

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, September 8, 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:** 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 - Assistant General Manager, Brandy Myers - Customer Service Supervisor, Anita Clever - Energy Services, Kevin Ricks - Renewable Energy Assets Manager, and Luann Mata - Executive Assistant.

Via teleconference: Mark Pritchard - Operations Manager, Cynthia Bruce - AP/Accounting Clerk, Jim Moss - Auditor, Jeff Thayer - Materials Manager, Beth Schroder - Accountant, Mike DeMott - Director of Finance and Power Management, Ron Schultz - Engineering Manager, Mark Garner - Customer Engineering Supervisor, April Greenlaw - Operations Support Assistant and Nichole Lantau - Accountant.

**GUESTS:** Brian Skeahan - Skeahan Advisory Group via teleconference

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

**MINUTES: MOTION** was made by Commissioner Knowles to approve the August 25, 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 8<sup>th</sup> day of September, 2020.

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

- Accounts Payable Voucher Nos. 208212, and 208214 through 208292 in the total amount of \$310,742.97; Wire and Automated Clearing House (ACH) transaction Nos. 8801360 through 8801365, along with Electronic Funds Transfer (EFT) transaction Nos. 166 through 167 in the total amount of \$201,037.72 for the period ending September 8, 2020; and
- Payroll Warrant Nos. 208213 along with ACH Direct Deposit Payroll transactions 205519 through 205602 in the total amount of \$204,082.83 for the payroll period ending August 30, 2020.

Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Pumped Storage update:** Brian Skeahan called in to discuss the status of the pumped storage project. We have known for the past several months that National Grid has been looking to transfer the project to another developer and they have not been putting funds into the project recently as a result. Rye Energy is still committed

to the project. We hear that discussions with a replacement developer are ongoing. With the signing of the amended MOU, Rye committed to completing development transfer agreements with KPUD by the end of the year.

The Federal Energy Regulatory Commission (FERC) has asked the developer for additional information as part of their license review. FERC has seemed to indicate that they would agree to the developer's request to provide an accelerated license schedule for this project if the response is timely and complete. The Commerce grant funds are exhausted and we have filed for reimbursement. Marketing efforts are ramping up a bit to evaluate the need for a capacity product in the region. The capacity project option still looks positive.

**Generation Assets Report** - Kevin Ricks presented the report for August. Our August production was 137,265 dekatherms for the month. This number is down slightly from July and is less than the previous August figures. Part of the reduction came from a curtailment on the Williams Northwest Pipeline on August 23 and 25. Williams is completing repairs to their equipment on October 16- 20, so we are advancing our fall shut down to coincide with these dates. It is unknown if Williams will impose any future curtailments at this time.

Kevin reported that we received two proposals for the spare NRU plate-fin heat exchanger, under direct negotiations after previous bids were rejected. The pricing appears to be under budget and both responses looked good. Kevin also commented on Jonah Humphrey's efforts in working with Republic Service's contractor during their annual well expansion projects. Jonah met with the contractors regarding the well field expansion project at landfill and discussed how we would handle incidental damage. This proactive communication paid off and kept the plant from having any downtime when the contractor damaged a header during their work on the Friday afternoon before the long weekend.

**Power Management/Financial Update** - Mike DeMott presented the Power Management August report. Forward pricing was reviewed along with August actual pricing results. Financial hedging results for August were reviewed with discussion around hedging principals following.

As of July 1, BP has started allocating 1,500 MMBTU's per day from storage to a Liquid Natural Gas facility in California. This will produce revenue as shown in previous yearend forecasts for Low Carbon Fuel Standard (LCFS) revenues from RNG. Expected RIN revenue was also discussed. In both cases, some of the revenues will be accrued and recorded in 2020, but the actual cash payments will not be received until 2021.

Benton capacity related RFP was reviewed with discussion of how KPUD Combustion Turbines might participate in current or future capacity markets. Contract pricing would drive the potential of restarting the turbines as the units have reached hours of operation that require the units be rebuilt. Jim stated that staff will continue to evaluate business cases and bring back information.

Areas of the Washington State Clean Energy Transformation Act (CETA) were reviewed including the current status of rule making efforts and impact of potential delivery to load requirements.

**Energy Services Update** - Brandy Myers and Anita Clever presented the update. Brandy began the discussion by stating that Anita has done a great job staying up on compliance requirements. Anita reviewed the energy efficiency funds dispersed in 2019-2020 and reviewed the projects that are currently pending and the balance available for the remainder of the biennium. COVID-related requirements have slowed the 2020 projects down a bit, but that is expected to only affect timing of completion. Anita stated that, with the challenges of entering households, her inspections have been off-site for the most part. She is looking forward to utilizing some new infrared camera equipment that will assist her in these evaluations by

allowing her to gather information from a distance. She has been evaluating new bill rules and requirements - especially the clean energy regulations that were passed last year.

Anita provided an update on our consumer loan status. With the low interest rates and high property values many people are selling or refinancing homes. We have liens on properties to which we have extended loans, so customers with outstanding loans with the utility are required to pay these off before these transactions can be completed. As a result, we have seen a rapid reduction in our outstanding loan balance, which has provided positive income for the utility. Other alternatives for loan programs were discussed and the board directed staff to maintain the program as it currently exists.

**COMMISSIONER DAN GUNKEL** - Commissioner Gunkel stated that he has had ongoing conversations with our state representatives and has found that none of them find the riots and rolling blackouts acceptable, but they also don't acknowledge that the carbon free initiatives will impact the reliability of the grid. None of them see we are on our way to becoming a third world nation.

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

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

**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.
  - Gwyn reviewed the state's information dashboard. The Department of Health issued a press release that they have been impacted by yesterday's windstorm, but also that they are reevaluating the numbers of reported deaths. The numbers previously referenced were anyone who tested positive at time of death no matter what they died from. Expect to see these numbers update in the near future. There are currently only two active cases in Klickitat County. Hospitals are available and have resources to serve us. She also stated to expect some proclamation updates in the next few weeks.
  - BPA reported that they were hit hard by the windstorm and have 100 structures damaged. They are having a difficult time responding to these issues as they have most of their staff only responding to mission critical items. They recently had an uptick of cases flow through their company.
- Electronic signatures - Gwyn discussed the request of staff to have the ability to conduct business in an electronic manner. She provided a draft resolution regarding electronic signatures and product evaluation. The board was open to reviewing a resolution at a future meeting.
- Staffing Update - Jim Moss will be retiring as of October 1. We will bring a resolution recognizing his contribution to the utility over the past 36 years. His last day of work is September 25.

**GENERAL MANAGER** - The complete report can be found at:

[http://www.klickitatpud.com/topicalMenu/commissioners/GM\\_Reports.aspx](http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx)

In addition to the written report, Jim Smith presented the following information:

- Strategic Planning - The draft of strategic goals were provided to staff last week. Staff is meeting with Therese Hampton on Thursday to go over long-term goals, refine strategies and develop annual goals that contribute towards the board's strategic vision. Jim's focus is on advancing the culture as we work through this process.
- Chenoweth Substation - Ron, Jim and the engineering team participated with BPA to discuss capacity out of the Chenoweth Substation which feeds

Dalleport. BPA wants KPUD to build a replacement for BPA's 115 kV to 69 kV substation in EE Clouse to be paid for by KPUD with reimbursement provided by BPA. Jim believes that both can be accomplished and we signed the requisite memorandum of understanding and reimbursable agreements last week as a result of the call. Jim stated that Kelly Johnson at BPA has been instrumental in moving these initiatives forward.

- PPC Nomination - Jim asked that the board approve staff sending a letter nominating Jim Smith for another term on the PPC Executive Committee. The board was in favor of sending this nomination.
- Marin County Community Choice Aggregator (CCA) - Marin County CCA was formed to take over retail electric service from PG&E to provide customers with two clean energy product options. PG&E continues to operate the poles and wires. One option was 60% carbon free and the other was 100% carbon free. Only five percent of the customers participate in the 100% green energy option. That is an interesting situation given that Marin County is an affluent area. It makes one question why California and other states continue to push 100 percent renewable programs when this area, at least, is happy with 60% carbon free. For reference, KPUD is about 75% to 80% carbon free depending on how you measure that statistic.
- Water Rights - Tom McDonald will participate in an executive session next meeting regarding Ecology's position on water rights held in trust.

#### AGENDA ITEMS:

- A. NET METER PROGRAM UPDATES - Anita Clever discussed our current program numbers and program interest. State tax incentives are phasing out, but federal tax credit options continue to spark interest in the program. Costs for new systems also have reduced substantially and low interest loans are available. We currently have 168 net metered customers connected, for a total of 1,116.76kW. The 4% cap is 2,519.60kW. Since 2019 the participation has increase 11% customer growth or 20% system size growth and continues to grow.

Our current policy was last updated April 2018 (actual approval date was March 27, 2018 to take effect April 1, 2018). Following the updates to RCW 80.60 per Senate Bill 5223 in July 2019, the policy and agreement review process began. In January 2020, we suspended our infrastructure fee to align with legislative philosophy. Anita provided a draft of Policy 25 Net Metering, the interconnection agreement and related documents for discussion. The key proposed changes redefine eligibility to include all rate classes, including commercial customers and increased the system capability to 100kw. The 1 to 1 cost credit for kWh charges will not change and aligns with RCW requirements. Language is included to ensure that any new customers are aware that rate structures may change in the future to separate energy charges from infrastructure demand charges, thus changing the 1 to 1 kWh credit. The board also agreed that while RCW's require us to allow systems up to 100kw, we will entertain larger installations. Technical standards were updated in collaboration with the engineering department and reference made to appropriate industry standards.

**Adjourned** - There being no further business, the meeting adjourned at 5:08 p.m.

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Dan G. Gunkel, President

/S/                                  
Douglas B. Miller, Vice President

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Randy L. Knowles, Secretary  
Date Approved: September 22, 2020

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Luann Mata, Executive Assistant