

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, June 8, 2021
2:00 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 and 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 - AP Clerk, Mike DeMott - Director of Finance and Power Management, Mark Garner - Customer Engineering Supervisor, Mark Pritchard - Operations Manager and Luann Mata - Executive Assistant

Via teleconference: Kevin Ricks - Renewable Energy Assets Manager, Sharon Blodgett - Water/Wastewater Coordinator, Ron Schultz - Engineering Manager, Brandon Johnson - Engineering Tech, Beth Schroder - Accountant, April Greenlaw - Operations Support Assistant, Jeff Thayer - Materials Manager, Brandon Walter - Water/Wastewater Superintendent, Brandy Myers - Customer and Accounting Services Manager, and Cynthia Bruce - Accounting Clerk.

GUESTS: No one identified themselves.

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

MINUTES: MOTION was made by Commissioner Gunkel to approve the May 25, 2021 meeting minutes. 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 8th day of June, 2021.

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

- Accounts Payable Voucher Nos. 210478 through 210561 in the total amount of \$574,874.65; Wire and Automated Clearing House (ACH) transaction Nos. 8801483 through 8801488, along with Electronic Funds Transfer (EFT) transaction Nos. 243 through 244 in the total amount of \$227,402.01 for the period ending June 8, 2021; and
- Payroll Warrant No. 210477 and ACH Direct Deposit Payroll transactions 207132 through 207218 in the total amount of \$215,973.94 for the payroll period ending May 23, 2021.

Motion carried.

PUBLIC COMMENTS: None.

AGENDA ITEMS:

- A. PREQUALIFICATION OF PROFESSIONAL SERVICES - MOTION** was made by Commissioner Gunkel to approve the addition of FTS Forest Technology Systems, Ltd. and add them to the Professional Services Consultants roster for the 2021 period. Motion carried.

REPORTS:

Renewable Energy Assets May update - Kevin Ricks discussed the May RNG production statistics and stated that May was the best May on record and that the first 5 months of the year is also the best on record, but we are still below budgeted output. Kevin reviewed the two May outages and provided additional details about the root causes that have been discovered during the current planned maintenance shutdown that began on June 7.

The LOCI automated wellhead project completion has been extended to mid-July. LOCI has experienced difficulties in getting equipment, likely related to the impact of COVID, on manufacturing. We have also posted for a trainee position. We are planning to have an offer extended by next week and there will likely be a second posting soon. Both of these positions are for succession planning.

Power Management Financial Policy Workshop - Mike DeMott provided updated draft documents for Resolution 1804 and Policy 9-Financial Policy. Initial drafts of these documents have been discussed in prior meetings. Resolution 1804 was created to memorialize the purpose for recent debt refinancing to include long-term interest savings, improvement to District cash flow and minimum expectations for accelerated repayment of customer funded debt. Policy 9 revision includes updated key terms definitions. Other changes include the introduction of designated funds which are funds not for general utility use and consists of customer deposits and Water Wastewater funds. Mike also added a definition of surplus funds and removed the emergency reserve fund from the policy as these funds have never been utilized and the District has the ability to utilize the line of credit in emergency situations. The Emergency Fund balance of \$400K will be reallocated to the Capital Reserve Fund. He also provided an introduction to a new financial model that will evaluate the outcome of scenarios of RNG production combined with overall utility financial forecasts. This information will be reviewed monthly so that by the December accelerated debt repayment date the board can make informed decisions on how to apply any surplus funds. The board accepted the updates to Policy 9 and Resolution 1804 stating that staff's recommendations regarding the refinancing as well as the added definition of the surplus funds accurately depicts the board's intentions for use of these funds. **MOTION** was made by Commissioner Knowles to approve Resolution 1804 as presented. Motion carried.

In addition **MOTION** was also made by Commissioner Knowles to accept the changes to Policy 9-Financial Policy as presented. Motion carried.

Fire Mitigation plan - Mark Garner and Mark Pritchard were present to discuss the efforts to date on drafting our fire mitigation plan. At this time, Washington state does not require utilities to have a plan in place and adopted, but given the terrain and vegetation in our service territory, we feel it is prudent to create a plan. We engaged Brown and Kysar, who has worked in both California and Washington state on other mitigation plans, to assist us with developing our plan. The purpose is to lay out strategies and programs to try and reduce the risk of fires starting from interactions with power lines. Staff is also creating mapping program layers that will be populated with trimming, mulching and other vegetation management data. We are also evaluating safety protocols and weather management programs to assist us with making vegetation management decisions in the plan. When evaluating areas of concern we are also looking at protection device technologies and where they are placed that affects the fewest amount of customers, but still maintains safety and hopefully reduces the risk of fire. This plan also outlines prioritizing our resources. It will recognize that even throughout our own county we have geological differences. Therefore, the approach in the west end of the county will be different from the east end. Dan asked if we are applying a plan built for California requirements, which are much different from ours. Mark Garner noted that previous plans created by Brown and Kysar are the base for our mitigation plan, but that these are only the base we are working from to create the best plan for us in Washington with our specific service location issues. We will be meeting weekly to discuss fire-warning statuses in our region and we will take actions as necessary. We all expect that red flag warnings will most

likely increase in the coming years. We are considering investing in a more localized weather reporting service to allow us to make informed decisions not decisions based upon state and regional updates.

This plan will also include other initiatives, but these are still under development. When this plan is finalized staff plans to communicate with first responders, customers, and other entities that could be impacted by our mitigation efforts.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller discussed the upcoming Washington Public Utility District Association meeting at Skamania PUD next month. He reached out to Liz Anderson of WPUA to obtain an update on the Public Works Trust board nomination status and there is no decision from the Governor to date. Commission Miller renewed his interest in the nomination.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles discussed the June Public Utility Risk Management Services meeting. Several topics were reviewed. Insurance premium increases in many areas are very likely. Cyber Security, Fire Risk, and Health and Welfare costs are a major focus of review. The new state mandated long-term care tax was also discussed. Commissioner Knowles requested staff to be available for the PURMS meeting in November to hold a presentation on our fire mitigation plan progress.

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

ASSISTANT GENERAL MANAGER - Gwyn Miller presented the current operational update.

- COVID-19 update - With the state reopening date set for the end of the month we are evaluating protocols to begin to accept customers back in the office and at our commission meetings. The board was supportive of staff establishing spacing and capacity requirements. The plan will be discussed at the next board meeting.
- PURMS update - Gwyn also discussed that medical claims are down this year. Some of this reduction is because of the switch to Aetna, but mainly due to access limitations from COVID. It is also due in part to other utilities instilling caps on coverage and adding copays to their plans, which we implemented several years ago. Gwyn also discussed retirement cost adjustments for this year.
 - Long-term Care - The state has implemented a mandatory payroll tax to cover long-term care expense. This tax goes into effect January 2022. PURMS is going to test the market to see if they can find alternative coverage for our group. We need either to have an alternative coverage option by November, or begin the mandatory .58% tax in January.
- Staffing - We have two college students beginning Monday to assist in the office for the summer. The warehouse college student began this week. Engineering has hired an intern who will be on site June 21 and Information Technology (IT) has extended an offer for an IT position. The accounting position will be posted soon. Once that is complete there will be a position opening for the White Salmon office coverage.
- Mile Marker 28 Fire Activities - Department of Justice representatives will be on site June 22 – 24 to complete their line inspection. This request requires KPUD to remove this wire and splice in the new section of line. Commissioner Knowles asked staff to ensure that our legal representatives and experts have a plan and understand the testing mechanisms.

GENERAL MANAGER – The following items are additions to the GM report.

The complete report can be found at:

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

- General update - Jim discussed articles from our various northwest utility forums. Jim also discussed the benefits received from participating in Public Generating Pool and the Public Power Council.

- Spearfish / Lyle power outage last week - Our Dallesport and Lyle customers experienced an outage last week, during a fire situation near Chenoweth. The fire started when Northern Wasco PUD power lines contacted the ground. The resulting fire caused a BPA transmission outage that affected our customers in Dallesport and Lyle. BPA staff was not allowed to access their property due to an evacuation caused by this fire for about 20 minutes. Once the area was safe for access, BPA operators were able to restore power.

AGENDA ITEMS Cont.:

- B. WATER/WASTEWATER RATE REVIEW UPDATE** - Jim Smith discussed the updates to the water and wastewater rates sheet for 2021. He reviewed the changes since the last discussion and discussed the WebEx hearing process for June 22, 2021 at 6:00 p.m.

Adjourned - There being no further business, the meeting adjourned at 4:25 p.m.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

/S/
Dan G. Gunkel, Secretary
Date Approved: June 22, 2021

/s/
Luann Mata, Executive Assistant