

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, July 27, 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, Cynthia Bruce - Accountant, Mike DeMott - Director of Finance and Power Management, Brandon Walter - Water/Wastewater Superintendent, Sharon Blodgett - Water/Wastewater Coordinator, Russ Patton - Project Engineer, Brandon Johnson - Engineering Tech, Ron Schultz - Engineering Manager, Mark Garner - Engineering Supervisor, Brandy Myers - Customer and Accounting Services Manager and Luann Mata - Executive Assistant.

Via teleconference: April Greenlaw - Operations Support Assistant, Jeff Thayer - Purchasing Manager, Geoffrey Lacefield - System Engineer, Robbie Cacy - Buyer, and Jonah Humphreys - RNG Site Manager.

GUESTS: Keith Simovic and Jared Brownson of Moss Adams via teleconference

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

MINUTES: MOTION was made by Commissioner Gunkel to approve the July 13, 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 27th day of July, 2021.

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

- Accounts Payable Voucher Nos. 210840 and 210842 through 210960 in the total amount of \$741,728.58; Wire and Automated Clearing House (ACH) transaction Nos. 8801503 through 8801508, along with Electronic Funds Transfer (EFT) transaction Nos. 254 through 259 in the total amount of \$1,398,130.31 for the period ending July 27, 2021; and
- Payroll Warrant Nos. 210841 and ACH Direct Deposit Payroll transactions 207479 through 207569 in the total amount of \$225,927.63 for the payroll period ending July 18, 2021.

Motion carried.

PUBLIC COMMENTS: No Comment

REPORTS:

Water/Wastewater June update - presented by Sharon Blodgett included an update of the staff changes and the current job posting for the department.

Brandon Walter and Russ Patton were present as Sharon gave an account of the teleconference held between KPUD staff, Aspect Consulting and Yakama Nation Water Resource representatives. The purpose of this meeting was to discuss possible options for the Glenwood water system to acquire additional water rights through Yakama Nation.

Yakama Nation representatives informed staff that water rights are issued as permits requiring 10-year renewal. KPUD staff expressed concern of the risks associated to this type of permit. Yakama Nation replied that the only permits denied in the past were those that had not fulfilled compliance requirements. This would be a new water right and the existing water right through the Department of Ecology would remain in place.

Two different permit applications would be required; one for the springs and another for the well. The permit application process is straightforward and the review is a much quicker turnaround taking months rather than years as Department of Ecology tends to take.

A site visit will be scheduled in September. Tyson of Aspect Consulting relayed the percentage of the water used in Glenwood for the BIA site that is connected to the water system. He was told there may be possible tribal funding for improvements available. KPUD staff was encouraged by how well the discussion went.

Operations June Update - Mark Garner presented the reliability statistics for June. Our reliability statistics are a bit lower than last year at this time. The crews have been completing maintenance projects with scheduled outages, which do not affect our reliability goals. However we have experienced a few unplanned power outages which took longer to restore due to the fire mitigation efforts requiring complete line patrols prior to reenergizing the lines which does negatively impact our reliability statistics. The significant increase in residential and backbone power installations this year has caused crews to be scheduled out several weeks with more projects becoming ready for construction daily.

The Klickitat and Darland outages were both completed several hours ahead of schedule. Our work with the county on the Old Mountain Road power line re-route project is almost complete. Customer work was rescheduled around this project due to requests from the county because of unanticipated route adjustments. In August, we are planning on bringing on a contract dock crew to assist our crews with the backlog of new customer installations. We have a contractor on the property completing pole testing; they are currently working in the Garrison Road area.

July's Safety Meeting addressed heat stress. Safety meetings are still being held in small groups. In August, we plan to move the meetings back to the main office.

Commissioner Gunkel reflected on a customer inquiry he received. He was very disappointed with the customer's installation process. The specific factors were discussed. Commissioner Gunkel stressed that in his opinion, this is a management problem, not a staff problem and that he expects it to be corrected immediately.

Commissioner Knowles stated that to his knowledge the board has never been shy to provide resources when the need is demonstrated and he did not understand how this backlog has been created since the need was not reflected in previous reporting.

Commissioner Miller also commented on the risk potential an open trench can put on the utility. We need to meet our utility expectations and minimize our risks.

Jim Smith accepted responsibility for the situation. He stated that he does not believe that there was any intension of misleading the board and there was nothing intentional regarding this backlog situation. The backlog grew quickly and we have limited resources. However, he acknowledged that the scheduling and reporting process needs to be revised, that he needed to ensure that these processes were

working and he will take steps to rectify the situation. Jim will bring back an update at the next meeting.

Engineering June update - Mark Garner, Brandon Johnson and Ron Schultz provided the June update. The customer inquiries continue to increase. The change this year from previous years is that the majority of electric service requests are being paid on and moving forward with construction. The other challenge is that the construction projects are requiring a more in-depth design. The properties close to power are harder to come by, so installations are further from current power locations due to land availability. The Husum Hills subdivision appears to be moving forward. There are 35 lots in this project. Fenton Lane has a potential for a 50-lot backbone as well. The Echo Glen project may be on hold until the fire conditions improve.

We currently have eight reclosers placed on a fire condition non-reclose settings. Our weather threat forecasting solution is up and running. We receive daily updates that are broken out to describe conditions specific to each of the three sections of our county. AIDash, the vegetation management application, is in the process of converting our data and preparing for roll out. Mark and Phillip McMillen will continue to evolve that field application.

The Meter Shop has also been working with the Andrews on MA Collins load voltage issues. This inquiry prompted some load adjustments at MA Collins. The MA Collins expansion project bid is almost complete. We hope to send it out for bid by September. Meter Shop has also been assisting with wiring and one line drawings for the Glenwood breaker replacement at the Husum substation.

The Crypto currency data mining requests continue to pour in. We currently do not have capacity available without significant upgrades. Staff is working diligently to keep the messaging consistent.

The final Condit transmission switching agreement has been accepted substantially in the form and we are pending receipt of the executed agreement. CenturyLink is changing out and upgrading back-up batteries on their system per our request as discussed last meeting. The EE Clouse BPA 115 kV / 69 kV expansion contract with BPA is very close to being completed.

June Financial update - Cynthia Bruce reviewed the June financials. The year-to-date retail electric rate revenue is higher than budgeted revenue even without the anticipated electric rate increase that was not implemented. Forecasted year-end total revenue is very close to budget. Renewable Natural Gas revenue is forecast below budget but this is offset partially by White Creek Wind which is well above budget due to above budget wind generation production and increased power prices. With the increased construction activity this year, the Aid in Construction revenue year to date is already \$1.2 million, more than \$500,000 above budget. The half-year forecast was compiled this past month. The major adjustment was in labor expense. Our current year end forecast for Debt Service Coverage is 1.77, which is down from last month's 1.79.

One of our college interns compiled the materials & equipment invoices to allow accounting staff to apply for a tax refund adjustment for RNG capital and operation expenditures. Our capital materials and labor are under budget year-to-date and continue to be so through the year-end forecast. The accelerated debt repayment amount of \$1.0 million was added to the financial statement and our day's cash on hand continues to improve. The current year-end forecast for days cash on hand is 249 days, which is an improvement from May's calculation of 241. The accounting department is down two FTE's, but continues to work hard to meet deadlines to produce consistent financial documents for the board while training and reviewing processes.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller attended the Washington Public Utility District Association meeting July 15. One of the presentations was provided by Moss Adams. It was an informative presentation related to managing the board and staff expectations to manage financial stability. He also stated that Pend Oreille PUD presented their financial reporting documents produced from information gathered within the NISC platform.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles provided an overview of the pumped storage meeting he participated in.

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

ASSISTANT GENERAL MANAGER - Gwyn Miller provided an update on:

Strategic Planning - Gwyn discussed that staff will attend a strategic planning session tomorrow, facilitated by Therese Hampton. The vision for the session is to turn the strategic plan strategies into employee goals. The other strategy is to interconnect the strategic plan, with the budgeting process and department goal setting.

New Employee Luncheon - We will hold an Employee Luncheon on Tuesday, August 10, 2021 at 1:00 pm. We have filled several positions. There are three new RNG O&M Techs and one new accountant that are filling vacancies or impending retirements.

Annual Meeting: Save the Date - Monday October 11, 2021 at 9:00. Tentatively scheduled for the Goldendale Grange.

Fire

- **MM 28 discovery extension** - This is pushed out another six months to continue the discovery process.
- **Lyle** - We have partnered with the Department of Natural Resources on the Lyle Hill investigation process to evaluate the site and equipment. This seems like a positive direct result of the efforts of the DNR / Utility joint taskforce discussions. DNR brings a great resource to determine fire origin, but they do not have the necessary expertise to determine cause if a power line is involved, so this joint effort should be a good solution.

Public Utility Risk Management Services - Aegis Insurance is holding a wildfire investigation webinar. We should promote our tools and efforts we have invested in to mitigate some of our liability. The agenda has not been issued yet, but should be made available soon. During the PURMS operations and administration meeting in October, we will challenge rates. We have also received a quote for an alternative to the State offering for the long-term care. The plan offerings vary, but appear to be very similar to the state's offering. This program will still be employee funded. We plan to have a representative from PURMS on site in August to provide information to staff.

Klickitat County Fair 2021 - We will have a booth and a demonstration trailer available during this year's county fair. Our plan is to have three demonstrations on Saturday only. Commission Miller offered to work at the booth.

Safety meetings - Beginning next month, safety meetings will be moved back to the main office and include all staff.

Staffing - These plans are still evolving. Engineering and Operations are the primary focus. Many individuals are adjusting their roles to embrace the changes while we evaluate and post open positions.

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

