

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, July 13, 2021
2:00 p.m.

Meetings are now open to the public, teleconference was offered during this meeting as we transition back to in person attendance. 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, Alex Casimiro - AP Clerk, Kevin Ricks - Renewable Energy Assets Manager, Mike DeMott - Director of Finance and Power Management, Mark Garner - Engineering Supervisor, Brandy Myers - Customer and Accounting Services Manager and Luann Mata - Executive Assistant.

Via teleconference: April Greenlaw - Operations Support Assistant, Brandon Walter - Water/Wastewater Superintendent, Sharon Blodgett - Water/Wastewater Coordinator, Russ Patton - Project Engineer, Ron Schultz - Engineering Manager, Brandon Johnson - Engineering Tech, and Cynthia Bruce - Accountant.

GUESTS: Larry Hoctor (via teleconference)

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

MINUTES: MOTION was made by Commissioner Knowles to approve the June 22, 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 13th day of July, 2021.

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

- Accounts Payable Voucher Nos. 210705 through 210710 and 210712 through 210839 in the total amount of \$1,144,276.04; Wire and Automated Clearing House (ACH) transaction Nos. 8801495 through 8801502, along with Electronic Funds Transfer (EFT) transaction Nos. 251 through 253 in the total amount of \$245,135.78 for the period ending July 13, 2021; and
- Payroll Warrant Nos. 210704 and 210711 and ACH Direct Deposit Payroll transactions 207302 through 207478 in the total amount of \$461,903.13 for the payroll period ending June 20, 2021 and July 4, 2021.

Motion carried.

PUBLIC COMMENTS: Larry Hoctor thanked staff for their efforts in keeping the power on during June's heat wave. He also asked if meetings were now open to the public, we informed him that our meetings are now open.

REPORTS:

Renewable Energy Assets June update - Kevin Ricks discussed the June Report. He called out the June production figures as well as successfully completing a planned outage. There was an unplanned outage June 15. This was caused by a

compressor coordination issue. Staff is working on the coordination adjustments. The Labor and Industries inspection closing conference has been completed. Comments were discussed. Kevin also mentioned there are three new employees hired for RNG who are training as operators. These operators will fill the positions of two upcoming retirements and one resignation. Commissioner Miller asked what the daily production goal number should be and if LOCI will help attain this goal. Kevin stated that the budget goal was 5,000 DTH a day, less allowances for outages and reliability, which is about 4600 DTH per day average for the year. The well field is currently producing closer to 4300 DTH per day before allowances for outages and reliability. LOCI should help improve this output as it will allow us to potentially tune wells 168 times per month as compared to the current process which is approximately 2 times per month and will assist with consistency in gas collection and reduce opportunity for over collecting on the system.

Power and Finance June update - Mike DeMott provided the June power and finance update. With the region-wide June heat event, power prices fluctuated significantly with peak Mid-C power prices reaching \$336 per MWh. Financial impact of the heat event should be slightly positive due to hedging activities completed prior to the hot temperatures. This financial hedging has provided \$1.2M in benefits year to date for 2021. Mike believes that because the temperatures happened so early in the year, there was sufficient hydro capacity available to supply the demand. There was also an east wind that provided significant wind generation in the region that helped with supply as well. Should another extreme temperature event occur later in the year, without these conditions present, impacts to our Northwest power supply could be more substantial. Our White Creek Wind revenue is above budget, since the wind was blowing during the June high temperature events, we were able to realize the high power pricing for our production. In June, KPOD realized its highest summer peak of 88.91MW on June 28th. The previous record summer peak was 81.65MW. This compares relatively to our highest record winter peak of 90MW. Staff will continue to evaluate potential future opportunities to utilize existing assets such as the CT's. Future hedging for 2023 forward were also discussed Our White Creek Tier One power allocation of 63,848 MWh is forecasted to run out in November. Mike will bring back a mid-year financial forecast next meeting to accompany the June financial report. Lastly, the Moss Adams audit presentation will take place on July 27.

Fire Season Status June update - Mark Garner reviewed the fire mitigation efforts to date. We currently have nine reclosers set on non-reclose. Most of these are located on the west side of our county with one on the east side off of the Bickleton Highway. These specific devices will be set to this condition throughout the summer. Our area is currently in level 3 Industrial Fire Precaution Level (IFPL). Justen Greenwood and Mark Garner are meeting with contractors for the Echo Glen project to discuss the requirements. Department of Natural Resources provided clarification on work we can do in timberland areas during IFPL level 3 and 4. Our crews will continue with vegetation management efforts. Commissioner Knowles directed staff to make sure that employees and contractors know the equipment requirements and follow the recommendations. Mark also discussed our protocol efforts for determining non-reclose locations, steps staff will take when placing devices on non-reclose and steps that will be taken when responding to operations of devices in these areas. Staff has made significant efforts to inform customers that outages in high risk areas may last longer than usual due to the line patrol process we have adopted. We have also invested in a weather threat forecasting service. This service provides two day detailed forecasts for three separate areas within our service territory and additional 3 day extended forecast for our district. We have also implemented our contracts with AiDash, the vegetation management program discussed last meeting. Lastly, Mark provided a few historical DNR analysis maps of fires in our state from 1970 to present.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller will attend the Washington Public Utility District Association meeting on June 15.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles reported that he met with Eric Steimle, of Rye Development and discussed the pumped storage project.

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

ASSISTANT GENERAL MANAGER – Gwyn Miller provided an update on:

COVID-19 efforts:

- **Office Reopening** - Gwyn discussed the Ruralite article from July regarding welcoming customers back into the Customer Service areas of our offices and to our Commission meetings. Commissioner Miller asked that we post the no public restroom information and that we post our meeting attendance requirements.
- **Masking Requirements** - We will continue continuing with our current standards.
- **Disconnect Moratorium extension** - Gwyn reviewed the proclamation. It is consistent with previously published proclamations, however the moratorium is to continue until September 30. Brandy reviewed AR aging for that last 4 years, focusing on the increased over 90-day outstanding balance and the composition of that balance. Customer Service staff are promoting the customer assistance programs which will improve account receivable balances and provide customers much needed help. The contract for the Coronavirus Emergency Supplemental Funding (CESF) grant award provided by the Office of Crime Victims Advocacy has been signed and qualifying discounts will be retroactively applied for June 2021 billings. In the last two years, we have seen a steady increase with delinquent accounts as a result of the moratorium. Inactive delinquent accounts are being turned over to collections and staff continues to reach out to the active delinquent account holders. We plan to increase customer communication, including door hangers through July and August to get the word out regarding our available programs and how to apply. The \$245,000 in grant funding will provide one-time direct benefit to qualifying residential customers, small businesses and fund a low-income seniors summer discount program. Commissioner Gunkel asked if the other public utilities are opposed to the continued moratorium or what their thoughts are. Jim Smith responded that the General Managers group has not met for some time, but he is not hearing significant push back.
- **Staffing** - At the landfill, we have one new hire and offers have been extended to two other individuals to fill upcoming vacancies. Information Technology department has hired a new individual to fill a long vacant position. We also have five college interns for the summer. Three are working with office staff among the multiple departments, one is at the warehouse and one is an electrical engineering intern hired through the Energy Northwest Intern program. We have an Accounting Clerk beginning Monday and are completing interviews on Monday for the White Salmon Customer service representative.

Fire Mitigation - Yesterday there was a fire in Lyle, this fire is still burning. At last account it was 50 acres and was not contained. Mark Garner discussed the staff efforts regarding investigations, recovery of damaged equipment and our response. Commissioner Gunkel asked who was in charge of directing staff when fires occur. With the impending retirement of Operations Manager Mark Pritchard, Gwyn will be the person in charge of directing staff and dividing duties.

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

- **Moss Adams** - A representative will provide an update of the 2020 financial audit at our next meeting.

- Open office - Jim asked for guidance on future commission meetings now that we are opening the office to the public. The determination was that the outside phone option would cease. The building is open and we will have attendance requirements posted at the door. The internal WebEx will continue for staff to allow access to the meetings from their desks so they can work during the meetings, and we will have staff in person for presentations.
- Bootleg Fire - This fire shut down the BPA intertie to California. In an interesting turn of events, considering the push for more renewables, the California Independent System Operator (CAISO) authorized the use of diesel generators as back up for emergency situations.
- Harney County - During one of the recent weather events, BPA implemented their Power System Safety Shut Off procedure that de-energized lines feeding Harney County and turned off power for the duration of the event. It was anticipated to be a 12-hour interruption, but only lasted 5 hours as the wind died down sooner than expected. This is the first documented event of BPA using this procedure that actually resulted in outages to customers.
- Planned Power Outage - We have a planned outage scheduled for July 23rd into the morning of the 24th. We are taking a seven hour outage on the Darland Substation and a 12 hour outage at the Klickitat Substation to complete critical transformer maintenance work.

AGENDA ITEMS:

- A. RESOLUTION 1806: WATER AND WASTEWATER RATES AND FEES 2021 RATE ADJUSTMENT - MOTION** was made by Commissioner Gunkel to adopt Resolution 1806 executing the rate increase motion authorizing staff to adjust water and wastewater rates effective after June 30, 2021. Motion carried.
- B. RESOLUTION 1807- APPOINTMENT OF AUDITOR AND DEPUTY AUDITOR - MOTION** was made by Commissioner Gunkel to adopt Resolution 1807 and accept the appointment of Brandy Myers as Auditor and Anita Clever as Deputy Auditor. Motion carried.
- C. PRE-QUALIFICATION OF PROFESSIONAL SERVICES CONSULTANTS - MOTION** was made by Commissioner Gunkel to approve the addition of The Warren Group, LLC and agree to add them to the Professional Services Consultants Roster for the 2021 period. Motion carried.
- D. EXECUTIVE SESSION: Potential Litigation MM-28** - President Miller called for an Executive Session at 3:30 p.m. per RCW 42.30.110 (1)(i) noting that the session would last for 45 minutes, for the purpose of discussing the Cliffs Water System Rights potential litigation. Commissioner Miller, Commissioner Knowles, Commissioner Gunkel, Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Brandon Walters - Water/Wastewater Superintendent, Sharon Blodgett - Water/Wastewater Coordinator, and Kevin Ricks - Renewable Energy Assets Manager were present for the discussion. Brian Skeahan - Skeahan Advisory Group attended via teleconference. At 3:15 Commissioner Miller requested an additional 30 minutes to complete the discussion. The executive session ended at 4:45 p.m. No action was taken.

This session was attended by attorney Tom McDonald of Cascadia Law via teleconference.

RCW 42.30.110 – Executive Session.

(1) Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:

The meeting resumed and the reports were completed.

