

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, January 9, 2024
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:, Gwyn Miller - Assistant General Manager, Cynthia Bruce - Accounting Supervisor, Mike DeMott - Director of Finance and Power Management, Kevin Ricks - Renewable Energy Assets Manager, Sarah Honkala - Accounting Clerk, Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference:

Mike Nixon - Operations Manager, Jim Smith - General Manager, Seth Jones - Buyer, Sohn Kartes - Purchasing Manager, Brandon Walter - Water/Wastewater Superintendent, Patrick Carroll - Contractor, Mike Nixon - Operations Manager, John Starr - Operations Superintendent, Mark Garner - Engineering Supervisor, and Courtney Collins - Engineering Support Assistant

GUESTS: None

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the December 26-28, 2024 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 9th day of January, 2024.

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

- Accounts Payable Voucher Nos. 218295 through 218418 in the total amount of \$635,827.75; Electronic Funds Transfer (EFT) transaction Nos. 553 through 555 and Wire and Automated Clearing House (ACH) 8801896 through 8801903 in the total amount of \$329,048.26 for the period ending January 9, 2024; and
- ACH Direct Deposit Payroll transactions 213262 and 213348 in the total amount of \$244,055.91 for the payroll period ending December 31, 2023.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy Assets update - Kevin Ricks presented the department update for December. Production for December was 146,047 dekatherms which is a record for the month of December as well as an annual record for the project. There was one curtailment in December which happened to fall on Christmas day. This outage was caused by a Variable Frequency Drive (VFD) fan failure on the Amine system causing a loss of 1000 dekatherms and we ended the month with a 99.3% reliability factor.

Staff is still being actively approached by potential CO2 offtakers. We are also still actively exploring small hydro project acquisition. Kevin will bring back more information on this subject at a future meeting. Staff is still actively pursuing the air operating permit.

Commissioner Miller inquired if the CO2 production would be subject to weather events. The CO2 trends with the methane, so would be subject to field production impacts.

Power Management and Finance update - Mike DeMott presented the 2023 year-end Mid-C power price results compared to 2023 budget assumptions. Mid-C forward pricing from 2024-2028 was presented with wholesale prices averaging roughly \$80/MWh. Bonneville Power Administration (BPA) Tier 2 rates over BP-24 and BP-25 are in the \$60s, so are below market prices. Historical KPUD system load and peak load were reviewed. 2023 preliminary results indicate loads, less the large Industrial customer who left Dallesport, were 53aMW with a peak of 96.55MW occurring in January. As demonstrated on our BPA billings, we have historically had a winter morning peak load, and a summer late afternoon peak.

2023 White Creek Wind (WCW) production was reviewed and as expected annual generation lagged budget. KPUD will receive additional Tier 1 generation in 2024 as a result. Renewable Energy Credits (REC's) agreements related to WCW output have all been renegotiated to allow for replacement RECs. This will allow for wind and REC's to be sold together as a bundled product providing additional revenue. Mike also reviewed financial performance of intertie agreement with TEA. We continue to work on the WCW related 230kV First Right of Refusal contract. Mike will review with Jim and then bring back for board discussion.

Mike reviewed the Washington Public Utility District Association (WPUDA) E3 benefits evaluation of the costs related to Net Metering. The E3 study demonstrates a cost shift associated with net metering programs. Staff will continue to follow these evaluations and provide updates.

Commissioner Miller asked that Mike add an occasional comparison of Mid-C pricing verses East Coast power prices to gain national perspective.

November Financial update - Sarah Honkala presented the November financial update. Retail rate revenues improved from October's forecast however we are still under budgeted for the year, largely due to the loss of the Dallesport Industrial customer revenue. RNG and carbon allowances revenues were higher than budgeted and the total year end revenues are above budget.

Our purchased power costs increased from October, but we still expect to end the year around \$450,000 under budget, again due to the loss of the Dallesport customer. Administrative and labor expenses are forecast to end the year around \$375,000 below budget and total revenues are still forecast below budget. Debt service coverage (DSC) is forecast to be 2.12 as compared to the budgeted 1.69.

The AMI and E.E. Clouse loan calculations have been updated and the line of credit draw was completed in December. Our current Days Cash on Hand is forecast at 215.

Department of Revenue has received our settlement offer regarding the RNG tax exemption and we are awaiting their response.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles discussed the meeting he attended at the RNG facility regarding CO2 production. Commissioner Knowles and Gwyn Miller both complemented staff of their knowledgeable response to the visitor's questions. Kevin stated that the CEO of the company reached out to thank him and the RNG staff for the tour in the wealth of information they gained from it. Commissioner Gunkel inquired of the market driver associated with the current interest in CO2. Kevin identified growing demand, sequestration, and ethanol plant maintenance requirements are

driving these discussions. Commissioner Gunkel also commented the he is “happy to see the capacity factor is trending up” with the plant as well.

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

COMMISSIONER DOUG MILLER - Commissioner Miller reported that he listened in to the WPUDA meeting last week. He also received a request from Liz Anderson about attending the WPUDA Day on the Hill in February. Lastly, he has received his confirmation of his Klickitat County Economic Development Authority board position. He requested clarification on the Landfill Gas Improvement Fund and the AMI opt out processes.

ASSISTANT GENERAL MANAGER - Gwyn Miller presented the current operational update.

Gwyn discussed the AMI refusal process coinciding with the disconnect moratorium dates. After review the commissioners agreed that we will discontinue the AMI refusal disconnect steps until mid-March when the moratorium ends.

Lyle Fire Department billing review was discussed. The meter has been tested with no deficiencies found. Staff is evaluating their bills and Anita and Metershop staff are working with the customer.

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:

- Luann will work on setting up a County Leadership meeting for a date when Commissioner Knowles is available.
- Over the holidays, we pre-filed SH 5909 / HB 2067 bills to confirm PUD authority to produce and sell biogenic carbon dioxide. We expect there to be a hearing scheduled next week on the senate bill.
- Julian Notestine and the Goldendale Sentinel have requested interviews, these will be conducted within the next week.

AGENDA ITEMS:

A. **POLICY 51: CUSTOMER PRIVACY POLICY REVIEW** - **MOTION** was made by Commissioner Miller to approve Policy 51 revisions as presented. Motion carried.

B. **RESOLUTION 1846: AUTHORIZING ISSUANCE AND/OR RESCINDING OF BUSINESS CREDIT CARD** - **MOTION** was made by Commissioner Miller to adopt Resolution 1846 thereby rescinding credit card authority of Andrew Jaekel and authorizing credit card issuance for Cynthia Bruce and Seth Jones as presented. Motion carried.

Adjourned - There being no further business, the meeting adjourned at 3:06 p.m.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: January 23, 2024

/s/
Luann Mata, Executive Assistant