

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, June 28, 2022
2:00pm

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 (via teleconference), and Dan G. Gunkel - Secretary

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Sharon Blodgett - Water/Wastewater Coordinator, Brandon Walter - Water/Wastewater Superintendent, Isabelle Carroll - AP/Accounting Clerk, Mike Nixon - Operations Manager, Jeff Thayer - Materials Manager, Mark Garner - Engineering Supervisor, Brandon Johnson - Engineering Supervisor, Mike DeMott - Director of Finance and Power Management, Anita Clever - Energy Services Specialist, and Luann Mata - Executive Assistant.

Via teleconference: Kevin Ricks - Renewable Energy Assets Manager, Cynthia Bruce - Accountant, Brandy Myers - Customer and Accounting Services Supervisor, and Courtney Collins - Engineering Support Assistant.

GUESTS: Larry Hoctor

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

MINUTES: **MOTION** was made by Commissioner Gunkel to approve the June 14, 2022 meeting minutes with Commission Miller's report wording update as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Isabelle Carroll. 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 28th day of June, 2022.

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

- Accounts Payable Voucher Nos. 213603 through 213701 in the total amount of \$710,774.23; Wire and Automated Clearing House (ACH) transaction Nos. 8801661 through 8801666, along with Electronic Funds Transfer(EFT) transaction Nos. 355 through 359 in the total amount of \$1,555,615.61 for the period ending June 28, 2022; and
- Payroll Warrant Nos. 213602; and ACH Direct Deposit Payroll transactions 209597 through 209683 in the total amount of \$226,727.06 for the payroll period ending June 19, 2022.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater update - Sharon Blodgett and Brandon Walter reviewed the report. Sharon reviewed the information provided to a Glenwood customer who inquired about hydrant installation. The next step is for the community to gather petition signatures. Andrew Smith at the Yakama Nation Water Code Administration, contacted us with an update on our Glenwood water rights lease

application. He reached out to inform us that they have entered the two week public comment period. He also commented that delays in the process have been due to limited staffing. Lastly, there was a surface leak discovered on Lake Road; the crew responded and made repairs without any interruption of service.

Operations update - Mike Nixon provided an update on crew work. In Goldendale there are 15 customer jobs scheduled over the next two weeks and in White Salmon there are 5 customer jobs. The number of customers in progress are increasing.

We still have three Kemp West tree crews on the property. So far this crew has trimmed 44-miles of line total to date, 16.5-miles is hard bid. They are focused on completing as much of the off road trimming as possible before the Industrial Fire Precaution Levels increase.

We have received our AIDash report. Their report indicates that we have 660 miles of line with known vegetation throughout our system, 57 miles of this involves transmission. We will use this data as we continue to refine our trimming schedules.

Gwyn Miller thanked Mike and staff for their handling of our first fire response for the year. Crews, superintendents and operations manager were all on site. They all provided valuable details back to office staff to include with our internal fire investigation report. It appears as though arson was the cause of this particular fire.

Jeff Thayer discussed the White Salmon office reopening. The schedule is to reopen the White Salmon office to receive customers beginning July 5th. He is also finalizing the repair costs to complete the negotiations with the abatement company. Mike Nixon recognized Jeff's efforts in leading our team in completing the extensive work and coordinating with everyone to schedule office moves to keep us supporting our customers throughout this project.

We have secured additional GenPac 2023 pad-mount transformer production slots. Beginning in April, we are scheduled to receive 30 transformers, with an additional 30 units every other month until the end of the year. We are not committed to size until the production slots open up. We have been guaranteed large sized transformers for 2023 as well. We have no financial impact until delivery.

Commissioner Miller asked about the status of vehicle orders. Jeff responded that the 2023 state contract options are not available, so this delay will impact delivery schedules as well. This delay ranges from standard fleet vehicles to our commercial bucket trucks.

Engineering update - Mark Garner and Brandon Johnson presented their department updates.

Brandon discussed bird guard options for our 230kV transmission lines to mitigate fouling of some of our suspension insulators under cross-arms. Russ Patton has found an option that may be effective for our application.

Over the next year we are scheduled to complete switch replacements on the 69kV side of the Husum substation. We will also be scheduling a nighttime outage this summer on the Klickitat substation to replace a broken bushing. MA Collins substation construction is nearing completion and we are continuing to fine tune SCADA communications. The Bingen substation phase 2 work is now complete. The next phase is to build a new distribution line-up for additional circuits. When complete, Bingen will have four new distribution bays. The timing will be determined in our long range plan.

We have awarded the open metershop wireman position. Jared Mooney comes to us from Grant PUD's Priest Rapids Dam project. He will begin work mid-July.

The final edits for the Landis+Gyr contracts have been received and are under review for approval. In October we should receive the final 2022 meter equipment order, then by spring we should receive our next order of meters. We will be moving meters to some key locations such as Stacker Butte, Diamond Gap, and Flat Top to test communication boundaries and limitations. Commissioner Miller asked what we have received for customer feedback regarding moving the meters around. The only feedback received was with the original media outreach and that was a “pick me” conversation. We will continue to focus on providing information on the projects benefits.

Mark Garner reviewed current engineering activity. Customer appointments and quote letters are picking up. Goldendale has 15 customers ready to schedule. The furthest out is three weeks and this is due to the job being a significant line extension in a remote location. Titan Electric will complete this project. We also have 11 customers in Goldendale who have paid their quote amounts, but are still working on requirements and 21 in White Salmon. Magnum power finished the Echo Glen Road rebuild. There is one area that Magnum Power must complete ground restoration. The Titan Electric crew will be moving on to Oak Flats from the Leidle Pole upgrade project.

Aaron Estey is completing his surveying work on Courtney Road. Justin Beierle is completing the Garrison Road line design, subdivision design work on 19th Street in Goldendale and the Wishram Heights subdivision expansion for the Yakama Nation Housing Authority. Nathaniel Hill continues to work with the City of White Salmon on an electric vehicle charging station project. James Dean has requested a quote to reroute our transmission line that is near his rock pit in Bingen. This evaluation is pending. Jared Balcom is concentrated on customer jobs and managing the boring contractors. Phillip McMillen continues to update and support the vegetation management program and mapping of completed work. He is also completing the roll out of the Futura assessment tools and the FieldPro system integration. Lastly, Mark has met with the Titan Electric underground construction foreman regarding a bid on Flat Top. The work will be included under our time and materials contract and they estimate four weeks to complete the installation. They are scheduled to begin work Tuesday, July 5. Mark continues to work with the Department of Natural Resources on their request for a new easement for the underground power line on Flat Top. We have an established existing easement for the overhead power line.

Power and Finance update - Mike DeMott presented an update on Mid-C 2022 power prices versus budget. Late runoff has increased near term supply and prices have fallen. Overall 2022 forecasted prices are roughly 30% higher than budget. The forward price curves for the BP-24 and BP-25 periods 2023-2025 are estimated to be \$69.02 HLL and \$63.24 LLH. This reflects the period for which BP-24 Tier 2 prices will be set. Our hedging efforts for 2022 are maintaining our budget projections. The Super Peak product has yielded negative results since inception of \$11,676. This was due to our 10MW allocation oversupplying the Super Peak product. If we continue with our Super Peak allocations in the future, we will likely reduce the MW allocation.

White Creek Wind generation is currently \$700,000 better than budget. They have experienced some curtailments in June, due to the high river run off. The Excelsior purchase of the site is complete but pending approval of their Federal Energy Regulatory Commission (FERC) license. Mike will continue to monitor this purchase event and contract negotiations.

BPA’s Draft BP-24 rate period high water marks are out. Our proposed Tier-1 share increases by 1.69MW but is subject to final calculations. Mike is working with BPA on load forecasting. Long term, we are looking at either 11 or 22 MW for either non-federal system market purchases or BPA Tier-2 purchases. Utilizing Tier-2 could appropriately position us to meet carbon related Washington State specific requirements and limit the potential for carbon costs from market purchases.

Mike has had several discussions with the Dallesport large load customer.

We are currently working on our Cost of Service Analysis which will inform our future rate design. We will have Russ Schneider from EES Consulting at the July 12th board meeting to review our progress to date.

BPA continues to see that their Revenue Distribution Clause will be triggered due to BPA's improved financial position driven by secondary sales. The BPA Administrator's decision on how distribution would be implemented is likely to occur in late October. We have voiced our opinion that our preference would be for BPA to reinvest this money into debt reduction or capital improvements to their system, but their decision is leaning towards a refund. Commissioner Miller expressed his preference that he still feels reinvestment is still the better option. We appear to have a view that is the exception to the perspective of many BPA customers.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller stated that he feels that the Department of Commerce should not be responsible for influencing the development of or the implementation of rules that impact public utilities as they do not have the authority to override our Title 54 requirements.

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

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

ASSISTANT GENERAL MANAGER –

- Public Utility Risk Management Services (PURMS) meeting overview - Gwyn Miller discussed that insurance premiums for all products are increasing. She also noted that there was an article in a Wenatchee newspaper stating Chelan County's fire liability insurance premium increased while coverage decreased. Significant premium increases with reduced coverage appears to be the standard across the board, from fire liability and cyber security, to medical coverage. It does not appear that insurance companies are taking into consideration risk mitigation efforts by its customers. For example, we are ahead of the curve for cyber security, but that is not reflected in our proposed premiums.
- Emergency management invitation- Earlier today we received an invitation from the Washington Utilities and Transportation Commission (UTC) and the Office of the Insurance Commission (OIC) requesting utilities to participate in a Wildlands Insurance survey. The deadline for this submission is June 2023. The objective is to review affordability, obstacles, risks, and improvements. This is an interesting exercise in that it appears to be driven by SB 5803 submitted by Senator Rolfes even though this bill did not pass through the 2022 legislative session.
- Annual Meeting October 10, 2022 - Gwyn has contacted NWPPA to contract a motivational speaker, Joey Jones. Our staff that attended E&O this past spring spoke highly of his seminar, so we are attempting to book him for October 10. He has a military background, has an impeccable work ethic, and he is universally accepted. We will reserve the Goldendale Grange Hall for this event.
- Treasury Services - We are evaluating options for potentially changing our services with the Klickitat County Treasurer. They have had a shortage of staff and their performance has created issues and is not improving. They are slower to respond to questions or requests and their payment process poses serious concerns. As a result, we are exploring alternate options.

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:

- Community Solar program - HB 1814 establishes funding for community solar. Our current net metering program is at 69% of our total state program requirement. If we do not opt out of this program, we have the opportunity to obtain state funding for future projects in our service territory. We are continuing to see high levels of net metering applications as the new building code requirements offer solar installations as an efficiency option. The commissioners voiced concern that there are a lot of unknowns at this point regarding the program as it is still in the development stages, but it would provide us an opportunity to offer our customers funding options that we currently do not possess. Commissioner Knowles expressed his preference to hold off on opting into the program until we have completed our rate design process. Anita Clever stated that if we participate in this program it also assists us in meeting our CETA requirements for low income projects and we could utilize state funding to pay for the infrastructure. Commissioner Gunkel concurred with staff that not opting out would provide customer options, but also emphasized that we must be very thoughtful with our COSA evaluation to ensure our rate design prevents costs shift. Jim also added that AMI will be the key to keeping one rate class from subsidizing another rate class. It was decided that we will not opt out of the program.
- Strategic planning - Therese Hampton will be on site Thursday, September 8 to complete our annual review of our strategic plan. We do not anticipate major updates to our plan, but potentially some adjustment in goals due to shifts in legislation.
- City of White Salmon LAB - The City of White Salmon has developed a group to investigate issues of interest to the local community. They would like to schedule a date to meet with our staff and Commissioner Knowles. The questions surround conservation, electric vehicles and potential system impacts and investments, along with LED city lighting. We are working to set a date.
- BPA post 2024 - Jim discussed the philosophies behind the PPC draft paper for comment to BPA on post 2028 contract Federal System allocation and augmentation.
- MCCED Broadband survey - We received an email requesting our support of MCEDD's efforts to complete broadband infrastructure survey. They provide information and requested that we advertise the survey for them on our website, Facebook, and in flyers if possible. The board reiterated that we should continue to assist and facilitate broadband options in our service territory, but the PUD will not provide the service.

AGENDA ITEMS:

- A. PREQUALIFICATION OF PROFESSIONAL SERVICES CONTRACTORS - MOTION was made by Commissioner Gunkel to approve the additions as presented and agree to add the contractors to the Professional Services roster for the 2022 period. Motion carried.
- B. MEDICAL INSURANCE DISCUSSION - Commissioner Miller stated that his original concern is 90% resolved now. He asked that Commissioner Knowles discuss billing and coverage challenges at the next PURMS meeting. No action taken.
- C. EXECUTIVE SESSION: Potential Litigation (1)(i) - President Miller called for an Executive Session at 4:00 p.m. per RCW 42.30.110 (1)(i) noting that the session would last until 4:45 p.m., for the purpose of discussing potential litigation. The session ended at 4:45 p.m. No action 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:

Adjourned – There being no further business, the meeting adjourned at 4:45 p.m.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

/S/
Dan G. Gunkel, Secretary
Date Approved: July 12, 2022

/s/
Luann Mata, Executive Assistant