

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, October 27, 2020
2:00 p.m.

Due to the office closure associated with COVID-19 precautionary standards, in person attendance is still restricted. Attendance is noted below.

CALL TO ORDER: Vice President Douglas B. Miller called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Dan G. Gunkel – President (*Present for Agenda Items*), Douglas B. Miller - Vice President, and Randy L. Knowles - Secretary.

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Mike DeMott - Director of Finance and Power Management, Brandy Myers - Customer Service Supervisor, and Luann Mata - Executive Assistant.

Via teleconference: Mark Pritchard - Operations Manager, Cynthia Bruce - AP/Accounting Clerk, Beth Schroder - Accountant, Ron Schultz - Engineering Manager, Kevin Ricks - Renewable Energy Assets Manager, April Greenlaw - Operations Support Assistant, Sharon Blodgett - Water-Wastewater Coordinator, Mark Garner - Engineering Customer Supervisor, Brandon Johnson - Engineering Tech, and Jeff Thayer - Purchasing Manager.

GUESTS:

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

MINUTES: MOTION was made by Commissioner Knowles to approve the October 13, 2020 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 27th day of October, 2020.

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

- Accounts Payable Voucher Nos. 208684 through 208804 in the total amount of \$508,072.42; Wire and Automated Clearing House (ACH) transaction Nos. 8801375 through 8801380, along with Electronic Funds Transfer (EFT) transaction Nos. 177 through 182 in the total amount of \$530,028.57 for the period ending October 27, 2020; and
- Payroll Warrant No. 208683 along with ACH Direct Deposit Payroll transactions 205773 through 205857 in the total amount of \$212,076.51 for the payroll period ending October 11, 2020.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater Update - Sharon Blodgett presented the report for September. There was a water leak detected in Ponderosa. It was a great demonstration of teamwork. Doug Frantum, our newest operator, responded to the situation; he made the determination to reach out for assistance. Danny Smith accessed the meter to confirm the leak and Noah Halm came in on his day off to assist with the repair. It was a great experience for Doug to work through the process. The other notable

outage was in Wishram Heights. The elevation of the water leak location was a challenge, the crew also faced losing daylight and availability of parts, but they worked well together and in the end made everything come together to the benefit of our customers.

The Yakama Nation Housing Authority is still working towards purchasing the Gorgeview Estates in Wishram. They completed a video evaluation of the sewer infrastructure. We had employees overseeing the evaluation. Some service lines will require repairs. Local reptile life has also taken refuge in the system. The plan is for the Yakama Nation Housing Authority to break ground in 2021; their plan will begin with the construction of five houses.

Lastly, the contractors working on the Lund Hill project have ceased dust abatement activity, so the hydrant meter in Bickleton has been removed. If the need arises, the contractor will contact us to reconnect. The meter remained with the contractor as they purchased the equipment.

Operations Update - Mark Pritchard presented the report for September. Outage statistics were up again due to a windstorm that moved through our area. The storm mainly affected service on the west end of the county. We also experienced impacts at MA Collins from a Benton PUD transmission outage. Our vegetation management contract crews are working in the areas of Husum and Satus. We also have the mulcher working with the Satus crew. We are finishing the hazard tree removal for 2020. Mark addressed Commissioner Miller's question from last meeting regarding miles of vintage cable eligible for replacement. Staff will continue to replace direct buried cable as outages or scheduled work in those areas is completed. Lastly, he stated that we have hired two new pre-apprentices and Justen Greenwood is our new line superintendent. Mark discussed safety-training topics and addressed Commissioner Knowles' question regarding pole contacts.

Engineering Update - Ron Schultz, Mark Garner and Brandon Johnson presented the report for September. Ron discussed Bonneville Power Administration project status. We are postponing the Bingen Substation outage until spring to allow for completion of additional reliability work. The metershop is completing 230kV inspections and they will begin the infrared inspections now that we have cooler weather. Ron also discussed a property purchase inquiry from Dallesport.

Commissioner Gunkel requested an executive session to discuss water rights; Commission Miller turned the meeting over to Commissioner Gunkel. Department Reports were paused at 2:30 p.m. to address the two Agenda items below.

- A. EXECUTIVE SESSION: Water Rights in Glenwood - President Gunkel called for an Executive Session at 2:30 p.m. per RCW 42.30.110 (1)(i) to discuss legal risks associated with water rights, noting that the session would last for 30 minutes. The Commissioners, Jim Smith, Gwyn Miller, Tom McDonald of the Cascadia Law group (via teleconference), Brandy Myers - Customer Service Supervisor, Sharon Blodgett - W/WW Coordinator, and Russ Patton - Project Engineer were present to discuss future water right applications. The session ended at 3:02 p.m.

No action was taken.

RCW 42.30.110 – Executive Session.

(1) *Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:*

- B. 2021 OPERATING BUDGET: FIRST REVIEW - Mike DeMott presented all material changes to the budget. These updates demonstrated revised gas production volume assumption options, wholesale market revenues and expenses, large load customer usage and the differences if a proposed 1.5%

annual rate increase is include or excluded. Randy asked that we ensure we are monitoring the financial health of our T&D business line without the impacts of projects to ensure that we are operating efficiently. No action was taken.

BPA BP-22: Mike DeMott discussed the BPA BP-22 “super peak” allocation option. This contract election would allow KPUD to ‘shape’ delivery of our market purchased power into BPA ‘super peak’ hours and potentially receive savings on BPA demand charges. We currently purchase a flat block product in the market to meet our BPA contractual load obligations. This would require us to purchase a suitable, shaped product from the market. Mike has worked with The Energy Authority (TEA) to provide us a fixed volume, hourly scheduled product for the BP-22 rate period. The contract would be a fixed \$8/MWh adder for deliveries into the “super peak” periods and we can hedge the power purchases. Deliveries into non “super peak” hours would receive a fixed \$0.50/MWh adder. Variability in outcomes compared to expectations would be if BPA changes their demand determinants. It was noted that we are required to purchase this power regardless of our allocation choice as our load is in excess of McNary’s contribution to load and our high watermark share of BPA. Mike discussed that TEA can provide us correspondence confirming that the contract terms has been reviewed by TEA management although it will not have been formally approved by TEA senior management by the October 31, 2020 BPA election due date. After discussion, **MOTION** was made by Commissioner Knowles to allow Mike DeMott the latitude to make the BPA “super peak” election, provided that he and the General Manager are comfortable with the final contract to be taken to TEA senior management for formal approval, and agreed to allow the General Manager to approve the contract substantially in the form. Motion carried.

Upon completion of the Agenda Items section, Commissioner Gunkel turned the meeting back over to Commissioner Miller at 4:15 p.m. and the Report session resumed.

REPORTS CONTINUED:

Engineering Update Cont. - Brandon Johnson reported that the Automated Metering Infrastructure (AMI) trial has ended. Significant testing was completed during the trial period and it was determined that cellular coverage is poor and inconsistent enough that we will not be pursuing this technology further at this time. He will continue to evaluate other options.

Mark Garner noted that Phillip McMillen and the staking engineers are working on 230kV transmission line drone inspections. We have found that shackles appear to be our main failure issue on these lines. We have scheduled an outage to repair these issues that were found. Staff is also evaluating software for managing the data received from the drone inspections.

September Financial Report - Brandy Myers and Mike DeMott presented the September financial report. The year-end forecast appears to be improving more in line with the budget. We will continue to look at O&M forecast expense. Mike and Brandy are working with our NISC software to build upon our current financial reports. Those reports will change as we move through 2021. Lastly, they stated that we would utilize a majority of the construction bond funds for several of the 2021 capital projects.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel was absent for the reports portion of the meeting.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller discussed the Department of Natural Resources forest action plan. He has discussed options with the Washington Public Utility Association regarding ways to communicate with legislators during the 2021 session. He also noted that the state audit interview was a very positive experience.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles announced that the Public Utilities Risk Management System annual meeting is November 4-5. He is planning to attend these sessions.

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

- Current COVID-19 Update - Gwyn provided the board with highlights of the county COVID status.
 - There have been numerous discussions on the CARES act. WPUDA is petitioning to legislators to extend the timeline.
 - Brandy Myers discussed Proclamation 20.23. She also discussed the potential implications KPUD could experience if the governor were to follow the direction the Department of Commerce proposed for Investor Owned Utilities.

GENERAL MANAGER - The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

Pubic Meeting Room - Jim spoke with the board about repurposing the public meeting room. After discussion, the board agreed that in the future, the public meeting room will be transitioned to the commission room and public access will be limited to GM approved public service agency use.

Mile Marker 28 - With the COVID-19 shutdowns the mediation date in October has been moved to December.

Adjourned - There being no further business, the meeting adjourned at 6:11 p.m.

/S/
Dan G. Gunkel, President

/S/
Douglas B. Miller, Vice President

/S/
Randy L. Knowles, Secretary
Date Approved: November 10, 2020

/s/
Luann Mata, Executive Assistant