

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, September 14, 2021**  
**2:00pm**

**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 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 (via teleconference)

**STAFF PRESENT:** Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Alex Casimiro - Accounting Clerk, Kevin Ricks - Renewable Energy Assets Manager,

Via teleconference: Luann Mata - Executive Assistant, Courtney Collins - Customer Service Representative, Mike DeMott - Director of Finance and Power Management, Ron Ihrig - Interim Operations Manager, Jeff Thayer - Purchasing Manager, Cynthia Bruce - Accountant, Ron Schultz - Engineering Manager, Brandon Walter - Water/Wastewater Superintendent, Geoffrey Lacefield - System Engineer, Sharon Blodgett - Water/Wastewater Coordinator, and Brandon Johnson - Engineering Supervisor

**GUESTS:** None

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

**MINUTES: MOTION** was made by Commissioner Knowles to approve the August 24, 2021 meeting minutes as presented. Motion carried.

**CLAIMS & PAYROLL:** Presented by Alex Casimiro. 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 14<sup>th</sup> day of September, 2021.

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

- Accounts Payable Voucher Nos. 211221 and 211223 through 211378 in the total amount of \$1,202,490.29; Wire and Automated Clearing House (ACH) transaction Nos. 8801521 through 8801528, along with Electronic Funds Transfer(EFT) transaction Nos. 265 through 270 in the total amount of \$312,261.95 for the period ending September 14, 2021; and
- Payroll Warrant Nos. 211222 and ACH Direct Deposit Payroll transactions 207754 through 207843 in the total amount of \$220,352.04 for the payroll period ending August 29, 2021.

Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Renewable Energy Assets August update** - Kevin Ricks presented the department report for August. He relayed that the plant operated at 100% reliability for August producing 136,814 dekatherms. Commissioner Gunkel asked what the

capacity factor was for August, Kevin stated 88.3 with the 5000 dekatherm base. The well field appears to be trailing off a bit; Kevin is confident that the Loci well field monitoring system will improve field output moving forward. The Loci system installation was completed last week and all Loci units are in service. Nichole Neff, the Loci project manager, and her supervisor would like to schedule time to provide the board with a presentation. A date for this presentation will be provided. Now that the system is on line we will make small incremental adjustments. This system will provide us with operational data and the opportunity to keep wells at an optimal production volume. Kevin is following the gas collection reporting closely.

LFG has added four new team members since May and there has been one retirement, one resignation and one team member out on long-term disability.

We have an outage scheduled to begin the 4<sup>th</sup> of October. Our fall maintenance outage is in coordination with the Bonneville Power Administration outage. We expect our outage to last five days. The start-up process continues to take two days as well. The BPA outage is a 10 day event, so there may be a minimal amount of down time when they switch back to normal operation. The switch back down time is still being evaluated. During the outage we will focus on cleaning the sulfur ox system and the compression system. Staff will also complete small capital improvement projects as time allows.

Lastly, we received a refund for the palladium catalyst recycling of \$93,000, this reimbursement nearly covered the cost of the catalyst purchased in 2018.

**Finance and Power Management update** - Mike DeMott presented the department report for August. He discussed the volatility of current and forward pricing trends. All pricing has risen substantially. We have executed a 5MW HLH hedge for Q1 2022 purchase. We have benefited financially from our hedging efforts. Our hedging activity is insurance against this potential volatile pricing, and has positively benefited our budgets in 2021 and we anticipate our hedging efforts will pay off in 2022 as well.

The BPA 4<sup>th</sup> purchase period election for FY2025-2028 is due September 30<sup>th</sup>, 2021. Typically we have gone to market and taken care of our above BPA power needs, with hedging we have experienced positive results. The future elections require a greater discussion than in past years due to market supply and pricing. KPUD may elect to utilize BPA Tier 2 for a portion of our power supply needs. Mike discussed multiple options for consideration. The board requested Mike investigate into long-term future hedging options for the FY25-FY28 period.

White Creek Wind generation output was reviewed and we expect we will reach our Tier 1 output share in either late October or early November. We have seen above budget return from WCW this year due to increases in market pricing.

Mike will continue to bring possible accelerated debt repayment scenarios for board review. The amount we plan to pay during 2021 will need to be finalized by the November 23 board meeting. Our current budget forecast anticipates an accelerated payment of \$1,000,000. The 2022 budget forecast will include future anticipated accelerated debt repayments dependent on surplus funds availability. The commissioners agreed that the reports provided have the information required to make financial decisions.

Mike also discussed that even though CETA does not start to take effect until 2030, there is an expectation that we must submit a Clean Energy Implementation Plan (CEIP) by January 2022. The state sent out a template for review. We are creating an internal committee which will expand multiple departments as annual reporting will also be required and those details of that reporting is still being developed by the State. This plan would require formal adoption by the board once the plan is complete. The board requested additional discussion on this subject as we move forward.

Lastly Mike mentioned that the 2022 department expense budgets were completed as a first draft and are being compiled for further review.

**Financial update** - Mike DeMott presented the current July financials and 2022 financial forecast update. The Net Operating Margin for July year-to-date is slightly above budget due to higher than budget retail revenue and aid in construction. Expenses year-to-date are below budget. RNG margin payments are lower than expected due to production. Financial metrics meet policy.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller will attend the Washington Public Utility District Association meeting on September 16 via Zoom. He was also selected as a presenter for the Water/Wastewater workshop next week.

**COMMISSIONER RANDY KNOWLES** - Commissioner Knowles verified the Executive Session for Mile Marker 28 legal review is still scheduled for September 30.

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

**ASSISTANT GENERAL MANAGER** - Gwyn Miller requested that we postpone the COVID operational update until next meeting. Brandy Myers will have an update on programs and the ending of the customer disconnect moratorium that is currently set for the end of September.

**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:

- Executive Session September 28 - Our plan is to call for an executive session to be held on September 30. We will recess the September 28 meeting until noon on September 30. Lunch will be provided for attendees. The session is scheduled for three hours to discuss MM28 litigation.
- Quarterly Joint meeting with Klickitat County Commissioners - the intent of these meetings was an exchange between Klickitat County and Klickitat PUD Commissioners. Generally when we attend these meetings, KPUD staff has provided the county commissioners with a KPUD update. The county on most occasions do not reciprocate. Jim requested board direction on how to proceed with these joint meetings. The board was in agreement that this meeting opportunity should be held in a neutral or rotating venue and should be an exchange of information. Jim will evaluate how to move forward.
- Water Connections - The Lyle and Wishram water connections have increased substantially due to the efforts of Sharon Blodgett, Russ Patton, and Brandon Walter working with Tom McDonald of Cascadia Law.
- Northwest Public Power Association Meeting - This was the first public power in person meeting in 2021. This event was well attended, with attendance matching the pre-COVID levels. Scott Corwin noted that this event could have been the highest attended event hosted had 25% of registered attendees not canceled due to the recent increase in COVID cases.
- Public Generating Pool - Therese Hampton is officially retiring at the end of the year. Jim evaluated the value of continuing our membership, but with Carbon Legislation and power market volatility and implications he concluded that now does not seem like the right time to step away. The new Executive Director has not been awarded yet, so we will evaluate the benefits this year and reevaluate our participation again next year.
- Vegetation Management - Ron Ihrig discussed the current contract and the progress each of the crews on site have made this year. We have utilized two crews; one supplied from Asplundh and the other provided by Northwest Line Clearance. Ron reported that the Asplundh crew will be removed from the property at the end of this week due to performance issues and he relayed the need to obtain additional crews through the end of the year. Northwest Line Clearance is working with us to provide additional crews now. The estimated

