

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, June 27, 2023**  
**2:00pm**

**CALL TO ORDER:** Vice-President Dan Gunkel called the meeting to order at 2:00 p.m. as advertised.

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

**STAFF PRESENT:** Cara Smith - Accounting Clerk, Mike DeMott - Director of Finance and Power Management, Brandy Myers - Customer and Accounting Services Manager, Mike Nixon - Operations Manager, Cynthia Bruce - Accountant, Sarah Honkala - Accounting Clerk, Sohn Kartes - Materials Manager, Kevin Ricks - Renewable Energy Assets Manager, Brandon Johnson - Engineering Manager, Mark Garner - Engineering Supervisor, Sharon Blodgett - WWW Coordinator, Brandon Walter - WWW Superintendent and Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference: Jim Smith - General Manager, Gwyn Miller - Assistant GM, Isabelle Carroll - Accounting Clerk, Anita Clever - Energy Services Specialist, Courtney Collins - Engineering Support Assistant.

**GUESTS:** None

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

**MINUTES:** **MOTION** was made by Commissioner Miller to approve the June 13, 2023 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 27<sup>th</sup> day of June, 2023.

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

- Accounts Payable Voucher Nos. 216535 through 216672 in the total amount of \$2,247,051.66; Electronic Funds Transfer (EFT) transaction Nos. 475 through 481 and Wire and Automated Clearing House (ACH) transaction Nos. 8801809 through 8801812 in the total amount of \$924,219.38 for the period ending June 27, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 211921 through 212016 in the total amount of \$264,134.20 for the payroll period ending June 18, 2023. Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Water/Wastewater Report** - Sharon Blodgett and Brandon Walter presented the department report. Water department staff will actively engage customers to report water leaks. They will also work with Customer Service staff to coach them on questions and responses when engaging with water and wastewater customers. We have been actively searching the Glenwood water system for leaks and have hired a contractor last fall. We will be completing leak repairs on the Cemetery and Lakeside roads this week. We also received a call from a customer with an active leak, which

has been repaired. At this time, all of the leaks that we are aware of are fixed. We are anxious to see what these repairs will yield in water system loss savings.

The Ponderosa / Red Cedar pipe replacement project is ongoing, but the Department of Health reviews have been delayed. We hope to see movement on these permits soon. We are hopeful that their backlog improves as we have more system plans to submit this year.

The Bickleton water system Department of Natural Resources lease agreement is signed and ready to send back. This is a 20-year lease, which is an improvement from the previous 10-year approval.

Zain Gasparovich will be taking his wastewater exam tomorrow. This is the last certification required for his position.

**April Financials** - Sarah Honkala and Cynthia Bruce reviewed the April financial statements. Our income/revenue forecast has been reduced due to an industrial customer discontinuing service in October. Mike DeMott met with our Bonneville Power account executive June 26. The Bonneville's decision to remove this industrial load from our BP-24 obligations should be finalized during an executive meeting scheduled mid-July. Renewable natural gas production is still above budget and White Creek Wind is still below budget, although their outlook has improved. The other income revenue is above budget, stabilizing total revenue. Wholesale power purchase costs have increased, but our hedges have mitigated the potential for price fluctuation through year-end. Our operating expenses are stable and our Debt Service Coverage is 1.77 as compared to the budgeted 1.69.

The notable items of cash significance are the capital expense increase for MA Collins. Our day's cash on hand is forecast at 177 days without the industrial customer's deposit included, as it will be returned.

Cynthia Bruce reviewed the new more traditional financials and confirmed that we will continue to use the existing financial reports, but will also provide the additional standardized financial reports. Having these documents prepared monthly will provide staff with quick access to reporting documents consistent with our audited financials and requirements for financial institutions. The Commissioners agreed they liked the additional information.

The renewable natural gas tax hearing has been completed. We do not expect a determination for a few months while they complete their review.

**Engineering Update** - Brandon Johnson and Mark Garner presented the department report for May. Palouse Power has completed their work at MA Collins and has moved off our property. Mark Ohrstrom of Electrical Consultants Inc. (ECI) is completing the commissioning process. The bird mitigation lasers have been installed and should be activated later this month. There is some site clean-up required prior to operating the lasers. Staff will be reaching out to the irrigators in the area to work with them and schedule the outage time to swap load over to the new transformer, which we expect to do the end of July.

Brandon also informed the board that we only received one bid for the Trout Lake and Spare Transformer bid issued in March. After evaluating the bid received, it significantly exceeded the engineering estimate and could not meet the delivery deadlines. On July 11, staff will request that we reject all bids and will request a rebid with modifications to the delivery deadlines in hopes of receiving additional responsive bids. Other options may have to be considered.

An Advanced Metering Infrastructure project update was provided. A meter delivery was received last week. We have approximately 90% of our 200 class meters and the 320 class meters are shipping now. The routers and gateways still don't have a ship date, although we are expecting them to be delivered in August. We will begin weekly meetings with Allegiant the first part of July. Training will cover hardware and command center implementation first. We have paid our first meter invoice and our

Conex containers are arriving tomorrow. We have 8 to be set in Goldendale and 3 in White Salmon.

Mark provided an update of additional Engineering activities. The customer engineering workload is beginning to increase in Goldendale although it is still slower than last year. It is slower to pick up in White Salmon so far. There are five installations scheduled in Goldendale and three in White Salmon. The trip saver roll out continues there are 16 installed so far. Maintenance work orders continue to be a focus. Phillip McMillan is completing 230 kV inspections with our drone. We have hired a company to complete the inspection process in the Glenwood valley. Sturgeon Electric is continuing to work on Woodland Rd. They are bringing in another crew to assist and should have the first section complete this week.

**Operations Update** - Mike Nixon presented the department update for May. ASAI (average service availability index) is on track to meet our annual goal. Crews are focused on maintenance and have been completing distribution line patrols in fire prone areas. They have located needed repairs and are completing these repairs at the time of inspection. Glenwood is the last area that needed to be tackled before fire season. White Salmon's installation interest is picking up now, there are 16 customers pending. Kemp West completed eight miles of line trimming in May. Their crews were temporarily reduced but are now back to capacity. Trees continue to be a focus as we are seeing an increase to the dead or dying vegetation throughout the county. There is no timeline yet for when the Industrial Fire Protection Levels (IFPL) limitations that may be issued. Safety meeting involvement in May went well and the crews attended two community involvement events. White Salmon crews attended the Trout Lake School's truck day and the Goldendale Crew attending the Goldendale FFA Agriculture Day. Pole top rescue training took place at the June Safety meeting.

**COMMISSIONER RANDY KNOWLES** - Commissioner Knowles did not have a report.

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

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller discussed that he planned to attend the Washington Public Utility Association water/wastewater roundtable meeting on June 29.

**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)

- Mike DeMott updated the board on the Rodger Nichols articles that will be coming beginning in July. We plan to have these published weekly until all of the provided content is covered. The series will be labeled "Straight Talk from KPUD" and will be published in the three local newspaper publications.

**AGENDA ITEMS:**

- A. **RESOLUTION #1836 RECOGNITION OF RETIREMENT OF DAN CHARTERS - MOTION** was made by Commissioner Miller to adopt Resolution 1836 recognizing Dan Charters' thirty-two years of service. Motion carried.
- B. **RESOLUTION #1837 RECOGNITION OF RETIREMENT OF LORI FAKESCH - MOTION** was made by Commissioner Miller to adopt Resolution 1837 recognizing Lori Fakesch's twenty-seven years of service. Motion carried.
- C. **UTILITY SHUTOFFS: EXTREME HEAT DISCUSSION** – Brandy Myers reviewed the utility shut offs due to extreme heat requirements. There has been no lack of discussion throughout the Washington Public Utility Association and the industry regarding HB1329. These rules affect water and electric services. She discussed our proposed approach to the requirements.

Her staff is drafting disconnect notices that include the instructions for reconnecting during qualifying National Weather Service heat events. There really is no good understanding of the potential impact. We will be a part of the Pendleton region for monitoring, but the alerts are based upon zip code. There are a few items we still need to clarify. One is whether we will implement our protocols county-wide or sectional, what our determination of reasonable timeframe for reconnect should be and how we handle charges associated with requests outside of our normal business hours. Commissioner Gunkel asked for clarification. Brandy confirmed these reconnect/non-disconnect only apply to residential services disconnected for non-payment. The reasonable timeframe for reconnect is defined under the new rules developed under RCW 54.16.285 as determined by the utility.

- D. PREQUALIFICATION OF CONTRACTORS - MOTION was made by Commissioner Miller to approve the addition of the contractors presented and agree to add them to the appropriate works rosters. Motion carried.
- E. LEWIS PUD AND COWLITZ PUD LETTER OF CREDIT WAIVERS - MOTION was made by Commissioner Miller to authorize staff to issue the letter of credit waivers to Lewis PUD and Cowlitz PUD. Motion carried.
- F. CARBON FREE POWER SOURCE, SMALL MODULAR NUCLEAR REACTOR INVESTIGATION UPDATE - Energy Northwest is in discussions with a investor owned utility regarding investment in the project. There are concerns among the public utilities regarding availability should others provide investment funds to the project and request long-term power supply. Xenergy was supposed to get back to ENW with costs so pricing could be calculated. Jim Smith met with Rick Dunn and other utility leaders who have either contributed funds or have expressed interest in the project, but this group is still working obtaining reasonable updates from ENW. Another meeting is scheduled next week. Commissioner Gunkel is disappointed that Bonneville Power Administration is not placing pressure on Department of Energy to pursue securing this project for regional stability. Commissioner Gunkel also inquired of what alternatives there are for PUD's short on power. Mike stated that he is not sure there are any reasonable alternatives besides going to Bonneville and they may not have adequate plans to supply large future Tier 2 requests either.

Kevin Ricks also provided an update on the Republic long-term contract bid with Skagit County. There was a meeting held on June 26, to review the bid process. We were present for this hearing along with representatives from Klickitat County and Republic Services. Kevin's feeling was that an increased understanding of our project and the investment KPUD, Republic and the County have made towards improvements to this landfill were not dually considered. Republic was low bidder and from the statements, received Waste Management does not have a transfer station to store refuse, would increase truck traffic over the cascades and does not have a proven methane removal system. A contract discussion will be made on July 10, so Kevin will bring back an update at our next commission meeting.

**Adjourned** - There being no further business, the meeting adjourned at 3:37 p.m.

  /S/  
Randy L. Knowles, President

  /S/  
Dan G. Gunkel, Vice President

/S/

Douglas B. Miller, Secretary  
Date Approved: July 11, 2023

/s/

Luann Mata, Executive Assistant