

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, January 26, 2021
1:00 p.m.

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.

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager and Luann Mata - Executive Assistant.

Via teleconference: Mike DeMott - Director of Finance and Power Management, Brandy Myers - Customer Service Supervisor, Mark Pritchard - Operations Manager, Cynthia Bruce - Accounting Clerk, Beth Schroder - Accountant, Brandon Johnson - Engineering Tech, Ron Schultz - Engineering Manager, Sharon Blodgett, Water-Wastewater Coordinator, April Greenlaw - Operations Support Assistant, Alex Casimiro - AP/Accounting Clerk, Jeff Thayer - Materials Manager, Kevin Ricks - Renewable Energy Assets Manager, Jonah Humphreys - RNG Field Tech, and Mark Garner - Engineering Customer Supervisor.

Finance Discussion Workshop: Mike DeMott presented the comparison of our current debt repayment structure against some refinance options with focus on existing Renewable Natural Gas (RNG) project debt as well as the 2036 maturity of our 2015A bond issuance. The 2036 maturity has reached its call date and can be repaid early without penalty. Mike proposed extending RNG borrowing and using those funds to refinance and repay the 2036 2015A maturity bonds over a shorter period. This would reduce annual debt costs, reduce interest expense and result in a lower debt level by 2031. It would also reduce customer funded T&D debt sooner than current debt structures. Reduced customer funded debt is an area of focus in our strategic plan. The board directed Mike to evaluate these options further and bring a recommendation to the next meeting.

GUESTS: None

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

MINUTES: MOTION was made by Commissioner Knowles to approve the January 26, 2021 meeting minutes as submitted. 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 26th day of January, 2021.

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

- Accounts Payable Voucher Nos. 209431 and 209433 through 209577 in the total amount of \$778,419.94; Wire and Automated Clearing House (ACH) transaction Nos. 8801416 through 8801419, along with Electronic Funds Transfer (EFT) transaction Nos. 203 through 208 in the total amount of \$1,665,719.92 for the period ending January 26, 2021; and
- Payroll Warrant No. 209432 along with ACH Direct Deposit Payroll transactions 206365 through 206450 in the total amount of \$222,438.99 for the payroll period ending January 17, 2021.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water-Wastewater report - Sharon Blodgett updated the board on department staffing. Douglas Frantum has passed his required water and wastewater operator certification exams. Brandon Walter has been awarded the water/wastewater superintendent position, Greg Watson was awarded the water-wastewater operator lead position, and lastly a W/WW trainee position has been posted. Doug and the trainee position are intended to be succession planning replacements for two operators retiring in the next couple of years. Sharon also provided an update on water leak detection efforts in Glenwood. Some problem lines have been found, but the feeling is there are still more leaks. As expected, they are proving difficult to find and staff will continue working with engineering utilizing our drone program to identify problem areas.

Operations report - Mark Pritchard stated that we ended the year below our reliability goal as we expected with the wind storms that we experienced earlier in the year. Our 2021 goal is set at 99.974 rather than 99.976 for 2020. Our five most affected substations in 2020 were Gilmer, Bingen, Lyle, Spearfish and MA Collins. In 2020 crews were focused on customer work and generally spent a week each month on maintenance work. The maintenance performed consisted of poles, equipment, phasing, voltage evaluations and tree trimming. The crews worked on the 230 transmission addressing issues found in the drone inspections. Northwest Line Clearance and Asplundh continue to work on the property completing tree removal and vegetation management. Mark stated that he will be bringing a right-of-way clearing and vegetation management bid to our next meeting. The current bid is not expired, but he wanted to revise the bid specifications. We continue to hold safety meetings for the crews at the warehouse to maintain the social distancing requirement.

AGENDA ITEMS:

- C. Annual Prequalification of Contractors - **MOTION** was made by Commissioner Knowles to approve the works roster as presented. Motion carried.

Engineering - Ron Schultz presented the department update. Substation maintenance and infrared inspections were some of the metershop's main focus points. We have some leaking bushings within the MA Collins and Goldendale substations and we are searching for replacements. Husum and Klickitat have some equipment that requires repair work as well. These repairs will be completed this year. A majority of issues can be detected from the ground, but staff also supplements with drone inspection protocol as well. The metershop staff is working with customer service on CT meter audits. Ron also discussed the PacifiCorp meeting on January 18 regarding switching and operating the Condit to Bingen transmission line.

Brandon Johnson discussed some of the 2021 capital projects. The MA Collins substation expansion is scheduled to be completed prior to irrigation season 2022. A spare SF6 breaker from the White Creek substation was repurposed and will be installed in Husum to replace a failing breaker on the Glenwood transmission line. Distance to fault indication that is already available from the Husum substation will be added to our SCADA system in 2021. Bonneville Power Administration's EE Clouse expansion project is still in the preliminary planning stages. Also planned are an upgrade to the 3-phase from Echo Glenn to Bristol Road, undergrounding the powerline to Flat Top, and work necessary to accommodate the county road rebuild of upper Courtney Rd.

AGENDA ITEMS Cont.:

- A. Policy 43: Electrical Interconnection Requirements - **MOTION** was made by Commissioner Knowles to approve the policy revisions as submitted. Motion carried.
- B. Annual Approval of Professional Services - **MOTION** was made by Commissioner Gunkel to approve the professional services listing as submitted. Motion carried.

REPORTS Cont.:

LOCI Update - Loci Evaluation Update - Kevin Ricks and Jonah Humphreys presented a business case to implement a continuous well-field tuning service provided by Loci Controls. (see January 26, 2021 board packet). The Board supported the business case and instructed the General Manager to proceed once staff and LOCI agree on the best term.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel reported that he has had discussions with Representative Mosbrucker about the potential of rolling black outs affecting the Northwest power supply. She has requested that we provide her with information to craft a bill to reduce the likelihood of these types of disruptions from happening in the Northwest like happened in California last summer. Jim suggested that, in addition to providing the information, we engage Dave Warren to work with her bill writers. Commissioner Gunkel agreed.

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

COMMISSIONER RANDY KNOWLES - Commissioner Knowles stated that he spoke with Dave Warren and Brian Skeahan to discuss pumped storage.

ASSISTANT GENERAL MANAGER -

- Gwyn Miller expressed her thanks to Accounting for all of their efforts completing the budget, and preparing the financial statements in a timely manner, all while training a new individual and working to fill a void after Nichole Lantau left the PUD. During all of this, they discovered an accounting discrepancy of \$887,000 in a holding account. There are no cash implications, but there will be a positive impact on our financial statement for the year-end of 2020.
- **COVID-19** - Brandy Myers provided an overview of the current and potential financial impact from the moratoriums, write-offs and small business discounts.

GENERAL MANAGER - The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

Jim Smith stated that he did not have anything additional to discuss from his report; however, he assumes we will see more impacts of COVID-19, but recognized and thanked staff for their efforts supporting protocols.

Adjourned - There being no further business, the meeting adjourned at 3:54 p.m.

_____/S/
Douglas B. Miller, President

_____/S/
Randy L. Knowles, Vice President

_____/S/
Dan G. Gunkel, Secretary
Date Approved: February 9, 2021

_____/s/
Luann Mata, Executive Assistant