of working to protect these discount programs.

BPA confirmed that our large power customer load in Dallesport will be removed from our BPA load forecast. Load forecast estimates indicate that our above high water mark power needs could start at 9-12 MW and grow to 25-30 MW during the contract term based upon conservative annual growth estimates.

June Financial Report - Sarah Honkala presented the June update. Retail revenue is under budget, partially because irrigation revenue is down so far in 2023. Transmission and Generation revenue is forecasted to end the year above budget due to RNG performance and unbudgeted carbon allowance credits, which more than offset the White Creek wind project’s underperformance year to date. Our Aid in Construction revenue is still below budget and we expect this trend to continue. Miscellaneous revenue is forecasted to end the year above budget.

Our year-end forecast DSC is 1.85 vs 1.69. We continue to monitor our capital spending as maintenance work increases. Our day’s cash year-end forecast is 190 days.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles and Jim Smith will attend the Bingen/White Salmon Rotary club meeting and a customer group meeting August 15. There is a Public Utility Risk Management Services (PURMS) meeting the 28-30.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller reviewed news articles he thought important.

ASSISTANT GENERAL MANAGER -

- Klickitat Waste Water billing discussion - Brandon Walter and Sharon Blodgett reviewed a Klickitat Waste Water system customer billing concern and the facts around this situation. Staff requested board direction regarding billing that is outstanding at this location. **MOTION** was made by Commissioner Miller to authorize the General Manager to sign on the Board's behalf a forgiveness of the outstanding back billing charges. Motion carried.
- Information Technology (IT) Update - Chris Evans provided a summary and review of IT projects completed so far this year. He discussed staffing levels and provided an update of current staff training. He also reviewed RNG communication equipment integration, the advanced metering program security, and cellular service communication updates. One significant item of note was the backhaul upgrade to the White Salmon office is complete. This is a very significant step in resiliency and general operations of our facilities. The project will substantially improve our Goldendale to White Salmon communications capability. Isaac Colyar has left for school at Perry Tech. We are hopeful he may consider a utility career path and come back to work with us in the future.
- Gwyn thanked the board for approving the emergency declaration resolution for the Newell Road fire. Mark Garner will represent us tomorrow at the Klickitat County Emergency Management Services Newell Road fire debrief. April Greenlaw is compiling information should the Newell Road fire be declared a Federal Emergency Management Agency (FEMA) event.

GENERAL MANAGER -

- Jim discussed that we stopped being a Public Generation Pool (PGP) member over a year ago. He has been searching for a group where general managers attend to stay informed and connected to influence policy in the region since we left PGP. The Pacific Northwest Utilities Conference Committee (PNUCC) is a group of consumer owned utilities, investor owned utilities and industry partners such as PowerEx. This group should offer the interaction Jim is looking for. Jim asked to add this to his 2024 membership budget. The board agreed.

AGENDA ITEMS:

- A. **UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS (UAMPS) CARBON FREE POWER PROJECT PRESENTATION** - Mark Gendron of UAMPS presented their project update, which utilizes the NuScale small modular reactor technology. The project will be located in Idaho. This project is 100% carbon free and nameplated for 462MW of production with a build out of six 77MW units. The project currently has 27 participants, but the project is only 25% prescribed. This project is utilizing the federal Advanced Reactor Demonstration Program (ARDP) funds, so they have been moving through the licensing steps without utilizing investor's funds or taking substantial risks yet.

Commissioner Gunkel asked if BPA and UAMPS have worked together on contracts. Mark stated that yes; they have worked through transmission line extension needs successfully. However, there have been no discussions of BPA as an off taker.

Commissioner Knowles asked about the current cost estimates. Based upon the six 77 MW units, a capacity factor of 95% and the Department of Energy cost sharing development funds of \$1.4 billion, the project estimates the goal is to get the MW hour costs around \$90. The planned commercial operation date is in 2029.

Commissioner Gunkel asked about security for the project. UAMPS believes that the security requirements will be much less than those for the Columbia Generating station, although this has not been formally approved.

Adjourned - There being no further business, the meeting adjourned at 4:48p.m.

 /S/
Randy L. Knowles, President

 /S/
Dan G. Gunkel, Vice President

 /S/
Douglas B. Miller, Secretary
Date Approved: August 22, 2023

 /s/
Luann Mata, Executive Assistant