

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, April 25, 2023
2:00pm

CALL TO ORDER: President Randy L. Knowles called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Randy L. Knowles - President, Dan G. Gunkel - Vice President and Douglas B. Miller - Secretary (via teleconference)

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant GM, Cara Smith - Accounting Clerk, Mike DeMott - Director of Finance and Power Management, Kevin Ricks - Renewable Energy Assets Manager, Mike Nixon - Operations Manager, Brandon Johnson - Engineering Manager, Mark Garner - Engineering Supervisor, Brandon Walter - W/WW Superintendent, Brandy Myers - Accounting and Customer Service Manager, Anita Clever - Energy Services Specialist, Phillip McMillen - GIS Specialist, Jeff Thayer - Materials Manger, Sohn Kartes - Materials Manager and Luann Mata - Executive Assistant.

Via teleconference: Cynthia Bruce - Accountant, Sharon Blodgett - W/WW Coordinator, Andrew Jaekel - Buyer, Geoffrey Lacefield - System Engineer, Patrick Carroll - IT Consultant and Courtney Collins - Engineering Support Assistant.

GUESTS: None

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

MINUTES: **MOTION** was made by Commissioner Gunkel to approve the April 11, 2023 meeting minutes with the Claims and Payroll availability date modification 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 25th day of April, 2023.

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

- Accounts Payable Voucher Nos. 216035 through 216167 in the total amount of \$1,724,067.89; Electronic Funds Transfer (EFT) transaction Nos. 453 through 458 and Wire and Automated Clearing House (ACH) transaction Nos. 8801777 through 8801781 in the total amount of \$540,475.94 for the period ending April 25, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 211468 through 211559 in the total amount of \$257,913.37 for the payroll period ending April 9, 2023. Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater Report - Brandon Walter presented the department report. Commissioner Miller and staff attended a Klickitat community council meeting on April 11. The water system budget includes increases in maintenance costs due to increased well cleaning and rehabilitation needs. There were only three individuals present and they were all council members. We asked that the council help us hold a

second meeting with that might include more attendance from the community due to the rate implications, which look to be about \$5 a month. Those present agreed and a meeting will be scheduled and advertised. Commissioner Knowles and staff also met with the Glenwood community to review our progress on the Yakama Nation water right permit, as well as updates on our discussions with the Department of Ecology and the Department of Health regarding transitions in regulation to the Yakama Nation. Twenty-eight community members were present. While a few of those present expressed concerns about accepting tribal jurisdiction, most expressed the opinion that we need to work with Nation and build that relationship. Commissioner Knowles said he pointed out at the meeting that people are often fearful of processes they do not yet understand and that our interaction with the tribal representatives has been positive. They have been helpful and responsive to issues and questions. There are many unknowns with how the transition of this area into the reservation will affect the community, but we will continue to work through the processes to continue to provide reliable services to the Glenwood Valley.

Brandon reminded the commissioners that Department of Health representatives would attend our meeting on May 9th to present Jodi McMurrin with Tim McMurrin's Lifetime Achievement Award.

We had a contractor dig into a 2" service line. The customer had called for locates, but we were unaware of the existence of this line so it was not located. Also, we were successful in our grant application efforts for security improvements. Wastewater will receive a grant for \$55,000 and our electric system was granted \$42,000. Lastly, Gwyn Miller and Brandon will attend another tour of the Dallesport Treatment plant facility tomorrow, which will be attended by Klickitat County Commissioner Christopher.

Operations Update - Mike Nixon presented the department report for March. We are still meeting our 2023 reliability goal. Customer work is gradually increasing. We have five customer installations scheduled in Goldendale and four in White Salmon. Crews are also currently working on a mix of Advanced Metering Infrastructure (AMI) preparation projects. The Vegetation contract crews are working on Hwy. 141 they have completed almost 55 miles of trimming so far this year, which is approximately a third of their contract requirements. KPUD tree crew continues to remove trees and mulch rights of way. The Safety meeting reviewed heat stress and provided training on new reclosers that fit into cutouts. We will have a crew, an apprentice and a pre-apprentice participating in the Lineman Rodeo in July. We will conduct interviews for replacing the mechanic position on April 26 and 28.

Engineering Update - Brandon Johnson and Mark Garner presented the March report. We have swapped out the MA Collins damaged transformer and successfully transported it back to the warehouse. The contractor is working on the two new distribution bays and are completing the bus work installation. Metershop staff is assisting with the project and inspecting the contractors work daily. Our crews have installed new getaway vaults wire and conduit for these feeders. So far, load is about 5MW on the substation. We are still online for a June substation commissioning. Brandon also provided a video of the Goldendale substation to EE Clouse substation transmission line project. Long lead-time material for this project is on order. The steel will not arrive until March 2024 and we are looking at a second quarter 2024 completion date.

We are expecting the first shipments of meters for the AMI project in May, June and July. Communications hardware is expected to be delivered in August. Once we see delivery, we will feel more comfortable with the rest of the shipment date estimates.

We have issued a Request for Proposals (RFP) for storage space rental. There were three proposals received, but none of the storage locations were on the west side of the county. We would prefer not to transport materials if possible. Commissioner Knowles will assist with this search.

Customer workload is gradually increasing as the weather improves. The change in policy that delays payment until customers are ready has reduced the number of jobs standing in a queue. Mark provided work order statistics. The dock crew is working diligently removing vacated distributions lines and they will move to the Woodland Road project once the ground dries out. This project is staked and ready to go. Phillip McMillen is completing drone 230 kV transmission line inspections. He located ten structures that needed maintenance work completed. This information was provided to the crews who completed this maintenance during the scheduled Bonneville Power Administration Rock Creek substation transmission outage last weekend.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles reported on the Glenwood community meeting.

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

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

ASSISTANT GENERAL MANAGER - Gwyn Miller

- Oregon Burn Center Benefit Golf Tournament - Gwyn provided general information about the event. We will likely have two teams participating.
- Safety Banquet - Gwyn asked the board to save the date for the annual KPUD Safety Banquet. This event is scheduled for June 3 at the Goldendale Golf Course. Golf begins at 1:00 p.m.. and dinner at 4:00 p.m.
- Home and Garden Show booth - We will have a booth at the Home and Garden show. This year's event is May 5 and 6. Anita Clever will cover the booth along with various other KPUD staff. We will have staff available during the event to field questions on our advanced metering infrastructure project.
- Department of Labor and Industries (L&I) ambient temperature rules - The Dept. of L&I are holding a meeting to gain utility perspective on the ambient temperature worker rules, we are participating in this meeting. Currently there is augmentation required for work schedules when temperature reaches 90 degrees and above. The current proposed rule is a 15-minute break every 15-minutes. These proposed requirements would significantly affect the efficiency of our staff.
- HB1329 Preventing utility shutoffs for nonpayment during extreme heat - This bill has passed and will require utilities to implement a process for restricting disconnects during heat events and would also require reconnections of meters disconnected when these events occur. The effective date of this bill is July 2023. The heat indexes have yet to be determined. Once heat indexes are defined, we will bring back for discussion.

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:

- Yakama Nation Glenwood Water Supply Permit - Jim reviewed the final proposed permit language after several months of working with the Yakama Nation Director of Water Code. The permit allows the continued use of McCumber Springs and allows 300 ac-ft per year. The permit is 10 years, is renewable and seems to align with other permits issued on the Yakama Nation reservation. The cost is \$30.00 per acre-foot per year for all water actually used, not just water used over and above the existing water rights from the state Department of Ecology. This permit also adds an additional 54 connections to the system, for a total of 300 connects. We have reached out to the Department of Health on how they would handle the issuance of approved water connections as they still currently regulate this issue. The board's consensus was that this is a fairly standard permit that is in line with the

Yakama Nation Water Code and asked the General Manager to move forward to secure the water permit for Glenwood. In addition, staff is to work through issues with DOE, DOH and the County on implementing this water permit and additional water connections as there are currently no additional connections available. Commission Knowles also requested that staff draft a letter for the Yakama Nation expressing KPUD's appreciation of their efforts in working with us to address our questions and the needs of the community.

- **Energy Northwest (ENW) Small Modular Nuclear Reactor (SMR) Project Review** - Jim gave an update on the work being completed by ENW. He also provided and discussed project funding requirements and timing. At this time, Energy Northwest currently does not have utility commitments to provide funding to start on site assessments and other work to move towards a license application, but they are focused on this funding. Jim and Rick Dunn from Benton PUD are scheduled to speak with the participants group tomorrow at the Energy Northwest board meeting regarding the needs of public power. We have made a \$75,000 financial commitment to participate in the evaluation process of project viability, and advancing project work. Kevin Ricks and Jim are both committed in continuing to evaluate renewable energy options.

MOTION was made by Commissioner Gunkel to have the General Manager focus his attention as necessary on Small Modular Nuclear Reactors for the foreseeable future. Motion carried.

- **Goldendale Pumped Storage Project Federal Energy Regulatory Commission (FERC) Update** - we became aware of a meeting being held May 3rd in conjunction with the FERC draft environmental impact statement process regarding a 10-J meeting with FERC. We were not informed by FERC in spite of the fact that our Cliffs water system is a key part of the discussions. Kevin Ricks and Russ Patton will attend to support Eric Steimle of Rye Development as necessary. Kevin evaluated the information referenced in this notice and the information submitted by the project proponents in the FERC License application and it appears as though every question proposed to be discussed at this meeting is addressed in the License application.
- **Clean Energy Transformation Act Audit costs** - Jim reviewed the breakdown of the audit costs for the board as a follow up from the April 11 meeting.

AGENDA ITEMS:

- EXECUTIVE SESSION - PER RCW 42.30.110 (i) REVIEW OF POTENTIAL LITIGATION MM28** - Commissioner Knowles called for an executive session at 2:30 p.m. This session will last until 2:45 p.m.; Executive Session ended at 2:45 p.m. No action taken.
- SET PUBLIC RATE HEARING DATE AND TIME FOR THE WATER/WASTEWATER SYSTEMS** - **MOTION** was made by Commissioner Gunkel to set a public Water/Wastewater Rate hearing for Tuesday, May 23, 2023 at 3:00 p.m. in the KPUD Board Meeting Room. Motion carried.
- POLICY 18: WATER CUSTOMER SERVICE AND POLICY 19: WASTEWATER CUSTOMER SERVICE** - **MOTION** was made by Commissioner Gunkel to approve the updates to Policy 18 and Policy 19 as presented. Motion carried.
- PRE-QUALIFICATION OF CONTRACTORS** - **MOTION** was made by Commissioner Gunkel to approve the pre-qualification of Siebert Excavation and Cowlitz Clean Sweep and agree to add them to the Small Works Roster for the 2023 period. Motion carried.

- E. PRE-QUALIFICATION OF PROFESSIONAL SERVICES CONSULTANTS: MOTION was made by Commissioner Gunkel to approve the addition of Alert Technology Group as presented and agree to add them to the Professional Services roster for the 2023 period. Motion carried.
- F. TREE TRIMMING STATUS AND MAPPING UPDATE - Mark Garner and Phillip McMillen demonstrated how we are tracking our vegetation management progress on our mapping program. They also demonstrated the AI Dash Intelligent Vegetation Management System (IVMS) reporting application that we are preparing to implement. This program will assist us continuing to improve our planning and tracking and provide us with visual information on growth rates and problem areas based upon satellite imagery. It will also provide staff with tools to predict cost per mile for our trimming program.
- G. POLICY 21: ELECTRIC CUSTOMER SERVICE ADVANCED METERING INFRASTRUCTURE (AMI) OPT OUT OPTION DISCUSSION - Brandon Johnson and Brandy Myers presented two proposed policy update options for the board to consider. Option 1 included addendums, which outlined AMI opt-out eligibility and a supporting form; Option 2 made policy updates without addendums to opt-out as an option during the AMI system wide deployment. They provided differing perspectives and covered pros and cons of both options, along with ways to mitigate the cons for both options. After significant discussion regarding costs, the potential technical and planning issues if customers opt out, monthly charges and communication considerations, the commissioners agreed that our core values represent customer focus and customer choice. Providing an option to opt out of the program supports customer choice and we should provide that choice if we can and still meet our needs in operating our systems effectively. Commissioner Gunkel proposed that we should consider establishing a requirement that allows for KPU to be able to review the impacts of offering an opt-out option and, if so determined after that review of actual impacts, remove the opt out component at that time.

The proposed addendum to support customer choice for opt out has very specific guidelines that limit customer participation in the program to reduce risk to the utility. Staff will bring back a redline of Policy 21 which will include the opt out language, with an application period defined and a program review deliverable. The post AMI deployment opt out program review is intended to gauge the opt out impact on electric system in an effort to ensure unforeseen consequences are not detrimental. The Board reserves the right to cancel the program if deemed necessary. A policy to address repairs to customer's existing electrical services during the installation process will also be presented. Both of these updates will have sunset clauses included. Our current installation timeline is to begin full deployment of AMI meter installations in September.

Gwyn thanked Brandon and Brandy for their effort and recognized that it is difficult to come before the board with differing opinions or perspectives and have these conversations. Commissioner Gunkel concurred and recognized the effort put forth to bring all valuable information for or against offering the program. By bringing the pros and cons, the board is equipped with the tools to make an informed decision.

The board directed staff to bring back policy updates as defined above.

- H. NET METERING RATE DESIGN DISCUSSION - Anita Clever provided an update to the net metering discussion from the last meeting. The customer generation program cap is 4%, as set by RCW. This cap will be met once the current applications are complete. This will certainly be this year. Once we reach the cap, we have the option to adjust the rate structures, close the program, or continue with no changes. The discussion covered rate options to consider when we reach the program cap. Rate structure component discussed

included the net metering infrastructure fee which was previously approved a number of years ago, and then set at zero, while the program continued to be evaluated. Anita provided our program history.

Timing continues to be important since we are required to notify Washington State University a minimum of 60 days in advance of when a standard rate for an eligible customer-generator is first placed on the board agenda. The board instructed Anita to notify WSU now of our intent to review the program. Once notification is issued, it will be published on the WSU website for the net metering program. If we make changes to the program, we must hold a series of public meetings regarding updates. Anita was instructed to obtain legal interpretation in regards to the existing net metering agreements and the right to modify rates as needed. During the previous rate discussion, we grandfathered 84 customers into a rate class, of which two will be moving out of the program soon. Anita covered two ways of looking at the impacts of net metering. The first is the avoided cost to the utility for the power that is produced by net-metered customers. The second is the cost shift created to redistribute revenue requirements of rate class to other customers in order to offset the unrecovered costs to operate and maintain the system within the current net metering rate structure. Anita also discussed 2023 proposed legislation that did not pass. There is still a Washington state budget item that would fund a task force to undertake the necessary studies to evaluate and define cost shift over the next two years. We expect that any findings would influence further net metering legislation.

The board asked for clarification if a policy or rate decision is made during this review, would KPUD's rate decisions be subject to legislative updates. Anita stated that they could be required to change. Commissioner Miller asked the relationship between WSU and the Department of Commerce. It was clarified WSU is not an enforcer, they are the entity who reviews and interprets the data received and reports back to Commerce with recommendations.

The board instructed staff to continue the program as is, while thoroughly reviewing options, which include transitioning to an energy and demand rate structure. Staff is to bring findings back to a future meeting for further discussion.

- I. SENIOR DISCOUNT PROGRAM DISCUSSION - **MOTION** was made by Commissioner Gunkel to extend the senior discount program through the end of May and agree to provide an estimated \$10,000 in additional program funding for the 2022/2023 period. Motion carried.

Adjourned - There being no further business, the meeting adjourned at 5:34p.m.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: May 9, 2023

/s/
Luann Mata, Executive Assistant