

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, November 23, 2021
2:00 p.m.

Meetings are open to the public; teleconference is also available. 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, Alex Casimiro - AP Clerk, Brandy Myers - Customer and Accounting Services Manager, Mike DeMott - Director of Finance and Power Management, Brandon Johnson - Engineering Supervisor, April Greenlaw - Operations Support Assistant, Anita Clever - Energy Services Specialist, Mark Garner - Engineering Supervisor, Ron Schultz - Engineering Manager, Cynthia Bruce - Accountant, and Luann Mata - Executive Assistant

Via teleconference: Courtney Collins - Engineering Support Assistant, Geoffrey Lacefield - System Engineer, Robbie Cacy - Buyer, and Kevin Ricks - Renewable Energy Assets Manager

GUESTS: Larry Hoctor

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

MINUTES: MOTION was made by Commissioner Gunkel to approve the November 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 November, 2021.

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

- Accounts Payable Voucher Nos. 211872 through 212007 in the total amount of \$1,297,440.07; Wire and Automated Clearing House (ACH) transaction Nos. 8801555 through 8801559, along with Electronic Funds Transfer (EFT) transaction Nos. 287 through 290 in the total amount of \$1,355,274.84 for the period ending November 23, 2021; and
- Payroll Warrant No. 211871 and ACH Direct Deposit Payroll transactions 208196 through 208281 in the total amount of \$255,738.06 for the payroll period ending November 7, 2021.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater update - Sharon Blodgett presented highlights of the October report. She began by discussing current projects. The Bickleton water system received an unsatisfactory coliform E. coli absent test. Three additional tests were taken and all tests, except the original site location, came back good. Staff investigation of the site location found the need to remove weeds from sample site.

Sharon also stated that per the direction of Department of Health (DOH), we will continue to pursue the Bickleton School well as a backup source as at one time it was an approved source by WA DOH. Investigation will continue in 2022 on the feasibility of this emergency source alternative.

The Glenwood corrosion control project is still in progress. Sharon recognized the efforts of the Water/Wastewater crew and Meter Shop staff and the obvious pride that is taken in the work that they perform.

The Dallesport pigging project is completed. This is a big factor for the proper function of the lift stations. Jim spoke with Commissioner Anderson about the Dallesport system and that capital improvements are likely to be required before we will consider taking the system over. The next step will be for our staff and county staff to review improvements and bring that determination back to both boards for discussion.

The Dallesport Industrial Park had 2 large water leaks due to Hamilton Construction moving bridge panels. Margie from the Port of Klickitat noted that the Port is working with a contractor to install a 12" valve to isolate the line along Parallel Rd. Also an extension has been granted for the operation contract between KPUD and the Port of Klickitat, providing the Port time to fully review.

Sharon stated that Cameron Keith has passed his wastewater exam and has completed the certifications required of the position.

Lastly, Sharon expressed her thanks to staff for their assistance manually updating each of the 1300+ water meter records to be compatible with the new handheld meter reading devices. Customer Service Representatives, Meter Readers and Courtney Collins as the new Support Assistant all acted without hesitation to help update the system so that billing would not be delayed and equipment could be utilized properly. This quick act of teamwork was truly appreciated by Sharon and what better time to recognize the great staff at KPUD than the week of Thanksgiving.

Operations October update - April Greenlaw presented the October update for Ron Ihrig. April stated that we will not meet our reliability goal for 2021 due to storms earlier in the year. We experienced 220 unplanned outage hours in October, although our total outage hours were higher than this in October due to planned maintenance projects. There is less than a week of customer work scheduled at this time. Crews are completing transmission inspections in addition to this customer work. There were 614 trees mulched or removed and crews cleared 97 spans this month. April reconfirmed that the Pole Test and Treat bid will utilize the small works roster for contractor proposals. The areas will be Klickitat Canyon, Wishram, Maryhill and John Day. Crews completed confined spaces and sniffer training. The two current apprentices will be ready to journey out this summer, so we indentured the pre-apprentices into the apprenticeship program at the end of October in an effort to fill our out journey level lineman roster.

Engineering October update - Brandon Johnson, Mark Garner and Ron Schultz presented the October update.

Brandon Johnson stated that the Meter Shop is qualifying Palouse Power at MA Collins; they are scheduled to begin work on November 29.

Electrical Consultants, Inc. (ECI) is beginning the preliminary engineering of the construction package for the E.E. Clouse substation redesign. We expect to have the 10% design package ready for internal review next week and request a call for bid for the new transformer at the beginning of the year.

Bonneville Power Administration expects to take another extended maintenance outage at the Rock Creek substation next year. Our plan is to complete testing between Rock Creek and White Creek along with replacing some pins and shackles on this 230kV Transmission line during the outage. We could complete switching

and avoid any outage time on this line; but staff is recommending that we take an outage to complete this transmission line maintenance.

Ron Schultz stated that he has followed up with PacifiCorp's dispatch manager to insure that they are aware of our switching agreement. After completion of review the dispatch manager assured Ron that he has reviewed the agreement with staff and that the agreement is available on a secondary screen, which is accessible by dispatchers. The posted information provides contact and qualified workers information. Ron will complete a follow up again this month to verify that everything was in place prior to heading into bad weather.

Ron provided a staffing update stating that Jeremy Kerns and Rylee Van Belle, both of the Meter Shop, are enrolled in CDL school and should be finished in a few months with their employment qualifications.

Mark Garner reported that new electric service estimate requests continue to come in daily. The crews have caught up with pending customer jobs. The Echo Glen project rebuild is in progress. Magnum Power has completed all of the work that can be completed from developed roadways. The section they were scheduled to move on to is across fields and in yards. Given the damage that would likely be caused to yards, we agreed that they pull off this job at the end of November, until we get a significant freeze. The commissioners asked if there was any "temporary construction" that could impact service over the winter if they pull off now. Mark stated the work completed to date should not have any cause for concern for reliability if contractor does not return until spring. Lastly, Mark stated that the Staking Engineers are working on capital project work order design sheets until customer work increases again. Phillip McMillen is working on vegetation management mapping and FieldPro inspection forms for mobile workforce rollout.

Clean Energy Transformation Act (CETA) update - Anita Clever and Mike DeMott discussed the Clean Energy Implementation Plan and reviewed the draft plan in detail. To assist with plan preparation, Mike and Anita have attended teleconferences with other utilities as they worked through designing the CEIP for KPUD. The approach among utilities seemed to be similar. Our plan demonstrates that we are already meeting the requirements for the 2022-2025 time period. Commissioner Knowles asked that staff ensure our existing programs qualify for future CETA requirements. The commissioners also stipulated that we include wording in our CEIP that nothing in it will be considered to limit the powers of the KPUD Board of Commissioners and they will retain, in full, their local rate making and other legal authority.

September Financial update - Cynthia Bruce reviewed the September Financial statement. Rate revenue income is \$1,900,000 above budget for 2021, mostly attributed to higher industrial consumption and some seasonal anomalies. Forecasted generation revenue is \$2,000,000 under by year-end. This reflects decreased RNG production, better than anticipated White Creek Wind revenues, and the removal of the Washington State Department of Revenue tax refund which is still under review. Staff felt that since this may not be realized in 2021, it was best to remove it from income assumptions.

Our Aid in Construction revenue is \$2,600,000 for the year and we expect we will exceed that by the end of the year. Our Debt Service Coverage (DSC) is forecast to be 1.86 by year-end, which is better than reported in August. Our year-end Days Cash on Hand is forecast to be 265 days, mostly attributed to the bond refinance and includes an anticipated accelerated debt repayment of \$1,000,000.

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

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

COMMISSIONER DAN GUNKEL - Commissioner Gunkel reported that he met with RNG staff. He felt there was good conversation and questions from the crew. The common question was why we are not running the combustion turbines.

He and Kevin then continued on to McNary Dam, where they met with Northern Wasco PUD's power manager, generation manager, and operator; staff from the Army Corp of Engineers and the contracted engineering firm McMillan Jacobs. The reason for meeting was to discuss two proposed capital projects. One was the proposed replacement of an elevator, the second was the proposed replacement of the exterior stairs. It was determined after discussion that the elevator was completely rebuilt a few years ago and has the required safety permits from the State of Oregon. It was noted that testing should be completed on the stairs to assure that there are no structural integrity deficiencies. The Corp was in agreement that should any of the engineering tests demonstrate safety concerns, we submit those results to them for evaluation. From the visual inspection, this day, there were no obvious flaws or defects observed and the hand rails were in very good condition and were well crafted. It was obvious that there were a few sections that are exposed to more icing conditions and more de-icer was used in these sections. Jim Smith stated that after additional discussions, engineering testing will be completed and staff will evaluate those results. If needed, staff will schedule a time to meet with both boards to discuss a plan forward. Staff will also notify the Corp of their findings.

Lastly, Commissioner Gunkel reported that Representative Gina Mosbrucker is in the process of reviewing a bill that was presented to the committee last year concerning the reliability of the electric system in Washington State. Jim talked with her today and spoke with Dave Warren and WPUA regarding this bill. Updates will be reported back.

ASSISTANT GENERAL MANAGER - Gwyn Discussed the PURMS presentation.

Gwyn Miller discussed the cyber security insurance update. The pool completed the application and a quote has been provided. The summary was that the pool as a whole was downgraded, with an increase in policy premiums. This was a very challenging determination as there have been zero claims processed by the current carrier ever. Overall the policy increase was over 50%, Klickitat's portion of this increase is around 30%. With the current plan there is no option to bifurcate coverage. With the reduction in coverage and the increase in premium Gwyn asked the board if it was time to shop for alternative insurance options. The board agreed that we should shop other insurers, but we should accept the coverage this year, which will provide us time to evaluate options.

GENERAL MANAGER - **The following items are additions to the GM report.**

The complete report can be found at:

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

Jim Smith discussed an article he read regarding natural gas being a zero carbon resource. He also thanked Commissioner Gunkel for taking the time to travel to McNary to review and discuss the McNary plans.

AGENDA ITEMS:

- A. CALL FOR BID: 2022 TREE TRIMMING AND RIGHT OF WAY CLEARING - MOTION** was made by Commissioner Gunkel to approve the Call for Bid: 2022 Tree Trimming and Right of Way Clearing with bids being received until 2:00 p.m. on December 16, 2021. Motion carried.
- B. 2022 KLICKITAT PUD OPERATING BUDGET: 2ND DRAFT Review** - Cynthia Bruce, Brandy Myers, Jim Smith, and Mike DeMott presented the 2022 Draft Operating Budget. This included a detailed review of all key assumptions driving revenue and expense items as well as capital expenditure plans. The proposed budget and related 5-year forecast does not contain any retail electric rate increases. Financial policy metrics were reviewed with the 2022 budget

meeting our required policy objectives. Further discussion focused on longer term 2022-2031 financial trends and the need to include analysis of these trends in future budget presentations. The board did not have any changes to the budget as presented. Final budget presentation will occur on December 14 as part of the annual budget hearing to be held at 3:00 p.m.

C. ACCELERATED DEBT REPAYMENT - MOTION was made by Commissioner Knowles to authorize staff to issue the \$1,000,000 Accelerated Debt Repayment for 2021. Motion carried.

D. SET HEARING DATE: 2022-2025 CLEAN ENERGY IMPLEMENTATION PLAN - MOTION was made by Commissioner Knowles to authorize staff to advertise the 2022-2023 Clean Energy Implementation Plan Public Hearing to be held on December 14 at 3:00 p.m. in the KPUD Public Meeting Room. Motion carried.

E. SET HEARING DATE: 2022 KLUCKITAT PUD OPERATING BUDGET - MOTION was made by Commissioner Gunkel to authorize staff to advertise the 2022 Klickitat PUD Operating Budget Public Hearing to be held on December 14 at 3:00 p.m. in the KPUD Public Meeting Room. Motion carried.

Adjourned - There being no further business, the meeting adjourned at 5:32 p.m.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

/S/
Dan G. Gunkel, Secretary
Date Approved: December 14, 2021

/s/
Luann Mata, Executive Assistant