

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, December 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, and Luann Mata - Executive Assistant.

Via teleconference: Mike DeMott - Director of Finance and Power Management, Brandy Myers - Customer Service Supervisor, Cynthia Bruce - AP/Accounting Clerk, Beth Schroder - Accountant, Ron Schultz - Engineering Manager, Kevin Ricks - Renewable Energy Assets Manager, Mark Pritchard - Operations Manager, April Greenlaw - Operations Support Assistant, Sharon Blodgett - Water-Wastewater Coordinator, Mark Garner - Engineering Customer Supervisor, Brandon Johnson - Engineering Tech, Judy Woody - Payroll Specialist, and Jeff Thayer - Purchasing Manager.

GUESTS: None

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

MINUTES: MOTION was made by Commissioner Miller to approve the November 24, 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 8th day of December, 2020.

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

- Accounts Payable Voucher Nos. 209062 through 209178 in the total amount of \$707,607.85; Wire and Automated Clearing House (ACH) transaction Nos. 8801395 through 8801398, along with Electronic Funds Transfer (EFT) transaction Nos. 191 through 192 in the total amount of \$123,129.47 for the period ending December 8, 2020; and
- Payroll Warrant No. 209061 along with ACH Direct Deposit Payroll transactions 206024 through 206109 in the total amount of \$211,798.08 for the payroll period ending November 22, 2020.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Operations Update - Mark Pritchard and Jeff Thayer presented the report for October. Jeff presented and discussed the 2020 Material Inventory reconciliation information with the board. Mark discussed outage statistics and contractors

working on the property. He also discussed crew focus and safety training. Commissioner Miller asked if anyone has evaluated a pole issue on Horseshoe Bend Road - Mark was unaware but would have someone evaluate it. Commissioner Gunkel stated that he received a few positive comments regarding the crew's response to the damaged power pole on Highway 14 in Bingen and asked that Mark pass these along to the crew.

Renewable Energy Assets - Kevin Ricks presented the report for November. He discussed gas production milestones, reliability and that there are no additional planned outages for the remainder of the year. Work continues with Republic on well field optimization. Lastly, Kevin displayed pictures of the October outage showing the project work employees completed during the shutdown.

Information Technology Annual Update - Chris Evans presented the current department projects accomplished in 2020. Gwyn Miller stated that technology challenges during COVID-19 have been daunting for our IT group, but they have made the transition that allowed for a remote workforce seem relatively seamless. She also mentioned that PURMS also recognized us for our cybersecurity efforts; "Chris does a fabulous job with our cybersecurity," Gwyn stated.

AGENDA ITEMS:

2021 RATE HEARING and 2021 OPERATIONAL BUDGET HEARING:

President Dan Gunkel opened the public hearings at 3:00 p.m. Due to audio technical issues, opening comments began at 3:23 p.m.

Mike DeMott presented the 2021 Operating Budget overview and provided specific information on drivers associated with budget increases.

Jim Smith presented the 2021 Electric Rate proposal stating that the operating budget for the entire utility is subject to financial policies established by the board. He said that was the full budget presented by Mike DeMott. Jim then reviewed financials for just the electric service portion of the utility, without any projects included to review the financial health of the PUD's core business of serving its customers. Jim stated that staff is continuing to strengthen our core business and that the financial position of the utility will improve over the next three years as we are paying off over \$11 million in debt each year. However, we do have a net revenue requirement and a lot can change in three years and these issues are driving his recommendation of an electric rate increase of 1.5%.

After completion of presentations, Commissioner Gunkel opened the phones for public comments. (Email comments attached). Staff called on each number shown on the WebEx call to ensure no comments were missed.

Alisa Grumbles asked the board to look at cutting costs versus raising rates. She said she can tell the budget is very complicated, but given the impacts that COVID is having, they should consider not raising rates.

Alisha Lazelle did not have any comments.

Haley Long submitted an email (attached to minutes) which was read into the record.

When comments were complete the public was invited to call back into the regular meeting number, (888-387-8686 Pin 7737637#) and the public hearing ended at 4:17. President Gunkel said there would be a 10-minute break and the regular meeting would resume on the regular meeting number at 4:27. At 4:27 the meeting transitioned back to the regular commission meeting to make a determination on the operational budget and the proposed rate increase.

Meeting continued with Agenda Item A.

A. 2021 RATE HEARING and 2021 OPERATIONAL BUDGET HEARING -

Discussion ensued regarding the 2021 operating budget. McNary Dam project costs were discussed. Commissioner Miller asked staff to participate in conversations regarding this project to come up with the most feasible solutions moving forward.

President Gunkel stated that he wanted customers to understand that there are costs involved with the governor's imposed proclamations. These costs do not only include personal protective equipment but will also likely include a significant loss of revenue. He asked for input from the other commissioners.

Commissioner Knowles said that the 1.5% increase equals \$325,000. He stated it is the commissioner's responsibility to be fiscally responsible for utility operation, but they also have a social responsibility to do the right thing for customers. Commissioner Knowles stated that, after years of working to improve the financial health of the utility, we have means available to not increase rates and bridge this period. However, this will need to be discussed again next year, as the revenue reduction has a cumulative impact on revenues. Commissioner Knowles maintained that the goal of the board is to be more affordable in the future compared to other utilities. Raising rates would contribute to our financial goal of paying off debt quicker. However, the rate stabilization funds we have worked so hard to accumulate should be utilized to help customers in 2021. Commissioner Knowles stated, "We should not take action and raise rates at this time". The board members all acknowledged where funds could come from and discussed employee direction to maximize our effectiveness if we don't raise rates.

Commissioner Miller was in agreement that this is not the time to raise rates. He did want to recognize however that the rate increase was needed to support the 2021 budget and we would need to address this in our 2022 budget. He also stated he felt it was a strong and well thought-out budget. The use of the rate stabilization fund is a temporary solution so the decisions today may still affect future years.

President Dan Gunkel agreed that the use of the rate stabilization fund is appropriate in this circumstance. He also stated that we have received new information regarding \$1,600,000 in CARES Act funds that were awarded to Klickitat County that we can apply for a portion of. If awarded, these funds would assist us in helping more customers who are struggling. KPUD staff is ready to present Klickitat County with a fund request which could be presented to the Department of Commerce. We have identified at least \$250,000 in specific customer-related expenses. Between not implementing this rate increase and applying for CARES Act funds directly for our customers, he said we are doing the right things for our customers. KPUD employees were asked to do everything they can to obtain CARES Act funds. We have partnered with Klickitat County on many projects over the years and look forward to future partnerships.

MOTION was made by Commissioner Miller to approve the 2021 operating budget as presented. Motion carried.

Based upon discussion after the public rate hearing a **MOTION** was made by Commissioner Knowles to reject the 2021 1.5% electric rate increase proposal. Motion carried.

B. RESOLUTION 1797: Electric System Revenue - Line of Credit - **MOTION** was made by Commissioner Miller to adopt Resolution 1797 as presented. Motion carried.

- C. 2020 ANNUAL WRITE-OFFS - **MOTION** was made by Commissioner Knowles to accept the write-off list as recommended by staff. Motion carried.
- D. RESOLUTION 1798: 2019 Cancellation of Unclaimed Warrants - **MOTION** was made by Commissioner Miller to adopt Resolution 1798 authorizing the cancellation of unclaimed warrants for 2019 in the amount of \$1,151.46 as per RCW 36.22.100. Motion carried.
- E. CALL FOR BIDS: RNG New Blower Equipment - **MOTION** was made by Commissioner Knowles to approve the Call for Bids: RNG New Blower Equipment General Construction Bid 2020. Bids will be received until 2:00 p.m. on February 16, 2021. Motion carried.

REPORTS Continued:

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller attended the Washington Public Utility Association annual meeting and provided an overview. He also discussed his thoughts of what to do with the Dallesport property. Commissioner Miller will also attend the exit interview with the Washington state auditors on December 17.

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-19 status.
 - Gwyn stated that the Governor's office has extended his proclamations through January 19. This also pertains to disconnects, late fee assessment and remote meetings. Department of Health has also issued new guidelines.
 - We have applied for COVID-19 cost reimbursements from FEMA for 75% of our PPE costs. The claim is for about \$20,000 for costs to date. We continue to incur costs.
 - There are additional funding sources being proposed at a federal level that may apply to utility customer economic relief. We are hearing that the \$15 million being talked about will flow through the LIHEAP program application process. Other proposed funding is for another local government or small business fund. The Governor continues to promote grants.
 - CARES Act funding - We have been in discussions with Klickitat County employees who state they are in support of us utilizing funds that aren't being utilized by the county. We will submit our paperwork to the county this week.
- Payroll and Labor - As reflected in the budget we have anticipated a dental and medical premium increase. Our coverage is on track with other utilities; however we did increase our dental maximum and adjusted our vision benefits. The group claims will be managed through Aetna beginning in January and new cards will be mailed out to employees. This card has the Teledoc number listed. Gwyn also discussed that a cost of living adjustment (COLA) was include in the budget as well. We budgeted a conservative 3% increase. Gwyn debated if being in the midst of COVID-19 was the right time for the increase. However, we are well within the market range for utilities and all of our employees have remained working to maintain our services through this entire situation. After discussion, **MOTION** was made by Commissioner Miller to approve the 3% COLA as reflected in the 2021 operating budget.

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

Jim Smith reflected that staff has done an amazing job this year. Gwyn Miller spends an incredible amount of time increasing her understanding of state and national level COVID-19 discussions to be prepared and position our utility for what may come. Jim recognized Gwyn for her great effort and thanked the board for their support in allowing us to make adjustments as necessary.

Adjourned - There being no further business, the meeting adjourned at 5:24 p.m.

Dan G. Gunkel, President

Douglas B. Miller, Vice President

Randy L. Knowles, Secretary
Date Approved: _____

Luann Mata, Executive Assistant