

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, January 14, 2020
2:00 p.m.

Commissioner Miller attended the Klickitat County Commission meeting at 11:00 a.m.

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 were both present, and Randy L. Knowles- Secretary (attended via teleconference)

STAFF PRESENT: Gwyn Miller- Assistant General Manager, Mike DeMott- Director of Finance and Power Management, Mark Pritchard- Operations Manager, Cynthia Bruce- AP/Accounting Clerk, Brandy Myers- Customer Service Supervisor, Kevin Ricks- Renewable Energy Assets Manager, Anita Clever- Energy Services Specialist, Jim Moss- Products & Services Analyst, and Luann Mata- Executive Assistant.

GUESTS: None

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

MINUTES: **Motion** was made by Commissioner Miller to approve the December 23, 2019 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 14th day of January, 2020.

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

- Accounts Payable Voucher Nos. 206226 through 206233 and 206235 through 206375 in the total amount of \$2,427,542.72; Wire and Automated Clearing House (ACH) transaction Nos. 8801276 through 8801280 , along with Electronic Funds Transfer (EFT) transaction Nos. 97 through 100 in the total amount of \$300,889.05 for the period ending January 14, 2020; and
- Payroll Warrant Nos. 206225 and 206234 and ACH Direct Deposit Payroll transactions 203921 through 204086 in the total amount of \$381,815.77 for the payroll periods ending December 22, 2019 and January 5, 2020.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Power Management Report – Mike DeMott presented the department report for January. He reviewed the Mid-C and Sumas 2019 power pricing outcomes versus budget, RIN pricing trends, and forward wholesale power pricing. Current and potential power prices hedges were reviewed. The load for our industrial customer in Dallesport is staying fairly stable; we have not experienced much fluctuation in their usage. At the time of this report, this customer has not reached his contract capacity of 10 MW. This customer’s history shows that he demonstrates a small reduction in power use once a month, likely due to maintenance. Our large load customer contract pricing is working well.

Mike has been participating in an NRU working group focused on BPA post 2028 contracts. He will provide updates on this throughout the year. He feels this participation will be valuable to us as our business model is different than most of the utilities participating in this discussion. BPA's goal is to have a contract set by 2025. Commissioner Gunkel asked Mike to keep the board apprised of discussions relating to the renegotiation of the Columbia River Treaty as well.

Mike also provided updated overall debt information. After our bond refinance and paying off the McNary and White Creek assets, he is evaluating our current debt allocations. This month's report focused on our 230kV business line. We have contracts in place that completely pays the debt on this line. The 230kV contracts contribute roughly \$3,400,000 towards KPUD annual debt service. This is 37% of our overall annual debt payment over the next few years. The 230kV line will be debt free by 2031. Mike's intention is to bring updates on each of our business lines throughout the year that will provide the board with information that will assist staff with debt repayment focus as excess revenues become available.

At the end of Mike's report, Gwyn Miller announced that Mike DeMott was awarded the title of Director of Finance and Power Management.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller reported that he attended the Klickitat County Commissioner meeting. They discussed cell service for the area and Yakama Nation Tribal housing proposal status. Commissioner Miller also stated that he read an article that the City of Bellingham is evaluating the adoption of an ordinance that that could prohibit the use of natural gas in new construction and mandate existing homes to convert to electric heat due to the carbon-neutral energy by 2035 legislation. There is concern that a government entity can dictate what public can do. He also mentioned that discussions around Columbia River water temperature could have impacts on irrigators, water treatment plants and return flows.

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

GENERAL MANAGER – The complete report can be found at:

http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

In addition to the written report, Gwyn Miller presented the following information:

- Tom Svendsen's Memorial- Commissioner Knowles asked about the arrangements regarding Tom's memorial service. It was confirmed that it is Saturday, January 25th from 1 to 3 p.m. at the Goldendale Golf Course. We will have a bucket truck set at the entrance. Gwyn asked the commissioners to re-sign Tom's retirement resolution in memory of his contributions; staff will frame this resolution and are in discussions of other meaningful gestures to provide to his family from the utility.
- Jim Smith's board address- Gwyn Miller presented an address to the board on behalf of Jim Smith. Jim stated "I am really proud to be at the Washington State Capitol representing Klickitat PUD. This is recognition for the work of many staff over many years, previous General Manager Tom Svendsen included. It is also a result of the tenacity and vision of the Klickitat PUD Board that has not waivered over the past 25 years." Commissioner Gunkel added that it was also due to the commitment and energy Tom put forth throughout his career. He never gave up, was extremely creative, and saw these projects through to completion. Job well done. Gwyn added that there is an article inside and another on the back page of the February Ruralite coming up.
- NISC- We received notice that we will receive a capital credit reimbursement this year from NISC. They thrive to be responsive to our industry needs.

- Customer outreach- Brandy Myers and Anita Clever have ordered weatherization kits. The kits provide simple solutions to alleviate some factors of heat loss, especially in rental properties and older homes. They are also continuing to encourage customers through website and Facebook prompts to contact our office for conservation tips. They feel that this is one way to reasonably help customers address areas when the standard windows and heat pump rebate programs may not be an available opportunity for us to assist with. Anita will also provide the customer and the landlord with information on the conservation recommendation for the residence reviewed. She is hoping that this follow up will provide our customers with an additional voice. She will also utilize the new infrared camera to be able to provide customers with a visual confirmation of where their energy is being expended unnecessarily. By doing so she feels that it will foster good representation of our utility as well as to help us to help them to attempt to control their situation. Commissioner Gunkel stated he felt this was a good practical approach.
- Union negotiations- negotiations are underway. The group has met three times so far with another meeting scheduled for this week. When the group is closer to an agreement, Gwyn will bring back information to the board.

AGENDA ITEMS:

- A. PROFESSIONAL SERVICES APPROVAL - **Motion** was made by Commissioner Miller to approve the addition of RH2 Engineering, Inc. and add them to the Professional Services Consultants Roster for the 2020 period. Motion carried.
- B. CALL FOR BID, RNG Blower Electrical Equipment Bid 2020 - **Motion** was made by Commissioner Miller to approve the Call for Bids, RNG Blower Electrical Equipment Bid 2020, with bids being received until 2:00 p.m. on February 13, 2020. Motion carried.
- C. PUBLIC RATE HEARING, Rate Schedule 1a-Net Metering - President Gunkel opened the rate hearing at 3:00 p.m. With no public present for the hearing, Commissioner Gunkel closed the hearing at 3:02 p.m. Staff recommended that we suspended infrastructure fee from Rate Schedule 1a- Net Metering effective January 1, 2020. The board members discussed this recommendation. **Motion** was made by Commissioner Miller to approve the suspension of the infrastructure fee effective January 1st, 2020. The motion passed with 2 votes in favor and 1 against. Motion carried.

Adjourned – There being no further business, the meeting adjourned at 3:11 p.m.

/S/
Dan G. Gunkel, President

/S/
Douglas B. Miller, Vice President

/S/
Randy L. Knowles, Secretary
Date Approved: January 28, 2020

/s/
Luann Mata, Executive Assistant