

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, September 13, 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, and Dan G. Gunkel - Secretary

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Kevin Ricks - Renewable Energy Asset Manager, Cara Smith - AP/Accounting Clerk, Mike DeMott - Director of Finance and Power Management, Brandon Johnson - Engineering Manager, Cynthia Bruce - Accountant, and Luann Mata - Executive Assistant.

Via teleconference: Patrick Carroll - Contractor, Courtney Collins - Engineering Support Assistant, and Brandy Myers - Customer and Accounting Services Supervisor.

GUESTS: None

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

MINUTES: **MOTION** was made by Commissioner Knowles to approve the August 23, 2022 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Cara Smith. 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 13th day of September, 2022.

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

- Accounts Payable Voucher Nos. 214172 through 214292 in the total amount of \$673,503.98; Wire and Automated Clearing House (ACH) transaction Nos. 8801697 through 8801702, along with Electronic Funds Transfer (EFT) transaction Nos. 381 through 382 in the total amount of \$2,046,170.24 for the period ending September 13, 2022; and
- Payroll Warrant Nos. 214167 and ACH Direct Deposit Payroll transactions 210045 through 210130 in the total amount of \$220,071.92 for the payroll period ending August 28, 2022.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy update - Kevin Ricks presented the department report for August. Production levels reached a new team best milestone of 141,850 dekatherms. This is 43,000 dekatherms better than budget for the year. Production is leveling out, which may be due to reliability, but definitely due to consistency. Training, capital improvements and the Loci system have taken production to the next level to dial in systems. August 28, the plant experienced a compressor trip. Due to quick operator response, they were able to keep the rest of plant online while repairs were made. Kevin expressed his appreciation of the team effort. The quick response of onsite staff and the weekend response by Daniel Bartholomew, Jonah Humphreys and Chris

Evans for the timely replacement of the failed PLC card were noted. This card was a part of aging infrastructure and a spare replacement card was on site. The PLC failure did not result in any down time. The fall maintenance outage will begin the first week of October. Jonah and Alex Casimiro brought in Everline as the new pipeline compliance contractor. A review of the safety and reliability improvements completed during the month was presented.

Power supply investigations continue; Mike DeMott and Kevin toured two small hydro projects on the North Fork of the Snoqualmie River. The two projects together produce 85,000MWh per year. We are working on putting a non-disclosure agreement in place. Kevin and Don Jarrett met a month ago to discuss these projects. Their current permits expire in 2031 and 2035. Kevin and Mike continue to evaluate small modular nuclear projects.

The McNary operational committee began bi-weekly meetings to review projects and check the status of the independent review of the stairway safety concerns. Once the independent review is complete, the committee will move discussions forward with the Corps of Engineers to come to a resolution. The commissioner's commended staff for reaching this position.

Finance and Power Management update - Mike DeMott presented the department report. 2023 draft budget figures are based on forward price curves and we will use forward pricing to project the BPA Tier-2 prices for 2024 until BPA releases preliminary figures. White Creek Wind will be modeled using a discount to Mid-C pricing. Our super peak election resulted in approximately \$60,000 of BPA bill savings for August and around \$100,000 year to date. Jim discussed resource adequacy. Mike is evaluating our above BPA Tier-1 market purchases and will likely be recommending utilizing BPA's Tier-2 product in the next rate period instead of market purchases. Current 2022 hedging and recently executed 2023 hedges were reviewed.

Energy Northwest contacted us again regarding electric vehicle charging stations. There are grant funds available and Energy Northwest is seeking support of project installations in three key locations in Klickitat County. We will facilitate their project, but we will not be financially supporting it at this time.

Financial update - Cynthia Bruce presented the financial update for July. Revenues from nearly all sources remain favorable. The bulk of increased revenue forecasted is from residential rates and RNG generation. Our current forecast indicates our year ending approximately \$2.7M above budgeted revenue. Wholesale power purchase costs for the additional retail sales will offset a portion of those additional revenues. Our total net operating margin is \$2.1M above budget. Our debt service coverage is forecasted at 1.76 versus a budget of 1.59. Updates were made to our forecasted year end capital spending, increasing RNG by \$100,000 and decreasing electric by \$1M since the last year end forecast. A large portion of this decrease will need to be re-budgeted within 2023 as we recognize supply chain delays. A portion of the anticipated EE Clouse substation work is included in the delay, and we have decreased the anticipated loan value accordingly. Our day's cash is 218 days compared to the budget of 192 days.

It appears as though the Department of Revenue is moving forward with their decision on RNG tax exemptions and we are in discussions and will follow through with the appeal process. We may have one final conference with them before they move forward with posting their decision. The financial impact could be \$2.3 million, plus interest, owed back to WA Department of Revenue, in addition to our pending reimbursement filing being declined for approximately \$470,000. There will be tracking within the budget for this item.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller discussed chlorination in Lyle.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles will not be available at next meeting.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel discussed the LFG Infrastructure Fund meeting with Commissioner Anderson. There were two meetings to arrive at a decision. The unanimous decision was to fund 5 of 6 applications. The City of Goldendale wastewater treatment project engineering was not funded. The committee concluded that funding requests from an incorporated city does not meet the intent of the fund. All of the other system funding requests were funded at the requested amounts.

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

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

- Goldendale Pumped Storage 401 Water Quality Certificate application - this application is under review and open for public comment. We have evaluated this application, discussed with the project proponent and we see no need to provide comment.

AGENDA ITEMS:

- A. PROFESSIONAL SERVICES APPROVAL - **MOTION** was made by Commissioner Gunkel to approve the addition of the firm presented and agree to add them to the Professional Services Roster for the 2022 period. Motion carried.
- B. EXECUTIVE SESSION: Review of a public employee - President Miller called for an Executive Session at 3:20 p.m. per RCW 42.30.110 (1)(g) noting the session would last until 4:30 p.m. At 4:30 p.m. the session was continued until 5:00 p.m. The session ended at 5:00 p.m. No action was taken.

Adjourned - There being no further business, the meeting adjourned at 5:01 p.m.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

/S/
Dan G. Gunkel, Secretary
Date Approved: September 27, 2022

/s/
Luann Mata, Executive Assistant