

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, May 12, 2020
2:00 p.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 (via teleconference), Douglas B. Miller - Vice President (via teleconference), and Randy L. Knowles - Secretary (via teleconference).

STAFF PRESENT: (All Staff listed attended via teleconference) Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Mike DeMott - Director of Finance and Power Management, Mark Pritchard - Operations Manager, Kevin Ricks - Renewable Energy Assets Manager, Ron Schultz - Engineering Manager, Cynthia Bruce - AP/Accounting Clerk, Beth Schroder - Accountant, Brandy Myers - Customer Service Supervisor, April Greenlaw - Operations Support Assistant, Jeff Thayer - Purchasing Manager, and Luann Mata - Executive Assistant.

GUESTS: Larry Hoctor attended (via teleconference)

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

MINUTES: MOTION was made by Commissioner Knowles to approve the April 28, 2020 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 12th day of May, 2020.

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

- Accounts Payable Voucher Nos. 207263 through 207377 in the total amount of \$1,031,454.00; Wire and Automated Clearing House (ACH) transaction Nos. 8801315 through 8801320, along with Electronic Funds Transfer (EFT) transaction Nos. 130 through 132 in the total amount of \$134,703.42 for the period ending May 12, 2020; and
- Payroll Warrant Nos. 207262 and ACH Direct Deposit Payroll transaction Nos. 204759 through 204840 in the total amount of \$200,623.84 for the payroll period ending April 26, 2020.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Power Management and Finance Update - Mike DeMott presented the April report. Current power and gas pricing was compared to budgeted pricing. Current hedges for wholesale purchases were compared to market prices. Additional 2020 hedges are being considered and monitored.

On April 30, staff completed the Renewable Natural Gas virtual site visit conducted by Eco Engineers as the final step towards provisional pathway approval. Completion of the pathway process will allow for stored gas to obtain Low Carbon Fuel Standard related credits and revenue. Mike attributed the successful meeting to a great deal of preparation work completed ahead of time by staff. The report to be produced by Eco is due to California Air Resource Board no later than May 15. Once submitted, the

timeline is not fixed for final provisional pathway approval, and the process has been taking longer than normal with CARB lately. Mike stated that British Petroleum told us they have noticed the slow CARB process for other facilities as well. We also know that there are other RNG projects at the same point in their approval process and some of them have lower carbon intensities than ours. As a result, ours may not be the first gas sold when BP begins pulling gas from storage. As a result, we explored starting the PSE contract prior to July 1 to take advantage of the fixed price, but PSE would like to stay with the agreed upon date.

White Creek generation year-to-date was reviewed and remains above budget and reflects average project output. Our revenue from this generation asset is projected to be lower than budget this year, due to high production months YTD coinciding with months with low market prices.

The Bonneville Power Administration's BP-22 integrated resource plan process has started. First steps include completing load forecasts to determine Tier 1 shares and non-BPA purchase requirements for the BP-22 contract period. Load forecasting will address inclusion or exclusion of current large customer loads that do not have long-term history with KPUD. Scenarios related to inclusion or exclusion of these loads were discussed.

Mike continues participation in the Northwest Requirements Utilities post-2028 working group. The group is meeting virtually approximately four hours a month and completing research on the side. There is a large focus on post-2028 BPA contract and the methodologies BPA might use to determine Tier 1 allocations to utilities. NRU completed a high-level evaluation of the potential post-2028 contract options to provide some metrics to work from. Mike reviewed the market vs BPA Tier 1 rates through 2028 with the Board. BPA pricing demonstrates that their 2028 forecasts are likely not too far outside of the market rates when all factors are considered. He concluded from this that BPA is likely to remain a very attractive power supply choice post-2028 and that the Tier 1 allocations are very important. These future power supply options should be a part of the next strategic planning session.

It is a little early to determine COVID-19 impacts on customer loads and KPUD revenue. BPA meter reads for April loads were higher than average when adjusting for new larger customer loads. We have not seen any overall load reductions that have stood out yet. Mike feels the next billing period will begin to show impacts.

Renewable Energy Assets Report - Kevin Ricks presented the department report for April. Reliability was impacted due to the unscheduled outage, but with the planned maintenance completed during this unscheduled outage, Kevin is optimistic reliability will stabilize and allow focus to move towards gas supply maximization projects.

Kevin added some new data on plant performance to his board report. Commissioner Gunkel asked that Jim and Kevin also develop a capacity factor that reflects actual RNG production vs the maximum possible without allowances for any sort of disruptions. Kevin also added the work order listing that shows what's in process, completed, or planned but not addressed.

We have hired Mark Heuett General Contractors to complete the construction for 6 new "in-fill" wells on the landfill. If we do moderately well increasing gas quantity, we estimate it would be a 4-month return on our investment.

Kevin discussed the purchase of a spare NRU plate-fin heat exchanger at length.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel received an email from Energy Northwest stating they have had one employee test positive for COVID-19 in which they outlined their reaction efforts to this event. He also stated that he has been accepted as an official Klickitat PUD District 3 candidate.

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

COMMISSIONER RANDY KNOWLES - Commissioner Knowles stated that the City of Bingen had a problem with their water system. He was informed that some of our water crew assisted them with their issues. He asked that staff pass on the appreciation of their efforts from the board.

ASSISTANT GENERAL MANAGER - Gwyn Miller presented our current utility operation update.

- COVID-19 Efforts - Gwyn stated that her focus is guiding the utility's COVID-19 response. There are conference calls nearly every morning with new employee or work requirements to follow or clarify. Yakima County remains the topic of conversation: partially due to their proximity to us, but also because of the rapid increase in cases in their area. Klickitat County is not eligible for the Governor's Opening Phase I as the county had new cases reported this last weekend. Until our county has three weeks without any new cases, we will continue our current stage. We also recognize that our reporting information has a lag, so we want to be considerate of this as well. The "Safe Start" Washington approach impacts our county and our workforce. It is a good resource if you have requirement questions. Hospitals in our area are ready and able, they are also not busy. We have been informed that there is ample testing available. If any of our staff demonstrates symptoms, our staff will be given priority. However, if anyone else in their household is showing symptoms, they are not necessarily given priority for testing. This means that the entire household is placed in quarantine. This quarantine lasts for 14 days or longer. Once the individual testing positive no longer displays symptoms, the 14-day quarantine begins.
- Return to work - We will continue to operate as we have. Crews are concentrating on our vegetation management efforts and on critical maintenance items. Right-of-way clearing is also continuing with contractors. Meter reading has been determined to be essential and we are planning on getting back to regularly reading our routes. We did estimate many accounts in April to minimize staff and public exposure with more people being at home. Washington State Department of Labor and Industries has authorized a limited opening of construction. The requirements for construction sites have been ambiguous; we are still working through all of the requirements. One requirement is to wear masks at all times. We have fire resistant facemasks for our field staff, but to meet the state requirements our supply levels may not be sufficient and lead-time for ordering is long. We are always monitoring for updates. The suspension of late fees and disconnects continues through the end of May. Commissioner Gunkel stated that due to the delays in reported information he does not feel we have the whole story for our state. Therefore, he can understand this situation is frustrating as the employer, who is trying, could be penalized if they don't meet all of the regulations. Gwyn feels we have taken a reasonable approach, having been very successful obtaining supplies and PPE, but there are still shortages anticipated through the end of the year. We will continue to encourage customers to use the technology resources available. Gwyn also discussed the state is requiring employers to do contact tracing and complete the contact follow-up notifications as well. Currently, there are not enough state employees to meet the opening requirements. This places the onus on employers. We will have some work to do.

Although we do not have public entering our building our staff remains busy as we are completing our essential work every day. Our IT department's workload has been astronomical during this process. They have maintained our office system integrity along with supporting staff working remotely. We are very fortunate to have the team we do.

- Insurance - On a positive note, our last insurance bill was at a record low. Our cost last month was \$65,000. Gwyn said prescription costs remained the same, but actual medical costs were significantly reduced. It could be because of

suspension of elective procedures last month. Our dental is not included in this cost, but dental offices were closed last month as well. It appears that medical facilities are being avoided. Mental health and substance abuse services have seen significant increases throughout the country.

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:

- Strategic Planning Session - Jim has contacted Therese Hampton to conduct our next strategic planning session. She is available in late August or the beginning of September. Jim recommended that we rework our strategic plan. Our last plan focused on building our RNG facility and maximizing the benefit of our assets and laid out the direction for improving our financial position. Jim proposed our focus move towards laying out key systems and work that will start to provide the data we will need to guide our strategic goals, such as automated metering system installation, prepaid metering, community solar partnerships, debt repayment and evaluation of capacity markets post 2028. Commissioner Gunkel stated that given we have delivered on a long-term gas sales contract, the sooner we can schedule this session the better as far as timing. We now have numbers and reality instead of the “what if”. Jim and Gwyn will develop the agendas and proposed dates.
- Department of Ecology Letter - Jim provided a letter of support for Republic Services’ efforts regarding stationary emitters. Our focus is to support rule making that takes into consideration landfills that have invested in well field collection optimization equipment and/or beneficial use projects. And that those facilities are released from the direct emitter status requirements. The Board agreed with the support letter. Jim will sign the letter on behalf of President Gunkel.
- Communication - Jim has been meeting with departments this week. It is nice to get back to seeing individuals, even if the distancing is tricky to deal with. The weekly video updates have been a positive addition to his communication with employees, but doesn’t replace the face-to-face interactions. He is considering continuing the video updates even after the work situation returns to normal.
- Small Business Assistance program - Brandy Myers stated that this program has received a great response. She has received the second batch of recommendations from Klickitat County. There have been 64 applications received in the two weeks the program has been available. Staff and the county Economic Development office are continuing to reach out to businesses. Brandy feels we are just starting to gain momentum. Jim mentioned that he received a call from Northern Wasco PUD inquiring about the program. Brandy spoke with someone last week and explained the program. Chelan PUD has also reached out. Brandy stated that she has received questions from multiple colleagues involved in the Washington Public Utility Association customer service group as well. Commissioner Gunkel congratulated staff on the efforts and quick development of this program. Brandy thanked the Board for the direction and the latitude to implement a program to meet a need in our communities. Our target is to reach 200 businesses.
- Thank you - Lastly, Jim thanked the board for its support when he promoted Gwyn Miller to the Assistant General Manager position. She has been extremely valuable to our customers and our employees in this larger role.

AGENDA ITEMS:

- A. PREQUALIFICATION OF PROFESSIONAL SERVICES CONTRACTORS - **MOTION** was made by Commissioner Miller to approve the addition of Northwest Safety Service, LLC; and approve the renewal of Electrical

