

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, February 23, 2021
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: President Douglas B. Miller called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Douglas B. Miller - President, Randy L. Knowles - Vice President, and Dan G. Gunkel - 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, Beth Schroder - Accountant, Brandon Walter - Water/Wastewater Superintendent, Sharon Blodgett - Water/Wastewater Coordinator, and Luann Mata - Executive Assistant.

Via teleconference: Alex Casimiro - AP Clerk, Cynthia Bruce - Accounting Clerk, Ron Schultz - Engineering Manager, Kevin Ricks - Renewable Energy Assets Manager, April Greenlaw - Operations Support Assistant, Doug Senn - RNG Site Supervisor, Mark Pritchard - Operations Manager, Jeff Thayer - Materials Manager, Mark Garner - Engineering Customer Supervisor, Brandon Johnson - Engineering Tech., and Geoffrey Lacefield - System Engineer.

GUESTS: Tom McDonald, Cascadia Law Group

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

MINUTES: MOTION was made by Commissioner Gunkel to approve the February 9, 2021 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Alex Casimiro. 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 23rd day of February, 2021.

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

- Accounts Payable Voucher Nos. 209678 and 209680 through 209787 in the total amount of \$1,067,256.70; Wire and Automated Clearing House (ACH) transaction Nos. 8801431 through 8801435 and 8801437 through 8801438, along with Electronic Funds Transfer (EFT) transaction Nos. 211 through 217 in the total amount of \$2,507,377.64 for the period ending February 23, 2021; and
- Payroll Warrant No. 209679 and ACH Direct Deposit Payroll transactions 206534 through 206619 in the total amount of \$240,139.06 for the payroll period ending February 14, 2021.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water-Wastewater January update - Sharon Blodgett presented the department report for January. Sharon discussed that the proposed subdivision project by Yakama Nation Housing is moving forward. The expectation is 46 water and sewer connections and there could still be a community center proposed in the future. Brandy Myers, Brandon Walter, and Sharon Blodgett discussed discrepancies in meter sizing versus billing costs for the Klickitat and Wishram schools. The discussion prompted review of Policy 18 and Policy 19, specifically regarding the school cap at 2" within Policy 19 and whether the intent was to have a similar cap within Policy 18. Staff's review of historic changes and minutes was not conclusive and guidance from the board was sought. The board was made aware of policy related billing adjustments and discussed the adjustment cause and effects. At the direction of the commissioners, concrete numbers of bill back costs are to be presented to the board at a future meeting for the discussion of possibly adjusting the bill back with the understanding that school boards will be made aware of the dollar amount that the KPUD board is adjusting. Now that we are installing the radio read meters for these larger use accounts, it provides an opportunity for the schools to evaluate their needs. Staff is to evaluate all school districts within each system to develop a consistent policy application moving forward. Policies 18 and 19 will be brought back with revisions at a future meeting along with recommendations on billing philosophy moving forward. Commissioner Gunkel recommended that we have each school district provide us with a consumptive use requirement for their buildings and a fire suppression need requirement. He also asked that we evaluate billing these accounts based upon consumptive use rates, but install infrastructure to accommodate fire suppression requirements. Commissioner Knowles requested a system flow assessment to evaluate current usage requirements. Staff was also directed to evaluate what our past practice has been in order to make sure we remain consistent now and in the future. It was also stated that this evaluation should apply to schools only and the policy should reflect that.

Radio read meters will be installed in all water systems by the end of March. The department is working to GPS meters and valves as time allows in order to update the mapping system.

Operations Report - Mark Pritchard presented the January statistics. Rain and wind were responsible for 50% of the outage hours for the month. The wind caused many healthy green trees outside of the right-of-way to break off or uproot and damage infrastructure. All of the trees were outside of our right-of-way and in many areas where we have focused our tree trimming and vegetation management efforts. Crew work remains consistent from new installations, maintenance and tree trimming. We still have Northwest Line Clearance and Asplundh on the property continuing our tree trimming and vegetation management efforts. We continue to hold monthly safety meetings at the warehouse, which allows for social distancing. Cooperative Response Center (CRC) became fully operational on January 5. They only serve electric utilities and are a cooperative. We have already experienced benefits of having this service. They can open outages in our outage management system, which will improve our reporting. CRC's system texts the linemen the customer information at the time of call out, which eliminates the need for linemen to find something to write the information on. They complete safety checks with the dispatched personnel, which is a feature our answering services in the past have not provided. We can also access logged information anytime we choose to verify call volume and follow-up notes if needed. This service has been very beneficial so far. Mark has discussed this company with other utilities who appear to be considering moving this direction as well.

AGENDA ITEMS:

- A. **PREQUALIFICATION OF CONTRATORS - MOTION** was made by Commissioner Knowles to approve the addition of Alamon, Inc., and agree to add them to the small works roster for the 2021 period. Motion carried.

- B. RESOLUTION 1799 SURPLUS of VEHICLES - **MOTION** was made by Commissioner Gunkel to approve Resolution 1799 authorizing staff to surplus vehicles 154, 236, and 268. Motion carried.

REPORTS Cont.:

Engineering Report - Ron Schultz and Brandon Johnson presented the January update. Darren Shattuck is currently our only certified meterman so, as part of succession planning, Bobby Batte is enrolled in a recognized metering training program and will be eligible to take the IBEW Meterman exam upon completion. We will be sending Craig Osborne through the meterman training as well. Tim Madsen has successfully completed year-two of his wireman apprenticeship. We have asked PacifiCorp to present a draft operating contract to us by the end of March. Brandon Johnson discussed wind related issues at the Goodnoe substation. Ron is working with staff to prepare them for the Western Electric Coordinating Council (WECC) 2022 audit. These audits take place every five years. Since we have staff in new positions and are facing the fact that Ron may be retired by the time the next audit happens, he has been training staff and will schedule a mock audit this year as a part of his transition planning. The major projects scheduled for this year are the MA Collins substation upgrade. We are completing engineering now and construction is scheduled to begin in October. We are also focused on updating the Bingen substation design to accommodate new regulators. The EE Clouse project is expected to move forward with Bonneville Power Administration. BPA's goal is to have this project online by the end of 2022. Mark Garner provided the staking engineering update. Customer work has been slower recently, but the stakers have been focused on storm damage repairs and pole contact verifications for billing. Larger construction projects expected this year consist of an irrigation upgrade in Alderdale, a new irrigation installation near Garrison Road, and three-phase to Thompson Meadows. Husum Hills development is being discussed again and the rebuild of Echo Glen to Bristol Road is expected to be completed this year. Mark also stated that staff is utilizing the capture work order feature in NISC to manage storm situations. This has been a very helpful tool for compiling storm damage information.

AGENDA ITEMS Cont.:

- D. CLIFFS WATER RIGHTS – Tom McDonald and Jim Smith updated the board on the Cliffs water rights process. Tom has had many discussions over the years with the Department of Ecology. Tom feels that we have provided a good background for future discussions with Ecology and feels they understand what our services to a pumped storage or other project would be. He also stated that a trust agreement would memorialize what we have worked the last 15 years to develop.

REPORTS Cont.:

Year-end Financial update - Beth Schroder presented the 2020 year-end financial update. She noted that we recorded a credit adjustment of \$1.2 million due to GASB reporting requirements. This helped to improve our debt service coverage to end the year at 1.48 and with 277 days cash on hand. Several capital projects that were not able to be completed due to COVID-19 contributed to our days cash on hand adjustments. Most of the 2020 projects that were not completed were re-budgeted for 2021. The commissioners requested a summary of how much capital was moved from 2020 to 2021. Accounting will provide a summary to the board. Once the financials have been audited by Moss Adams, staff will provide the board with final reports.

Power and Finance update - Mike DeMott presented the February Power Management/Finance update. The winter pricing spiked a bit due to colder weather but has recently settled back to lower levels. Our 2020 loads averaged 57MW. Loads,

excluding the additional Dallesport Industrial and RNG related load increases, were about 46MW. As a 'double peaking' utility we have a winter peak determined by weather and a summer peak determined by weather and irrigation needs. With the customer in Dallesport online in 2020 we hit new record usage peaks for several months of the year. Peak loads of 89.11MW were seen in January 2020. Our historical peak remains at 91.59MW and occurred in January of 2017. Preliminary BP-22 BPA rates were discussed with historical result of initial vs. final rates reviewed. Mike noted that initial rates may not reflect what the final rates will be. The new BPA rate period becomes effective October 1, 2021. Load shaping rates for both the High Load Hours and Low Load Hours are currently projected to increase compared to BP-20 rates by roughly 35%. This rate increase could impact our Dallesport customer, so staff is having those conversations with them now.

Debt Refinancing follow-up: We have received and are reviewing the draft resolution documents to refinance the RNG and 2015A bond related debt. Mike will bring back resolutions for board consideration at the March 9 meeting. Washington Federal has provided an initial proposal for the 2015A related refinance and Mike is evaluating additional options. Mike would like to bring back to the March 9 meeting a resolution to delegate authority to the General Manager to approve the bond refinance if an agreeable proposal is received from a lender.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller attended the Washington Public Utility Association meetings last week.

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

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

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

- COVID-19 updates:
 - Potential grant funds – Klickitat County commissioner, Dave Sauter, reached out to Brandy Myers and provided her information on a potential grant opportunity. Brandy pulled staff together and submitted a letter of interest. We received confirmation that our letter of interest was received. There was significant interest expressed in this grant, so it will be a competitive process. We will continue to move forward with this process and will keep the board apprised of updates.
 - County status update - Gwyn stated that our county is now in Phase 2; however the metrics will be monitored on a weekly basis and if numbers spike the status could revert back to Phase 1.
- NWPPA Bulletin – Gwyn pointed out that KPUD was mentioned in an article on pages 16 and 17. We are partnering with Energy Northwest on an internship program. This is a collaboration with several utilities in Washington, but not everyone has opted in at this point. The purpose is to gain an increased interest in our professions. We will try to hire an intern this summer to work through the utility to gain perspective and interest in what we do.
- FEMA Reimbursement work: Gwyn informed the board that staff had submitted costs associated with our wind storm events and will likely be requested to provide costs from February's winter storms. Whenever we have large storms we compile information to submit to FEMA in case we meet the threshold for damage assessment. Sometimes we receive outside inquiries to submit for events as well. Typically, these submissions do not lead to reimbursement of expenses. Our last FEMA submission for COVID-19 costs yielded a \$20,000 reimbursement.
- NISC Reimbursement: NISC is a co-op, so if there are excess funds available at the end of the year, their members are reimbursed a percentage. Last year we

received around \$3,000 and this year it is around \$1,700. Our new answering service, CRC, will reimburse members in the same manner.

AGENDA ITEMS Cont.:

C. RESOLUTION 1800 KPUD HEARING OFFICER - **MOTION** was made by Commissioner Gunkel to approve Resolution 1800 appointing Klickitat PUD's Hearing Officer Assignment to Anita Clever or designee. Motion carried.

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

Pumped storage – Brian is working with FPP on draft water supply and infrastructure transfer agreements. Our comments on their SEPA process are enclosed.

Strategic project planning evaluation meeting - We continue to look for ways to maximize our assets. We have a meeting set up with Ralph Epling and Dave Warren this week to evaluate marketplace perspectives and brainstorm risks, value, etc.

Grid reliability - Jim mentioned that Commissioner Gunkel has been in discussions with Representative Mosbrucker. We engaged Dave Warren to assist the representative's staff and help guide wording for a bill she wanted to submit. It is not likely that the representative's bill will move this year, so Dan reached out to Senator Sheldon regarding these issues. The Senator and Dave Warren worked together to create a budget proviso to fund a study and a report to the legislature on grid reliability. Jim will provide wording at the next meeting. Jim thanked Commissioner Gunkel for his tenacity and willingness to push the subject.

Performance review - Jim presented performance review forms to the board and asked that they take them with them and plan to meet after the next commission meeting to compile the review. Luann will schedule an executive session for the March 9 board meeting.

Adjourned - There being no further business, the meeting adjourned at 4:33 p.m.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

/S/
Dan G. Gunkel, Secretary
Date Approved: March 9, 2021

/s/
Luann Mata, Executive Assistant