

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, September 24, 2019
2:00pm

CALL TO ORDER: President Dan G. Gunkel called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Dan G. Gunkel- President, Douglas B. Miller-Vice President, and Randy L. Knowles- Secretary

STAFF PRESENT: Jim Smith- General Manager, Gwyn Miller- Director of Human Resources and Business Services, Mike DeMott- Power Manager, Mark Pritchard- Operations Manager, Ron Schultz- Engineering Manager, Kevin Ricks- Renewable Energy Assets Manager, Cynthia Bruce- AP/Accounting Clerk, Sharon Blodgett- Water/Wastewater Coordinator, Brandy Myers- Customer Service Supervisor, Anita Clever- Energy Services Specialist, and Luann Mata- Executive Assistant.

GUESTS: Larry Hoctor, Athan Tramountanas- Ogden Murphy Wallace PLLC (via phone for the Executive Session)

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

MINUTES: MOTION was made by Commissioner Knowles to approve the September 10, 2019 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 24th day of September, 2019.

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

- Accounts Payable Voucher Nos. 205103 and 205105 through 205273 in the total amount of \$934,218.31; Wire and Automated Clearing House (ACH) transaction Nos. 8801243 through 8801249, along with Electronic Funds Transfer (EFT) transaction Nos. 66 through 70 in the total amount of \$1,723,287.10 for the period ending September 24, 2019; and
- Payroll Warrant Nos. 205104 and ACH Direct Deposit Payroll transactions 203330 through 203415 in the total amount of \$200,831.48 for the payroll period ending September 15, 2019.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water Wastewater Report – Sharon Blodgett presented the department report for August. Staff has held discussions with the Bickleton School District following the Bickleton water system pump failure. The school district was open to the discussion of allowing use of the school well as an emergency source. We have budgeted funds for this option or for a spare pump.

A customer in Lyle rinsed their painting equipment and dumped the water down their drain causing red paint to appear at the wastewater treatment plant. Thankfully, the paint was diluted enough to not cause an impact to the system. This

could have been critical had it happened in another system such as Klickitat. They will be evaluating the need of a customer education program.

Klickitat had a sewer main block on Main Street. The investigation of Well 3 has begun. Staff is engaging Aspect Consulting to evaluate options for an alternative source of water for the system; surface water is one option being evaluated. A tech team conference call with the USDA, Department of Ecology, Department of Health and the Department of Commerce was held on September 23 to discuss proper steps for us to take in our search for a new source and possible funding options.

In Wishram, staff has been working to bypass around the lower reservoir in order to make building repairs. This process was not complete when the last storm came through the area, which resulted in flooding the area our crew had excavated. Investigation showed that an interruption in power caused a communication failure which lead to the Smith Rd. well pump not shutting off. The metershop staff are investigating surge protection options.

Operations Report – Mark Pritchard presented the department report for August. The 2019 reliability statistics are still well above our goal. Aside from customer work, the Goldendale crew completed underground feeder cable replacement at MA Collins, pole change outs and PCB transformer replacements. They will be working on a 3-phase rebuild project along Highway 97 near the Centerville view point. The White Salmon crew has been replacing reject poles and the 69kV switch in the Husum Substation. We have a system improvement project scheduled on Waubish Street in White Salmon when the contract tree trimming crew has completed their work. The Construction crew is working on one mile of the Knight Road transmission project and replaced a pole and insulator that were identified as damaged during a drone inspection on the Satus feed.

Dale Stelter and Rick Slawson are finishing removing dead and hazard trees. Rick Estey has been mechanically clearing right of ways in Snowden.

Material Standards approved the new polymer cutouts and staff is beginning to install them. The safety training for August was on defensive driving and backing.

Engineering Report – Ron Schultz presented the department report for August. Ron reported that our new Bonneville Power Administration representatives are Account Executive, Jennifer Miller and Customer Engineer, Kelly Johnson. We continue to hold conversations regarding the rebuild of the Goldendale 69 within the EE Clouse substation.

We will be scheduling our Bingen outage next month, and during that, outage staff will obtain measurements for the regulator replacement planned there in 2020. We have moved the Goldendale Transformer Replacement project out to April or May of 2020. We will begin construction this year, but complete late next spring. Our WECC testing is scheduled for October 10th and 11th at Harvest Wind. Staff will complete a mock WECC audit after this testing is complete. Mark Orstrom will be on site before the testing date to investigate the Renewable Natural Gas project's circulating current issue we have been experiencing. We are evaluating spare parts and have wire on site.

Mark Garner, Brandon Johnson and Greg Fahlenkamp are developing the transmission inspection program. Staff is updating the program to include the utilization of the drone inspection process.

The Meterman/Wireman position was awarded to Darren Shattuck. Daren has dual classifications. The metershop still has one open position. There is an offer out for the GIS position.

We are evaluating a new answering service; this discussion prompted evaluation of possible radio costs needing added to the 2020 budget. The new large load customer, Columbia River Technologies is now operational. They are utilizing 3 MW now and

will be at 7 MW by the end of October. They will not reach their total of 10 MW until their additional equipment is received.

Power Management Report – Mike DeMott presented the department report for August. Mid-C forward power prices were reviewed along with Sumas gas pricing. Forward pricing compared to 2018 budgeted pricing shows upward trends during summer and winter months. Prices may still reflect the escalation during the maintenance and pipeline issues of 2018-2019. Several hedges were executed for November 2019 thru March 2020 to protect against potential high price events should pipeline issues arise again.

White Creek generation continues to lag budgeted levels. Production in September has almost met monthly expectation. We are currently estimating to be 2,000 MWh short of the Tier 1 allocation at the end of 2019 based upon sold volume. We may meet the metered generation volume. Year to date revenue and expenses are less than budget due to lower generation levels. The Powerex contract renewal is complete and runs through September 2021. Summit is expected to provide their 2020 project budget to the owners by October 1st, so our budget estimates may adjust when that information is received. We have anticipated a 2.5% increase over last year's numbers. Sapere Consulting has taken over Tom Svendsen's duties. There has been a high level evaluation of repowering the site. The repower option would create more output. We still hold purchase option along with other participating utilities. This option and the transmission service agreement run out at the same time the White Creek contract runs out. Commissioners asked staff to talk with owners when the project gets to that stage. Discussions on changing the balancing authority are still ongoing. The next opportunity to change would be October 2021. Which is around the Powerex contract end date.

RNG project output was reviewed. Renewable Identification Number (RIN) pricing trends were reviewed and KPUD's share of pricing was roughly \$6.50 per MMBtu at time of report. We continue to use \$5.00 in our 2019 year-end forecast. The Low Carbon Fuel Standard (LCFS) temporary path has been approved. We received a Carbon Intensity (CI) score of 70 as a default as we operate under the temporary pathway. We anticipate we will apply for our provisional CI score in October utilizing the prior 3 months of project data. We are also pushing for recognition of the low CI nature of the power supplied to the facility to produce the RNG product. Our anticipation would be a CI value under 20 if this lower CI value for power supply was utilized. The lower the score the higher the value on sales. Staff has worked with Trinity Consultants and presented to the California Air Resource Board the need for a plant or Washington specific electricity CI. This effort is ongoing and will involve other entities such as the Coalition for RNG going forward.

COMMISSIONER DAN GUNKEL – Commissioner Gunkel did not have a report at this time.

COMMISSIONER DOUGLAS MILLER – Commissioner Miller reported that he attended the State Audit entrance conference with the state auditor. They discussed their focus for this year's evaluation. He also stated that he plans to attend the Washington Public Utility District Association meeting November 13 -15.

COMMISSIONER RANDY KNOWLES – Commissioner Knowles stated that participated in the Governor's visit to the proposed pumped storage site. He felt it was an informative visit and that these programs fit within the Governor's vision for renewable energy projects. He had good questions and offered to assist with landowner and ecology items that come about.

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:

