

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, November 28, 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, Cynthia Bruce - Accounting Supervisor, Mike DeMott - Director of Finance and Power Management, Kevin Ricks - Renewable Energy Assets Manager, Mike Nixon - Operations Manager, Sharon Blodgett - Water/Wastewater Coordinator, Brandon Walter - Water/Wastewater Superintendent, Mark Garner - Engineering Supervisor, Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference:

Anita Clever - Energy Services Specialist, Sarah Honkala - Accounting Clerk, Brandy Myers - Customer and Accounting Services Manager, Sohn Kartes - Purchasing Manager, Isabelle Carroll - Accounting Clerk, Patrick Carroll - Contractor, and Courtney Collins - Support Assistant

GUESTS: Marcia Porter - Dept. of Ecology, Larry Hocter, Dave Lekatz - Landis+Gyr, Shanea Harpe, and James Lambert.

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

MINUTES: MOTION was made by Commissioner Miller to approve the November 14, 2023 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Cynthia Bruce. 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 November, 2023.

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

- Accounts Payable Voucher Nos. 217915 through 218063 in the total amount of \$1,361,399.64; Electronic Funds Transfer (EFT) transaction Nos. 533 through 539 and Wire and Automated Clearing House (ACH) Nos. 8801878 through 8801883 in the total amount of \$9,988,657.27 for the period ending November 28, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 213012 through 213094 in the total amount of \$233,152.71 for the payroll period ending November 19, 2023.

Motion carried.

PUBLIC COMMENTS:

Dave Lekatz of Landis+Gyr (L+G) was present via teleconference, at the invitation of Klickitat PUD commissioners to address questions regarding software security. Dave and Jim Smith reviewed the questions.

Can L+G modify software or firmware without KPUD knowledge? No. The master programs are set so that meters will confirm back to command center if anything in the meter program is changed. This is done by design for positive confirmation when changes are pushed to meters. Changing parameters in a meter will not change this confirmation from the meter to command center. KPUD has control of when L+G can update meter programming through command center. KPUD may give L+G access from time to time to help, but KPUD can turn that access on or off.

Can L+G skim data from what they collect from a meter? No. The only data collected from the meter that passes through L+G as part of a meter read is electrical usage data and electrical parameters KPUD sets (voltage, hot socket, etc). There is no customer information or GPS data collected and the reads are referenced to a meter number. This number is tied to a customer in the KPUD system, not in the L+G system. The GPS map KPUD has with meter locations is a command center map held by KPUD and L+G only has access if allowed.

Can L+G program the meter to access customer information in their home? The meters KPUD are deploying do not have the capability to harvest information from customer premises other than meter read usage and electric parameters. There is an old, unsupported Home Area Network (HAN) interface via Zigbee radio in the meters. It was created in 2014, was never used and is no longer supported but was not removed from the base meter programming. As designed, it can only be accessed if a utility bought additional command center software, the customer could find compatible appliances and the customer provided their home network information to the utility. Even then, the HAN can only pass information to the customer, it cannot receive information back. KPUD does not have this software.

Does L+G have load control equipment? Yes, L+G has a meter that can talk with home networks, but it is a different meter than KPUD is deploying. That meter requires a customer to have compatible equipment and provide network ID information in order to communicate. KPUD could not do it by themselves. Jim said that KPUD policies do not allow us to provide anything like this without first obtaining customer approval.

The Klickitat PUD Commissioners approved a data security policy in 2016. Jim reviewed the policy and discussed specific requirements that were put in place anticipating AMI being implemented. Commissioner Gunkel requested that staff review this policy and incorporate relevant changes related to customer input, while allowing us to operate the AMI system to full advantage for our utility customers if possible.

Shanae Harpe asked if Landis+Gyr holds any of KPUD's raw data. L+G acquires raw electric usage information previously discussed and stores that information for three months. This data is not tied to specific customers, just to meter numbers. This data is then received by KPUD. We integrate the data into our billing system and tie it to customers. Landis+Gyr cannot collect wave form information from appliances or equipment from within the home. She once again stated they she felt that the opt out policy was punitive and she also reiterated that she still has medical concerns.

James Lambert was pleased to hear from the Landis+Gyr representative that KPUD chose to purchase meters that limit the information that can be collected. He is completing the opt out process and will have the non-radio frequency meter installed when they are available, but is appreciative to have his analog meter back for the time being. He stated that he is still concerned with legislative requirements and was happy to hear that the lifespan of these new meters are similar to our current meters. He inquired about tiered rate systems and the ability to charge in such a way as to apportion costs better. Commissioner Knowles stated that rate structures being reviewed are for that exact reason and tiered rates are an option. Our goal is to ensure that those with smaller homes and those with larger homes are paying for the

electric system costs equitably. These discussions are part of what drove the need for an updated metering system to gather information to assist us in developing rates. We need to have data to work from. Policy is never perfect, but we will strive to make any changes as equitable as we can.

REPORTS:

Water/Wastewater Update - Sharon Blodgett and Brandon Walter provided the department update. The Wishram park lift station generator project should be completed soon, now that the generator ordered last February has arrived. The Rimrock water system project is almost complete. We will request the LFG fund project reimbursement soon. There are still a few items on order, but the majority of the project is complete. We have already begun to utilize the new SCADA and control system at the Rimrock well. In Klickitat, staff has cleaned well 2 and replaced all of the column pipe.

The Department of Health has approved the water system management for Glenwood Water system. Now that the plan approval has been received staff will submit the application to the state revolving fund.

The Water/Wastewater department has hired Ocean Barrett, one of our customer service representatives, as the new water/wastewater support assistant.

Commissioner Miller expressed his thanks to staff for the performance of the systems.

Engineering Update - Mark Garner presented the report. As of today 50.6% of our AMI meters have been installed. The contractors are working in Bingen.

Customer installation activity has slowed again. We have 4 scheduled and 0 pending on each side of the county. The Cleveland substation transformer is soaking and will be switched back to normal on Friday.

Benton PUD is taking down the transmission from their Carma substation to our M.A.Collins substation in early January. Phillip McMillen flew the line and found no transmission issues that needed to be addressed during this outage.

Operations Update - Mike Nixon reviewed our annual reliability statistics and we are slightly behind our goal. The crew's concentrated on maintenance and installing routers. They have finished the Miller tap fire damage repairs and are addressing customer work as it comes in. They also completed line maintenance on the Husum to Glenwood 69 kV transmission line before the weather changed and made our access more difficult. Kemp West is down one crew for the remainder of the year and have moved into the Snowden area. They have completed 120 miles as of the end of October. Due to the access in the areas being trimmed we only completed 6 miles in October. Dale Stelter focused on tree removal. The safety meeting topic was tailboard training with BPA and substation walk through's.

Commissioner Knowles asked if Pacific Power & Light (PP&L) was involved in the walk through and if their response time for the Condit line had improved. The PP&L walk through still needs to be scheduled. However, communications have improved. Justen has been very open with the communications with both their crews and ours, as well as with PP&L dispatch.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles did not have a report.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel met with Klickitat County Commissioner Dan Christopher on November 21 regarding review of a Landfill Gas Infrastructure fund application. Klickitat County submitted an application in 2022 to fund \$250,000 of a \$450,000 project request for the Dallesport System. Last year Commissioner Anderson and Commissioner Gunkel agreed to fund

the \$250,000 application request. The remainder of the project was noted to be funded by system reserve funds in that application. For the application considered, the County requested the remainder of that project to be funded from the LFG fund, which is estimated at an additional \$200,000 for a total of \$450,000. After review of the application and additional discussion a motion was made by Commissioner Christopher to approve this funding request. This motion was not seconded. The motion died and no action was taken.

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

ASSISTANT GENERAL MANAGER -

- Gwyn Miller discussed personnel changes. Cynthia Bruce was awarded the Accounting supervisor position and is providing interim purchasing oversight. There are more changes to come. The buyer position has an offer out and the Metershop has extended two offers.

GENERAL MANAGER - The complete report can be found at:

http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

- Schedule - The December 26 commission meeting will be held virtually only. There are no agenda items for this meeting and we are trying to keep it just paying the bills.
- BPA Post 2028 Contracts - Jim Smith reviewed discussions between Public Power Council and Bonneville Power Administration regarding Post 2028 contracts as a result of the uncertainty being created by the still not public confidential proposed Columbia River Spill Operations litigation settlement.
- CO2 Project Inquiry - Jim brought Kevin Rick's in to discuss his research with a company who is interested in purchasing CO2 from the RNG plant. Kevin Ricks stated that this company is very motivated and appears to have the financial and industry knowledge to complete a deal if we can reach one. He expects a non-disclosure agreement (NDA) shortly. There is a potential for a multi-year agreement, but it would require a capital investment funded by KPUD along with financial security from the off-taker that would be required if this is to move forward.

AGENDA ITEMS:

- DEPARTMENT OF ECOLOGY WASTEWATER TREATMENT PLANT PERFORMANCE AWARDS - Marcia Porter from the Department of Ecology presented the KPUD Wastewater Operators with the 2021 and 2022 plant performance awards. Noting that the Glenwood system is receiving this recognition for the 2nd consecutive year, Wishram for the 14th consecutive year, Klickitat for the 15th consecutive year and Lyle for the 17th consecutive year. The Board expressed its appreciation the Water and Waste Water department staff for their continued diligence and excellence in supporting our customers.
- CARBON FREE POWER SOURCE, SMALL MODULAR NUCLEAR REACTOR INVESTIGATION - there was no update this meeting.
- 2024 OPERATING BUDGET REVIEW 2ND DRAFT - Mike DeMott, Cynthia Bruce and Jim Smith reviewed two borrowing scenarios requested by the Board. After discussion, staff will include a \$20 million borrowing in 2024 and model a potential \$10 million borrowing in 2026.

Bonneville Power Administration announced that there will be a triggering of the revenue distribution clause (RDC) from 2023 that will be credited to

customers from October 2023 through September of 2024. There was a discussion regarding the 2024 capital spending planned for land and building upgrades. Commissioner Gunkel asked that staff bring back a long-term strategy. The Clean Energy Transformation Act audit costs were reviewed. It was discussed if an escalator is anticipated in out years, the answer was it is expected to increase once the program is implemented.

Commissioner Gunkel asked Jim to reach out to other utilities and to our legal counsel and evaluate risk associated with this program. We have a substantial cost associated with this program once it is implemented.

- D. ELECTRIC RATE INCREASE DRAFT PROPOSAL 2ND REVIEW - Jim Smith and Mike DeMott reviewed the proposed 4.5% electric revenue increase beginning January 1, 2023. 3% of this is due to wholesale power cost increases and the remaining 1.5% is from inflationary and supply chain cost increases. The proposal reflects the board's request to continue to work towards ensuring our rate classes are contributing fairly to the costs that each rate class creates.

Adjourned - There being no further business, the meeting adjourned at 4:05 p.m.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: December 12, 2023

/s/
Luann Mata, Executive Assistant